WHEN THE SECOND PERSON ENTERS THE SCENE: INTERSUBJECTIVE KNOWLEDGE AND PERCEIVED ENVIRONMENTAL UNCERTAINTY (SUMMARY)

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PRINCIPAL TOPIC
This paper extends research on entrepreneurial uncertainty by testing the relationship between intersubjective agreement and perceived environmental uncertainty. Uncertainty is central to many theories of the entrepreneur (McMullen & Shepherd, 2006) and yet the determinants of the magnitude of the uncertainty an individual perceives remain largely unexplored. We leverage the distinction between subjective, objective, and intersubjective knowledge highlighted by Donald Davidson (2001) and Dew et al.’s theory on the dispersion of knowledge in society (2004) to develop and test a model of how the early relationships entrepreneurs form with key stakeholders impact the amount of uncertainty they perceive in the environment.

METHODS
This study uses Mixed Effects Multilevel Modeling (MEMLM) to analyze longitudinal data from the National Panel Study of Entrepreneurial Dynamics. We investigated how intersubjective agreement generated from early contact with friends and family, the local community, and fellow founders and founding team members affected nascent entrepreneurs’ perceived financial, competitive, and operational uncertainty (Matthews and Human, 2004). MEMLM allowed visibility into the impacts of both fixed and random effects over time.

RESULTS AND IMPLICATIONS
We find that different contacts had differential effects on each dimension of perceived environmental uncertainty. While founding partnerships significantly (p<.01) reduced competitive uncertainty, they did not reduce financial or operational uncertainty. Conversely, a founding team reduced financial and operational uncertainty, but did not reduce competitive uncertainty. Finally, while support from friends and family and from community sources reduced uncertainty, it again was in different dimensions; community support reduced financial uncertainty, while support from friends and family reduced operational and competitive uncertainty.

This study highlights the influence of intersubjective agreement on perceived entrepreneurial uncertainty. It also shows the importance of distinguishing not only who is aiding the entrepreneur in developing his or her intersubjective knowledge, but also the importance of separating out the different types of uncertainty in the new venture environment. The results show that early and broad stakeholder engagement can help to reduce perceived uncertainty, and support recent research reflecting the benefits of more effectual (Sarasvathy, 2001) paradigms of entrepreneurship.

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