SOCIAL PSYCHOLOGY IN NASCENT ORGANIZING: WHAT DO WE INFER ABOUT AN ENTREPRENEUR, AND DOES IT MATTER? (SUMMARY)

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SUMMARY

SOCIAL PSYCHOLOGY IN NASCENT ORGANIZING: WHAT DO WE INFER ABOUT AN ENTREPRENEUR, AND DOES IT MATTER?

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Principal Topic

Business venturing requires human organizing, and therefore involves social psychology. Following the perception of opportunity, entrepreneurial protagonists need to engage others – to transform an opportunity idea into a nascent firm (e.g., Aldrich & Martinez, 2001; Zander 2007). Given entrepreneurial uncertainty and negligible objective information early-on, how others perceive a potential founder and associated opportunity matter. Past research has examined financial investors’ assessments of firm-founders and their opportunity pursuits (e.g., Clark, 2008). However, knowledge is lacking about potential followers’ consideration of entrepreneurial protagonists and associated opportunities. This is an important gap since it relates to if there will even be a firm-founder/firm (e.g. for later research observation and theory).

Research Question and Method

This research focuses on potential followers’ consideration of entrepreneurial protagonists and associated opportunities. It asks: What inferences are made about an entrepreneur's initially unobservable qualities? Do such inferences affect interest in following? Is the same opportunity judged differently (e.g. better) according to the entrepreneurial lead it’s associated with?

A randomized experiment was conducted in which different entrepreneurs and opportunities were presented to 147 potential supporters/followers. Following prior research, the information provided was limited and modeled on what could be gathered from a short pitch. After each entrepreneur, potential followers evaluated: the business opportunity associated with the entrepreneur, the entrepreneur, and their interest in potentially following.

Results and Conclusion

The results shed light on an understudied area of nascent venturing – social cognition about potential founders and opportunities. The detailed results, available at BCERC 2015, help unpack complex and otherwise unobservable judgments made about entrepreneurs, potential spillover to judgments about entrepreneurial opportunities, and related interest in following. The significant results (SEM $p$-values<.01) contribute to entrepreneurship literature by helping bridge the gap between nascent entrepreneurial behavior and existence of nascent firms/firm-founders.

To theoretically understand the pursuit of opportunity (including nascent organizing), insight into the social psychology of early-stage supporters is necessary. Such insight helps span a rich literature that starts with firm-founders and organized firms, and a similarly rich literature focused on gestational entrepreneurial behavior. By bridging these literatures, enhanced theory and practice is possible by a more integrated tracing of the entrepreneurial process -- from individual opportunity perception to entrepreneurial behavior/action, through the initial nexus with potential supporters, to the occurrence (or non-occurrence) of nascent organizations.

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