THE CLIMATE FOR ENTREPRENEURSHIP AND TEAM START-UPS (INTERACTIVE PAPER)

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THE CLIMATE FOR ENTREPRENEURSHIP AND TEAM START-UPS

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Principal Topic

Entrepreneurship is seldom a solitary activity but in the majority of cases a team effort. Especially growth-oriented new ventures are – in contrast to their common portrayal in entrepreneurship theory – usually started by more than one founder. Previous research has found team composition to be driven by the desire to work with trusted and familiar others, i.e. people with similar characteristics or with whom the founders already have strong interpersonal relationships. However, we know little about the effects of a supportive organizational context on the formation of entrepreneurial teams.

In our paper we adopt the concept of organizational climate and apply it to students at universities. Specifically, we analyze whether and in what way a university’s climate for entrepreneurship affects the propensity of students to start a team business in contrast to becoming a solo entrepreneur or being a non-entrepreneur.

Method

Consistent with our theoretical framework we test our hypotheses using a multilevel research design. We use a sample of 56,731 respondents at 130 European universities. We calculate binary logistic multi-level regressions with nascent entrepreneurial activity as dependent variable and independent and control variables on the individual, organizational and regional level.

Results and Implications

In line with our hypotheses, we find a positive influence of the climate for entrepreneurship on nascent entrepreneurial activity which is stronger for team start-ups than for solo endeavors. Even when controlling for other important individual-level determinants, people are more likely to take action for starting a business at university departments with a positive entrepreneurial climate, and they do this more often in teams.

Our results suggest that a positive entrepreneurial climate can increase the likelihood of finding suitable founding partners and, thus, can help to overcome ecological constraints on the availability of similar others in one’s surrounding. While previous research has focused on the impact of a supportive context on the individual decision to start a new firm or the number of entrepreneurial ventures our results indicate that it also impacts their size and team composition.

Our study contributes to our understanding of the formation of team startups, especially concerning the impact of the organizational context.

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