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FOUNDING TEAM PERFORMANCE: THE INTERPLAY OF INTERPERSONAL FEELING AND TEAM DIVERSITY (SUMMARY)

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Principal Topic

A continuing debate in the existing literature is whether diversity of founding team composition is beneficial to performance. One view argues that diverse founding teams have a broader set of skills and a wider variety of information and experiences, therefore, are more successful than homogeneous teams (Eesley et al., 2012). A second view holds that diverse teams are less cohesive and, therefore, ineffective (Yu, 2002), which indicates that social similarity is more beneficial for team formation than diversity. Prior research has improved our understanding of founding team composition and performance, but the literature is confined to the heterogeneity-homogeneity continuum. To the author’s knowledge, no entrepreneurship study has gone beyond the superficial surface distinction (functional vs. social characteristics) by looking at the influence of actual and perceived deep-level diversity within a founding team. Second, interpersonal feelings are shown to be important to entrepreneurship process, but only a few studies have explored the role interpersonal feelings play in the founding team dynamics. We need more studies in this area to understand whether or not actual and perceived deep-level diversity have different influences on founding team performance, and what role interpersonal feelings play on this relationship.

Method/Key Propositions

My approach is extending the existing distinction of founding team diversity (functional and social) and examining the influence of diversity on founding team formation and its later performance at both actual surface and actual deep (psychological and cognitive) levels. I propose that diversity influences founding team formation and later performance at two stages. At the first stage, when deep-level diversity is not unfolded, surface-level diversity reflects the effects of perceived diversity on team integration, a relationship moderated by interpersonal feelings. Stronger interpersonal feelings will stimulate collaboration that facilitates successful founding team formation. At the second stage, as time passes, perceived deep-level diversity transmits the impacts of actual deep-level diversity on founding team task performance, moderated by interpersonal feelings. Strong positive interpersonal feelings can offset the negative effects of actual deep-level diversity on team performance, but negative interpersonal feelings will strengthen this relationship.

Results and Implications

This paper contributes to our understanding of founding team composition on team formation and later performance, and the role interpersonal feelings play on this relationship.

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