Whom Would You Choose? The Role of Trust in New Venture Partner Choice

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ABSTRACT

What is the role of trust in new venture partner choice? To answer this question, this study uses a human capital framework to investigate the relative importance of the factors of trustworthiness (i.e. ability, benevolence and integrity) in the decision to choose a new venture partner. A second query is, ‘how does familiarity of a potential partner contribute to the choice? This study also explores the moderating influences of propensity to trust, gender and race in new venture partner decision policies. This research uses conjoint analysis and hierarchical linear modeling techniques to capture and decompose more than 3700 new venture partner choice evaluations which are nested in a sample of 116 CPAs. The findings of this study suggest that trust is important in the choice of new venture partner. Specifically, the results show that among this study’s sample, the factors of trustworthiness are more important than familiarity. Also found was that integrity is more important than ability and benevolence in new venture partner choice and that propensity to trust moderates the choice.

This research offers several contributions. First, this study delves into the underexplored area of new venture team formation and is one of the first to investigate the role of trust in this context. Using a human capital framework, the conceptualization of this concept is extended to include trustworthiness. Methodologically, this study is one of the first to use conjoint analysis in the study of new venture team formation and in the study of trust. Finally, implications for theory, practice and future research are discussed.
WHOM WOULD YOU CHOOSE?
THE ROLE OF TRUST IN NEW VENTURE PARTNER CHOICE

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DISSERTATION

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DEDICATION

I dedicate this dissertation to my parents, Walter and Alice Edmond, Jr. whom I love and miss immeasurably.
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CHAPTER 1

INTRODUCTION

“The entrepreneur in entrepreneurship is more likely to be plural, rather than singular. The locus of
entrepreneurial activity often resides not in one person, but in many”.

(Gartner, Shaver, Gatewood & Katz, 1994)

For years, the prevailing perception of the entrepreneur was that of the lone hero. This view of the entrepreneur was mirrored in the work of scholars who sought primarily to understand the role of the individual in venture formation. McClelland (1961) theorized that focusing on an individual’s motivation could unravel the mysteries of entrepreneurial firm creation; other scholars believed that internal locus of control (Brockhaus, 1982; Sexton & Bowman, 1985), risk-taking propensity (Sexton & Bowman, 1985), or acceptance and tolerance of uncertainty (Schere, 1982) were the individual characteristics that distinguished those who created ventures from those who did not. A separate stream of research focused on individual cognitive factors (e.g. intention, alertness, perceptions of risk) as determinants of new venture creation (Bird, 1988; Kirzner, 1979; Knight, 1921). It was Reich (1987) who suggested that a focus on the individual as the entrepreneurial “hero” was misguided. Reich (1987) theorized that the collective efforts of individuals, rather than a single person, was responsible for the successes of firms and urged scholars to re-focus their research on entrepreneurial teams.
Ever since Reich (1987) shifted attention from the individual entrepreneur to entrepreneurial teams, this line of inquiry has received growing interest, and studies have clearly provided evidence of entrepreneurial team significance (e.g. Kamm, Shuman, Seeger, & Nurick, 1990; Cooper & Bruno, 1977; Obermayer, 1980; Teach, Tarpley & Swartz, 1986; Chandler, Honig & Wiklund, 2005). Nonetheless, given the documented advantages of teams in firms, we still know very little about the role of teams in new venture formation. The scarcity in this area of research, however, does not reflect the importance of this line of inquiry. Ruef, Aldrich and Carter (2003) acknowledged that “…how an organization begins and whether others are recruited to join the effort can have lasting consequences for its survival and performance” (p. 196). Acknowledging the importance of organizational beginnings and the recruitment of team members at this stage, this study investigates a key consideration in new venture team formation: the role of trust. Specifically, the central focus of this trust-based research is the importance of trustworthiness in the decision policies of new venture founders when choosing a new venture partner.

Prior research has clearly shown the salience of trust within the domain of organizational studies. Within organizations, trust among individuals has been shown to promote effective organizational functioning and has been associated with numerous favorable outcomes, including improved cooperation (McAllister, 1995), job satisfaction and commitment (Dirks & Ferrin, 2001), and increased sales and profits (Davis, Schoorman, Mayer & Tan, 2000). Trust is also important for coordination and information sharing among organizational members (Ancona & Caldwell, 1992; Northcraft, Polzer, Neale & Kramer, 1995;
In situations with a high degree of uncertainty, such as entrepreneurial start-ups, trust has been shown to reduce this uncertainty and also reduce the monitoring of those individuals involved (Costa, 2003; Lewis & Weigert, 1985).

However, while trust is well researched in the context of established organizations and organizational teams, it has not been well researched in the context of new venture teams. Nevertheless, we know it is important within this context because trust mitigates: (1) the uncertainty which stems from the absence of a pre-defined structure, as in the context of venture start-ups (Stinchcombe, 1965); (2) economic uncertainty, or the questionable viability and sustainability of the venture (Alvarez & Barney, 2005); and (3) behavioral uncertainty, or the inability to know or predict the actions of team members (Alvarez & Barney, 2005).

An appropriate starting point for this study is to answer the question ‘what is trust’? What is this element that we speak of in everyday conversation, but are rarely called on to define? Several definitions of trust have been formed, owing to the fact the trust has been researched in numerous disciplines. Given the business management context of this research, the current study relies on prior research with this domain and defines trust as the “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (p. 712) (Mayer, Davis & Schoorman, 1995). This conceptualization acknowledges two important characterizations of trust. Namely, this conceptualization recognizes (1) the interpersonal nature of trust and (2) the dyadic structure of this concept. The dyadic structure of trust emphasizes that at least two
parties are necessary for a trust condition to exist – the trustor (the trusting party) and the trustee (the party to be trusted). In order to assess the trust that the trustor has for the trustee, characteristics of each party must be considered.

The salient trustor characteristic is the propensity to trust, or the inclination of an individual to rely on the words or actions of another person. It is the likelihood that a person will risk being vulnerable to another’s words or actions. For the trustee, the key characteristic is trustworthiness. Prior research suggests that trustworthiness consists of three components: ability, benevolence and integrity (Mayer et al., 1995, McKnight, Cummings & Chervany, 1998). Ability refers to task and situation specific skills and competencies that an individual brings; benevolence is the inclination of the trustee to act with concern, kindness and support toward the trustor; integrity refers to the adherence to a set of principles and values that the trustor finds acceptable (Mayer et al., 1995). These three trustee characteristics – ability, benevolence and integrity – comprise what is generally known as trustworthiness, and provide a basis for trustors’ decisions in contexts involving trust. In other words, a trustor evaluates a trustee’s ability, benevolence and integrity in order to determine if the trustee is deserving of trust.

1.1 The Research Question

The primary purpose of this trust-based study is to determine the importance of trustworthiness in the decision policies of new venture founders when choosing a new
venture partner. Using a human capital theoretical framework, this study first seeks to answer ‘how important are the trustworthiness factors of ability, benevolence and integrity in a new venture partner choice’? This study also seeks to determine the relative importance of these attributes in a new venture trust-based partner choice. A second purpose of this study seeks to determine how other factors might affect a new venture trust-based partner choice. To meet this objective, three questions are posed: (1) ‘how does familiarity of a potential partner affect the choice’?; (2) ‘what is familiarity’s relative importance to the factors of trustworthiness?’ and (3) ‘how do other factors, namely propensity to trust, gender and race, moderate the trust-based choice’? A model reflecting the relationships in this study is presented in Figure 1.1.
1.2 Intended Contributions

This study offers a unique context in which to understand trust – new venture partner choice – and will make several contributions to the entrepreneurial team and trust literatures. First, I offer empirical evidence of the direct effects of trustworthiness and familiarity on the likelihood of new venture partner choice. Next, I will test the model in Figure 1.1. This model and the subsequent discussions will look at the moderating influences of propensity to trust, gender and race on the relationship between the dimensions of trustworthiness and the likelihood of partner choice. This study also makes a valuable contribution to the human capital literature by extending the conceptualization of human capital to include not only
‘what you know’ (knowledge) and ‘what you can do’ (skills), but also ‘what you are’ (trustworthy). Finally, this study makes a methodological contribution in the choice of sample. The use of CPAs makes it possible to design away much of the noise that would otherwise confound empirical research because: (1) the research respondents will have similar types of education and work experience and (2) respondents are all faced with the same decision, within the same industry, and within the same profession.

1.3 The Research Agenda

This rest of dissertation is organized as follows: in Chapter 2, I first present the literature review. This review begins with the theoretical framework for this research, human capital. The discussion then begins with a look at this study’s major construct – trust. The independent variables - trustworthiness and familiarity are then presented, followed by a discussion on teams and team formation. Chapter 2 concludes with a discussion of the moderators for this study – propensity to trust, race and gender. Hypotheses are developed throughout Chapter 2. Chapter 3 explains the research methodology for this study, including a discussion of the sample, demographic statistics, procedures, research design, research instrument and variables. Chapter 4 presents the results of the data analysis. Chapter 5 summarizes the findings and outlines the limitations, future research, and the theoretical and practical implications of this research.
CHAPTER 2

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Human Capital

Human capital theory refers to an individual’s knowledge and skills that are generated through education, work and other life experiences. This conceptualization arises out of an economics-based origin. Early economic theorists posited that humans were essential for a nation’s wealth, and that an increase in national wealth could be achieved if humans increased their productivity. This view held that humans were themselves a nations’ capital – human capital. But while these theorists recognized the existence and importance of human capital, the concept was never included into formal economic analyses. The reason for this exclusion was that many believed that it was offensive to consider human being as capital (i.e., property) (Sobel, 1978).

It was Theodore Schultz, a University of Chicago economist, who was pivotal in arguing that questions of economic growth could not be sufficiently answered without including human capital in formal economic analyses (Schultz, 1961). Schultz shifted the focus of human capital from the human being to the investments that humans make to improve their skills and productivity. In Schultz’s view, these investments included things such as the cost of education, improvements in health, and even opportunity costs (Schultz, 1961). It is, however, the investments in education, and the resulting acquisition of knowledge and skills, that have became the focus of subsequent research.
Gary Becker further expanded the concept of human capital. One of his most notable contributions was to develop two classifications for this concept – general and specific (Becker, 1993). General human capital refers to an individual’s knowledge and skills that have wide-ranging applicability. Such knowledge and skills are often acquired through a breadth of work and life experiences. By contrast, specific human capital has limited applicability (i.e. is useful only within a certain context) (Becker, 1993). Within the context of entrepreneurship, specific human capital refers to the accumulated knowledge and skills that relate to pursuing opportunities or creating new value in a specific firm or industry (Bates, 1985). Related to specific human capital are the concepts of explicit and tacit knowledge. Explicit knowledge is that which can be expressed in formal language, either in verbal or written form. Tacit knowledge is confined to a person’s mind; it is knowledge that is “non-verbalized, intuitive and unarticulated” (Becerra, Lunnan & Huemer, 2008, p. 693). Tacit knowledge is not codified, but is acquired through individual experiences (Polanyi, 1968).

As previously noted, the focus of early studies on human capital was on identifying those factors which would enhance a worker’s performance on the job, thereby increasing the earnings capacity of the individual and the productive capacity of the country (Schultz, 1961). In recent years, however, human capital has been the focus of many organizational studies and has been instrumental in explaining performance at the firm level. Scholars have cast their nets relatively wide in this arena, and have come away with some illuminating – and consistent – findings. For example, in an investigation of technology ventures, higher levels of education and knowledge (based on years of experience) were shown to be positively
associated with radical innovation (Marvel & Lumpkin, 2007). A positive relationship between employees’ prior education, training, and experience and a service firm’s strategic positioning was also found in an investigation of service organizations (Skaggs & Youndt, 2004).

Survival and performance were the focus of a study on human capital (Gimeno, Folta, Cooper & Woo, 1997) which suggested that performance was not the sole determinant of firm survival. Instead, it was found that firm survival depends also on a “threshold of performance”, or the willingness or ability of a firm to tolerate poor performance (Gimeno et al., 1997). Those firms led by owners who possessed higher levels of education and experience were found to not only perform better, but also to have a lower threshold for performance. This translated into longer survival rates for these ventures. Similarly, Bosma, Praag, Thurik and Wit (2004) found that former experience in the same industry as the entrepreneurial firm and a higher level of education enhance firm performance.

Carpenter, Sanders and Gregersen (2001) explored human capital in an international context and found that firms led by CEOs with international experience performed better than those firms whose leaders did not have international experience. The moderating effect of human capital was the focus of a study of international firms. Findings indicated that increased human capital moderates the relationship between a firm’s service and geographic strategies and firm performance (Hitt, Bierman, Shimizu & Kochhar, 2001).

Studies centered on human capital are increasing in the entrepreneurship literature. Instead of focusing on national or firm productivity, these studies often have concentrated on
individual outcomes. For example, human capital, in the form of prior knowledge about customers and how to serve markets, has been shown to affect an individual’s ability to identify opportunities (Corbett, 2007; Shepherd & DeTienne, 2005). It has also been found that those individuals with higher levels of explicit and tacit knowledge were more likely to start their own business (Davidsson & Honig, 2003).

Human capital conceptualizations and its usefulness in organizational and entrepreneurial contexts has been demonstrated by scholars and emphasized in the preceding discussion. It is clear that defining human capital in terms of knowledge and skills generated through education, training and other experiences has consistently been applied by researchers. However, human capital largely has been defined in this way for a very practical reason: quantitative measurement expediency (Sobel, 1978). Germaine to the current study, however, is that since the original works on human capital, this concept has been broadened to include a wider range of factors. It has been expanded to include the value that an individual brings to a situation, including social contacts, prestige (Hitt et al., 2001), and personal attributes, such as self-confidence (Keeley, 2007). In study on scientific and technical human capital, the conceptualization of human capital encompassed the social relations and network ties of an individual (Bozeman & Corley, 2004). The rationale behind the inclusion of social relations and network ties was that these are also valuable resources that individuals bring to their work, thereby increasing the productive capacity of the individual and the organization. As a continuation of this line of thought, this study extends the conceptualization of human capital to include the personal attribute of trustworthiness.
The current study considers the importance of trustworthiness in the choice of new venture partner and views trustworthiness as a dimension of human capital. There is a bi-fold lens to this perspective: first, a trustor’s perception of the trustworthiness of another individual is considered a type of tacit knowledge (human capital) – knowledge that is not codified, and is unique to each individual based on that person’s (trustor’s) unique combination of education, work and life experiences; second, the perceived trait or characteristic of trustworthiness that an individual possess is viewed as value that an individual brings to the context of a new venture trust-based partner choice – a value that will positively influence the likelihood of partner choice.

2.2 Trust

The role of trust in organizational development and functioning has received substantial attention among scholars, with research findings offering some consistent results regarding the positive outcomes of trust in organizations. Specifically, trust has been shown to: enhance firm performance by reducing stress and conflict among organizational members (Costa, Roe & Taillieu, 2001); enhance job satisfaction (Roberts & O’Reilly, 1974; Rich, 1997; Ward, 1997) reduce opportunistic behaviors and the need for formal contracts and controls (Costa, 2003; Das & Teng, 1998; Lewis & Weigert, 1985; Zaheer & Venkatraman, 1995); enhance cooperative behaviors (Axelrod, 1984; McAllister, 1995) and knowledge sharing (Levin, Cross, Abrams & Lesser, 2004; Joshi, Sarker & Sarker, 2007; Northcraft et al., 1995;
Pinto & Pinto, 1990); and to mitigate the uncertainties inherent in economic transactions and social exchanges (Alvarez & Barney, 2005).

Trust is particularly important in new venture development. This importance can be attributed in part to the fact that founding members of a venture operate in an environment of extreme uncertainty. This uncertainty stems from the absence of a pre-defined structure to guide the actions of those involved in the venture start-up (Stinchcombe, 1965), the questionable viability and sustainability of the venture (economic uncertainty), and the inability to know or predict the actions of team members (behavioral uncertainty) (Alvarez & Barney, 2005). While rarely studied directly, the importance of trust to new venture formation has been acknowledged in prior research. For example, Ruef et al. (2003) noted that trust in team members appears to be a major concern for founders at the early stages of firm organizing. Kamm and Nurick (1993) also stated that founding teams are built on familiarity, admiration and trust. These positions suggest that further inquiry is needed in order to gain a deeper understanding of the role of trust in organizational formation.

### 2.2.1 Perspectives on Trust

While research on trust has garnered significant interest in organizational studies as a topic of empirical research, this area of inquiry has been characterized as challenging, primarily due to the lack of agreement on the definition of the trust concept. For example, trust has been defined as a psychological state (i.e. a belief or attitude toward another person) and not a dispositional construct (i.e. a stable, within-individual factor that determines if one
will become vulnerable to another’s actions) (Rousseau, Sitkin, Burt, & Camerer, 1998; Dirks & Ferrin, 2001); a secure willingness to depend on someone in spite of potential negative consequences (Josang and Presti, 2004); an expectancy of positive outcomes in an environment of uncertainty while depending on the actions of others (Bhattacharya et al., 1998; Rotter, 1971); and the intention to be vulnerable to another based on positive expectation (Rousseau et al., 1998).

At first glance, the definitional ambiguity related to trust may appear very problematic to the researcher. Part of the issue with the definition appears to be that there is no one characterization that can adequately capture the highly complex and multi-faceted nature of this concept. Another reason for the vagueness related to the term stems from the multiple disciplinary contexts in which trust has been studied (e.g. economics, sociology, psychology) (Hosmer, 1995). Despite the differences, however, there are areas of agreement among the various conceptualizations of trust which include the following: (1) trust involves individual expectations regarding the behaviors of an individual or the outcome of a situation; (2) trust involves voluntary or non-enforced behavior (willingness); and (3) a reasonable expectation is that those involved in trusting relationships will be helpful, or at least ‘do no harm’, to the other party. The discussion that follows builds on the above insights.

It has been theorized that trust has three forms: cognitive, affective and behavioral (Lewis & Weigert, 1985). The cognitive form of trust is knowledge based. Knowledge of other individuals is obtained either through personal experiences and observations or through the reported experiences and observations of others (Johnson & Grayson, 2005).
Based on knowledge accumulated, individuals rationally choose in whom they will trust and under what circumstances (Lewis & Weigert, 1985). In contrast, affective trust is based on emotional bonds which have been created through the caring and concern demonstrated by one individual toward another (Lewis & Weigert, 1985). Behavioral trust is related to the other two forms because it is based on the outcomes or consequences of cognitive and affective trust (Johnson & Grayson, 2005; Mayer et al., 1995).

Amidst the various definitions and forms of trust, two major approaches to understanding trust have been identified – the behavioral approach and the psychological approach. The earliest of these, the behavioral approach, is focused on observable behavior and theorizes that decisions of trust are based on rational and cognitive processes (Kramer, 1999; Lewicki, Tomlinson & Gillespie, 2006). Simulated interactions and games (e.g. Prisoner’s Dilemma) under laboratory conditions in which interpersonal interaction is minimized are typically used in research based on the behavioral approach (Lewicki et al., 2006).

The psychological approach also maintains that behavior is important. However, this approach posits that affective factors, in addition to cognitive factors, are responsible for trusting behavior, and focuses on understanding the relationship between them. Unlike the behavioral approach, the psychological approach to trust favors research that is more interpersonal and which investigates intentions, motives, perceptions, emotions and behaviors of individuals (Lewicki et al., 2006).
The psychological approach is the perspective used in Mayer et al.’s (1995) model of trust, a model which incorporates the cognitive, affective and behavioral forms of trust, and which serves as a basis for this study. According to Mayer et al. (1995), trust is defined as the “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (p. 712). This definition of trust acknowledges the dyadic nature of trust by specifying the necessary presence of two parties – the trustor (or the trusting party), and the trustee (the party to be trusted).

According to this model, three attributes – ability, benevolence and integrity – are the factors that comprise the trustee’s trustworthiness. A trustor-specific characteristic, propensity to trust, also influences who the trustor will deem trustworthy. In other words, the nature of relationships involving trust depend on the trustor’s propensity to trust and his/her perceptions of the trustworthiness of the trustee. The Mayer et al. (1995) model also incorporates a behavioral manifestation, or outcome, of trust which was labeled risk-taking in relationships (RTR). Next, I will discuss these components in greater detail.

### 2.2.2 Trustworthiness

Considerable theoretical research has been conducted which has focused on identifying those factors which lead to trust – or the antecedents of trust. Many factors have been put forth such as: competence (Lieberman, 1981), moral integrity (Ring & Van de Ven, 1992), reliability (Johnson-George & Swap, 1982), expertise (Hovland, Janis, & Kelley, 1953),
expertness (Giffin, 1967) and dependence on others (Frost, Stimpson, & Maughan, 1978). Of the various factors identified, ability, benevolence and integrity have been consistently named as the most salient factors of trustworthiness. This trio of dimensions is related to the person to be trusted (trustee). Trustworthiness defines for the trustor whether the trustee is worthy of risking vulnerability and the potential negative consequences that may result from the decision to be vulnerable. These dimensions are theorized to be related but separable, suggesting that they may vary independently of each other (Mayer et al., 1995).

Ability, a cognitive dimension of trustworthiness (Erdem & Ozen, 2003), refers to task and situation specific skills and competencies that an individual possesses (Mayer et al., 1995). Special emphasis is placed on ‘task and situation specific skills’ since an individual may have superior skills and competencies in one domain, but not another. For instance, an intellectual property attorney may have high task related ability in assisting a new venture founder in obtaining a patent for an innovative process that she has developed, but may have low task related ability in assisting with setting up the firm’s accounting information system.

Benevolence is the inclination of the trustee to act with concern, kindness and support toward the trustor (Mayer et al., 1995). This factor focuses on the interpersonal relationship between the trustor and trustee and is an affective dimension of trustworthiness (Erdem & Ozen, 2003). The trustor evaluates the trustee’s benevolence toward her, not anyone else. Scholars have found that perceptions of benevolence can have effects on organizational relationships. For example, Cruz, Gomez-Mejia and Becerra (2005) found that CEOs perceptions of a firm’s top management team’s benevolence influenced agency contract
features. It has also been found that benevolence among family firm members fosters loyalty and commitment and reduces opportunistic behaviors (Morris, Williams, Allen, & Avila, R. A. 1997; Tagiuri & Davis, 1996).

The evaluation of an individual’s integrity, a cognitive dimension of trustworthiness (Erdem & Ozen, 2003), requires a broader focus than the evaluation of benevolence. To assess integrity, the trustor seeks to determine if the trustee has over time adhered to a set of moral and ethical principles in dealings with people that the trustor finds as acceptable (Mayer et al., 1995). Prior research has suggested that information on a trustee’s integrity and ability may be more readily available than information on benevolence, as integrity and ability information can be obtained through networks and the established reputation of the trustee (Mayer et al., 1995). Also, integrity tends to be most important in early phases of trusting relationships, whereas, benevolence tends to develop over the life of the trusting relationship (Ristig, 2009; Schoorman, Mayer & Davis, 2007).

To summarize, ability, benevolence and integrity have been identified as salient components of trustworthiness. It is therefore hypothesized that:

**H1a:** The higher the perceived ability of the individual, the higher the likelihood that the individual will be chosen as a partner in a new venture team.

**H1b:** The higher the perceived benevolence of the individual, the higher the likelihood that the individual will be chosen as a partner in a new venture team.

**H1c:** The higher the perceived integrity of the individual, the higher the likelihood that the individual will be chosen as a partner in a new venture team.
Studies on trustworthiness have also suggested that research on ability, benevolence and integrity should be context sensitive as the importance of these factors may differ depending on the circumstance (Gill, Boies, Finegan & McNally, 2005; Mayer et al., 1995). Thus, both the type of organizational context, and the nature of the trusting relationships within the organizational context, can make a difference in determining which dimensions of trustworthiness are most important.

2.3 Familiarity

Familiarity, or prior knowledge regarding a potential partner (He, Butler & King, 2007), has been shown to be a salient consideration when choosing whom to work with (Harrison, Mohammed, McGrath, Florey & Vanderstoep, 2003). Individuals prefer to work with those who are familiar because: (1) coordination efforts are enhanced since team members have prior information about the others’ working styles, skills, beliefs and perceptions (Gruenfeld, Mannix, Williams & Neale, 1996); (2) conforming to group norms is less likely to be an issue. Unlike unfamiliar members, familiar team members may be less concerned about conforming to the perspectives and actions of the others in the group. This degree of comfort among group members facilitates a more open environment – one in which members are more willing to share information with others (Gruenfeld et al., 1996) and; (3) there is a greater degree of interpersonal attraction and cohesiveness (Harrison et al., 2003).

In addition to the effects on coordination, conformity and cohesion as outlined above, familiarity has another very important effect on teams – it reduces uncertainty (Hinds, Carley,
Familiarity allows group members to predict the behaviors of others on the team. Since the levels of economic and behavioral uncertainty are high for new ventures, familiarity is a mechanism through which some of this uncertainty can be mitigated. Thus,

\[ H2: \text{The more familiar the founder is with the potential partner of a new venture, the higher the likelihood that the individual will be chosen as a new venture partner.} \]

### 2.4 Trusting Behavior

Outlined in the Mayer et al.’s (1995) model of trust is the distinction between intention to trust and trusting behavior. As theorized by these authors, trust is a willingness or intention to be vulnerable which may or may not manifest itself in some observable action. Willingness to be vulnerable, however, does not include the element of risk; there is no probability of loss/harm when one cognitively decides that another can be relied upon. The risk is taken once an individual engages in some trusting behavior (Mayer et al., 1995). In this study, the focus is on the decision policies of a new venture founder regarding the likelihood to choose an individual as a partner. In other words, the focus is on the likelihood to engage in some trusting behavior.

### 2.5 Teams

Over the past decade, inquiry into new ventures has received burgeoning interest and studies have clearly provided evidence of the significance of teams in emerging organizations.
First, research has shown that teams are more prevalent than initially believed (Kamm et al., 1990). For example, in a survey of high technology firms, Cooper and Bruno (1977) found that over eighty percent were founded by teams. Another study of high technology firms reported that 23 of the 33 (70%) firms surveyed were founded by teams (Obermayer, 1980). Similarly, Teach et al. (1986) stated that in a study of two hundred thirty-seven software firms, one hundred sixty-nine firms (71%) had team ownership. Kamm et al. (1990) reported similar findings in studies of low technology industries.

Entrepreneurial teams are also related to significant firm outcomes. Firms that receive funding from venture capitalists, more often than not, have multiple member ownership (Kamm et al., 1990). Additionally, there is consistent evidence of the relationship between heightened firm performance and new venture teams. This heightened performance has been attributed to the increased pool of human and financial resources provided by a team to a firm (e.g. Chowdhury, 2005; Ensley, Pearson, & Amason, 1998; 2002). Also, entrepreneurship scholars have also shown that team cohesiveness, composition, and member entry/exit have significant effects on performance (e.g. Chandler et al., 2005; Chowdhury, 2005; Ensley et al., 2002; Ruef et al., 2003).

Clearly, teams make a significant difference in new venture success. However, there are still major gaps in our knowledge about teams. The current discussion begins with defining this concept.
2.5.1 Definition of Entrepreneurial Team

An entrepreneurial team has been conceptualized in various ways. Eisenhardt and Schoonhoven (1996) identified an entrepreneurial team as the founders of a venture who worked full-time at an executive level at the time of firm creation. Ensley et al.’s (1998) tri-fold definition states that an entrepreneurial team consists of members who (1) have jointly established the firm, (2) have a financial interest, and (3) have a direct influence on the strategic decision making of the firm. Harper (2008) focuses on goals and action in defining an entrepreneurial team as a group of entrepreneurs whose common goal can only be achieved with combined actions of the individuals. Voicing the themes of creation, joint effort, and financial interest as expressed in the definitions above, Kamm et al.’s (1990) defines an entrepreneurial team as a dyad or group of individuals who come together to jointly establish a business in which each has a financial interest. In particular, Kamm et al.’s (1990) focus on dyads highlights a central assumption of this study, namely, that entrepreneurial teams often begin as two-member teams (Cooper & Bruno, 1977; Obermayer, 1980; Teach et al., 1986). It is this dyadic concept of entrepreneurial team – one that is arguably the most widely used in similar contexts - that will be used for this study.

2.5.2 Team Formation

What drives the formation of teams? The process of team formation was the focus of a recent study (Forbes, Borchert, Zellmer-Bruhn, & Sapienza, 2006); based on a thorough review of team literature and interviews conducted with members of three entrepreneurial teams,
this study suggested that there are two primary explanations for team formation, namely resource seeking and interpersonal attraction. The first, resource seeking, suggests that teams are built through a rational, instrumental process. This view purports that multiple members are sought in order to fill resource needs within a venture (Forbes et al., 2006), and focuses on the competencies of potential team members (Aldrich, 2009). Several studies have echoed this same perspective. For example, Kamm and Nurick (1993) devised a model of team venture formation in which sole entrepreneurs seek partners when the scarcity of resources reasonably indicates a likelihood of failure. Sandberg (1992) speculated that entrepreneurial teams are formed in order to “fill the competency gaps” in ventures. Similarly, Ucbasaran, Lockett, Wright and Westhead (2003) proposed that new venture teams may form because the venture does not have the “necessary human capital to carry out its productive activities” (p. 111).

The second explanation for team creation, interpersonal attraction, asserts that teams are formed based on interpersonal attraction. Central to this perspective are the theories of similarity/attraction and homophily (Jackson, Brett, Sessa, Cooper, Julin & Peyronnin, 1991; McPherson, Smith-Lovin & Cook, 2001). Similarity/attraction theory, a social psychological perspective, asserts that individuals tend to be attracted to those who are more like themselves in areas such as values, background, education, and personality (Forbes et al., 2006). In the context of new venture team building, choosing partners who are similar often neglects the resource needs of the venture (Forbes et al., 2006).
Homophily, a sociological viewpoint, purports that network connections between individuals with similar characteristics (e.g. race, gender, age, or education) will be greater than connections between persons with dissimilar characteristics – in other words, people tend to navigate towards those who are more like themselves. According to McPherson et al. (2001), this pervasive pattern of ‘similarity breeding connection’, is very strong in relationship building. It has also been suggested that this phenomenon of ‘birds of a feather flocking together’ is fueled by individuals’ desire to interact with those who have a common knowledge and who ‘speak the same language’ (Hinds et al., 2000).

In an extensive study of new venture founding teams, homophily was determined to be the primary mechanism underlying team formation (Ruef et al., 2003). In fact, homophily based on gender, ethnicity and occupation was found to be most prevalent among those firms studied. To address the argument that teams are formed primarily to fill competency gaps, Ruef et al. (2003) found no support for this. They concluded that “...During team composition, entrepreneurs seek trusted alters, as well as those with whom they already have strong interpersonal relationships, while avoiding strangers who could bring in fresh perspectives and ideas to the organizational process” (p. 213). Moreover, these scholars found that founders chose team members based on familiarity and trust rather than an economic, resource seeking rationale, suggesting that founder choices routinely lead to a ‘competency discount’ in new ventures (Ruef et al., 2003). In other words, these findings indicate that competency, or ability, is not the most salient factor in a new venture partner choice. Based
on the above assertions regarding the importance of trust and familiarity, the following hypotheses are offered regarding a trust-based partner choice:

\[ H3a: \text{In assessing the likelihood that the founder will select an individual as a new venture partner, the founder will place more emphasis on integrity than ability.} \]

\[ H3b: \text{In assessing the likelihood that the founder will select an individual as a new venture partner, the founder will place more emphasis on benevolence than ability.} \]

\[ H3c: \text{In assessing the likelihood that the founder will select an individual as a new venture partner, the founder will place more emphasis on familiarity than ability.} \]

2.6 Propensity to Trust – A Moderator

The trustor characteristic, or propensity to trust, is generally described as a willingness or inclination to trust another. Some consider this characteristic to be situation specific, arguing that an individual’s propensity to trust will vary across situations (Sitkin & Pablo, 1992). Others argue that propensity to trust is a trait that remains stable across all situations (Mayer et al., 1995). This position however, recognizes that various factors can have an influence on propensity to trust. Among these factors are education, cultural background, and lifetime experiences (Mayer et al., 1995). This study adopts a position on propensity to trust that is consistent with Mayer et al. (1995) perspective which views propensity to trust as a stable trait within individuals.

Although rarely empirically tested in the entrepreneurship domain, Mayer et al.’s (1995) conceptualization of propensity to trust has been studied in organizational literature...
and it has been found to influence several processes. For example, a recent study (Bernerth & Walker, 2009) found that managers’ propensity to trust had a direct effect on their perceptions of the quality of social exchanges between themselves and employees. Another study (Yang, 2006) found that public administrators’ propensity to trust positively influenced the administrators’ trust in the general public. Additionally, a meta-analysis conducted by Colquitt, Scott and LePine (2007) indicated that propensity to trust had a significant relationship with trusting behavior (e.g. delegation, the sharing of information, and avoidance of monitoring). It is proposed in this study that propensity to trust also has effects on the likelihood of choice of new venture partner.

**H4a:** As propensity to trust increases, the positive relationship between a potential partner’s ability and the likelihood that a founder will select the individual as a new venture partner becomes less positive.

**H4b:** As propensity to trust increases, the positive relationship between a potential partner’s benevolence and the likelihood that a founder will select the individual as a new venture partner becomes less positive.

**H4c:** As propensity to trust increases, the positive relationship between a potential partner’s integrity and the likelihood that a founder will select the individual as a new venture partner becomes less positive.

**H4d:** As propensity to trust increases, the positive relationship between the founder’s familiarity with the potential partner’s ability and the likelihood that a founder will select the individual as a new venture partner becomes less positive.
2.6.1 Propensity to Trust and Race

The role of race on individuals’ propensity to trust has been documented in recent studies. Results of these investigations indicate that minorities in the U. S. may have a lower propensity to trust than the general population. Explanations for this have typically been embedded in a historical context, citing patterns of social inequity and injustice as reasons for these findings. For example, in an investigation of the relationship between social capital and citizen psychological involvement, Brehm and Rahn (1997) suggested that being a minority contributes to a tendency in individuals to view others with suspicion. This propensity was theorized as being the product of prejudicial and discriminatory practices rooted in the life experiences of minorities. Alesina and Ferrara (2002) echoed this thought when suggesting that being treated fairly by fellow citizens leads individuals to trust others, and found that minorities tended to find others less worthy of trust. Glaeser, Laibson, Scheinkman and Soutter (1999) suggested that minorities tend to trust others less because of the social distance between themselves and others or because of the inability of minorities to punish those who take advantage of them. Thus,

\[ H5a: \text{The positive relationship between a potential partner’s ability and the likelihood that the founder will choose the individual as a new venture partner is more positive for non-minorities than for minorities.} \]

\[ H5b: \text{The positive relationship between a potential partner’s benevolence and the likelihood that the founder will choose the individual as a new venture partner is more positive for non-minorities than for minorities.} \]
H5c: The positive relationship between a potential partner’s integrity and the likelihood that the founder will choose the individual as a new venture partner is more positive for non-minorities than for minorities.

2.7 Gender – A Moderator

Significant research has been conducted on the gender differences in trust and trustworthiness, suggesting that differences do exist. An investigation of initial trust levels for team members within organizations found that males’ initial trust levels were higher for new male members than for new female members (Spector & Jones, 2004). Another study of trust formation found that males are more trusting of previously unknown work partners than were females (Buchan, Croson, & Solnick, 2008; Wang & Yamagishi, 2005). Other results indicate that both male and female genders believe females to be more trustworthy (Buchan et al., 2008; Garbarino & Slonim, 2009; Wang & Yamagishi, 2005).

Recent studies suggest that gender differences in trust and trustworthiness can be attributable to the ways in which men and women find meaning for themselves in relationships, or in their self-construals (Maddux & Brewer, 2005). It is suggested that men are more independent regarding their self-construals, whereas women tend to be more interdependent. The importance of this difference is reflected in the way individuals allow others to influence them. The independently construed individual envisions himself as separate from others and tends to focus more on task outcomes in relationships with others (Oetzel & Bolton-Oetzel, 1997). The interdependently construed person views herself in terms of relationships with others (Cross & Madson, 1997) and focuses on relational outcomes (Oetzel...
& Bolton-Oetzel, 1997). Additionally, the study by Maddux and Brewer, (2005) extends prior research on independent and interdependent construals and relates these to gender differences in trust. These scholars suggest that women’s self-construal is relationally interdependent, which refers to the tendency of an individual to describe herself in terms of relationships with individual others. In contrast, Maddux and Brewer (2005) indicated that men are collectively interdependent, which refers to an inclination to describe oneself in terms of group memberships. The results of this study showed that women trusted more those individuals with whom they shared some direct or indirect relationship connection. Men, however, were found to trust more those individuals with whom they shared group memberships.

The results of these studies suggest that women tend to place more emphasis on the interpersonal nature of relationships with others while men place more emphasis on more depersonalized or group relationships. This is consistent with findings of other research conducted on gender differences (Baumeister & Sommer, 1997; Brewer & Gardner, 1996; Seeley, Gardner, Pennington, & Gabriel, 2003).

Based on the documented differences in male and female self-construals, it is reasonable to expect that these differences will manifest themselves in decisions involving trust. In assessing the trustworthiness of a potential new venture partner, a trustor will consider that individual’s ability, benevolence and integrity. Of these dimensions, benevolence is the factor that focuses on the interpersonal relationship between the trustor
and trustee (Erdem & Ozen, 2003). This is consistent with women’s self-construal emphasis on the interpersonal nature of relationships, thus:

\[ H6: \text{The positive relationship between a potential partner’s benevolence and the likelihood that the founder will choose the individual as new venture partner will be more positive for women than for men.} \]

The ability dimension of trustworthiness refers to task and situation specific skills and competencies that an individual possesses (Mayer et al., 1995). The self-construals favored by men support the notion that they tend to focus on the utilitarian and task aspects of relationships. Therefore,

\[ H7: \text{The positive relationship between a potential partner’s ability and the likelihood that the founder will choose the individual as a new venture partner will be more positive for men than for women.} \]
CHAPTER 3

RESEARCH METHOD

The primary purpose of this research was to investigate the relative importance of trust in new venture partner choice. A secondary goal of this study was to explore the relative importance of familiarity in this choice. The moderating influences of propensity to trust, gender and race have also been investigated. This chapter describes the population from which the sample was drawn, provides demographic statistics for the sample, discusses the procedures used to collect data, and explains the research design, research instrument and operationalization of the variables for this study.

3.1 The Sample

Many accounting firms begin as entrepreneurial new ventures in that they are founded when two or more CPAs join to form a new entity. In fact, in the state where this study was conducted, the Executive Director of the statewide licensing board for CPAs estimates approximately one-third of the accounting firms in the state had multiple owners (R. Brooks, personal communication, June 2010). As such, Certified Public Accountants (CPAs) in the U. S. were chosen as the population for this study. This population is appropriate for two reasons: (1) a significant number of firms have multiple person ownership; and, (2) the need to control for industry, geographical region and education level is reduced due to the use of a single-industry sample of professionals, in one region, all of whom possess highly similar qualifications. CPAs were identified through their membership in a statewide professional
association in a Mid-Atlantic state in the U. S. A sample with variation in race and gender is important for this study; therefore, respondents were selected using non-probability quota sampling techniques (Trochim & Donnelly, 2007). This technique is appropriate in this instance since my main concern is not to have a sample representative of the general population, but rather to have a sample that adequately represents individuals of differing races and genders (Trochim & Donnelly, 2007). One hundred twenty individuals participated in the study; four instruments were discarded due to incomplete information. The final sample is therefore comprised of 116 CPAs.

3.2 Demographic Statistics

A summary of sample characteristics are as follows: 53% of the sample is female; 69% is Caucasian; the largest percentage (34%) of the respondents are between the ages of 45 and 54; 63% are married; and 59% have a bachelor’s degree. Additionally, 57% of the respondents have never started a business before and 65% have never selected a new venture partner before. Table 3.1 provides more detailed demographic statistics for this sample.

Table 3.1  Demographic Statistics of the Sample

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>54</td>
<td>47.0</td>
</tr>
<tr>
<td>Female</td>
<td>62</td>
<td>53.0</td>
</tr>
<tr>
<td>Total</td>
<td>116</td>
<td>100.0</td>
</tr>
</tbody>
</table>
### Table 3.1.2

<table>
<thead>
<tr>
<th>Race</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian</td>
<td>80</td>
<td>69.0</td>
</tr>
<tr>
<td>African American</td>
<td>30</td>
<td>26.0</td>
</tr>
<tr>
<td>American Indian</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Hispanic Americans</td>
<td>2</td>
<td>1.5</td>
</tr>
<tr>
<td>Indian</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>Asian Americans</td>
<td>1</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

### Table 3.1.3

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
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<tr>
<td>25-34</td>
<td>9</td>
<td>8.0</td>
</tr>
<tr>
<td>35-44</td>
<td>30</td>
<td>26.0</td>
</tr>
<tr>
<td>45-54</td>
<td>40</td>
<td>34.0</td>
</tr>
<tr>
<td>55-64</td>
<td>35</td>
<td>30.0</td>
</tr>
<tr>
<td>&gt;65</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

### Table 3.1.4

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>95</td>
<td>82.0</td>
</tr>
<tr>
<td>Not Married</td>
<td>21</td>
<td>18.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

### Table 3.1.5

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelors</td>
<td>60</td>
<td>52.0</td>
</tr>
<tr>
<td>Post-Baccalaureate</td>
<td>56</td>
<td>48.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
Table 3.1.6

<table>
<thead>
<tr>
<th>Previously Started Business</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>50</td>
<td>43.0</td>
</tr>
<tr>
<td>No</td>
<td>66</td>
<td>57.0</td>
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<tr>
<td>Total</td>
<td>116</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 3.1.7

<table>
<thead>
<tr>
<th>Selected Partner Before</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>41</td>
<td>35.0</td>
</tr>
<tr>
<td>No</td>
<td>75</td>
<td>65.0</td>
</tr>
<tr>
<td>Total</td>
<td>116</td>
<td>100.0</td>
</tr>
</tbody>
</table>

3.3 Procedure

This study was designed to evaluate a series of potential new venture partners based on four characteristics which describe the individual. As discussed previously, the four characteristics of interest are ability, benevolence, integrity, and familiarity. The respondent’s evaluation consisted of indicating on a scale of 1 – 7 the likelihood of choosing a person as a new venture partner. Respondents were also asked to provide some basic demographic information, such as gender, age, education, professional history, etc.

In order to assure the face validity and increase internal validity in this study, a pilot test was conducted with seven marketing and management Ph.D. students. Face validity was addressed by determining whether these individuals could understand, recognize and apply the assessment attributes to the task of evaluation. The pilot study was also used to determine the time required for completing the research tasks. Feedback was obtained in both written and
verbal form. As a result of the pilot test, a few modifications were made to the research instrument which included: (1) adding an “other” category to the post-survey questionnaire items pertaining to the industry the respondent currently works in; (2) clarifying an assumption provided to the respondents regarding availability of funding.

To collect data, I attended a three-day statewide conference which was held to provide continuing education training for CPAs. An announcement was made to the group during the opening session encouraging participation in the study. Attendees of the conference approached me and volunteered to participate. I also approached individuals personally and asked for participation in this study. Data was collected using a written questionnaire. In addition, respondents were asked to provide some basic demographic information, such as their gender, age, and education. Information that would specifically identify respondents, such as name, address, email address, phone number, etc. was not be collected. Participation in the study was entirely voluntary. Prospective respondents could refuse to participate, or could at any time stop participating without explaining their decision. There were no benefits or incentives offered, nor were there any negative consequence for failure to participate.

A preliminary evaluation of the demographic data collected during the conference revealed that racial minorities were not adequately represented in the sample. Using a membership list of the professional organization, I contacted minority members by phone, and hand delivered the research instrument to those who could be reached and who agreed to participate. I discontinued this process once an adequate sample size was obtained.
3.4 Research Design

This study employs a conjoint design. Conjoint analysis is a statistical technique which is useful in determining preferred attribute combinations and the relative importance of attributes in decision making. This technique facilitates a more realistic modeling of individual judgment and perceptions than other research designs. In reality, individuals make tradeoffs when making decisions since the ideal or perfect choices are rarely attainable. In conjoint analysis, respondents must make tradeoffs among the various attributes (American Marketing Association, 2002). It accomplishes this by requiring respondents to make choices among various desirable attributes based on hypothetical profiles created by the researcher. The respondents’ choices are collected and decomposed into underlying preference structures (Lohrke, Holloway & Woolley, 2010).

Used first in the 1970s, interest in conjoint analysis was spurred by the seminal work of Luce and Tukey (1964). With theoretical roots in the psychology literature, Luce and Tukey (1964) showed that two psychological attributes could be simultaneously measured. This concept was noted by Green and Rao (1969; 1971) and was applied to consumer multi-attribute preferences. Since that time, conjoint analysis has enjoyed a rich history in marketing research.

The logic behind conjoint analysis in marketing research stresses that consumers do not typically have a choice of purchasing products consisting of only preferred attributes. In fact, most products purchased have attributes that are of minimal importance to the purchaser (American Marketing Association, 2002). Equally important is the fact that consumers rarely,
if ever, formally assign value to the attributes that drive their decisions. Conjoint analysis estimates a “utility” or “relative worth” for each attribute to indicate the consumer’s preference. The utility is expressed as a numerical value. A high utility indicates a higher preference.

This logic of utility is not unique to the marketing domain and its use has expanded into other areas of scientific investigation where individual choice and decision making are investigated (Green & Srinivasan, 1990; Riquelme & Rickards, 1992). The present study extends the use of this method into the entrepreneurship domain, as has earlier work. For example, Douglas and Shepherd (2002) used conjoint analysis to assess the relationship between peoples’ attitudes toward income, independence, risk, and work effort and their related choice of career. Bruns, Holland, Shepherd and Wiklund (2008) also used the technique to determine the role of human capital in loan officers’ decisions. Conjoint analysis was also employed by Haynie, Shepherd and McMullen (2009) to determine the decision policies of entrepreneurs in assessing potential opportunities.

Use of conjoint analysis in determining the decision policies of individuals is often preferred over other approaches. For example, self-explicated approaches query respondents directly regarding their preferences, but conjoint analysis determines preferences by asking respondents to rate or rank several ‘real-life’ scenarios. Using this approach, socially acceptable responses have a lower likelihood of occurring. In addition, conjoint analysis does not rely on individuals’ introspection, which is often biased and unreliable (Sattler & Hensel-Borner, 2007).
There are several types of conjoint analysis. To determine the most appropriate technique for this study, I reviewed six of the most popular techniques. The types included in this review are: Adaptive Conjoint (ACA), Choice-Based (CBC), Availability Conjoint (AC), Best/Worst (B/W), Partial Profile Choice (PPCE), and Traditional Full Profile (TFP). A great deal of consideration was given to ACA; however, this method can only be administered via computer survey. In addition, its main benefit has been recognized as its ability to measure more attributes than can be measured with TFP. This is not a major consideration for the current research as there are only four attributes to be studied. CBC is the technique deemed most preferred among academicians since it most closely mimics the choice process (i.e. allows the research respondent to select “none” as an option). This method was not chosen since results at the individual level are very difficult to analyze. Rejection of the remaining three conjoint types was due to noted weaknesses in each: (1) AC analysis cannot produce multi-attribute models, nor can they produce individual level models; (2) B/W analysis only facilities choice within profiles, not among them. In addition, this type of conjoint analysis is not supported by an integrated software package that would design, administer, analyze and model the study; and (3) as with B/W analysis, PPCE is also not supported by a software package nor does it provide analyses at the individual level (American Marketing Association, 2000). While each analysis type has its unique benefits and applications, TFP was chosen for this study. The primary benefits of TFP as it relates to the present study is that (1) it allows for individual level utility estimates; (2) the design can be computer generated; (3)
this method is supported by integrated commercial software packages; and (4) it can be administered via pencil and paper.

For the current study, a traditional full profile (TFP) design involving four attributes at two levels requires 16 profiles ($2^4$). In order to measure the reliability of the respondents’ responses, each profile was fully replicated, producing a total 32 profiles. This replication of profiles allows the researcher to test the respondents’ consistency in their responses by comparing the two sets of profiles. A practice (or dummy) profile was included as the first profile in order to familiarize the respondents with the required task. The respondents were not made aware of the dummy profile; however, the addition of this task required each respondent to assess 33 scenarios. Additionally, two different versions of the research instrument were created, each with a different ordering of the profiles. This was done in an attempt to avoid order effects.

3.5 Research Instrument

The research instrument (Appendix A) contained a consent sheet, experiment instructions, the conjoint assessment, and a post-survey questionnaire. Respondents were instructed to assume that the following applied to each of their decisions: (1) that new venture partner is defined as “an individual with whom you jointly establish a business in which both of you have a financial interest”, (2) that the respondent was interested in forming a new venture, (3) that the new venture will be in the industry in which the respondent currently works, (4) that the respondent will be forming a new venture within the next 12 months, (5) that
the respondent will create a new venture based on your current knowledge and skills, (6) that there are no capital constraints (i.e. funding is available), (7) that all potential partners have equal resources (i.e. financial, contacts, etc.) to contribute to the new venture, and (8) that if the potential partner is chosen, s/he will be willing to join the venture.

Included on each page of the conjoint assessment were relevant definitions. These definitions were included on each page so that the respondents could refer to them as necessary throughout the experiment. The respondents read each profile and provided a rating of the likelihood that the individual described in the profile would be chosen as a new venture partner. Ratings were based on a 7-point Likert-type scale. A sample profile is provided below in Figure 3.1.

Figure 3.1 Sample Profile for the Conjoint Experiment

New Venture Partner AXZ

This partner can be characterized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>High</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td>Integrity</td>
<td>High</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

ASSESSMENT

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7 Very Likely</th>
</tr>
</thead>
</table>
Once the respondents completed the conjoint experiment, they provided an assessment of the importance that they placed on each attribute (i.e., ability, benevolence, integrity, familiarity) in a decision to choose a new venture partner. Each respondent was asked to rate, on an 11-point Likert-type scale, each of the decision criteria employed in this study with regard to how important each is to a positive choice decision. This assessment provides the researcher with each individual’s “espoused” decision policy. This espoused policy will allow the researcher to investigate differences between espoused versus enacted decision policies as a post-hoc test. Each respondent was also required to complete an eight-item propensity-to-trust measure (Mayer, 1999). Items were assessed on a 7-point response format, where 1 = “Strongly Disagree” and 7 = “Strongly Agree”. This measure assists the researcher in analyzing Hypotheses 5.

The post survey questionnaire was administered to each respondent in order to collect pertinent demographic information including gender, age, race, educational level and experience in current field. The additional data will facilitate the task of explaining variances in results that may be attributable to other variables.

3.6 The Variables

This conjoint experiment required respondents to evaluate a series of profiles that describe a potential new venture partner. The profiles were based on four attributes: ability, benevolence, integrity and familiarity. Assessment of these attributes determined the decision
policy of the respondents (i.e. whether the hypothetical individual would be chosen as a new venture partner).

3.6.1 Dependent Variable

The dependent variable for this study is the likelihood that the respondent will choose a potential founding team member. After evaluating a profile, the respondents were asked to indicate their likelihood that the potential team member would be chosen. The response, ranging from “not very likely” to “very likely” was provided on a 7-point Likert-type scale.

3.6.2 Decision Attributes and Attribute Levels

The primary objective for this study is to determine the roles of trustworthiness and familiarity in the choice of new venture team member. This research addresses this objective from the perspective of the venture founder in choosing the first team member. To assess the likelihood of choosing a founding member, the respondent was asked to evaluate hypothetical profiles of potential team members. Table 3.2 below outlines the decision attributes and attribute levels, and attribute operationalizations included in this study. Each attribute is operationalized at two levels – high and low. The trustworthiness variables (ability, benevolence and integrity) were operationalized in a manner consistent with prior operationalizations of each as developed by Mayer and Davis (1999). Familiarity was operationalized according to the prior conceptualizations and studies (Hinds et al., 2000; Komiak & Benbasat, 2006; Lott & Lott, 1965).
Table 3.2  Decision Attributes and Operationalizations

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Level</th>
<th>Operationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>High</td>
<td>This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.</td>
</tr>
<tr>
<td>Benevolence</td>
<td>High</td>
<td>This individual displays a high level of concern about my welfare, needs and desires; this person would not knowingly do anything to hurt me; this individual almost always looks out for what is important to me.</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>This individual does not display a high level of concern about my welfare, needs and desires; this person may not knowingly do anything to hurt me; this person sometimes looks out for what is important to me.</td>
</tr>
<tr>
<td>Integrity</td>
<td>High</td>
<td>This individual is clearly guided by a sound set of principles that I find acceptable; his/her actions and behaviors are almost always consistent with those principles.</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>This individual seems to be guided by a sound set of principles that I find acceptable; however, his/her actions and behaviors are not always consistent with those principles.</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
<td>You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>You have not had prior interactions with this individual. Knowledge about this person’s skills, perspectives and interpersonal styles come from secondary sources.</td>
</tr>
</tbody>
</table>
CHAPTER 4

RESULTS

This chapter provides the findings of the research investigation conducted to test the hypotheses described and developed in Chapters 1 and 2. These findings includes the results of the empirical testing of the relationships among the variables presented in this study, and the results of supplemental analysis performed in an effort to shed additional insight into new venture partner choice.

The decision attributes (i.e. ability, benevolence, integrity, familiarity) were germane to the decision of new venture partner choice. 100 percent of the individual models explained a significant portion of variance (p < .001) with a mean adjusted $R^2$ of 0.78. This is consistent with Choi and Shepherd’s (2004) 95 percent of significant models and a mean adjusted $R^2$ of 0.78. Further, the mean test-retest correlation for the sample was .90 (this is also consistent with Choi and Shepherd (2004) who reported a mean test-retest correlation of 0.82. These results are indicative of a high degree of judgmental consistency. The results also give assurance that the conjoint task was performed consistently by the respondents. I also tested for differences in the in-use versus espoused decision policies of the respondents. I accomplished this by comparing the actual policies obtained in the conjoint experiment with the self-reported data obtained in the post-survey instrument. The results of this analysis indicated that the in-use and espoused decision policies do not differ. Specifically, in both cases, attributes were ranked in the following order of importance: integrity, ability, benevolence and familiarity.
This study provides a total of 3,712 observations (thirty-two observations per respondent excluding the practice profile). Because each of the 3,712 observations is nested within individuals, autocorrelation could be an issue. Hierarchical linear modeling (HLM) accounts for the possible impact of autocorrelation and is therefore used to analyze the results of the experiment. These results are displayed in Tables 4.1 – 4.5 which presents the respondents’ assessments of the likelihood of new venture partner choice. The likelihood of choice is represented by unstandardized coefficients for each decision criterion and their corresponding standard error, t-ratio and level of significance.

Results are reported for a main effects model (Level-1) and a moderated model (Level-2). The main effects model includes the independent variables ability, benevolence, integrity and familiarity. The moderated model includes the variables propensity to trust, gender and race. It has been noted that interaction effects can have small effect sizes and their tests of significance frequently suffer from low power. Because of this, some authors have recommended that significance levels be relaxed to \( p < 0.10 \) for interaction terms (McClelland & Judd, 1993; Sauley & Bedeian, 1989). Accordingly, this study reports significance levels at \( p < .10 \) as marginal findings.

As hypothesized, all of the independent variables at Level-1 (i.e., ability, benevolence, integrity and familiarity) were found to be positive and statistically significant, suggesting that they were used by respondents in their decisions on the likelihood of choosing an individual as a new venture partner. Specifically, the positive coefficient for: (1) ability indicates that the higher the perceived ability of a potential partner, the greater the likelihood of choosing that
individual as a new venture partner ($\beta = 1.609$, SE = .063, t-ratio = 25.385, p < .001); (2) benevolence indicates that the higher the perceived benevolence of a potential partner, the greater the likelihood of choosing that individual as a new venture partner ($\beta = 1.042$, SE = .048, t-ratio = 21.743, p < .001); (3) integrity indicates that the higher the perceived integrity of a potential partner, the greater the likelihood of choosing that individual as a new venture partner ($\beta = 2.441$, SE = .068, t-ratio = 35.822, p < .001); (4) familiarity indicates that the higher the perceived familiarity of a potential partner, the greater the likelihood of choosing that individual as a new venture partner ($\beta = .686$, SE = .038, t-ratio = 17.960, p < .001). These results provide support for Hypotheses 1a, 1b, 1c and 2.

Table 4.1  Regression Results for Hypotheses 1 and 2 (Level 1)

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>1.609***</td>
<td>.063</td>
<td>25.385</td>
</tr>
<tr>
<td>Benevolence</td>
<td>1.042***</td>
<td>.048</td>
<td>21.743</td>
</tr>
<tr>
<td>Integrity</td>
<td>2.441***</td>
<td>.068</td>
<td>35.822</td>
</tr>
<tr>
<td>Familiarity</td>
<td>0.686***</td>
<td>.038</td>
<td>17.960</td>
</tr>
</tbody>
</table>

Hypotheses 3a, 3b and 3c argue that more emphasis will be placed on benevolence, integrity and familiarity than on ability. An evaluation of each of the variables in the model (Table 4.2) shows how each variable contributed to the prediction. Variables with a $\beta$ greater than 1.609 (the $\beta$ for ability) have more importance than ability in the partner choice decision. Analysis shows that integrity is the only attribute that meets this criterion, presenting a $\beta$ of 2.441 versus 1.609 for ability. In addition, results of an independent t-test between these
variables confirmed this result (p < .001). Thus, Hypothesis 3a is supported. Hypotheses 3b and 3c were not supported.

| Table 4.2 Regression Results for Hypothesis 3 (Level 1) |
|--------------|--------------|--------------|
|               | Beta         | St. Error    | t-ratio     |
| Ability       | 1.609        | .063         | 25.385      |
| Benevolence   | 1.042        | .048         | 21.743      |
| Integrity     | 2.441***     | .068         | 35.822      |
| Familiarity   | 0.686        | .038         | 17.960      |

*p < .05    **p < .01    ***p < .001  n = 3712

Table 4.3 reports the HLM results for the relationship between the independent variables of theoretical interest and propensity to trust, on the likelihood of the new venture partner choice. Three of the four hypothesized relationships were statistically significant (p<.05).

| Table 4.3 Hierarchical Linear Modeling Results for Hypothesis 4 (Level 2) |
|----------------|--------------|--------------|
|                | Beta         | St. Error    | t-ratio     |
| Propensity to Trust x Ability | .027**       | .009         | 3.109       |
| Propensity to Trust x Benevolence | -.020**     | .007         | -2.819      |
| Propensity to Trust x Integrity  | .006         | .009         | .657        |
| Propensity to Trust x Familiarity | -.014*       | .006         | -2.328      |

*p < .05    **p < .01    ***p < .001  n = 3712

In order to appropriately interpret the nature of these relationships, each significant interaction is graphed below in accordance with the recommendations of Cohen and Cohen (1983). Specifically, the dependent variable (likelihood of choice) is depicted in the y-axis, and
the independent variable of interest is plotted on the x-axis such that moving from left to right represents moving from a low to high condition. Employing regression coefficients to calculate values for the DV at one standard deviation above and below the mean value for propensity to trust – in each ‘condition’ (low and high) of the independent variable (ability, benevolence, and familiarity) – suggests the nature of the interaction.

Figure 4.1 below depicts the relationship between ability and propensity to trust, on the likelihood of choice (H 4a). The graph suggests that when the founder’s propensity to trust is high, the positive (main effect) relationship between a potential partner’s ability and likelihood that the potential partner will be selected as a new venture partner becomes more positive. However, when founder’s propensity to trust is low the positive (main effect) relationship between a potential partner’s ability and likelihood that the potential partner will be selected as a new venture partner becomes less positive – in fact becomes negative. Taken together, the graph suggests that as propensity to trust increases, the positive relationship between ability and choice becomes more positive. As such, while the relationship is statistically significant, it is not in the direction hypothesized. Therefore, hypothesis 4a is not supported.

Figure 4.1  
*Likelihood of Choice*
Figure 4.2 below depicts the relationship between benevolence and propensity to trust, on the likelihood of choice (H 4b). The graph suggests that when the founder’s propensity to trust is low, the positive (main effect) relationship between a potential partner’s benevolence and likelihood that the potential partner will be selected as a new venture partner becomes more positive. However, when founder’s propensity to trust is high, the positive (main effect) relationship between a potential partner’s ability and likelihood that the potential partner will be selected as a new venture partner becomes less positive – in fact becomes negative. Taken together, the graph suggests that as propensity to trust increases, the positive relationship between benevolence and choice becomes less positive. This relationship is statistically significant, and is in the direction hypothesized. Therefore, hypothesis 4b is supported.

Figure 4.2

![Figure 4.2]

**Likelihood of Choice**

Low Propensity to Trust

High Propensity to Trust

Low Benevolence

High Benevolence

Figure 4.3 below shows the relationship between familiarity and propensity to trust, on the likelihood of choice (H 4d). The graph indicates that when the founder’s propensity to trust
is low, the positive (main effect) relationship between a potential partner’s familiarity and likelihood that the potential partner will be selected as a new venture partner becomes less positive. However, when founder’s propensity to trust is high, the positive (main effect) relationship between a potential partner’s familiarity and likelihood that the potential partner will be chosen as a new venture partner also becomes less positive. Taken together, the graph suggests that as propensity to trust increases, the positive relationship between familiarity and choice becomes less positive. This relationship is statistically significant, it is in the direction hypothesized. Therefore, hypothesis 4d is supported.

Figure 4.3

Hypothesis 5a states that the positive relationship between a potential partner’s ability and the likelihood that the founder will choose the individual as a new venture partner is more positive for non-minorities than for minorities. This hypothesis was not supported ($\beta = -.055$, SE = .135, t-ratio = -0.406, p > .10). The assertion that the positive relationship between a potential
partner’s benevolence and the likelihood that the founder will choose the individual as a new venture partner is more positive for non-minorities than for minorities was tested in Hypothesis 5b. The results did not support Hypothesis 5b ($\beta = -0.122, SE = 0.103, t$-ratio = 1.192, $p > 0.10$); Hypothesis 5c states that the positive relationship between a potential partner’s integrity and the likelihood that the founder will choose the individual as a new venture partner is more positive for non-minorities than for minorities. This hypothesis was also not supported ($\beta = 0.063, SE = 0.147, t$-ratio = -0.429, $p > 0.10$). In summary, the hypotheses relating to race were not supported in this study. Table 4.4 below shows the results of HLM testing for Hypotheses 5a, 5b, and 5c.

Table 4.4 Hierarchical Linear Modeling Results for Hypotheses 5 (Level 2)

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race x Ability</td>
<td>-0.055</td>
<td>0.135</td>
<td>-0.406</td>
</tr>
<tr>
<td>Race x Benevolence</td>
<td>0.122</td>
<td>0.103</td>
<td>1.192</td>
</tr>
<tr>
<td>Race x Integrity</td>
<td>0.063</td>
<td>0.147</td>
<td>-0.429</td>
</tr>
<tr>
<td>Race x Familiarity</td>
<td>-0.018</td>
<td>0.086</td>
<td>-0.213</td>
</tr>
</tbody>
</table>

*p < .05          **p < .01          ***p < .001      n = 3712

Hypotheses 6 and 7 change the focus of this discussion from race to gender, Hypothesis 6 proposes that the positive relationship between a potential partner’s benevolence and the likelihood that the founder will choose the individual as new venture partner will be more positive for women than for men($\beta = 0.179, SE = 0.094, t$-ratio = 1.894, $p = .060$). Marginal support was found for this hypothesis. Table 4.5 provides the results of this analysis.
Hypothesis 7 argues that the positive relationship between a potential partner’s ability and the likelihood that the founder will choose the individual as a new venture partner will be more positive for men than for women. While the finding is in the direction as hypothesized, the results are not statistically significant ((β = -0.062, SE = .127, t-ratio = -0.487, p = .627). Hypothesis 8 was not supported. Table 4.5 summarizes these findings.

Table 4.5 Hierarchical Linear Modeling Results for Hypotheses 6 and 7 (Level 2)

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender x Ability</td>
<td>-0.062</td>
<td>.127</td>
<td>-0.487</td>
</tr>
<tr>
<td>Gender x Benevolence</td>
<td>0.179</td>
<td>.094</td>
<td>1.894</td>
</tr>
</tbody>
</table>

*p < .05  **p < .01  ***p < .001  n = 3712

4.1 Supplemental Analysis

The results of this study have offered support for understanding those factors which may moderate the relationship between the perceived trustworthiness and familiarity of an individual and the likelihood of choosing that same individual as a new venture partner. Three moderating factors were considered: gender, race and propensity to trust. Of these, only propensity to trust offered statistically significant results. In an effort to discover other moderating factors, additional analysis was conducted. Hierarchical linear regression was used to test the following characteristics of the respondents as moderators: (1) the educational level (EDUB); (2) if the respondent had ever been responsible for the selection of a new partner for a current or prior venture (SELPART); (3) age range (AGRANG); (4) years
employed (YRSEMP); and years employed in current field (5) (YRCURFI). The results of these tests are reported in Table 4.6.

Educational Background (EDUB) provided the only statistically significant result in this analysis ($\beta = -.209, SE = .094, t\text{-ratio} = -2.227, p = .028$). The negative coefficient for (EDUB) indicates that the positive relationship between perceived benevolence and the likelihood of choice is reduced as educational level increases.

Three of the variables showed marginal moderating effects in the testing. Previous selection of a new venture partner (SELPART) has a marginal moderating effect ($\beta = -.20, SE = .108, t\text{-ratio} = -1.856, p = .0660$). Specifically, the positive relationship between the founder’s assessment of an individual’s benevolence and the likelihood of choosing that individual as a new venture partner is marginally reduced when the founder has previously selected a new venture partner. SELPART also has marginal effect on the positive relationship between the founder’s assessment of an individual’s familiarity and the likelihood of choosing that individual as a new venture partner, strengthening this positive relationship ($\beta = .135, SE = .078, t\text{-ratio} = 1.737, p = .0085$). Age Range (AGRANG) as a moderator also provides marginal effects ($\beta = .070, SE = .039, t\text{-ratio} = 1.808, p = .073$). Although marginal, these statistics suggest that as age increases, the positive relationship between familiarity and the likelihood of choice decreases. Neither Years Employed (YRSEMP) nor Years Employed in Current Field (YRCURFI) had any statistically significant effect in this test.
Table 4.6 Results for Supplemental Analysis

**Regression Results for Level 1**

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>1.609***</td>
<td>.063</td>
<td>25.385</td>
</tr>
<tr>
<td>Benevolence</td>
<td>1.042***</td>
<td>.048</td>
<td>21.743</td>
</tr>
<tr>
<td>Integrity</td>
<td>2.441***</td>
<td>.068</td>
<td>35.822</td>
</tr>
<tr>
<td>Familiarity</td>
<td>0.686***</td>
<td>.038</td>
<td>17.960</td>
</tr>
</tbody>
</table>

**Hierarchical Linear Modeling Results Level 2**

*Moderated by EDUCATIONAL BACKGROUND*

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDUB x Ability</td>
<td>.042</td>
<td>.126</td>
<td>.335</td>
</tr>
<tr>
<td>EDUB x Benevolence</td>
<td>-.209*</td>
<td>.094</td>
<td>-2.227</td>
</tr>
<tr>
<td>EDUB x Integrity</td>
<td>-.039</td>
<td>.136</td>
<td>-.284</td>
</tr>
<tr>
<td>EDUB x Familiarity</td>
<td>.013</td>
<td>.076</td>
<td>.168</td>
</tr>
</tbody>
</table>

*Moderated by PREVIOUSLY SELECTED A NEW VENTURE PARTNER*

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>SELPART x Ability</td>
<td>.131</td>
<td>.134</td>
<td>.976</td>
</tr>
<tr>
<td>SELPART x Benevolence</td>
<td>-.200†</td>
<td>.108</td>
<td>-1.856</td>
</tr>
<tr>
<td>SELPART x Integrity</td>
<td>.081</td>
<td>.148</td>
<td>.545</td>
</tr>
<tr>
<td>SELPART x Familiarity</td>
<td>.135†</td>
<td>.078</td>
<td>1.737</td>
</tr>
</tbody>
</table>

*Moderated by AGE RANGE*

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRANG x Ability</td>
<td>.001</td>
<td>.064</td>
<td>.011</td>
</tr>
<tr>
<td>AGRANG x Benevolence</td>
<td>-.005</td>
<td>.049</td>
<td>-.110</td>
</tr>
<tr>
<td>AGRANG x Integrity</td>
<td>.010</td>
<td>.071</td>
<td>.139</td>
</tr>
<tr>
<td>AGRANG x Familiarity</td>
<td>-.070†</td>
<td>.039</td>
<td>-1.808</td>
</tr>
</tbody>
</table>

*Moderated by YEARS EMPLOYED*

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>YRSEMP x Ability</td>
<td>-.005</td>
<td>.006</td>
<td>-.756</td>
</tr>
<tr>
<td>YRSEMP x Benevolence</td>
<td>.005</td>
<td>.005</td>
<td>.991</td>
</tr>
<tr>
<td>YRSEMP x Integrity</td>
<td>-.004</td>
<td>.007</td>
<td>-.529</td>
</tr>
<tr>
<td>YRSEMP x Familiarity</td>
<td>-.005</td>
<td>.004</td>
<td>-1.077</td>
</tr>
</tbody>
</table>

*Moderated by YEARS EMPLOYED in CURRENT FIELD*

<table>
<thead>
<tr>
<th></th>
<th>Beta</th>
<th>St. Error</th>
<th>t-ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>YRCURFI x Ability</td>
<td>-.004</td>
<td>.006</td>
<td>-.738</td>
</tr>
<tr>
<td>YRCURFI x Benevolence</td>
<td>-.001</td>
<td>.005</td>
<td>-.226</td>
</tr>
<tr>
<td>YRCURFI x Integrity</td>
<td>.004</td>
<td>.008</td>
<td>.536</td>
</tr>
<tr>
<td>YRCURFI x Familiarity</td>
<td>-.003</td>
<td>.004</td>
<td>-.932</td>
</tr>
</tbody>
</table>

†p < .10     *p < .05     **p < .01     ***p < .001
n Level 1 = 3712; n Level 2 = 116
This study has extended the conceptualization of human capital to include trustworthiness as a characteristic of value that an individual brings to a situation. The situation, or context, explored in this research is that of new venture partner choice. The questions that have been investigated in this study are: (1) how important are the trustworthiness factors of ability, benevolence and integrity in a new venture partner choice; (2) what is the relative importance of these attributes in a choice of new venture partner; (3) how does the familiarity of a potential partner affect the choice; (4) what is the relative importance of familiarity to the factors of trustworthiness in new venture partner choice; and (5) how do propensity to trust, gender and race moderate the choice? While scholars have suggested that trust is important in venture formation (Ruef et al., 2003; Kamm & Nurick, 1993), little empirical research has been conducted to extend this conversation. The current study aimed to fill this gap. This section provides a discussion of the findings, limitations, future research, contributions and practical implications related to this investigation.

5.1. Discussion of Findings

The findings of the research provide support that ability, benevolence, integrity and familiarity are all important in the choice of new venture partner. But while each attribute was found to be important, a hierarchy of importance among these attributes emerged, showing the integrity of a potential partner to be most salient, followed by ability,
benevolence and familiarity (in that order). It was hypothesized that ability would be the least important relative to the other attributes, however, familiarity was shown to be the least important, highlighting the salience of trustworthiness relative to familiarity in the choice of new venture partner. An explanation for the significance of integrity can possibly be embedded in the history and training of the sample. Over the last decade, the CPA profession in the United States has received intense scrutiny due to several accounting scandals involving large corporate fraud. These occurrences diluted the public’s opinion of the integrity and competence of the CPA profession. As part of an effort to restore its credibility, the profession mandated yearly ethics training for all CPAs. This training focuses on the integrity of the individual CPA (Yuthas, Dillard & Rogers, 2004). Therefore, CPA training may account for this study’s findings on the importance of integrity in new venture partner choice.

Results of this study also suggest that when considering trustworthiness and familiarity, trustworthiness is more important than familiarity when choosing a new venture partner for those in this sample, thereby providing support for the importance role of trust in new venture partner choice. The findings related to the how propensity to trust moderated the relationship between two of the study attributes (i.e., benevolence, familiarity) were as hypothesized. When propensity to trust was tested as a moderator of the positive relationship between benevolence and likelihood of choice, the relationship became less positive. The positive relationship between familiarity and the likelihood of choice also became less positive when propensity to trust was tested as a moderator. These results may be
attributable to the fact that as an individual’s propensity to trust increases, other decision attributes become less important. After all, a person with a high propensity to trust has a basic inclination to trust others in the absence of any information.

Interesting, however, is the finding related to ability. The positive relationship between the perceived ability of a potential new partner and the likelihood of choice became more positive when moderated by propensity to trust. Perhaps this can be explained by exploring the nature of propensity to trust in more depth. Potentially, this factor may affect decisions related to character or relational type characteristics more than decisions related to task or performance type characteristics.

The supplemental analysis revealed that educational background also acts as a moderator in that it weakens the positive relationship between perceived benevolence and the likelihood of choice. A possible explanation for this result could possibly rest in the theory of self-efficacy which is based on a person’s belief that he or she can accomplish any goals they have set for themselves (Bandura, 1977). Bandura (1977) posits that this belief is enhanced by successes of an individual. Attainment of higher educational levels, therefore, could increase an individual’s self-efficacy and decrease the importance of another’s benevolence when choosing a new venture partner.

Finally, I acknowledge that the sample chosen for this study may have some bearing on the findings. As mentioned previously, the training of CPAs could influence the decision making of these individuals. Thus, individuals with different training may place importance on different attributes.
5.2 Limitations and Future Research

The current research, as in all research, is subject to certain limitations. The first of these potential limitations is the conjoint methodology. As with all experiments, this study is characterized by a degree of “artificiality”. Specifically, no experiment involving human decision making can fully capture all of the emotional and psychological factors involved in “real life” situations. Nonetheless, prior research suggests that conjoint analysis is useful in approximating “real life” decision policies of individuals (Brehmer, 1988; Riquelme & Rickards 1992).

A further limitation may be in the choice of attributes presented in this study. It is possible that the respondents gave importance to these factors only because they were included in the study. While careful consideration was given to the choice of attributes, (i.e., they were selected based on a review of relevant literature), I acknowledge that there may be other attributes that may be important to the choice of new venture partner which are not included in this study. Future research should identify additional factors which may be important in new venture partner choice; homophily, shared vision, level of commitment, complementary skills and resources contributed are factors which could provide further insight.

The non-probability sampling method used in this study, combined with the homogeneous nature of the sample, may limit the extent to which the results of the study can be applied to individuals, regions, or contexts different from those investigated in this research project. The homogeneity of the sample allowed me to design away many of the heterogeneity
issues that otherwise confound empirical research (Davidsson, 2008), but this same sample characteristic limits the applicability of the claims supported in this study. Yet, while the sample in this study cannot be considered representative of all individuals who would choose new venture partners, generalizability was not the primary research goal. This study has provided theoretical evidence of the role of trust in partner choice. Additional studies could enhance these findings by conducting similar studies with different sample characteristics (i.e., different professions, industries, geographical areas, etc.). Many of these studies may use samples that are more heterogeneous than the sample in this study, and therefore would employ control variables to minimize the effects the heterogeneity.

The sample size for this study exceeds the sample size of many, if not most, of the conjoint studies conducted in the entrepreneurship domain. However, similar studies in the future could increase the sample size in an effort to increase the statistical significance of some relationships that this investigation has shown to have only marginal effect.

The current study focuses only on the choice of the founder. Acknowledging the dyadic nature of new venture partner choice, future studies can extend our understanding of the role of trust in the decision policies of the individual who is not the founder (i.e., the other member of the dyad). Results of a study with this alternative focus could show if the non-founder individual places similar importance on ability, benevolence, integrity and familiarity, or if different attributes (such as those mentioned earlier in this section) are more important to the non-founder individual in the choice of new venture partner.
This investigation concentrates solely on the “choice” of partner, yet I recognize that the “choice” comes at a point in time during a “process”. Longitudinal research could potentially facilitate a deeper understanding of this process since this type research addresses dynamic phenomena much better than cross-sectional research (Davidsson, 2008). For example, given that the venture formation process can be lengthy in duration, longitudinal studies could give insight into whether the importance of ability, benevolence, integrity and familiarity remains constant during this period for a new venture founder or partner, or if the importance of the attributes change over time. If there is change, longitudinal studies could help uncover those factors which might facilitate this shift. Longitudinal studies could also be used to examine whether the decision policies of founders regarding new venture partner choice change as the venture matures.

As a final suggestion, the results of this study could provide preliminary data for future exploration into the effect that trust has on the performance of entrepreneurial ventures.

5.3 Contributions and Practical Implication

This study promises to make several contributions to the entrepreneurship and trust literature. First, this research delves into the under-researched area of new venture formation and provides support for the importance of trustworthiness in a new venture partner choice. This study also reveals the relative importance of the factors of trustworthiness (i.e. ability, benevolence, integrity) in the decision policies of firm founders. It has also been demonstrated that a founder’s propensity to trust and gender can have moderating influences on the
founder’s decision policies. These findings offer valuable insight in the decision policies of new venture founders. Particularly, this study demonstrates that in new venture partner decisions, the ability of the potential partner is not always of primary salience. This finding challenges the theory that founders are primarily interested in the abilities of new venture partners and provides a basis for future research in this area.

Methodologically, this study is one of the first in the entrepreneurship domain to capture trust related decision policies of new venture founders using conjoint analysis. The results of this study demonstrate the usefulness of this methodology in studies of this kind. For example, this study was able to capture respondents “in use policies” rather than retrospective accounts of decision policies which could be distorted with recall bias. Hopefully, other scholars will conduct similar studies so that we can understand better the decision policies of new venture founders and other entrepreneurs.

As a final contribution, this study makes a valuable contribution to the entrepreneurship literature by extending the conceptual umbrella of human capital. Heretofore, human capital in the entrepreneurship domain primarily has been conceived as the knowledge and skills obtained through education and experiences (Becker, 1993). This conceptualization, I argue, is restrictive, and does not consider the full range of human attributes that provide value in entrepreneurial circumstances. The concept of human capital has therefore been extended to include the attributes of trustworthiness. In addition, this research has focused on perceptions of human capital as a selection criteria rather than more objective attributes (i.e., educational level, number of years on job) as is the tradition in studies using a human capital framework.
Little research within the entrepreneurship domain has had this focus – one that potentially can uncover novel insights into the decision policies of entrepreneurs and others who operate within the entrepreneurship realm.

The practical implications of this study should not go unnoted. During data collection, respondents regularly reported that the experiment was very thought provoking, and caused them to think about the importance of the attributes (i.e. ability, benevolence, integrity, familiarity) as they relate to partner choice in a more clear and systematic manner. This feedback suggests that entrepreneurs will be equipped with a new consciousness, or awareness, of the multifactor nature of trustworthiness; an awareness that will facilitate more deliberate evaluations of new venture partners based on the perceived ability, benevolence, integrity and familiarity of the potential partner. Additionally, this research provides insight for those who provide educational or consulting assistance to entrepreneurs into the importance of trust in new venture choice.
APPENDIX A

SURVEY INSTRUMENT
NEW VENTURE PARTNER ASSESSMENT AND EVALUATION

You are being asked to take part in a research project conducted by Verona P. Edmond, a Ph.D. candidate at Syracuse University’s Whitman School of Management, and Professor Tom Lumpkin, also of the Whitman School of Management.

This research study is being performed in an effort to understand how individuals evaluate potential new venture partners. You are being asked to take part in this study because you have been identified as an individual with experiences, training and competencies that have been deemed particularly relevant for this type of research.

Procedures
If you agree to take part in this study, you will be asked to evaluate a series of potential new venture partners based on four characteristics which describe the individual. Your evaluation consists of indicating on a scale of 1 – 7 the likelihood of choosing this person as your new venture partner. In total, you will assess 33 partner profiles. This survey should take less than 30 minutes to complete.

Additionally, you will be asked to provide some basic demographic information, such as your gender, age, education, professional history, etc. This demographic information is collected for the purposes of statistical control and assessment only. The survey itself is entirely anonymous. Be assured that the data provided will be used for scientific purposes only, and that the data will be analyzed and reported in ways that will make it impossible to associate particular answers to a particular respondent. The data will not be shared with third parties for purposes other than scientific research. You have the right to withdraw your consent or stop participating at any time. You have the right to refuse to answer any question(s) or participate in any procedure for any reason.

Again, participating in the survey should take less than 30 minutes of your time.

Risks and Benefits
None of the questions asked in this survey relate to personally sensitive issues. There are no potential risks if you take part in this study. There are also no direct benefits for you to take part in this study. Under state law, Syracuse University is not liable for any injury you might sustain while participating in this research.

Confidentiality
All responses will be held in strictest confidence. As indicated above, data collection is anonymous. You do not have to provide your name or any identifying information. Other than the research team, only university regulatory agencies may see your individual data as part of routine audits.

Invitation for Questions
If you have questions about this study, please contact Verona P. Edmond, the principal investigator for this study, at 919.413.0884. Professor Tom Lumpkin can be reached at 315.443.3164.

BY PROCEEDING FURTHER, YOU AGREE THAT YOU ARE AT LEAST 18 YEAR OF AGE.
INSTRUCTIONS

The Task
The purpose of this research is to better understand the choice decision of individuals when assessing another person for a new venture partner given a set of attributes. In this study, you will be asked to evaluate a series of hypothetical new venture partners. When making these assessments, assume that the new venture will be created within the next year. We also ask that you consider each partner choice as a separate situation, independent of all others. Please do not refer back to the scenarios already completed.

For each and every scenario, you will be asked to indicate your assessment of your likelihood of choosing this individual as a new venture partner. Your likelihood of choosing the individual will be indicated by using the scale provided.

Important Notes

We ask that you respond to all the questions, as incomplete surveys cannot be included in the study. If you would like to comment on any questions or the overall theme of the study, please feel free to do so in the margins or on the back page of the survey.

We would like to emphasize that for this study there are no “right” or “wrong” answers. We are only trying to understand how you and other individuals would evaluate potential new venture partners.

While we understand that other information might be useful in your assessments, please strive to make your decisions based only on the information provided.

Please be assured that your responses will remain anonymous and completely confidential. No reference will be made, in any report or publication, to individual responses that would facilitate the identification of any respondent.

Finally, because of the way the material is presented (one new venture partner per page), the survey appears quite lengthy. However, it should actually take you less than 30 minutes to complete. Typically, the first few cases require more time to complete than the latter cases.

Thank you for your participation!
DESCRIPTION OF TERMS

Please refer to the following ‘description of terms’ as you complete your task.

ABILITY

**High** – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

**Low** – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

BENEVOLENCE

**High** – This individual displays a high level of concern about my welfare, needs and desires; this person would not knowingly do anything to hurt me; this individual almost always looks out for what is important to me.

**Low** – This individual does not display a high level of concern about my welfare, needs and desires; this person may not knowingly do anything to hurt me; this person sometimes looks out for what is important to me.

INTEGRITY

**High** – This individual is clearly guided by a sound set of principles that I find acceptable; his/her actions and behaviors are almost always consistent with those principles.

**Low** – This individual seems to be guided by a sound set of principles that I find acceptable; however, his/her actions and behaviors are not always consistent with those principles.

FAMILIARITY

**High** – You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.

**Low** – You have not had prior interactions with this individual. Knowledge about this person’s skills, perspectives and interpersonal styles come from secondary sources.

- Assume that new venture partner is defined as an individual with whom you jointly establish a business in which both of you have a financial interest.
- Assume that you are interested in forming a new venture.
- Assume that the new venture will be in the industry in which you currently work.
- Assume that you will be forming a new venture within the next 12 months.
- Assume that you will create a new venture based on your current knowledge and skills.
- Assume no capital constraints (i.e. funding is available).
- Assume that there are no differences in the potential partners other than those provided in the hypothetical scenarios.
New Venture Partner AXZ

*This partner can be characterized as follows:*

<table>
<thead>
<tr>
<th>Ability</th>
<th>High</th>
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<tbody>
<tr>
<td>Benevolence</td>
<td>Low</td>
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<tr>
<td>Integrity</td>
<td>High</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
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</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

**Definition of Terms Reminder**

**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

*Low* – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

*High* – This individual displays a high level of concern about my welfare, needs and desires; this person would not knowingly do anything to hurt me; this individual almost always looks out for what is important to me.

*Low* – This individual displays a moderate level of concern about my welfare, needs and desires; this person may not knowingly do anything to hurt me; this person sometimes looks out for what is important to me.

**Integrity**

*High* – This individual is clearly guided by a sound set of principles that I find acceptable; his/her actions and behaviors are almost always consistent with those principles.

*Low* – This individual seems to be guided by a sound set of principles that I find acceptable; however, his/her actions and behaviors are not always consistent with those principles.

**Familiarity**

*High* – You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.

*Low* – You have not had prior interactions with this individual. Knowledge about this person’s skills, perspectives and interpersonal styles come from secondary sources.
New Venture Partner UCZ

This partner can be characterized as follows:

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<tbody>
<tr>
<td>Ability</td>
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<td>Benevolence</td>
<td>Low</td>
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<tr>
<td>Integrity</td>
<td>High</td>
</tr>
<tr>
<td>Familiarity</td>
<td>Low</td>
</tr>
</tbody>
</table>

ASSESSMENT

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

Not Very Likely 1 2 3 4 5 6 7 Very Likely

Definition of Terms Reminder

**Ability**

**High** – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

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New Venture Partner AJI

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<table>
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<tbody>
<tr>
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<tr>
<td>Integrity</td>
<td>Low</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

| Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely |

**Definition of Terms Reminder**

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New Venture Partner GGE

This partner can be characterized as follows:

<table>
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<tr>
<th>Ability</th>
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<tbody>
<tr>
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<tr>
<td>Integrity</td>
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**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
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<tr>
<th>Not Very Likely</th>
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<th>2</th>
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New Venture Partner JOU

This partner can be characterized as follows:

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<tbody>
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</tr>
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**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

Not Very Likely  1  2  3  4  5  6  7 Very Likely

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New Venture Partner ILH

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**ASSESSMENT**

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New Venture Partner QAX

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<tbody>
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**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

| Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely |

**Definition of Terms Reminder**

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New Venture Partner IDX

*This partner can be characterized as follows:*

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Benevolence</td>
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**ASSESSMENT**

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<th>3</th>
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<th>6</th>
<th>7</th>
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**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

*Low* – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

*High* – This individual displays a high level of concern about my welfare, needs and desires; this person would not knowingly do anything to hurt me; this individual almost always looks out for what is important to me.

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New Venture Partner IIM

This partner can be characterized as follows:

<table>
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<tr>
<th></th>
<th>Ability</th>
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<tbody>
<tr>
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**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
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**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

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New Venture Partner APK

This partner can be characterized as follows:

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**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

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(Circle the number that best represents your response)

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<tbody>
<tr>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td>Integrity</td>
<td>High</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

Not Very Likely  1  2  3  4  5  6  7  Very Likely

**Definition of Terms Reminder**

**Ability**

High – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

Low – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

High – This individual displays a high level of concern about my welfare, needs and desires; this person would not knowingly do anything to hurt me; this individual almost always looks out for what is important to me.

Low – This individual displays a moderate level of concern about my welfare, needs and desires; this person may not knowingly do anything to hurt me; this person sometimes looks out for what is important to me.

**Integrity**

High – This individual is clearly guided by a sound set of principles that I find acceptable; his/her actions and behaviors are almost always consistent with those principles.

Low – This individual seems to be guided by a sound set of principles that I find acceptable; however, his/her actions and behaviors are not always consistent with those principles.

**Familiarity**

High – You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.

Low – You have not had prior interactions with this individual. Knowledge about this person’s skills, perspectives and interpersonal styles come from secondary sources.
New Venture Partner ROL

This partner can be characterized as follows:

<table>
<thead>
<tr>
<th>Ability</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td>Integrity</td>
<td>High</td>
</tr>
<tr>
<td>Familiarity</td>
<td>Low</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

| Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely |

**Definition of Terms Reminder**

**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

*Low* – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

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**Integrity**

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**Familiarity**

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New Venture Partner UJM

This partner can be characterized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>Low</td>
</tr>
<tr>
<td>Benevolence</td>
<td>High</td>
</tr>
<tr>
<td>Integrity</td>
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</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

| Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely |

**Definition of Terms Reminder**

**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

*Low* – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

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**Integrity**

*High* – This individual is clearly guided by a sound set of principles that I find acceptable; his/her actions and behaviors are almost always consistent with those principles.

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**Familiarity**

*High* – You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.

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New Venture Partner XIC

This partner can be characterized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>Low</td>
</tr>
<tr>
<td>Benevolence</td>
<td>High</td>
</tr>
<tr>
<td>Integrity</td>
<td>Low</td>
</tr>
<tr>
<td>Familiarity</td>
<td>Low</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

| Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely |

**Definition of Terms Reminder**

**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

*Low* – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

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**Familiarity**

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New Venture Partner ONA

This partner can be characterized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>High</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td>Integrity</td>
<td>Low</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

**Definition of Terms Reminder**

**Ability**

**High** – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

**Low** – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

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**Integrity**

**High** – This individual is clearly guided by a sound set of principles that I find acceptable; his/her actions and behaviors are almost always consistent with those principles.

**Low** – This individual seems to be guided by a sound set of principles that I find acceptable; however, his/her actions and behaviors are not always consistent with those principles.

**Familiarity**

**High** – You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.

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New Venture Partner ABR

This partner can be characterized as follows:

<table>
<thead>
<tr>
<th>Ability</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td>Integrity</td>
<td>Low</td>
</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

ASSESSMENT
How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

Not Very Likely  1  2  3  4  5  6  7  Very Likely

Definition of Terms Reminder

Ability

High – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

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Benevolence

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Familiarity

High – You have had prior interactions with this individual and are likely to possess first-hand knowledge about this person’s skills, perspectives and interpersonal styles.

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New Venture Partner UPL

This partner can be characterized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Ability</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Integrity</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

|   | Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely |

**Definition of Terms Reminder**

**Ability**

*High* – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

*Low* – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

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**Familiarity**

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New Venture Partner NFI

This partner can be characterized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>High</td>
</tr>
<tr>
<td>Benevolence</td>
<td>High</td>
</tr>
<tr>
<td>Integrity</td>
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</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

**Definition of Terms Reminder**

**Ability**

**High** – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

**Low** – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

**Benevolence**

**High** – This individual displays a high level of concern about my welfare, needs and desires; this person would not knowingly do anything to hurt me; this individual almost always looks out for what is important to me.

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**Familiarity**

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New Venture Partner IKN

This partner can be characterized as follows:

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>Low</td>
</tr>
<tr>
<td>Benevolence</td>
<td>High</td>
</tr>
<tr>
<td>Integrity</td>
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</tr>
<tr>
<td>Familiarity</td>
<td>Low</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

Not Very Likely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Likely

---

**Definition of Terms Reminder**

**Ability**

**High** – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.

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**Familiarity**

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New Venture Partner AMU

This partner can be characterized as follows:

<table>
<thead>
<tr>
<th>Ability</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolence</td>
<td>Low</td>
</tr>
<tr>
<td>Integrity</td>
<td>Low</td>
</tr>
<tr>
<td>Familiarity</td>
<td>Low</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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**Definition of Terms Reminder**

**Ability**

- **High** – This individual possesses a superior level of knowledge and skills required to perform the duties of the new venture partner.
- **Low** – This individual possesses an average level of knowledge and skills required to perform the duties of the new venture partner.

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**Familiarity**

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New Venture Partner IHG

This partner can be characterized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>High</td>
</tr>
<tr>
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<td>High</td>
</tr>
<tr>
<td>Integrity</td>
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</tr>
<tr>
<td>Familiarity</td>
<td>High</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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**Definition of Terms Reminder**

**Ability**

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**Familiarity**

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New Venture Partner GER

*This partner can be characterized as follows:*

<table>
<thead>
<tr>
<th>Ability</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolence</td>
<td>High</td>
</tr>
<tr>
<td>Integrity</td>
<td>Low</td>
</tr>
<tr>
<td>Familiarity</td>
<td>Low</td>
</tr>
</tbody>
</table>

**ASSESSMENT**

How likely are you to choose this individual as a new venture partner?

(Circle the number that best represents your response)

<table>
<thead>
<tr>
<th>Not Very Likely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
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**Definition of Terms Reminder**

**Ability**

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**Familiarity**

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**INSTRUCTIONS**

Please rate the importance of the various attributes when assessing the likelihood of choosing a new venture partner. Circle your response on the scale provided.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Not Very Important</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benevolence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Familiarity</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please indicate your agreement with the following statements. Circle your response on the scale provided.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>One should be very cautious with strangers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most experts tell the truth about the limits of their knowledge.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most people can be counted on to do what they say they will do.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Most salespeople are honest in describing their products.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>These days, you must be alert or someone is likely to take advantage of you.</td>
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<td>Most repair people will not overcharge people who are ignorant of their specialty.</td>
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<td>Most people answer public opinion polls honestly.</td>
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<td>Most adults are competent at their jobs.</td>
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POST SURVEY QUESTIONNAIRE

Informational Data

Instructions
Please answer the following questions. Please remember that all responses are anonymous and confidential.

▪ How many years have you been employed (all employment)? ________________

▪ How many years have you worked in your current field? ________________

▪ The industry that you currently work in is:
  [ ] Construction and Materials  [ ] Electronic and Electrical Equipment
  [ ] Industrial Engineering  [ ] Industrial Transportation
  [ ] Automobiles and Parts  [ ] Food Producer
  [ ] Household Goods and Home Construction  [ ] Healthcare Equipment and Services
  [ ] Retail  [ ] Media
  [ ] Telecommunications  [ ] Insurance
  [ ] Real Estate  [ ] Financial Services
  [ ] Software and Computer Services  [ ] Professional Services
  [ ] Other __________________________

▪ Do you hold a professional designation or certification? Yes [ ] No [ ]

▪ If the answer to the preceding question is yes, please specify the designation or certification that you hold. __________________________

▪ Have you ever started a business before? Yes [ ] No [ ]

  If yes, how many businesses have you started in the past? ________________

▪ Are you currently a business owner? Yes [ ] No [ ]

  If yes, please indicate how long have you been in business? ________________

  If yes, what percentage of your business do you own?
  100% [ ] 76-99% [ ] 51-75% [ ] 50% [ ] 26-49% [ ] 5-25% [ ] less than 5% [ ]

  If yes, were you the founder of this business? ? Yes [ ] No [ ]
If you are a current business owner, please indicate the industry of the business that you currently own.

- [ ] Construction and Materials
- [ ] Electronic and Electrical Equipment
- [ ] Industrial Engineering
- [ ] Industrial Transportation
- [ ] Automobiles and Parts
- [ ] Food Producer
- [ ] Household Goods and Home Construction
- [ ] Healthcare Equipment and Services
- [ ] Retail
- [ ] Media
- [ ] Telecommunications
- [ ] Insurance
- [ ] Real Estate
- [ ] Financial Services
- [ ] Software and Computer Services
- [ ] Professional Services
- [ ] Other ____________________________

Have you ever been in a position where you were responsible for making the decision for the selection of a new partner for your current or prior venture? Yes [ ] No [ ]

Your gender?
- Female [ ]
- Male [ ]

Your age?
- [ ] < 25
- [ ] 25-34
- [ ] 35-44
- [ ] 45-54
- [ ] 55-64
- [ ] > 65

Your marital status?
- Single [ ]
- Married [ ]
- Separated [ ]
- Divorced [ ]

Your race
- African American/Black (non-Hispanic) [ ]
- Alaska Native/Native American [ ]
- Asian American [ ]
- Caucasian/White (non-Hispanic) [ ]
- Hispanic/Latino/Mexican American [ ]
- Multi-Racial American [ ]
- Asian [ ]
- South American [ ]
- Middle Easterner [ ]
- Indian [ ]
- Other ____________________________

The highest level of formal education you completed?
- Some High School [ ]
- High School [ ]
- Some Graduate School [ ]
- Some College [ ]
- Masters Degree [ ]
- Ph.D. Degree [ ]
- Other (please specify) ____________________________

End of Survey

THANK YOU!
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PLACE OF BIRTH: Panama City, Florida

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GRADUATE AND UNDERGRADUATE SCHOOLS ATTENDED

University of Illinois, Champaign-Urbana, Illinois

North Carolina Agricultural and Technical State University, Greensboro, North Carolina

DEGREES AWARDED

Master of Science in Accountancy, University of Illinois

Bachelor of Science in Social Services, North Carolina Agricultural and Technical State University

AWARDS AND HONORS

Department of Entrepreneurship Assistantship, Syracuse University, (2007-2011)

Outstanding Instructor Award, Durham Technical Community College (2000)

University Minority Fellowship, University of Illinois, (1985-1987)

University Presidential Scholarship, North Carolina Agricultural and Technical State University, (1973-1976)

PROFESSIONAL EXPERIENCE


Assistant Professor of Accountancy, North Carolina Central University, Durham, North Carolina (1992-2000)
Budget and Reimbursement Accountant, Durham County Hospital Corporation, Durham, North Carolina, (1991-1992)
