INDIVIDUAL ENTREPRENEURIAL TEAM POTENTIAL AND SUCCESSFUL TEAM COMPOSITION (INTERACTIVE PAPER)

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Principal Topic

Entrepreneurial teams provide the venture with access to an array of valuable financial, social and human capital resources. Thus, the composition of start-up teams has been found to play a vital role in influencing the performance of new ventures. However, team composition research is mostly limited to the analysis of surface-level-diversity including demographic and functional aspects. Although one agrees on the relevance of the single entrepreneur not only in functional, but especially in personality terms, so far, there have not been any attempts to analyze deep-level diversity that involves personality traits in entrepreneurial teams.

In order to fill this gap the study addresses three issues: First, the positive impact of traits on venture success will be proven on a team level. Second, considering entrepreneurial traits that have been examined so far to be task related, the analysis includes team related traits with respect to team specific interactions. It is hypothesised that whereas a similarity fit of entrepreneurial task related traits, a rather complementary fit of team related traits is positively related to team success. Third, contingent upon this separation of traits, we assume that team related traits moderate the impact of task related traits at the team level on venture success positively.

Method

In order to examine the issues stated above data was collected from 119 student teams that competed in a computer based start-up simulation. Various measurements are used to aggregate individuals’ traits on a team level (means, variances, faultlines). Team performance is measured by the accumulated shareholder value and planning success.

Results and Implications

Overall, the study a) shows significant effects of deep-level-diversity on entrepreneurial team success, b) underlines the importance of new measurements and operationalizations of the aggregation of individual traits on a team level, and, thus c) contributes to the limited team composition research by giving an example of how to look at deep-level-diversity in entrepreneurial teams.

The results have a strong value for practitioners. Firstly, venture capitalists can consider the team composition with respect for compatible traits and skills to predict probability of team success. Secondly, incubators and entrepreneurship centres can use the results in order to develop tools for professional team building. Thirdly, founders can keep in mind that it is likewise important to consider functional skills as well as personal traits when searching for co-founders.

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