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RELATIONSHIP CONFLICT ASYMMETRY BETWEEN ANGEL INVESTORS AND ENTREPRENEURS: EXPLORING ANTECEDENTS AND THE IMPACT OF DYAD POSITION (SUMMARY)

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Principal Topic

With the goal of building and maintaining a cooperative working relationship (Cable and Shane, 1997; Harrison et al., 1997), exchanges among investors and entrepreneurs are required that facilitate a deeper understanding of each other’s goals and viewpoints. In such settings, conflicts tend to be unavoidable (Mason and Harrison, 1996). Previous research has confirmed conflict’s relevance in investor-entrepreneur settings (e.g., Collewaert, 2011; Sapienza, 1992; Higashide and Birley, 2002). As in the broader conflict literature, limited attention has been paid to conflict asymmetry, or the extent to which conflict perceptions may vary across group or dyad members. However, a growing body of evidence indicates that conflict asymmetry or differences in conflict perceptions among team members exist, often with deleterious consequences (e.g., Jehn et al., 2010). With this paper, we aim to extend this research stream by examining antecedents and role-specific effects of relationship conflict asymmetry in the angel investor-entrepreneur dyad.

Method

Out of 64 potentially eligible Belgian angel-backed companies and 588 Californian ones, 28 Belgian and 26 Californian companies participated. For this study, we focused on questionnaire data collected from the lead angel investor and entrepreneur. Analyses were conducted following Edwards’ procedure for analyzing difference scores as dependent (when examining antecedents) and independent variables (when examining role-specific effects) (Edwards, 1993; 1995).

Results and Implications

Findings reveal that trust is key in explaining whether conflict perceptions become shared among dyad members. Based on polynomial regression analyses, we further show that role matters in that venture performance is lower when the individual who perceives more conflict than the other is the higher power member of the dyad (i.e. investor). At the individual level, initial results are in line with previous research; relationship conflict asymmetry is negatively associated with satisfaction. However, more detailed analyses reveal that this result is driven by the individual’s own conflict perception and not by the difference with the other dyad member’s perception.

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