FUNCTIONAL HETEROGENEITY, CONFLICT, AND NEW VENTURE GROWTH: THE MEDIATING ROLE OF CHINESE GUANXI IN NEW VENTURE TEAM (SUMMARY)

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FUNCTIONAL HETERGENEITY, CONFLICT, AND NEW VENTURE GROWTH: THE MEDIATING ROLE OF CHINESE GUANXI IN NEW VENTURE TEAM

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Principal Topic
Entrepreneurial activities enacted by teams play a significant role in China’s economic development and prosperity (GEM, 2006; Ahlstrom & Bruton, 2002; Peng, 2001; Lau & Busenitz, 2001; Tan, 1996). The heterogeneity of functional background could improve team human capital and develop new ideas, which are the competitive resource to acquire strategy advantage (Ucbasaran et al., 2003). However, it may also lead to a number of conflicts, which make team management cost add up (Ensley and Pearson, 2005; Zacharakis and Meyer, 2000). Therefore a debate exists as to how best to manage and create current theory about team entrepreneurship. In this study, we examine China’s management practice of guanxi and its place in team entrepreneurship and explore the practical roles of guanxi in managing team heterogeneity and conflicts.

Method
The data at the team level is not easy to acquire in China. In the research, we collected the data from top management teams from almost 1000 firms which were created less than five years. The firms cross southern and northern China. Each company was contacted by phone, email or investigated and we acquired the final usable sample size of n= 527. Data were collected in 2010 through face-to-face interviews with top management team, using a structured questionnaire.

Results and Implications
The findings demonstrate how hard it can be to manage a heterogeneous venture team. The heterogeneity on functional background of teammates could improve the intelligence capital, but it also brings new problems, like affective conflict, which could lead team dysfunction or abandonment. However, team management is also a management of culture and the personal relationships in a team are embedded with its culture. In China, guanxi, as a special instructive capital, plays a significant role in team management. What we find in this study implied guanxi could control team affective conflict in an effective way. However, there were also some negative effects. During to the influence of ‘mianzi’ or ‘qingmian’ (Chen and Chen, 2003), guanxi will limit the development of diversity of knowledge, which will restrict the cognitive conflict and play a negative role. Overall, our study fills the gap in team-level studies of entrepreneurship, while developing research on guanxi in China’s entrepreneurship management practice.

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