

# **A Literature Review and Preliminary Synthesis of Perspective taking Research Relevant for Entrepreneurship**

## **ABSTRACT**

Perspective taking enhances an entrepreneur's ability to recognize better market opportunities in terms of desirability, feasibility, alignment, and creativity. Although the perspective taking construct is well-established in organizational psychology literature, entrepreneurship scholars have yet to realize its full potential. To this end, this paper offers a literature review and synthesis of perspective taking research relevant to entrepreneurship to elucidate perspective taking's role as a mechanism for entrepreneurial learning. This paper identified 25 articles in which perspective taking plays a central role, and the relevance for entrepreneurship is clearly apparent. Additionally, this review is informed by another 26 articles covering the broader topics of perspective taking within psychology, cognition, and entrepreneurial learning. This review describes the various roles of perspective taking in existing scholarship, including its antecedents, consequences, mediators, and moderators, and concludes with suggestions for additional research avenues. Taken together, this literature review shows that perspective taking, and the learning that it evokes, play a valuable and necessary role across the spectrum of entrepreneurship research.

**Keywords:** *perspective taking, entrepreneurship, entrepreneurial learning, entrepreneurial cognition*

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## **INTRODUCTION**

*“Everybody knows the story of the Three Little Pigs. Or at least they think they do. But I’ll let you in on a little secret. Nobody knows the real story because nobody has ever heard my side of the story.”*

- A. Wolf

The children’s book, the True Story of the Three Little Pigs! By Jon Scieszka (1996) retells the well-known fable from the perspective of the wolf, in which, the pigs are not innocent victims but play a more conniving role, and the wolf argues that we have only heard one side of the story. As this retelling of a classic tale illustrates, every situation has more than one perspective.

Perspective taking, or considering the world from other viewpoints, enhances an entrepreneur’s ability to recognize better market opportunities in terms of desirability, feasibility, alignment, and creativity (Prandelli, Pasquini & Verona, 2016; Grant & Berry, 2011; Frederiks, Englis, Ehrenhard & Groen, 2019). Perspective taking can be critical throughout the entrepreneurship process by helping entrepreneurs 1) to expand their imaginations and improve opportunity identification through exposure to a greater variety of viewpoints, 2) to structure and guide them to focus on the most promising opportunities based on relevant stakeholder needs, including customers, investors, and competitors, and 3) to develop more novel and useful solutions to address market problems (Frederiks, Englis, Ehrenhard & Groen, 2019; Grant & Berry, 2011; McMullen,

2010; Prandelli, Pasquini, & Verona, 2016). Perspective taking is also of further practical importance in entrepreneurship, as a modern design discipline (Blank, 2013), an important life skill for navigating challenging circumstances (Ku & Brewis, 2017) and as a way to maintain successful relationships (Campbell, 2016).

Despite its ubiquitous relevance, perspective taking is in its infancy within entrepreneurship research (Prandelli et al., 2016). Having been borrowed from organizational psychology literature (Parker & Axtell, 2001; Davis, 1983), it currently operates on the margins of entrepreneurship research. To date, entrepreneurship research has most typically used perspective taking as an antecedent to enhance opportunity identification (Khalid & Sekiguchi, 2018; Prandelli et al., 2016; Frederiks et al., 2019). While this is important initial work, the potential for this topic is much larger.

This literature review shines light directly on the powerful construct of perspective taking and highlights how it might play a more central role in entrepreneurship research in the future. This research is important because the “identification of entrepreneurial learning mechanisms remains a key research objective” (Cope, 2005: 381), and with perspective taking this paper studies one such mechanism. Seeking ways to learn is of fundamental importance for generating knowledge that can be used to create innovative products and processes (Cope, 2005; Wang & Chugh, 2014). After all, scholars have emphasized that entrepreneurship is a process of learning (Minniti & Bygrave, 2001). Perspective taking plays a key role in learning because knowledge creation requires integration of knowledge from a broad array of sources (Boland & Tenkasi, 1995).

In conducting this literature review, 7 definitions of perspective taking were identified since its origination by Davis (1983). Table 1 below displays these definitions

and their different foci. The rest of this literature review relies on the latest definition by Ku, Wang & Galinsky (2015) for its recency. Thus, perspective taking is “the active cognitive process of imagining the world from another’s vantage point or imagining oneself in another’s shoes to understand their visual viewpoint, thoughts, motivations, intentions, and/or emotions” (Ku et al., 2015: 79).

<b>TABLE 1</b>		
<b>Definitions of Perspective Taking in Chronological Order of Appearance</b>		
<b>Perspective Taking Definition</b>	<b>Authors, Year: Page</b>	<b>Focus</b>
The tendency to spontaneously adopt the psychological point of view of others	Davis, 1983: 113	<ul style="list-style-type: none"> <li>• Perspective taking as the cognitive component of empathy</li> </ul>
Communication that improves a community’s ability to take the knowledge of other communities into account.	Boland & Tenkasi, 1995: 351	<ul style="list-style-type: none"> <li>• Group perspective taking</li> </ul>
The adoption of another person’s viewpoint.	Parker & Axtell, 2001: 1085	<ul style="list-style-type: none"> <li>• Wide applicability</li> </ul>
The process of imagining the world from another’s vantage point or imagining oneself in another’s shoes.	Galinsky et al., 2005: 110	<ul style="list-style-type: none"> <li>• General, not specifically an active process</li> </ul>
The ability to infer other individuals’ mental states, to consider their perspective, and thereby to interpret and predict their actions.	Wu & Keysar, 2007: 600	<ul style="list-style-type: none"> <li>• To make inferences about others</li> </ul>
The degree to which the observer has a relatively accurate, comprehensive, and objective understanding and appreciation of the target’s thoughts and/or feelings and the reasons they are thinking and/or feeling that way...An active process that occurs when an observer tries to understand, in a non-judgmental way, the thoughts, motives, and/or feelings of a target, as well as why they think and/or feel the way they do.	Parker, Atkins & Axtell, 2008: 6 and 151	<ul style="list-style-type: none"> <li>• Perspective taking is both an ability and an active process.</li> <li>• Focuses on perspective taker making accurate assumptions and being non-judgmental about the target</li> </ul>
The active cognitive process of imagining the world from another’s vantage point or imagining oneself in another’s shoes to understand their visual viewpoint, thoughts, motivations, intentions, and/or emotions.	Ku, Wang & Galinsky, 2015: 79	<ul style="list-style-type: none"> <li>• An active process</li> <li>• Broadly encompasses others’ viewpoints, thoughts, motivations, intentions, and emotions</li> </ul>

## METHODOLOGY

To conduct this literature review, the search terms “entrepreneu\*\*” and

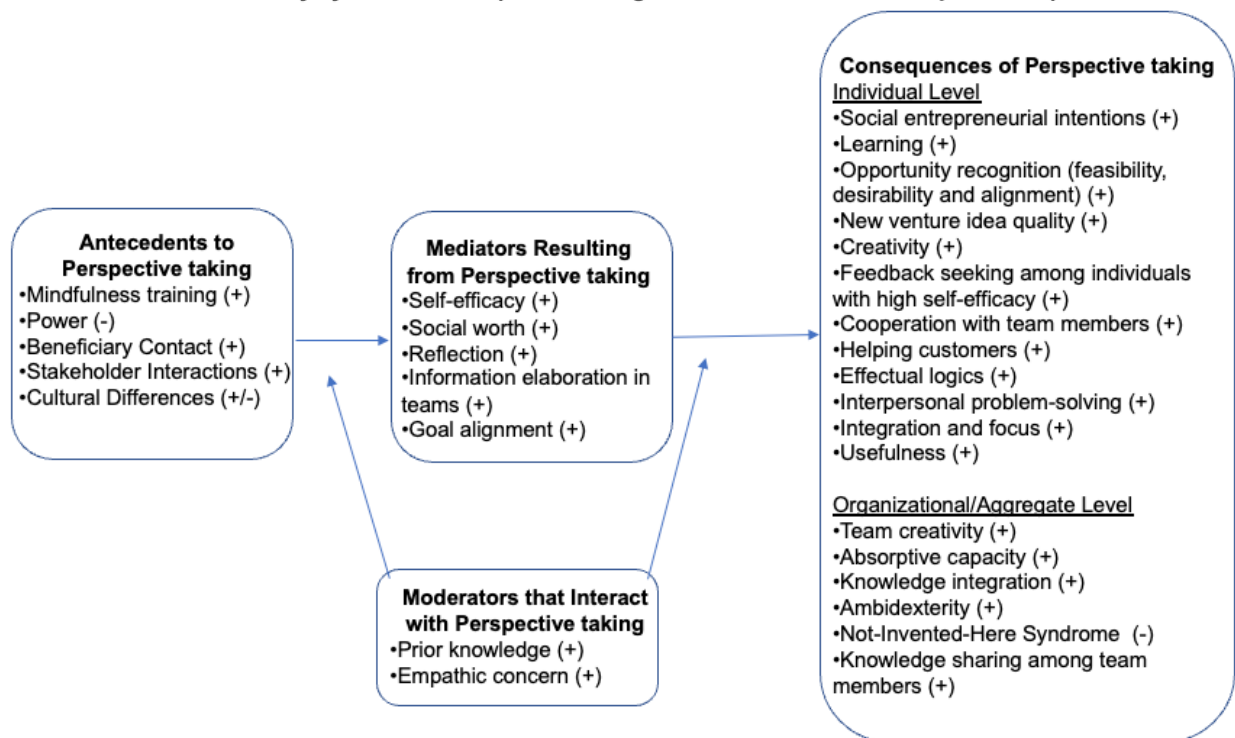
“perspectiv\* tak\*” were entered into Google Scholar, EBSCO, and JSTOR. This rendered 80 results. The majority of the resulting search hits were screened out as they were either not related to entrepreneurship or they were about a certain “perspective” in entrepreneurship, not “perspective taking” as its own construct. All 80 results were screened with an initial read of all titles and abstracts to validate that the resulting list of papers was indeed related to perspective taking and entrepreneurship. Interestingly, only one entrepreneurship-focused publication from the Financial Times top 50 journals list has published articles on perspective taking, the Journal of Business Venturing (JBV), which has published 4 of these articles. Because this is a relatively new direction for the entrepreneurship field, this paper relied heavily on these 4 sources in JBV. For instance, the authors cross-checked that we had identified the most important sources, by reviewing the references used in the 4 JBV focal articles. A couple of meta-analyses (Ku et al., 2015; Parker & Axtell, 2001) also helped direct the search and cross-checking with these articles helped ensure core references were not missed.

In total, 25 articles were identified in which perspective taking plays a central role, and the relevance for entrepreneurship is clearly apparent. These 25 papers make up the core of this literature review. Six of these 25 articles suggest antecedents to perspective taking. Another 11 articles are introduced in discussing relevant consequences of perspective taking. Six more articles focus on mediation and moderation relationships regarding perspective taking. Two (of these 25) articles are conceptual and are discussed throughout the literature review. Ku et al. (2015) provide a useful model of perspective taking in organizations and, thus, Figure 1 replicates the layout of their model using the articles that are core to this literature review as a starting

point for entrepreneurship scholars. McMullen (2010) elucidates the conceptual reasons why perspective taking is important in entrepreneurship, using the example of new product development, which is discussed in the next section. Aside from these core articles, there are others that inform the broader topics of perspective taking within psychology, cognition, and entrepreneurial learning.

Figure 1

**A Preliminary Synthesis of Perspective Taking Research Relevant for Entrepreneurship**



## THEORETICAL BACKGROUND FOR PERSPECTIVE TAKING

### The Origins of Perspective Taking in Organizational Psychology

Perspective taking as a cognitive trait originated from research showing that the ability for people to look outside of themselves to see the world from other people's viewpoints serves as a necessary basis for learning and interpersonal interactions (Davis, 1983). Perspective taking was originally studied in the fields of organizational psychology, because the ability to take the perspective of others is indicative of cognitive complexity (Harvey, Hunt & Schroder, 1961; Valsiner, 1993). As people progress developmentally, they are better able to see the perspective of others whom they disagree with (Bartunek et al, 1983; Parker & Axtell, 2001). The amount of perspective taking that people engage in is thought to be a relatively stable characteristic (Davis, 1983; Ku et al., 2015), and, like other cognitive development concepts, can also be learned over time and enhanced by environmental factors, experience, and organizational interventions (Parker & Axtell, 2001).

The psychology of perspective taking has been shown to even create a safer environment in some settings. Grant and Hofmann (2011) found that when healthcare workers were reminded of the effects on patient health (as opposed to their own health), and thus, changed their perspective to 'other-focused,' the healthcare workers significantly improved their hand hygiene. Specifically, when healthcare workers saw signs reminding them that hand hygiene reduces *patient* risk of infection, they used 45 percent more hand-hygiene product per dispenser and increased their hand-hygiene behavior before and after contact with patients by 10 percent, in comparison to when they saw signs reminding them that hand hygiene reduces their *own* risk of infection.

There are also the psychological considerations of the impact on the person whose perspective is being taken. When individuals believe that someone else has taken their perspective (as in when they believe a political candidate can truly relate to them and their experiences and is looking out for their best interests), this individual has increased liking for the perspective taker, a greater sense of self-other overlap with the perspective taker and is more likely to help the perspective taker (Goldstein, et al., 2014).

### **Perspective Taking as a Mechanism for Entrepreneurial Learning**

In staying true to these roots in development and learning, perspective taking can be a crucial mechanism for entrepreneurial learning within the field of entrepreneurial cognition. The field of entrepreneurship has a long-established precedent of borrowing from findings originating in psychology to better understand entrepreneurship (Shepherd, 2015). The most closely aligned area of entrepreneurship research to the psychology field is that of entrepreneurial cognition (Baron, 2004; Gregoire, Corbett & McMullen, 2010; Shepherd & Patzelt, 2018). One of the reasons the cognition literature is popular is because of its current focus on the capabilities of individuals that can be learned and that can change over time, such as perspective taking.

Within cognition, entrepreneurial learning may be the best umbrella topic under which perspective taking contributes. Entrepreneurship has been called a process of learning (Minniti & Bygrave, 2001), thus taking a learning lens when examining cognitive traits, including perspective taking, makes sense. Generating knowledge through learning is of fundamental importance to creating innovative products and processes (Cope, 2005; Wang & Chugh, 2014), and innovation to create economic value is the

heart of entrepreneurship (Schumpeter, 1934).

Entrepreneurial learning is fundamentally important because of the existence of knowledge corridors (Shane & Venkataraman, 2000). Seminal work in entrepreneurship has established that individuals have heterogeneous knowledge stocks which create knowledge corridors, and these are a primary reason entrepreneurial opportunities exist (Shane & Venkataraman, 2000). Some individuals tend to respond to situational cues of opportunities, and these different responses among individuals exist because individuals have different stocks of knowledge. We have empirical evidence of these knowledge corridors, for example, in a study of 3D printing technology that showed entrepreneurs identified different opportunities for the same technology, based on their knowledge and past experiences (Shane, 2000).

Learning can break down knowledge corridors by increasing the breadth of an individual's knowledge. The broader knowledge entrepreneurs have, the more innovative opportunities they identify (Gruber, MacMillan & Thompson, 2013). Several entrepreneurship scholars have pointed out that knowledge stocks of entrepreneurs are cumulative based on the individual's experiences up to that point in time (Reuber & Fischer, 1999; Minniti & Bygrave, 2001). For instance, Minniti and Bygrave (2001) argue that entrepreneurial decision-making occurs as an iterative process, based on entrepreneurs' experiences, of which the outcomes (successes or failures) determine how the entrepreneur acts in the future (Minniti & Bygrave, 2001). When entrepreneurs decide which actions to take, they can either replicate decisions like those they have taken before (relying on past knowledge and experience), or they can choose to make new, different decisions (either to avoid previous failures, or to explore new

opportunities) (Minniti & Bygrave, 2001). In this second case of an entrepreneur deciding to go in a new direction to explore new territory, perspective taking of others can be particularly helpful. As entrepreneurs learn from others, they incorporate this new knowledge into their existing stocks, update their decision-making algorithm, and potentially over time improve their performance.

The current entrepreneurial learning literature argues that knowledge stocks are a result of entrepreneurs' accumulated experiences (Minniti & Bygrave, 2001; Cope, 2005). However, the perspective taking literature suggests more nuanced theorizing. For experience to turn into usable knowledge, it seems that entrepreneurs must be able and willing to learn from other perspectives. To better understand this, we need to understand the mechanisms that encourage entrepreneurial learning. One mechanism for learning is through rare, critical experiences which are important to stepwise learning (Cope, 2005).

Perspective taking is another mechanism for entrepreneurial learning. In comparison to stepwise learning, perspective taking offers an additional, more consistent way to learn. "Perspective taking causes people to step outside the constraints of their own internal, and often biased, frames of reference" (Sherf & Morrison, 2020: 148), making it an important form of interpersonal learning (Longmire & Harrison, 2018). Perspective taking becomes an important cognitive trait for entrepreneurial learning because, "to be as fully prepared as possible for entrepreneurship, individuals must look outward in order to interact with, and learn about, the wider environment and recognize fully the opportunity that confronts them" (Cope, 2005: 379). While it is necessary for entrepreneurs to look outwardly, individuals

have varying capacities for this outward approach. Anecdotally, take the experience of someone first visiting a foreign country. Many people would visit a foreign country and have their mind widened by new experiences. In contrast, other people who travel to a foreign country for the first time, instead use this experience to solidify their already established views. So, while new experiences are necessary for learning, they are not a guarantee that knowledge stocks will be challenged and changed. Boland and Tenkasi (1995) contend that "having the capacity to take another perspective into account is a means by which more complexified knowledge and improved possibilities for product or process innovation are achieved" (pg. 369). Thus, having the capacity and engaging in perspective taking of others is a central mechanism for entrepreneurial learning.

### **Concepts in Nomological Proximity to Perspective Taking**

In examining the boundaries of perspective taking, it is important to position perspective taking in relation to other similar concepts. In this section, perspective taking is considered in proximity to 2 closely related individual-level concepts: empathy and cognitive adaptability.

*Empathy and perspective taking.* The originating research differentiated perspective taking as a cognitive response and empathy as an affective response to interactions with other people (Davis, 1983). Perspective taking is a cognitive capacity and under certain circumstances can result in the intermediate mechanism of empathic concern as an affective response (Frederiks et al., 2019; McMullen, 2010). Perspective taking that triggers an affective empathic response is a predictor of prosocial behaviors, such as helping others (Brief & Motowidlo, 1986), decreasing aggression, and improving interpersonal relationships (Batson & Shaw, 1991), reducing prejudice and stereotyping

by improving overall attitudes and evaluations of the target group (Galinsky & Ku, 2004), and improving conflict resolution (Eiseman, 1978). One reason that perspective taking can cause these effects is because when people engage in perspective taking, they are more likely to empathize, or connect emotionally, with the targets (Parker & Axtell, 2001; Galinsky, Maddux, Gilin & White, 2008).

Empathy is not the only result from perspective taking and, in fact, Longmire and Harrison (2018) found less than 25% shared variance between perspective taking and empathy. Perspective taking has other effects which importantly differentiate it from empathy. It is a common experience to consider another person's viewpoint and how this viewpoint relates to one's own view without caring about the other person's outcomes (Litchfield & Gentry, 2010). The ability to take the perspective of others is clearly an asset during negotiations and strategic interactions, which would not necessarily entail feeling empathy for the other party (Longmire & Harrison, 2016; Galinsky et al., 2008). In experiments of negotiations, when one person was primed to take the perspective of the other party, collectively the negotiating dyad had better joint outcomes, and individually the perspective taker fared better in comparison to their partner and also in comparison to other negotiating dyads who were told to consider their own role carefully as the control condition (Galinsky et al., 2008). Individuals who were primed to show empathy for the other party experienced the worst outcomes during negotiation (Galinsky et al., 2008).

*Cognitive adaptability and perspective taking.* Another cognitive concept related to perspective taking at the individual level is cognitive adaptability. Cognitive adaptability is defined as “the ability to be dynamic, flexible and self-regulating in one's cognitions

given dynamic and uncertain task environments,” and is based in metacognition, or “thinking about thinking” (Haynie, Shepherd, Mosakowski, & Earley, 2010: 218). Like perspective taking, cognitive adaptability is a learning capability that can be developed, it is not a dispositional trait (Haynie et al., 2010), which is important because both can be taught and learned over time. Cognitive adaptability indicates an individual’s ability to learn from inputs in the environment and adapt accordingly and taking the perspective of others is one way to gather information from the environment.

### **THE RELEVANCE OF PERSPECTIVE TAKING TO ENTREPRENEURSHIP**

Next, we discuss why perspective taking is particularly relevant to entrepreneurship before moving to the antecedents, consequences, moderators, and mediator relationships of this important topic. Regarding entrepreneurship, McMullen (2010) provides a great first theoretical look at the relevance of perspective taking to important entrepreneurial processes; specifically, detecting market problems, generating new product ideas, defining the target market, identifying stakeholders, and adapting to feedback. Detecting market problems is crucial to introducing new products because the “entrepreneur needs to know what other people need and what obstacles are currently preventing those needs from being met as well as they could be” (McMullen, 2010: 119). Entrepreneurship requires detecting market problems and perspective taking can help entrepreneurs discover problems that they can help solve because they can experience others’ frustrations or annoyances and think about how they can create a product or service to solve them.

Perspective taking can also improve the creativity of entrepreneurs by expanding

their imagination by being exposed to a greater variety of viewpoints (Grant & Berry, 2011). This can help the entrepreneur come up with more and better solutions to market problems. When identifying opportunities for new products and services, entrepreneurs must imagine who might be impacted by their innovation and from this choose a target market. Even if the entrepreneur is also an end user himself, learning from the perspectives of others helps facilitate this process so that the innovation matches the preferences and meets the needs of the target market. In identifying stakeholders, "perspective taking is directed at firm-internal persons--such as colleagues, subordinates, and supervisors of the same and other units--but also at firm-external persons belonging to the firm's customers, suppliers, and other stakeholders" (Distel, 2019: 2017).

In general, when an individual engages in perspective taking, there is a particular "other" outside themselves who is the target of this process (McMullen, 2010). The specific target does not have to be an individual, and may be a group, such as customers in the case of entrepreneurship, but perspective taking is more than a general consideration of alternative views. The information that a perspective taker gathers may not be directly communicated by the target, and instead may be inferred based on interactions with the target or the target's environment, or the perspective taker's own imagination. This review now moves to the discussion of antecedents that have been shown to precede perspective taking.

### **Antecedents Leading to Perspective Taking**

Important antecedents to perspective taking in entrepreneurship include prosocial motivation (Grant & Berry, 2011), job roles (Parker & Axtell, 2001), training

(Bartunek, Gordon, & Weathersby, 1983; Block-Lerner, Adair, Plumb, Rhatigan, & Orsillo, 2007; and personal interactions (Parker & Axtell, 2001; Grant & Berry, 2011). Galinsky, Magee, Inesi and Gruenfeld (2006) conducted four experiments and a correlational study on the relationship between power and perspective taking. Power was shown to have a negative impact on perspective taking, such that people in more powerful positions often find it more difficult to engage in perspective taking and comprehend how other people see, think, and feel (Galinsky et al., 2006). This is important to note, because entrepreneurs are often in positions of power, especially as the founder of their venture in interpersonal relationships with employees of the organization. Serving as a potential countermeasure to this problem, mindfulness training has seen success in increasing the extent to which individuals engage in perspective taking (Block-Lerner et al., 2007; Hölzel et al., 2011).

Perspective taking is a direct outcome of personal interactions in organizations, and the benefits have been realized in interactions with individuals involved in both upstream and downstream processes. From an upstream viewpoint, when employees take the perspective of suppliers, the employees' performance is enhanced (Parker & Axtell, 2001). This could apply to employees in corporate entrepreneurship settings in existing organizations. It could just as likely be relevant for entrepreneurs working with external suppliers who in interacting with suppliers learn more about the supplier processes and how the entrepreneurs can streamline their own processes to conduct business more effectively with suppliers. Concerning downstream interactions with the beneficiaries of employees' work, beneficiary contact leads to perspective taking that increases employees' persistence, accuracy, and motivation on the job because

employees see the impact of their work (Grant & Berry, 2011). Collectively, these studies start to build the nomological net around the antecedents of perspective taking.

### **Individual Consequences of Perspective Taking Relevant to Entrepreneurship**

This review next discusses individual-level consequences from perspective taking. A total of 12 individual-level dependent variables (in 8 articles) were identified that result from perspective taking and are particularly relevant to entrepreneurship. First, the core of this literature base says that taking the perspective of others assists with entrepreneurial opportunity identification. Prandelli et al. (2016) find that entrepreneurs are better able to identify opportunities when they take the perspective of users. This is because perspective taking a) opens entrepreneurs' minds to learn about other viewpoints; b) helps entrepreneurs to focus in and prioritize the most viable opportunities; c) and motivates entrepreneurs to act on opportunities by building confidence in the entrepreneurs' ability to develop the solution (Prandelli, et al., 2016). User perspective taking has also been shown to help corporate entrepreneurs identify opportunities that are more novel and more useful (Grant & Berry, 2011). Frederiks, Englis, Ehrenhard and Groen (2019) also studied perspective taking's impact on idea generation, adding to the construct's validity within entrepreneurship. Here the authors take a slightly different approach by studying the effectiveness of perspective taking in relation to prospective thinking and counterfactual thinking on identifying opportunities. Their findings suggest that perspective taking is just as good as prospective thinking, and better than counterfactual thinking at improving the quality of new venture ideas. A significant difference between these articles is that Prandelli et al. (2016) focused on taking the perspective of one specific group (users), while Frederiks et al. (2019) took a

broader approach to perspective taking, encompassing more stakeholders than users alone, such as investors and competitors, which could also offer helpful perspectives to entrepreneurs.

Also, in relation to usefulness, Mohrman Gibson and Mohrman (2001) found that when academic researchers engage in perspective taking by interacting with and discussing research findings with practitioners, the practitioners are more likely to perceive the research as useful. Applying this conceptual model to entrepreneurial opportunities, the more entrepreneurs interact with their target market to learn from their perspective, the more useful the entrepreneur's solution may be perceived.

Perspective taking's role in enhancing helping behaviors is applicable to entrepreneurship. First, there may be benefits for working in entrepreneurial teams, because understanding others' viewpoints increases cooperation among team members (Parker & Axtell, 2001). One of the earliest studies of perspective taking conducted an experiment to train students how to identify and discuss the different perspectives in a social scenario and found that this perspective taking improved students' ability to solve interpersonal problems (Marsh Serafica & Barenboim, 1980). Entrepreneurs often have to deal with multiple stakeholder groups and potential conflicts can arise between groups, so these prosocial behaviors could be especially crucial during the first few years of a venture's life when there is high uncertainty and risk of failure. Secondly, perspective taking also enhances employees' helping behaviors toward customers (Axtell, Parker, Holman & Totterdell, 2007), which can be crucial to maintaining good customer relations in service-oriented entrepreneurial ventures.

### **Perspective Taking Elicits Mediators to Distal Outcomes**

Perspective taking was also shown to encourage immediate outcomes which often act as mediators to subsequent consequences. Bacq and Alt (2018) recognized that taking the perspective of others does not always lead individuals to devote themselves to social change. Therefore, the authors conducted a study of 281 university students who completed online questionnaires to determine the mechanisms through which taking the perspective of others can enhance intentions to engage in social entrepreneurship. The overarching question the authors were trying to understand was: “If a person's ability to feel and react to others' experiences can potentially spark positive social change, what mechanisms help catalyze that individual's disposition into intentions to engage in social entrepreneurship” (Bacq & Alt, 2018: 333)? Their study found that there are two important ways that this occurs, through increasing self-efficacy and social worth. In other words, when individuals can look outside themselves, this can increase their belief in their own competence to make change and increase their belief that they are well-regarded in the community which they hope to serve. When perspective taking is channeled this way, it can result in increased social entrepreneurial intentions.

Moving to a different mediated relationship, reflection is a process of thinking that brings meaning to experience (Rae & Carswell, 2000), and can be seen as one proximal outcome associated with perspective taking. Once an individual is engaged in trying to understand another person's viewpoint, reflecting on how this other person may feel and act, can be beneficial to aid in learning. The ability to take the perspective of others allows one to engage in reflection. Rae and Carswell analyzed the life stories of individuals engaged in various aspects of entrepreneurship and found that one of the

most influential ways people learn is by their interactions with “parents, mentors, powerful business owners, other entrepreneurs, consultants, employees and academic teachers” (2000: 224). When perspective taking elicits individuals to engage in reflection, the fruit of this self-reflection is learning. This study is particularly relevant here because this type of “learning is critical to entrepreneurial effectiveness” (Rae & Carswell, 2000: 220).

We also know that differences in perspectives within organizations can both enhance and limit learning (Hoever, Knippenberg, Ginkel & Barkema, 2012). Diverse perspectives in teams can enhance learning, or create conflict that hinders learning. In this respect, Hoever et al. (2012) studied why team diversity does not always lead to higher team creativity. They found that while diverse perspectives in teams are often lauded as crucial to creativity, diversity alone is not sufficient to reap these outcomes. However, when diverse team members engage in seeing a situation from the perspective of their team members, information elaboration results in team creativity (Hoever et al., 2012). This finding is relevant to entrepreneurship research because for teams to reap the benefits of having diverse team members, the members need to be able to take the perspectives of each other. Perspective taking plays a necessary role for organizations to take advantage of the benefits of internal diverse viewpoints (Hoever et al., 2012; Distel, 2019). This will allow entrepreneurial teams to come up with more novel and more useful products and services to bring to market.

Learning is one surprisingly common theme in these studies of the more proximal consequences of perspective taking, that then mediate more distal outcomes. In these nuanced studies, here we start to see that taking the perspective of others leads to

immediate outcomes (reflection, information elaboration, self-efficacy, and self-worth) that then enhance the individual's ability to learn. And integrating this new knowledge can be particularly important in competitive entrepreneurial settings.

### **Moderators that Enhance Perspective Taking's Relationship with Opportunity Identification**

Two moderator variables importantly interact with and enhance perspective taking's ability to influence opportunity identification. First, prior knowledge seems to be the most prevalent moderator suggested, with mentions in 3 of the 6 articles involving interaction models in this literature review. The best market opportunities may be identified when entrepreneurs pair perspective taking with their prior knowledge of the market (Prandelli et al., 2016; Frederiks et al., 2019). Having prior knowledge makes entrepreneurs well-versed in the topic area, so they are better able to understand different perspectives and then better integrate the knowledge that is generated from other perspectives. Interestingly, there is some tension in this relationship because there may be tradeoffs between gaining experience, and perspective taking. Entrepreneurs tend to rely on knowledge gained from their experience more than on new knowledge (Parker, 2006). New knowledge does not hold as much weight as previously existing knowledge in entrepreneurs' minds. The evidence of this is that experienced entrepreneurs tend to rely on their past experiences and use experience to reinforce their beliefs, even when new information is inconsistent with this experience (Prandelli et al 2016; Parker, 2006). There may be a mutually beneficial relationship between prior knowledge and perspective taking, such that the best opportunities are identified when an individual has experience but is truly able to practice perspective

taking with “fresh eyes” to try to gain new knowledge to inform their opportunity identification process.

Second, empathy may be a promising moderator to interact with perspective taking in opportunity identification. Recently, entrepreneurship scholars have criticized previous work on perspective taking’s role in opportunity identification because it did not include this component of empathy as an affective response, which is often paired in psychology research with the cognitive response of perspective taking (Khalid & Sekiguchi, 2018). In filling this gap, Khalid and Sekiguchi (2018) find initial support that the combination of both perspective taking ability and an empathic response result in the best opportunity recognition.

### **Perspective Taking as a Moderator**

Looking at interaction relationships another way, perspective taking itself can enhance (or diminish) other main effect relationships. In a recent article, Sherf and Morrison (2020) conducted 5 studies examining the relationship between self-efficacy and feedback seeking, with the intent to understand why there have been inconsistent findings regarding these relationships. The authors argue and, using a sample of employee-manager dyads, find empirical support that perspective taking plays a key moderating role, such that the relationship between self-efficacy and feedback seeking depends on the extent to which an individual takes the perspective of others. When perspective-taking is low, self-efficacy does not encourage feedback seeking. Conversely, when an individual with high self-efficacy also regularly takes the perspective of others, the likelihood of seeking feedback is higher (Sherf & Morrison, 2020). In other words, perspective taking among individuals with high self-efficacy, can

result in a higher likelihood of seeking feedback.

## **FUTURE RESEARCH**

This literature review is intended to excite other scholars to pursue future work on perspective taking in entrepreneurship. Four suggestions for this future work are offered next. First, Prandelli et al. (2016) recommend that perspective taking work should be extended to other stakeholders in entrepreneurship, not just focused on users, and specifically, the authors recommend venture capitalists as an important stakeholder group. Hence, one could imagine that the more perspective taking of investors an entrepreneur engages in, the better her chances of being funded, for the same reasons that crowd-funders prefer videos and frequent updates (to show dedication and preparedness) (Mollick, 2014). One potential research direction is therefore to examine the effects on funding outcomes of entrepreneurs taking the perspectives of investors.

A second suggestion for future research would be to examine the role of perspective taking while comparing the effects of self-efficacy, or belief in oneself, and power, among entrepreneurs. There is a theoretical tension between the consequences of perspective taking in terms of valuing feedback from others and power over others. On the one hand, research shows that when individuals with high self-efficacy engage in perspective taking, they are more likely to value the feedback of others (Sherf & Morrison, 2020). On the other hand, scholars have also shown that people in high-power positions, such as entrepreneurs, are less likely to take the perspective of others (Galinsky et al., 2006). Self-efficacy and power are related concepts, and both relevant for entrepreneurship research, so further understanding the relationships between self-

efficacy and perspective taking, as well as between power and perspective taking could prove to be a fruitful research path.

Third, research involving time in entrepreneurship is new and interesting (McMullen & Dimov, 2013; Mitchell & James, 2001; Chandra, 2017). Since perspective taking can change over time and due to differences in context (Galinsky, et al., 2008) like other cognitive concepts, there is an opportunity to examine how perspective taking changes regarding time factors. There may be an important time dimension to perspective taking, since we know that prior knowledge interacts with perspective taking to effect opportunity identification (Prandelli et al., 2016; Frederiks et al 2019), and it is not yet clear exactly how this interaction occurs. The benefits of perspective taking occur may be greatest when the perspective is first introduced to the perspective taker. Because perspective taking is a cognitive ability, it can be enhanced or dampened, and the content of perspective taking may develop over time. This may occur in both content of the perspective taken (as you get to know someone better, you can engage in more in-depth perspective taking of that person), as well as in the form of a general trait (the more frequently you are introduced to new viewpoints, the sharper your perspective taking ability becomes).

Fourth, in the 25 core articles in this review, one glaring omission is that they read almost as a panacea of perspective taking. This positive outlook on perspective taking is a signal of the early stage of development perspective taking is in, when investigated in the entrepreneurship literature, such that we need to work further to establish its relevance and support in entrepreneurship before we can start to look at the downsides of perspective taking. That said, interesting future research could

examine the potential for negative consequences of perspective taking, such as the cognitive and emotional load it demands, its time intensity and uncertainty in relation to outcomes, for entrepreneurs who are already operating in risky and stressful environments (Lerman, Munyon & Williams, 2020).

### **Practical Considerations**

From a practical perspective, as academics, we need to ensure that entrepreneurship education provides training in perspective taking. Training less experienced entrepreneurs in perspective taking could help them develop a more entrepreneurial mindset to identify better opportunities to pursue (McMullen, 2010). Experienced entrepreneurs can also enhance their opportunity identification by combining their reliance on knowledge from their prior experience, with seeking to understand the perspectives of their stakeholders (Prandelli et al., 2016; Frederiks et al., 2019). Just as Mohrman, et al. suggest, "Research is more likely to be seen as useful if there are opportunities for researchers and members to take each other's perspectives and to jointly participate in interpreting the results of the research" (2001, pg. 357).

### **CONCLUSION**

In conclusion, perspective taking has a rich theoretical base in psychology and entrepreneurial cognition, and perspective taking has only just started to help us understand how learning occurs in entrepreneurship. To "complicate yourself!" by trying to see and understand events from several perspectives (Weick, 1979: 261) is helpful to achieve effectiveness in complex situations, such as entrepreneurship. This literature review represents different ways that individuals related to entrepreneurship can

complicate themselves through perspective taking.

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