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THE IMPACT OF DEEP-LEVEL DIVERSITY ON PERFORMANCE AND CONFLICT IN NEW VENTURE TEAMS

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Principal Topic

The significance of learning in the context of entrepreneurship has been acknowledged for several years (Harrison and Leitch, 2005; Cope, 2005; Cope and Watts, 2000). Minniti and Bygrave (2001, p.7) conclude that “entrepreneurship is a process of learning, and a theory of entrepreneurship requires a theory of learning.”

I address this gap by combining learning theory and new venture teams. I focus on the experiential learning theory (Kolb, 1984). My research investigates in greater detail the learning asymmetries that exist in new venture teams and the effect of these asymmetries on team conflict as well as team performance (efficiency, effectiveness, speed and conflict).

Method

I screened 789 new ventures from the information and communications technology (ICT) sector, which are randomly drawn from the German Chamber of Industry and Commerce as well as German high-tech incubators. Each team member provides responses to questions concerning individual learning style preferences (Kolb, 1985), team efficiency, effectiveness, speed and conflict (Henderson et al., 1992, Jehn, 1995). Team heterogeneity with respect to learning style preferences is determined using a scaled version of the Blau index (Kaiser et al., 2013).

Results and Implications

Hypotheses testing for a mediation model leads to the overall conclusion that heterogeneity has a positive effect in team performance and a strong positive effect on conflict. Conflict has a strong negative effect on team performance. Conflict mediates the relationship between team heterogeneity and performance. I thus conclude overall that heterogeneity is a double-edged sword. Interestingly, early stage new ventures exhibit a higher heterogeneity than later stage new ventures. I have two explanations for this observation: heterogeneous teams are more effective in opportunity discovery and starting a new venture, but may have difficulties achieving the team performance levels needed to be successful in the long run.

My work is the first empirical evaluation of learning asymmetries in new venture teams and the effects on team performance. I thus further strengthen the importance of understanding the link between deep-level diversity and team performance.

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