Entrepreneurial Team Dynamics and New Venture Creation Process: An Exploratory Study Within a Start-Up Incubator

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Abstract
Many new product innovations are attributed to new venture creation. Although there are many success cases, many new ventures quit before they have fulfilled their greatest potential mainly because the team quits their effort. This research tries to delve into several factors that affect the dynamics of an entrepreneurial team along the different stages of the new venture creation process. Given such direction, primary data from 12 entrepreneurial teams are undertaken within an incubator environment, which is an underresearched context. An in-depth study of these entrepreneurial teams suggests numerous determinants (variation in the intentions and expectations, improper leadership, ineffective communication, engagement, team structure) to have a serious effect on team dynamics and team cohesiveness. Following a grounded theory approach, specific research propositions are formulated and theoretical insights are drawn. Moreover, the results of this research assist nascent entrepreneurs in assessing their potential, recognizing critical team dynamics, and basing their choice on moving to a sustainable new venture creation.

Keywords
entrepreneurial teams, start-up, nascent entrepreneurs, university incubator, new venture performance, team entrepreneurship, new venture teams, team cohesion

Introduction
New venture creation plays a significant role in today’s economy because it accounts for a considerable portion of new product innovations. Despite many success stories, many new ventures fail before they have fulfilled their highest favorable outcome. These ventures are constantly confronted with diverse challenges deriving from uncertainties, volatilities, and complexities. It is becoming increasingly important to identify the factors that can lead these new ventures to expected viability, sustainability, and cohesiveness. An entrepreneurial team rather than a single entrepreneur appears to deal more successfully with such challenges (Cooney, 2005; Visintin & Pittino, 2014; West, 2007) given that its members contribute complementary skills, competencies, and experiences. Thus, entrepreneurial teams are regarded as the major catalyst of new venture creation (Cooper & Daily, 1997) and touted to be “the superior entrepreneurial start-up concept” (Carland & Carland, 2012; Lechler, 2001). While Beckman (2006) found that “90% of the new ventures start as teams—not as solo entrepreneurs”—and the importance of the team has been pointed out in the past (Timmons, 1994), for many years the subject of entrepreneurship had been studied under the lens of the entrepreneur as a sole entity, as if one person only was responsible for the whole process of the venture creation (Gartner, Shaver, Gatewood, & Katz, 1994). It is only about the past 10 years that some researchers have started to select the entrepreneurial team as their unit of analysis (for an extensive review, see Klotz & Bolino, 2013), and this is also the case for this research.

Within this context, superseding the myth of the “lonely hero entrepreneur” (Gartner et al., 1994) and shifting attention to the “collective nature of entrepreneurship”, this research attempts to study the dynamics of entrepreneurial teams as they evolve through the new venture creation process. Team research has interchangeably used many different

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terms to describe the teams of new endeavors, such as entrepreneurial teams, founding teams, new venture teams, new product development teams, or start-up teams. In view of the plentiful of definitions, we adopt the term entrepreneurial team as given by Schjoedt and Kraus (2009) who describe an entrepreneurial team as

two or more persons who have an interest, both financial and otherwise, and commitment to a venture’s future and success; whose work is interdependent in the pursuit of common goals and venture success; who are considered to be at the executive level with executive responsibility in the early phases of the venture, including founding and pre-start-up; and who are seen as a social entity by themselves and by others.

Dwelling on this definition, the attention is given on the team as being a social bond and is much more than a simple aggregation of individuals that work together. Identifying the factors that affect the team dynamics along the different stages of the new venture creation process and understanding positive and negative outcomes for the team cohesiveness is therefore the starting point for this research.

There is a significant number of researchers who have reported relationships between factors related to team member traits and firm results (such as profitability, revenue growth; Amason, 1996; Bantel & Jackson, 1989; Hambrick & D'Aveni, 1992; Judge & Miller, 1991; Keck, 1997; Michel & Hambrick, 1992; Murray, 1989; Weirsema & Bantel, 1992). However, all these contributions draw upon the strategic management literature and adopt the so-called upper echelon perspective that provides the relationships between the characteristics and actions of top management teams and firm performance. Indeed, there are limited studies that focus on the new venture framework.

There are various motivations for choosing the new venture context as an exceptional and significant framework to study teams. For beginning, it differs significantly from the upper echelon because the role of the founder is overly more critical to the new venture cohesiveness than the role of the managers in a well-established large organization. Indeed, while the bulk of top management team research has been conducted on existing large firms, primarily because of the availability of secondary data, the richest and most interesting studies are likely to involve primary data of new ventures (Ensley, Pearson, & Amason, 2002). In this study, we seek to extend theory based on primary data of new ventures. In addition, as we are interested in studying entrepreneurial teams as a social unity, the new venture context is appropriate as it is characterized by social circumstances in which there are hardly any well-established norms, precedent, or inertia upon which new ventures can rely.

Taking a step forward, the second contextual implication is that we focus on entrepreneurial teams that are tenants of a university incubator, directing attention to the nascent entrepreneurship context; meaning, before the new venture is well established or before it is founded at all, not fulfilling its commercial promise (Korunka, Frank, Lueger, & Mugler, 2003). This can be considered as an understudied context of teams (Phan, Siegel, & Wright, 2005). According to Leary and DeVaughn (2009) prior research has focused on either teams that have been successful or teams that have failed. In this article, team dynamics and their factors are being examined in the first stages of the new venture creation process. This examination is based on primary data of a university incubator. In addition, although Honig and Karlsson (2007) argue that the relationship between an entrepreneurial team and the incubator’s managerial team are not usually present, in this study the entrepreneurial teams have strong relationships with the managerial team. These tight relationships are related to the coaching and personal development of the entrepreneurial teams and thus to the team dynamics and cohesiveness, making the specific incubation context a meaningful field to study the entrepreneurial dynamics (Ensleya & Hmieleksib, 2005; Phan et al., 2005).

The goal of this research is therefore to explore the various factors that influence the dynamics of an entrepreneurial team along the different stages of the new venture creation process (from the initial idea and establishing a minimum viable product till having the first revenues or quitting the endeavor).

To address the above objective and given the premature level of research in entrepreneurial team dynamics, we have adopted a grounded theory perspective, as it is suitable for research in areas where theory is not yet well developed. Moreover, this approach is ideal for answering the “how” and “why” questions, allowing for a richer knowledge of nonconceptualized issues. Given such direction, primary data are undertaken that cover 12 entrepreneurial teams coming from the same incubator. An in-depth analysis of the team dynamics and their factors through the new venture creation process was performed. As a result, this article presents an effort to assist nascent entrepreneurs in evaluating their potential, identifying the factors that influence team dynamics and backing their choice on moving to a creation of a sustainable new venture.

Existing Studies

The research area of entrepreneurial teams is increasingly becoming a central focus and an essential interdisciplinary area of enquiry (Grichtnik & Harms, 2007; Ratinho, Harms, & Walsh, 2015) relying on contributions from the entrepreneurship literature, social-psychology, and strategic management. Because entrepreneurial teams establish the majority of start-ups (Knapp, Breitenecker, & Khan, 2015; Ulhøi, 2005), they deserve special attention as the unit of analysis. However, there is considerable debate regarding the conception of an entrepreneurial team and no definition has been widely accepted yet. According to Robbins and Judge (2008), “an entrepreneurial team is two or more individuals,
interacting and interdependent, who have come together to achieve particular objectives.” However, based on Cooper and Daily (1997), the entrepreneurial team is not just any group of people. They must have a common target and act for the best interest of the new venture. Another close definition is that of the new venture team as given by Klotz and Bolino (2013) who describe “the group of individuals that is chiefly responsible for the strategic decision making and ongoing operations of a new venture.” For the purpose of this article, and adding to the definition of Schjoedt and Kraus (2009), whenever we mention the term “entrepreneurial team” we mean an entrepreneurial team of people who have started the procedure of founding a start-up enterprise and these are nascent entrepreneurs.

Nascent entrepreneurs are defined as persons who are in the startup process of their planned ventures, beginning with initial startup activities, such as contact with a startup advising center or bank, development of a business plan, and so forth, and ends before market entry (realizing the first revenues). (Korunka et al., 2003, p. 4)

According to Schjoedt and Kraus (2009), entrepreneurial teams have been studied from three perspectives: the external environment, the entrepreneurial team composition, and the entrepreneurial team process. The context of the external environment is studied by Stam and Schutjens (2005) who claim that external resources may affect the growth of a new venture. Wiklund and Shepherd (2005) examine the correlation between external factors and entrepreneurial orientation. We find the concept of the entrepreneurial team composition in Solansky, Beck, and Travis (2014) who discuss the role of stabilizing tensions in an entrepreneurial team which consists of members from different enterprises. Mitchell et al. (2014) study interprofessional teams, while Zhou and Rosini (2015) examine how team diversity may enhance entrepreneurial performance.

In addition, there are many contributions regarding various factors that influence the way teams work together and affect the new venture creation process. Baum et al. (2001) highlight the importance of differences in the motivation in new venture performance. Pirola-Merlo, Hartel, Mann, and Hirst (2002) argue that the different expectations of a team have a negative effect on the team’s climate. Zaccaro, Rittman, and Marks (2001) state the importance of effective leadership as a mainly emotional process. Bell (2007) as well as Stewart (2006) have studied what is supposed to be the most competent number of individuals per team. Teece (2015) states that commitment can drastically increase performance. Poza and Messer (2001) agree that it is very possible that romantic relationship and running a business together will harm the business or the couple.

A large body of previous research on entrepreneurship has sought to provide useful insights into relationships between top management team insights (e.g., team member characteristics) and firm-level outcomes (e.g., revenue, profitability, growth). This, however, has led to “the exclusion of critical mediating mechanisms and moderating” factors (Barrick, Bradley, Kristof-Brown, & Colbert, 2007; Ilgen, Hollenbeck, Johnson, & Jundt, 2005; Smith et al., 1994). This restrain partially stems from the fact that entrepreneurship academics have favored to emulate strategic management researchers by stressing main effects from secondary data to examine team-level phenomena. The examination of team-level mediating mechanisms, however, typically requires the collection and analysis of primary data.

Despite its importance, the phenomenon of entrepreneurial team dynamics lags behind in terms of research devoted to it (Klotz, Hmieleski, Bradley, & Busenitz, 2014). Existing research, first, focuses on new venture teams within a firm context (Hambrick, 2007) and, second, suggests that the way in which entrepreneurial team members work together plays an important role in determining venture outcomes (Chowdhury, 2005; Ensley & Pearce, 2001; Ensley, Pearson, & Pearce, 2003; Kamm & Nurick, 1993; Kamm, Shuman, Seeger, & Nurick, 1990). However, the way several factors (e.g., communication, collaboration, team structure, motives) clout team dynamics and affect the new venture creation process, have been studied in isolation. The result of the isolated studies has been guidance to entrepreneurs in one factor without considering how that factor might interact with another one. The starting point for this research is, therefore, to explore several factors that will elicit a conversation among academics and entrepreneurs about how these factors may influence team dynamics through the new venture creation development.

Summarizing the above research gaps, the novel aspects of this study refer to contextual insights, as the new venture context can be regarded as a useful lens for extending the upper echelon literature. Based on primary data of a university incubator, this research directs attention to the nascent entrepreneurship context; meaning before the new venture is well established or before it is founded at all. In addition, we look into alternative explanations of team performance and more specifically examine team cohesion as a predictor of the team process and outcomes, which in turn shape more distal outcomes, such as firm sustainability and growth.

Our review on the publications about entrepreneurial team dynamics illustrates that there is a growing body of literature that describes how various factors influence group dynamics within the new start-up creation process. However, the research area related to a holistic view of these factors within an entrepreneurial endeavor has not been addressed (Klotz et al., 2013). Table 1 summarizes the various topics related to entrepreneurial team dynamics and the respective studies.

**Research Methodology**

The research methodology relies on grounded theory (Glaser & Strauss, 2017), and thus the key purpose of such research
is to establish theory that is profoundly informed by primary data gathered through a qualitative, longitudinal field study within an incubator but also by drawing upon previous literature. Grounded theory gained respect as it is suitable for research in areas where it is critical to bring the researcher in proximity, both theoretically and physically, to the framework of the underlying phenomenon, allowing for deeper commitment with the social settings (Fendt & Sachs, 2008). In this regard, the access to the real new venture context through an incubation center brings richness and flexibility, making grounded theory a proven tool for achieving a deep understanding of the factors that influence team dynamics within an entrepreneurial endeavor. Moreover, this approach is ideal for answering the “how” and “why” questions, allowing for a richer knowledge of nonconceptualized issues and where theory is not yet well developed.
The objective of this research is to study the several factors that induce the dynamics of an entrepreneurial team, as it evolves through the different stages of the new venture creation process. When conducting the grounded theory research, several stages take place as depicted in Figure 1 (adapted from Murphy, Klotz, & Kreiner, 2017): develop initial research question, data collection (primary and secondary data), the coding process, searching for patterns, and building of theory itself. In the following paragraphs, each stage is further elaborated.

**The Research Question**

The first step in grounded theory is to form research questions regarding the phenomenon under study in at least broad terms and typically a “blue sky or black box question” (Edmondson & McManus, 2007). In this regard, the research focus is defined in terms of the several factors that influence the dynamics of an entrepreneurial team and affect the team cohesiveness through the different stages of the new venture creation process. The following questions are stated in broad terms:

- What are the factors that influence the dynamics of an entrepreneurial team?
- How are these factors associated with the different stages of the new venture creation process?
- What factors are important and how they affect the cohesiveness of the entrepreneurial team?

To formulate these questions, we conducted a minor literature review that helped us identify potential research gaps in the fields of entrepreneurial team, social-psychology, and strategy management. However, consequent with the
standards of grounded theory, these questions are primarily based on the researcher’s mind-set and may be refined once the data are collected.

**Data Collection**

Once the introductory research questions were resolved, the data assemblage process began. To gather the bulk of data, 12 different entrepreneurial teams were chosen. These 12 teams were chosen based on our involvement in coordinating a start-up incubation environment. Participating actively in these entrepreneurial endeavors for 1 year helped us obtain exposure to teams at a level of detail required for achieving a deep understanding on all important aspects when exploring factors that influence their dynamics.

To gather the bulk of data, we combined multiple sources of data collection, called “triangulation” (Jick, 1979) that lends greater support to the conclusions. Hence, the following techniques were chosen as the most appropriate:

- **Personal observations during the incubation process.** We spent a great deal of time and effort to analyze the factors that influence team dynamics and identify those that are troublesome and can be improved. This was accomplished by interacting in a day-to-day manner with the teams, from the position of an account manager responsible for their coaching in terms of minimum viable product development, business model design, networking with external resources, finding business mentors, consulting them on business development issues, and trying to solve conflicts and tensions between them.

- **Semistructured interviews** with key entrepreneurial teams about specific factors that influence the cohesiveness of the team to develop a thorough understanding of the problem situation. The greatest value of this technique lies in the depth and detail of information that could be secured. This implies that we could have more control and opportunities to elicit feedback when needed.

- **Retrieving data from progress reports.** Every 2 months we gave them reports of progress which they ought to complete and, moreover, they had to orally present their progress in a monthly meeting where all teams participated.

All entrepreneurial teams undergo a new venture creation effort, along different stages, as depicted in Figure 2. These stages are based on the methodology used in the incubator, adapted from Churchill and Lewis (1983), who proposed the five stages of small business growth, and Blank (2013), who proposed the Four Steps to the Epiphany. As already mentioned, prior research has not adequately studied the stages an entrepreneurial team has followed before the lunch (Unger, Rauch, Frese, & Rosenbusch, 2011), and more attention must be given in the dynamics formulated along the different stages of new venture development (Levie & Lichtenstein, 2010). Liao, Welsch, and Tan (2005) state that although theoretical research on new venture creation process has risen, it is mainly qualitative and there is a lack of empirical research in this field.

In addition, it should be highlighted that the entrepreneurial teams cover different types of new ventures in terms of team structure, duration of existence, and field of application. Table 2 describes the entrepreneurial teams, commenting on their similarities and differences. The team similarities and differences enhance the external validity of this research.

To maintain confidentiality, the names of the 12 teams have been concealed, but a thumbnail description of each is provided (Table 3). In addition to these 12 teams, which have been analyzed in detail, the authors have worked with a further 30 entrepreneurial teams over the past 2 years.

Consistent with the basis of theoretical sampling, the entrepreneurial teams were chosen on the ground of their knowledge and know-how with the constructs and processes of interest. This means that we continually tried to involve teams whose commentary can help clarify some aspects of the dynamics and the degree of cohesiveness among the different stages of the new venture process. For example, after interviewing five entrepreneurial teams and initially analyzing their responses, the key findings that had risen from these data guided the selection of other teams. That means that the findings were not based on one single data collection attempt at one point in time. Moreover, specific teams were followed up with secondary data (such as progress reports), so the researchers were able to inquire about themes that occurred later in the data collection process.

**The Coding Process**

To get a bird’s eye view on potential between-subject patterns in the data, which can be a boon for theorizing, we used the principle of constant comparison. In this way, emerging primary data were always viewed through the lens of what has been gathered from the personal observations during the different stages of the incubation process, the semistructured
interviews and the progress reports, as well as existing literature. As a result, during the coding process, we developed some “open codes” using either the vocabulary used by the participants of the entrepreneurial teams or “literature-based codes” using vocabulary from the extant literature (Charmaz, 2006). Following the coding process, we moved to emerging categories, a higher level of data abstraction (Glaser, 1978). That is, we came across some patterned behaviors which influence team dynamics in the majority of the teams and the most common “codes” were the following: differences in the motives, differences in expectations, lack of appropriate skills and background, improper leadership, inefficient communication between team members, number of individuals, commitment to the team, not clearly set roles, and existence of couple in the team.

The Research Context

All the above teams were tenants of a university incubator where the authors work on a daily basis. Hosted teams are not spin-offs of the university. A tenant team has several benefits, tangible and intangible. Tangible benefits for example are the cost of operations. Hosted in an incubator new ventures do not have to support these costs (Quintas, Wield, & Massey, 1992). Intangible assets could be the interaction between the tenants of the incubator, the tenants, and the staff as also networking with the incubator’s network (Bøllingtoft, 2012; Campbell, 1989). Moreover, the tenants benefit by using the University’s name in their external communications (Mian, 1996). Although Honig and Karlsson (2007) argue that relationship between entrepreneurial team and incubator’s managerial team are not present in the majority of the cases, in the specific incubator the managerial team and the tenants have strong relationships, which are usually maintained even after and entrepreneurial team leaves the incubator’s space. These tight relationships in the specific incubation context make the quantitative research meaningful and substantial. Furthermore, entrepreneurial teams in an

Table 2. Entrepreneurial teams and their similarities and differences.

| Entrepreneurial team (E.T.) | No. of members | Sex | Years of operation | Field of application | First revenue | CEO having previous start-up experience |
|-----------------------------|----------------|-----|--------------------|----------------------|--------------|----------------------------------------|
| E.T.1                       | 2              | 1 male 1 female (couple) | 2.5 years | Real estate | Yes | Yes |
| E.T.2                       | 5              | males | 1.5 year | E-learning | No | No |
| E.T.3                       | 2              | males | 9 months | Digital | No | Yes |
| E.T.4                       | 3              | 1 female 2 males (the two a couple) | 3 years | Social entrepreneurship | No | No |
| E.T.5                       | 4              | males | 2 years | catering | Yes | Yes |
| E.T.6                       | 3              | 2 males 1 female | 2 years | Culture | Yes | No |
| E.T.7                       | 3              | 2 females 1 male (1 couple) | 9 months | Retail | No | Yes |
| E.T.8                       | 3              | males | 1.5 year | Digital | Yes | No |
| E.T.9                       | 5              | 4 males 1 females | 2 years | Culture | No | No |
| E.T.10                      | 2              | 2 males | 1 year | Catering | No | No |
| E.T.11                      | 3              | males | 1 year | Meteorology | No | No |
| E.T.12                      | 2              | males | 1 year | Sharing economy | No | No |

Table 3. A Thumbnail Description of the Cases.

- E.T.1: A web solution for finding trusted, effective professionals for common home property management services
- E.T.2: Cloud-based white label platform for e-learning
- E.T.3: Platform to recommend professionals by donating to a common cause
- E.T.4: Social enterprise which promotes blood donation
- E.T.5: Application that wants to help restaurants attract actual customers
- E.T.6: Mobile application that curates cultural stories for indoor and outdoor tours
- E.T.7: Online aggregator for cosmetics
- E.T.8: Online HR platform that companies use to attract and recruit interns and young graduates
- E.T.9: Mobile app for traveling sightseers interested in stories that connect the buildings of the city and the people behind them.
- E.T.10: Creation of digital menus for restaurants, bars etc.
- E.T.11: Weather forecast aggregator
- E.T.12: Logistics service based on sharing economy mentality

Note. E.T. = entrepreneurial team; HR = human resources.
incubator’s context are not yet adequately studied (Ensleya & Hmieleeskib, 2005; Phan et al., 2005). In an incubation environment, there are some guidelines that must be followed. For example, the teams have to report their progress every 2 months, both in writing and orally, to a committee in order for the latter to decide if the new venture stays in the incubator or it will be dismissed. Likewise, there are some legal matters that the tenants must fulfill to enter an incubator environment, so we take as a fact that the new ventures studied are by all means legally accepted in the European Union (E.U.).

**Toward a Theory of Entrepreneurial Team Dynamics Along the Stages of the New Venture Creation Process**

In this section, we analyze the findings and recognize the factors that influence team dynamics and cohesiveness. Following a grounded theory approach, we aim to a sound between-subject comparison to support our conclusions. By observing and collecting primary and secondary data from 12 entrepreneurial teams on a daily basis, for a period of 1 year, we came up with a set of factors that influence team dynamics and consequently team cohesiveness and willingness to continue.

We developed two sets of insights from our analysis. Initially the focus has been on understanding what are the factors that influence team member relationships and in general the dynamics formulated within the group. We have then monitored how team dynamics affect team cohesion, which has been found to be a good predictor of continuation or dropout of the entrepreneurial team. Teams that have stayed together and have persevered behind an endeavor, even if they had to make major pivoting or even significantly change their entrepreneurial idea, have demonstrated strong cohesiveness and team-spirit among team members. What has been interesting to note is that the influence of these factors has not been constant along the different stages of the venture creation process. In the following, we initially discuss each of these factors separately and provide evidence to support them. We then examine the impact of these factors along the different stages of the venture creation process and come up with pertinent research propositions. Figure 3 gives a high-level overview of the research framework.

**Figure 3.** Factors that influence the dynamics of an entrepreneurial team and team cohesiveness.

*Note. ET = entrepreneurial team.*

**Differences in the Motives**

When an entrepreneurial team is formed, the lead entrepreneur and the members may not all share the same vision for the new venture. One member may have a vision to develop an exit strategy looking for outside investors. Another member may have a vision of funding and expansion. If the team members do not see eye to eye on the enduring purpose of the new venture, it is inevitable that they will not agree on the strategy that the company is ambitiously targeting. Weiner (1989) claims that in case the team’s tasks are not pursuant to each member’s motives, there is great possibility that the members will not accomplish them and conflicts may be caused with each other. Baum et al. (2001) also claim that motivation has certain impact in new venture performance. Based on the primary data, such differences in the motives were apparent with E.T.4 and E.T.3. In E.T.4, the team leader
had the vision of gaining money, while the other members were truly engaged to a common cause. This led to intense conflicts and team members started not wanting to work with the team leader anymore. As a result, during a period of 1 year, at least four member transitions were observed. Thereby, adding new members or dropping team members were a phenomenon that did not allow the entrepreneurial team to develop. E.T.3 consisted of two siblings already having a successful start-up. In this tenant, only one of the members had the willingness to develop a second entrepreneurial endeavor. The other team member was forced to enter the entrepreneurial effort. The result was that he had only physical presence and was never really into the try. Only one member could not keep up pace with the effort needed, and for the time being the endeavor has paused.

**Differences in Expectations**

The analysis also showed that differences in expectations can be regarded as a significant factor that influences team dynamics and cohesiveness. Pirola-Merlo et al. (2002) argue that when the expectations of a team do not turn into reality, there is a negative effect on the team’s climate. In the last few years, the word start-up has been tossed around a lot and people believe it is easy to succeed, to get investors and partners to join up in their venture, and perhaps even gain loads of money. In reality, things are completely different. The team needs to put in a lot of persistence, patience, and work to develop a viable new venture. But even then, there are a lot of chances that the new venture will end up not being feasible. So, when these people face reality, in most of the cases they do not have the strength to keep up with and develop a cohesive team but they end up giving up. This is consistent with the cases of E.T.12 and E.T.2. Both teams thought that their new venture was so brilliant and disruptive that everyone would engage to it immediately. But this was not the case. The result was that the founders started to get disappointed, blaming one another that they did not do their job appropriately and started feeling stressed by their coworkers for not getting any salary as they had been promised. Once again the dynamics of the differences in expectation violated the cohesiveness of E.T.12 and E.T.2.

**Lack of Appropriate Skills and Background**

The lack of appropriate skills and background was addressed as a significant factor that affects the team dynamics and cohesion. Some founders get so excited with their idea, that they incorporate into the founding team the first people who will accept the idea. But the team must have complementary skills to deal with uncertainties and develop a sustainable venture. Leary and DeVaughn (2009) support that a well-established team is crucial for the success of the firm. Starting a new venture is too hard for one person and run as sole proprietorships. A single person cannot start a new venture without having a cofounder to share ownership, goals, mission, and vision, to take part in strategic decision making and work with in daily operations to develop a sustainable product/service. With no product, there are no customers and no income. We observed this factor influencing the dynamics of E.T.2, E.T.3, E.T.5, E.T.9, and E.T.10. For two of these teams, the lack of appropriate skills and background in conjunction with other factors proved almost fatal as they exhibit no cohesion anymore. The other three teams have continued their effort, as they did not face serious other problems in their team dynamics, but they were unable to develop a minimum viable product for a relatively long time, which finally has disappointed them. They started questioning themselves if they were doing well keeping up with their endeavor. Having a lack of appropriate skills and background brought about less cohesion. But in the end, based on the absence of other negative team dynamics, the team cohesion was finally balanced and the teams succeeded in having a minimum viable product and the first users.

**Improper Leadership**

The leader of the team usually is the one that had the initial idea of starting the business. He is the one who loves it the most and the one who must inspire the other members of the team. Zaccaro et al. (2001) state that the leader holds the key of team processes and outcomes. As George (2000) highlights, leadership is a mainly emotional process. Not everybody is capable of having this role. Especially in a time of crisis, the leader must be able to stay calm, take decisions, and protect everyone from losing their motivation. If the leader cannot support this role, the most probable thing is that the rest of the team will get really soon demotivated and abandon the endeavor. We faced this factor with E.T.2, E.T.4, and E.T.7. In the first case, the leader had worked in an enterprise as an account manager. His managerial style was influenced by this previous work experience. So, he was really strict to other team members, always insulting, complaining, and demanding. Both E.T.4 and E.T.7 had as a leader a person who confronted the new venture as a way for personal success. Once again, we observed that the leader was bossy, demanding, and impolite. He did not motivate the other team members and complained that they were the only one (in their teams) worthy and trying for the team. Both founders had almost the same attitude but for different reasons. The result was the same. People got demotivated really soon and left the team. Another case of improper leadership was E.T.10. This leader was really introvert and suspicious, and did not want to share information. In this case, he was the one to dismiss the other team members. Now he has abandoned the project.

**Inefficient Communication Between Team Members**

It is really difficult to keep the balance in teams. The pressure that an entrepreneurial team faces makes keeping this
balance more difficult. For Cartwright and Zander (1968) and McGrath (1984), communication is an essential prognosticator of team performance. Furthermore, in the digital era, where a big amount of communication takes place via email, sms, and other digital tools for team project management, and so forth, lots of communication happens not face to face but in writing. Written communication makes things more complicated due to lack of face expressions, body language, and not hearing the tone of the voice. If team members cannot communicate efficiently their thoughts, then conflicts may rise as a result of misunderstanding. For example, a member may feel excluded because another member just forgot to cc him in an email. Misconceptions start to occur and the moral of the team falls. Unfortunately, this works as a vicious circle. If communication problems are not spotted and solved, then they will only get worse. And this may lead to less team cohesion. We observed this factor in E.T.2 and E.T.7. In the first case, one member of the team was working mainly remotely. As a result, they communicated via a tool for online team communication. The problem was that they could not reach him whenever they needed him. There were misunderstandings and the concept could not be communicated properly. This member was the first one who quitted the team. In the second case, the team consisted of three members. The leader used to see the other members separately. Moreover, there was also a couple. This caused a big imbalance in the team. When the leader had a problem with one of the members, he went to the other one to communicate the problem separately, without the three of them talking simultaneously. Thus, a subteam was created in the team. As a result, the third member quitted and the team cohesion was violated.

**Number of Individuals**

A new venture usually consists of two to five team members, and the roles of each member are usually separated. For example, one member is responsible for marketing, another one is responsible for product development, another one for the sales, and so on. Bell (2007) and Stewart (2006) have studied what is supposed to be the most competent number of individuals per team. If one member cannot be efficient due to personal reasons, in a team of let’s say four people, this means that 25% of the company is not functional. Or even that a whole “department” of a company is off. When this happens, the other members get disenchanted and disturbed. Deadlines are postponed and potential customers are not happy. The major problem is that even if the member who had a problem comes again on board, then another member may have a problem. The same happens when a member wants to take some days off or vacations. The team can be really productive only when all members are aligned. If the team members cannot support each other, or take responsibility of the others’ workload, then the team cohesion is really in question. This is pursuant to the cases of E.T.8, E.T.2, and E.T.6. In E.T.8, the team was formulated by two members who were responsible for developing the platform and one who was the business developer. For a period of 6 months, the business developer was underproductive due to personal issues. This meant that there was not enough correspondence with the market, no new clients, and no potential income. The rest of the team was getting nervous and demotivated. Now that the personal issues of this member are over the team is working again in their full capacity. In E.T.2 and E.T.6, the members responsible for the technical development were underproductive due to personal issues. Considering that the digital platform is the core product of these entrepreneurial teams, they could not afford to have the responsible of the development not being able to work. That afresh created disputes in the entrepreneurial teams made them delay their product for 4 to 5 months and put the team cohesion at risk.

**Commitment to the Team**

Commitment to the team has also stood out as a factor significantly affecting team dynamics. Not all team members commit to the new venture’s purpose, goals, and processes and dedicate the same amount of time and workload. Some of the team members start the new venture while working full-time or part-time, and other members act as freelancers and a few go full-time on the new venture. As Teece (2015) states, commitment can drastically increase performance. We tend to believe that individuals who commit fully to the entrepreneurial endeavor feel to own the whole project more and this is unfair for the rest of the team. This was the case observed for E.T.2, E.T.7, and E.T.8. The members who were working full-time (not necessarily the founder) felt underprivileged and overloaded with work and responsibilities. In turn, they felt as there were the only members caring about the entrepreneurial endeavor. We noticed that this issue was coming up in almost every conflict the entrepreneurial team had, no matter what the subject of the conflict was. It was never a matter of dispute by itself but it was coming up on any occasion. Based on our observations, it seems that this factor cannot by itself split the team if all the other team dynamics are working properly, but it is for sure a matter that causes extra strains.

**Not Clearly Set Roles**

If the roles are not well defined, then confusion and disagreement start. Projects are not easy to proceed. Some tasks of a team member may overweight another member’s task, the same job is done twice, and some tasks are not responsibility of anyone, resulting in the job not to be done at all. If this situation is not resolved, then we see that the assignments are really delayed or not performed at all. This concludes to a nonfunctional group that is not trusted by potential customers. It leads once again in quarrel and dissolution of the team,
as was the case of E.T.3, E.T.4, and E.T.11. None of these entrepreneurial teams had clearly separated areas of responsibility between them. The members did not take ownership of duties as they did not know if they were theirs, so many tasks had no ownership and were not completed at all. These inefficiencies led to problems and tension that stressed the team members who started blaming each other. As a result, the team cohesion was violated and these entrepreneurial teams have not proceeded with their product for the past 5 to 6 months.

Existence of a Couple in the Team

During our research, we came across three teams in which two of their members were a couple. There are several studies pointing toward the fact that new venture teams often consist of a couple (Hilburt-Davis & Dyer, 2003; Jaffe, 1990). Poza and Messer (2001) agree that it is very possible that romantic relationship and running a business together will harm either the business or the couple. We encountered the factor of couple venturing within E.T.1, E.T.4, and E.T.7. In the first team, the couple was getting tired of the constant interaction and consequently this factor led to member exit and no team cohesion. In the second case, the entrepreneurial team was working as a field of battle and a game of power between the couple. The couple was splitting and getting back together, the other team members were always trying to keep them calm and not destroy the team. Some of the team individuals left the entrepreneurial team exactly because they did not want to keep up with this situation. The team is now left with three members but not having a viable product after 3 years of operation. The third team had two females and one male. One of the females is a couple with the male. This woman was speaking against the second team member to her boyfriend. The boyfriend did not have immediate interaction with the second female so, his only input was from his girlfriend. The result was that the everyday conditions of working were so bad, for the single girl, that she had to leave the team, even though she was working on this project for 9 months, and felt ownership for it. Based on these initial observations, this research suggests that having a couple in the team decalibrates team dynamics, brings tension, which in turn can lead to low levels of team cohesion.

The following table (Table 4) summarizes the various factors that were observed in the different teams and had an influence on team dynamics and ultimately on the team outcome. We can see that some teams suffered more than others, as many of these factors had a negative impact on team dynamics. On the other hand, some teams may have been influenced by only one or few factors, but this influence was so strong that ultimately led to the team giving up and not continuing the endeavor.

Therefore, as a next step in our analysis, we tried to see what has been the influence of each of these factors during the different stages of the new venture creation process and whether the influence of a factor was strong enough to break up the team or not. While we could look at outcome variables related to team performance, as often met in the pertinent literature, we decided to focus on team cohesion as the main outcome variable of this study. Apart from the 12 teams analyzed in this study, we have also observed a larger number of teams hosted in the context of the university incubator over a period of 2 years and for some teams the available evidence extends to a period of more than 4 years. Over this period, we have often observed that teams do not work with the same passion or pace all the time and there are often periods that

| Table 4. Factors That Influence Team Dynamics of the Cases Examined. |
|---------------------------------------------------------------|
| **Entrepreneurial team (E.T.)** | Differences in the motives (DM) | Differences in expectations (DE) | Lack of appropriate skills and background (L) | Improper leadership (IL) | Inefficient communication between team members (IC) | Number of individuals (NI) | Commitment to the team (C) | Not clearly set roles (R) | Existence of couple in the team (EC) |
| E.T.1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.2 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.3 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.4 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.5 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.7 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.8 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.9 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.10 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.11 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| E.T.12 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Note. E.T. = entrepreneurial team.
the whole endeavor is questioned. However, if the team manages to stay together and work on their idea, even at a slower pace or often doing major pivots and significantly changing their entrepreneurial concept, they manage to proceed in the end and often achieve exceptional results. We thus believe that team cohesion can be a very good predictor of success, demonstrating that the team proceeds from one stage of the new venture creation process to the other. If team cohesion is not achieved, then the team breaks up and quits the entrepreneurial endeavor.

To draw some insights on the impact of each factor on team cohesion and examine whether the influence of a factor can be catalytic for a team’s future, we have extended the analysis to observe whether the existence of a factor has been temporal or whether it was something the team could not overcome. Moreover, we have examined whether this has ultimately led to the team quitting the entrepreneurial endeavor or continuing to progress from one stage to the other. Table 5 presents the outcome of this analysis. Each row depicts the progress of a team along the different stages of the new venture creation process. In each cell, we note the factors that have been observed to influence team dynamics during each stage. The last column shows the current status of the entrepreneurial team, that is, whether it has quitted the entrepreneurial endeavor (and at what stage) or whether it is still progressing. The table also depicts the time it has taken each team to move from one stage to the other, which can also offer an indication of the team progress and performance.

As also depicted in Tables 4 and 5 and based on the monitoring and coaching of the entrepreneurial teams on a daily basis, we concluded the following findings:

- We see that some teams suffer by many more factors that influence team dynamics while others appear to have less issues. All the teams in the table that have various issues influencing their team coherence (i.e., E.T.1, E.T.2, E.T.3, E.T.4, E.T.7, E.T.10) have finally

### Table 5. Factors That Influence Team Dynamics Along the Venture Creation Process.

| Entrepreneurial team (E.T.) | Ideation | Concept and screening | Protoyping and business development | Launch preparation, Beta use | Launch and scaling | Current status of the team |
|-----------------------------|----------|-----------------------|-------------------------------------|--------------------------------|-------------------|---------------------------|
| E.T.1 (EC (#M = 1))         | EC (#M = 1) | EC (#M = 1) | DE, EC (#M = 2) | DE, C, EC (#M = 3) | ------ | Quitted in Stage 4 |
| E.T.2 (IL, DM, L (#M = 2)) | DM, L, IL, IC (#M = 2) | DM, DE, L, IL, IC, NI, C (#M = 6) | x | x | x | Quitted in Stage 3 |
| E.T.3 (DM, L, IL, NI, C (#M = 1)) | DM, L, IL (#M = 2) | x | x | x | x | Quitted in Stage 2 |
| E.T.4 (DM, DE, L, IL, IC, EC (#M = 2)) | DM, DE, L, IL, EC (#M = 2) | DM, DE, IL, IC, EC (#M = 6) | DM, DE, IL, IC, EC (#M = 25) | ------ |
| E.T.5 (L (#M = 3)) | L (#M = 3) | R (#M = 8) | (#M = 3) | x | Stage 5 |
| E.T.6 (R (#M = 2)) | R (#M = 5) | R (#M = 8) | (#M = 3) | x | Stage 5 |
| E.T.7 (DM, EC, IL (#M = 2)) | DM, R, EC, IL (#M = 2) | DM, EC, IL (#M = 8) | x | x | Quitted in Stage 3 |
| E.T.8 (R (#M = 2)) | R (#M = 2) | DE, R (#M = 10) | DE, C (#M = 6) | C | Stage 5 |
| E.T.9 (L, R (#M = 2)) | L, IC, R (#M = 2) | L, C, R, IC (#M = 11) | IC, C, R (#M = 10) | ------ | Stage 4 |
| E.T.10 (IL, L, NI (#M = 1)) | IL, L, IC (#M = 3) | IL, DE, L, IC, IL, NI (#M = 9) | x | x | Quitted in Stage 3 |
| E.T.11 (IL, L, R (#M = 2)) | IL, R (#M = 3) | IL, R (#M = 10) | IL (#M = 5) | ------ | Stage 4 |
| E.T.12 (L, L, NI, R (#M = 1)) | L, NI, R (#M = 2) | NI, R (#M = 6) | x | x | Quitted in Stage 3 |

Note. EC = existence of couple in the team; #M = duration in months that the entrepreneurial team stayed at this stage; DE = differences in expectations; C = commitment to the team; ------ = the entrepreneurial team has paused; IL = improper leadership; DM = differences in the motives; L = lack of appropriate skills and background; IC = inefficient communication between team members; x = the entrepreneurial team has quit; x = the entrepreneurial team continues; R = not clearly set roles; NI = number of individuals.
Proposition 1: When there are many factors negatively effecting the dynamics and cohesion of an entrepreneurial team, then it is highly probable that the team will quit the entrepreneurial endeavor before market launch.

Proposition 2: The entrepreneurial teams that make it to market launch either are not influenced by factors that have a negative impact on team cohesion or manage to control them as they proceed in the new venture creation process.

- Not all factors appear to have the same significance and some of them refer to issues that can be overcome by an entrepreneurial team while others not. In addition, some factors are mostly associated to certain stages, either early or later in the new venture creation process.
  - For example, factors such as “lack of appropriate skills” or “not clearly set roles” may be more apparent in the beginning, but teams that continue after the third stage seem to get over this problem. Teams that are bonded and very willing to work on their project seem to have the ability to either learn the skills needed, or find an extra person to support them, or find an alternative way to solve the problem. This happened with E.T.5 and E.T.9, whose main problem was the lack of IT background and after trying for a long time without quitting they found the manner to manage the lack of this expertise.
  - Another factor that stands out is “commitment to the team,” which often appears from the third stage onward (e.g. E.T.1, E.T.2, E.T.8, E.T.9). It is the phase when people need to devote more time while the outcome is not yet obvious at all. Commitment to the team also starts to show mainly when the tasks are separated and each member has a specific role to play in the team.
  - Factors such as “improper leadership” may be apparent as early as the team creation phase and may not ameliorate through time. This factor proved to be the most “fatal” for the teams, as whenever it is apparent, the entrepreneurial team does not make it to market launch. This is obvious in the cases of E.T.2, E.T.3, E.T.4, E.T.7, E.T.10, and E.T.11.
  - The same applies to factor “differences in the motives” where we see teams E.T.2, E.T.3, E.T.4, and E.T.7 not making it to the end. Differences in motives make team members not to share the same vision. As a result, team members have different priorities and different goals and feel that it is different achievements that will make them happy. The individuals never get to be a real team that works cooperatively and efficiently and the team eventually gets to split.
  - On the contrary, factors such as “inefficient communication between team members” (E.T.2, E.T.4, E.T.9, E.T.10) and “number of individuals” (E.T.2, E.T.3, E.T.10, E.T.12), although cause conflict and disputes among the team members, did not seem to be adequate to break the teams.
  - In the cases where there was a couple in the team, we met the couple through all the stages. But this can also be attributed to personal reasons that cannot be studied in an incubator’s context. The literature (e.g., Poza & Messer, 2001) indicates that existence of a romantic couple would create a problem to the couple and accordingly to the business. Although we met this behavior in E.T.4, this was not what happened in E.T.1 and E.T.7 where the couples were very bonded and they had the tendency to separate themselves from the rest of the team. This caused problems in the relationship with the other team members, who felt excluded and much information was not disclosed to them.

Proposition 3: Some factors are more crucial than others in affecting the cohesion of an entrepreneurial team and may lead the team to quit or may be addressable. For example, factors that can be addressed are “lack of appropriate skills” or “not clearly set roles.” On the contrary, “improper leadership” is a factor that may be “fatal” and cannot be easily eliminated.

Proposition 4: The factors that affect team dynamics and the cohesion of an entrepreneurial team are not equally apparent along all the stages of the new venture creation process.

- Another aspect worthy of attention is the duration each entrepreneurial team stays at each stage of the new venture creation process. As we can see in Table 5, at the first two stages the teams did not stay for more than 1 or 2 months per stage. These are the most creative stages. Things are pretty unclear and everything is on a test and trial basis. Usually all
team members have a percentage of ownership on the project. Teams are still motivated and things are rapidly changing. On the contrary, the third stage seemed to be the most difficult to overcome. This is the stage where things must be done. Work must be organized, tasks assigned, roles of each member clearly set in the team. The team must make projections, maybe hire staff and find a way to self-fund its project. The majority of the teams stayed in this stage for 8 to 12 months and 4 out of 12 teams did not manage to overcome this stage and quit the effort. All of the teams that managed to pass the third stage are either stationary at the fourth stage or have launched successfully.

**Proposition 5:** The time an entrepreneurial team stays at a stage of the new venture creation process seems to be associated to team cohesion. The more the factors negatively affecting team dynamics and team cohesion, the more the duration of each stage for the team.

Our analysis supports that nascent entrepreneurial teams that have differences in motives and in expectations, lack of proper professional background, improper leadership, and inefficient communication between team members are more likely to result in low levels of team cohesion. Moreover, crucial factors are the number of participants, the commitment to the team, how well the roles of each individual are set, and the existence of a couple at the team. All the abovementioned factors affect team dynamics, the team cohesiveness, and ultimately the outcome of new venture performance.

**Conclusions, Limitations, and Future Research**

Over the past decade, entrepreneurship research has moved from a focus on solo entrepreneurs to an approval of the role of entrepreneurial teams in the new venture creation process. Grounded both in previous literature and in a qualitative, longitudinal field study, this research developed a theory to explain the factors affecting entrepreneurial team dynamics and team cohesion during the new venture creation process.

The new venture context can be regarded as an exceptional and significant setting in which to study teams as it differs significantly from a well-established large organization. Taking a step forward, this research focuses on the different stages of the new venture creation process, incorporating the time element and analyzing primary data of a university incubator. By applying the principles of grounded theory and gathering data of 12 entrepreneurial teams, this research tries to contribute to the domain of research that is about entrepreneurial team dynamics along the new venture creation process. To sum up, the implications of this research are the following:

- Identify important factors that influence the entrepreneurial team dynamics and affect the cohesiveness of the team through the different stages of the new venture creation process
- Direct attention to nascent entrepreneurship; meaning before the new venture is well established or before it is founded at all

As such, the novel aspects in our study are the focus on the new venture context for extending the upper echelon literature; the collection of primary data of a university incubator, directing attention to nascent entrepreneurship context; and the focus on team dynamics as influencers of team cohesiveness which in turn shape more distal outcomes, such as new venture sustainability and growth.

This study draws various insights on the relationships between factors affecting entrepreneurial team dynamics and concludes with certain propositions following the grounded theory approach. Each of these propositions is a call for further research and both qualitative and quantitative approaches could be used to shed light and confirm or further explain the results.

During this research, several external factors (such as lack of capital, launch of the product/service too early, team cannot execute fast enough to pace up with competitors, the entrepreneurial team cannot get customer, bad location) could also affect team dynamics, and this is a limitation and field to be further researched as mediating or moderating effects.

Last but not least, this article presents an effort to assist nascent entrepreneurs in evaluating their potential, identifying the factors that influence team dynamics and supporting their decision on moving to a sustainable start-up creation.

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