

# Indian Economic Observer

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## Study finds entrepreneurs build, withdraw, repair trust sooner than others

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Washington [US], December 26 : According to a study, entrepreneurs have different behavioural traits and operate with different levels of trust.

The research has been published in the 'Journal of Business Venturing'.

The researchers from Nanyang Technological University, Singapore found that

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Previous research on the psychology of entrepreneurs hypothesised that they had different character traits from the rest of the population and aimed to discover how those qualities made some individuals more inclined to start new ventures, while others did not.

The NTU researchers said that the results from past studies were inconclusive, as they focused on finding individual traits rather than on thought processes or behaviours in dynamic situations where trust is built, violated, then rebuilt. This was what led to the design of a roleplaying experiment, which aimed to expose participants to situations where they had to conduct business deals.

Along with Dr Bi QingQing from the University of Canterbury, New Zealand, who was a former research fellow at NTU's Nanyang Business School when the study was done, the team carried out an experiment in Singapore with 416 participants, who were categorised as entrepreneurs, managers, and professionals based on their occupations.

The experiment placed participants through several rounds of business transactions, where participants had to decide how much money they would entrust for investments to an agent, who displayed different levels of trustworthiness.

Analysing the behaviour and results of the experiment, the researchers found that while entrepreneurs showed comparable levels of initial trust with professionals and managers, entrepreneurs built trustworthy relationships faster by increasing their investments by around 50 per cent, which is significantly higher compared to managers and professionals (21 per cent and 35 per cent respectively), signalling that they were more trusting and willing to build a partnership.

However, the investments from entrepreneurs decreased sharply, by over half (53 per cent) compared to their investments during the initial trust-building stage, when their business partners displayed dishonesty, compared to managers and professionals, at 22 per cent and 38 per cent respectively. The researchers said this showed that entrepreneurs were quick to adapt to bad situations, especially those that would lead to losses or the detriment of their business.

Another key finding was that entrepreneurs recovered more easily, defined by the research team as a signal of forgiveness, from losing trust in business dealings compared to non-