

# **HARMONY IN HIERARCHY**

---

**A QUALITATIVE INVESTIGATION OF TMT IMPACT ON  
ORGANIZATIONAL PERFORMANCE OF STARTUPS**

**GUSTAV DENNELIND**

**THEA-MARIE ASSELHOVEN**

Bachelor Thesis

Stockholm School of Economics

2023



## **Harmony in hierarchy**

### **Abstract:**

Entrepreneurship is vital to economic and societal development, prompting an investigation into the success factors of entrepreneurial ventures. Research underscores the importance of founding teams to startups, citing the multiple ways top management teams and its members influence organizational outcomes. Through a qualitative longitudinal study, this thesis aims to analyze the perceived impact of team composition and team effectiveness on performance in tech startups. Furthermore, this thesis aims to discover the perception surrounding the role of team effectiveness on the proven effect between team composition and performance. After conducting interviews with ten founders from different startups, it is evident that the team has a significant perceived influence on organizational performance. Both individual competencies such as previous experience, knowledge, and skill, and the team composition are aspects considered by founders when constructing the team. The perceptions support existing quantitative research on team effectiveness as a mediator between team composition and performance, through an analysis of conditions for team effectiveness and its perceived impact. Further, components not given attention to in prior research, personal relationships, and networks, were shown to be perceived as having a positive impact on team effectiveness and performance of the startup.

### **Keywords:**

Composition, Entrepreneurship, Performance, Effectiveness, Team dynamics

### **Authors:**

Gustav Dennelind (25366)

Thea-Marie Asselhoven (25261)

### **Supervisor:**

Emma Stenström, Associate Professor, Department of Management and Organization

### **Examiner:**

Laurence Romani, Professor, Department of Management and Organization

Bachelor Thesis

Bachelor Program in Management

Stockholm School of Economics

© Gustav Dennelind and Thea-Marie Asselhoven, 2023

## Acknowledgements

*We would like to thank Laurence, Emma and our supervision group for valuable insight, support, and motivation throughout the process, all of which provided a great amount of assistance.*

*We also want to extend our deepest gratitude to all participants in the study who took time out of their busy schedules to go above and beyond our expectations of their effort in the interviews. We greatly value the insights they provided and their immense contribution to the content of the thesis.*

*Gustav & Thea*

## Definitions

---

<b>Founding Team</b>	The top management team (TMT) of a startup in its early phase.
<b>Top Management Team</b>	The top management team at any given point in a company. Often, the TMT is the founding team for the first years, however as the company progresses there can be additions and reductions to the TMT.
<b>Organizational Performance</b>	In this study, there is a focus on whether the startup survived or failed, therefore defining organizational performance as the ability of a startup to survive.
<b>Startup</b>	A company in the first stages of operation. (Investopedia, 2023)
<b>Founder</b>	A person who starts a company

<b>1. Introduction.....</b>	<b>7</b>
1.1 Background.....	7
1.2 Prior Research and Knowledge Gap.....	8
1.3 Purpose and Research Question.....	8
1.4 Delimitations.....	9
1.5 Expected Contribution.....	9
<b>2. Literature Review.....</b>	<b>10</b>
2.1 Startups in Research Context.....	10
2.1.1 Performance of Startups.....	10
2.2. Team Composition.....	11
2.3 Team Effectiveness.....	14
<b>3. Theoretical Framework.....</b>	<b>15</b>
3.1 Upper Echelons Theory.....	15
3.2 Hackman's Team Effectiveness Model.....	16
3.2.1 Real Team.....	16
3.2.2 Compelling Direction.....	18
3.2.3 Enabling Structure.....	18
3.2.4 Supportive Organizational Context.....	19
3.2.5 Expert Coaching.....	20
3.2.6 Motivation and Conclusion of Theory.....	20
3.3 Summary of Theory.....	21
3.4 Limitations of Theoretical Selection.....	22
<b>4. Methodology.....</b>	<b>23</b>
4.1 Choice of Method.....	23
4.1.1 Research Paradigm.....	23
4.1.2. Research Method.....	23
4.2 Collection of Empirical Data.....	24
4.2.1 Sampling Process.....	24
4.2.2 Sample.....	24
4.2.3 Interview Process.....	25
4.2.3 Processing of Empirical Data.....	26
4.3 Critique of Methodology.....	27
<b>5. Empirical Data.....</b>	<b>28</b>
5.1 Team structure.....	28
5.1.1 Competencies and Characteristics.....	28
5.1.2 TMT Tenure.....	29
5.1.3 Roles.....	30
5.2 Team Dynamics.....	31
5.2.1 Personal Relationships.....	31
5.2.2 Homogeneity vs. Heterogeneity.....	31
5.2.3 Team Building.....	33
5.3 Organizational Processes.....	34
5.3.1 Strategic Goals.....	34

5.3.2 Leadership.....	35
5.4 Perceptions of the Importance of Team.....	36
<b>6. Analysis.....</b>	<b>37</b>
6.1 Upper Echelon Theory.....	37
6.1.1 Behavioral Integration.....	37
6.1.2 Challenges.....	37
6.1.3 Homogeneity.....	38
6.2 Hackman’s Team Effectiveness Model.....	39
6.2.1 Real Team.....	39
6.2.2 Compelling Direction.....	40
6.2.3 Enabling Structure.....	40
6.2.4 Supportive Context.....	42
6.2.5 Expert Coaching.....	42
6.3 Perceived Impact of Team on Performance.....	43
6.4 Overlooked Patterns from Empirics.....	45
<b>7. Discussion and Conclusion.....</b>	<b>46</b>
7.1 Answer to the Research Question.....	46
7.2 Implications and Relevance.....	46
7.3 Limitation of the Study.....	47
7.4 Recommendations for Future Research.....	47
<b>8. Conclusion.....</b>	<b>48</b>
<b>9. References.....</b>	<b>49</b>
<b>10. Appendix.....</b>	<b>54</b>
Appendix A: Interview Questions.....	54
Appendix B: Translations of Quotes.....	55
Interviewee 1:.....	55
Interviewee 2:.....	56
Interviewee 3:.....	57
Interviewee 4:.....	58
Interviewee 5:.....	59
Interviewee 6:.....	59
Interviewee 7.....	60
Interviewee 8:.....	61
Interviewee 9:.....	62
Interviewee 10:.....	62

# 1. Introduction

## 1.1 Background

Sweden stands as a pivotal hub for innovation and entrepreneurship in Europe, now more than ever. In 2021, Swedish startups raised €7.8 billion, twice the amount from the previous year (Svenska Institutet, 2022). From 2016, the number of Swedish unicorns surged from 9 to 35, and as of 2021, Sweden is home to the most valuable private startup, Klarna (ibid). This collectively underscores the significance of the Swedish innovation landscape, prompting a deep dive into contributing factors to the success of startups in Sweden.

The success of startup ventures is influenced by a multitude of factors, ranging from the presence of support structures like incubators (David-West et al., 2018), the competence and experience of team members (Delmar and Shane, 2006), and the access to capital or external funding (Cavello et al., 2019). In the early stages, companies face a higher propensity to fail owing to the availability of resources and unstable conditions (Baum, et al., 2000). During this critical phase, top management teams (TMTs) wield a greater influence over decision-making, thereby shaping the direction of the company (Eisenhardt, 2013).

As business students, the idea of entrepreneurship is presented as a viable alternative to traditional paths such as finance or consulting. Entrepreneurship and founders' impact on startups is prevalent in many academic discussions. Therefore an investigation into the dimensions of founders' perspectives on their team and the contributing factors to team success is particularly relevant. In this study, founders' perception of the TMT's impact on startups is explored, through a potential intermediary step of achieving effectiveness.

## 1.2 Prior Research and Knowledge Gap

Prior research in the field of success factors of teams in startups has mainly adopted a quantitative approach where a larger number of success factors are observed and presented with regard to the strength of their impact on organizations (Song, 2008; Skawinska, 2020). Research has frequently been conducted on a team's impact on large organizations in isolation or through a teamwork lens (Askari et al., 2020), however, startups face different challenges to larger organizations, as they typically have less accessibility to resources and no established market or customer base given the novelty of their product on the market.

Considering the extensive research on teams and their impact on organizations, the aspect of individuals and their composition has received limited attention in a startup context. Despite existing research on startups, in-depth qualitative studies are scarce. Consequently, a comprehensive analysis of teams and individuals in companies, as well as the founders' perspective on their teams in startups, is absent.

## 1.3 Purpose and Research Question

The purpose of this study is to expand on existing research regarding TMT's impact on organizational performance. Characteristics such as background, experience, and personal traits of team members will be explored. Furthermore, team dynamics contributing to organizational performance and team effectiveness is investigated, aiming to convey the perceived relationship between team composition and performance.

Upper Echelons Theory (UET) (Hambrick, Mason, 1984) and Hackman's team effectiveness model (Hackman, 2002) will provide the theoretical base enabling the exploration of the perceived impact of TMTs on performance.



Therefore the research question guiding the study is:

*What is the perceived impact of founding team composition and team effectiveness on the performance of tech startups?*

## 1.4 Delimitations

The geographical scope of this study has been limited to startups established in Sweden, to promote results that can be appropriately compared to similar startups. To sufficiently determine the performance of startups in this study, only startups that have launched their products have been considered, as their performance can be assessed.

This study has focused on founding teams with a minimum of 3 members, as a team smaller than 3 would be considered a pair, which is not sufficient for this research.

The delimitations of this study also include specifying the tech-industry, where both high and low-tech firms are included. This ensures that the effect of the team can be gauged comparatively with the team's counterparts in other startups facing equal conditions within the same environment.

## 1.5 Expected Contribution

The expected contribution to academic research lies in the qualitative dimension of exploring teams and their impact on organizations. This study aims to provide an in-depth perspective on how founders perceive their teams's impact on performance. Further aspects of team composition are investigated in addition to providing a new perspective on previously under-researched topics within a startup context.

## 2. Literature Review

### 2.1 Startups in Research Context

Startups represent a unique sub-category of business ventures. Broadly characterized as companies in their initial stages of operation, startups exhibit distinctive financing structures in contrast to larger, more established companies. This divergence is demonstrated through an array of possibilities, ranging from founders financing the business to smaller seed investments or substantial capital injections from external investors (Investopedia, 2022). The first stages of operations are harder to define, as there are multiple variables to be considered, such as the age of the company, number of employees, and size of turnover.

The founding of startups can be undertaken by either an individual or a team. The literature substantiates that knowledge-intensive startups tend to be started by teams, given the need for a diverse range of skills and experiences (Brattström, 2019). Brattström (2019) further observes that these startup teams often exhibit homogeneity, a feature that contributes to the risk of groupthink occurring.

Within the startup landscape, technology startups represent a distinctive category. Frequently associated with heightened risks, these ventures involve products that have not undergone prior market testing. Consequently, investors scrutinize the team associated with tech startups to a greater extent than they do with other types of startups (Di Paolo et al., 2018).

#### 2.1.1 Performance of Startups

Due to the unique financing challenges encountered by startups as well as the inherent difficulty in predicting risk, considerable attention has been directed towards researching the determinants of success in new ventures. These success factors are commonly categorized

into various dimensions, encompassing aspects relating to the team, the business idea and strategy, and external influences like the company's financial structure and market conditions (Díaz-Santamaría, Bulchand-Gidumal; 2021). In the domain of team-related factors, one notable aspect established to exert a substantial positive impact on startup performance and success is “promoting partner's dedication” (ibid).

Di Paolo (et al.; 2018) provide another example of success factors to the financing of startups, demonstrating that educational background positively impacts the financing of a high-tech startup, where educational background is solely dependent on the team members.

Furthermore, the performance of a startup can be defined in numerous ways. The performance of traditional and more established organizations is defined by the growth of either turnover or the number of employees (Zhou et al., 2014). However, as shown by van Gelderen (2006), the performance of a startup can start as early as the success of establishing the company. Performance metrics in startups can serve as tools for identifying focal areas and subsequently allocating resources, rather than merely measuring the objective performance of the company (Rompho, 2018).

## 2.2. Team Composition

Upper echelons theory (UET) has long been the leading theoretical underpinning for research on the effect of team characteristics in TMTs on organizational outcomes (Jin et al., 2017). Developed by Hambrick and Mason in 1984 and amended in 2007, UET states that firm performance is influenced by the background characteristics of members in the TMT (Hambrick and Mason, 1984). Whilst originally concerning the TMT of large organizations (Jin et al., 2017), UET has been leveraged to focus on entrepreneurial TMTs responsible for founding and developing startups (ibid).

An abundance of quantitative studies have been undertaken to determine the relationship between various components of team composition in new venture teams and entrepreneurial firms, and there is a growing interest in observing TMT dynamics and organizational outcomes (Aboramadan, 2021). Team composition encompasses an array of components, which has ultimately led to discrepancies and inconsistencies in the findings across such studies (ibid). Research on TMT has adopted a broad view on characteristics' influence on firm performance, with studies focusing on size (Eisenhardt and Schoonhoven, 1990; Cooper et al., 1994), diversity of team members (Leary and DeVaughn, 2009), age (Boeker, 1988), experience (Stuart and Abbetti, 1990; Roche et al., 2020), education (Bantel and Jackson, 1989; Cooper et al., 1994), and tenure (Williams and O'Reilly, 1998).

Extant research contains conflicting results regarding the various aspects of team composition. For instance, TMT demographics have been shown to positively (Bantel, 1993) and negatively (Michel and Hambrick, 1992) impact performance, as well as proven to be insignificant (Stuart and Abbetti, 1990) altogether. Furthermore, contradictions between the desired homogeneity exist, where two perspectives provide different insights as to how the diversity of a team can both help and hamper performance. According to Hambrick and Mason's seminal work, heterogeneous teams benefit from broader knowledge and a wider variety of skills which subsequently permits the team to be better equipped when making strategic decisions (Hambrick and Mason, 1984; van Knippenberg and Schippers, 2007). On the other hand, social categorization theory posits that homogeneity positively influences performance since homogenous teams can function more harmoniously and communicate more effectively than diverse teams (van Knippenberg et al., 2011). Due to ingroup preferences, diversity can disrupt team performance which suggests that homogenous teams perform better than heterogeneous ones (van Knippenberg et al., 2013).

The discrepancies in the results of numerous quantitative studies on team composition and its effect on startup performance introduce a research gap regarding the nature of the methodology. Methodological approaches and sampling may be a possible reason as to why there is such a glaring variance in the findings (Aboramadan, 2021). Hence, a potential contribution to this area of research is by conducting a qualitative study, analyzing the perceptions of entrepreneurial TMTs in relation to performance.

Another critical aspect of the extant research is the interplay between team composition and other factors that mediate or moderate the relationship with performance. Again, because of the inconsistencies present in the results from research across multiple TMT characteristics's effect on performance, there has been a justified additional area of research where TMT dynamics has been considered a more complex topic forcing researchers to consider intervening effects. Studies on potential mediators include the frequency of strategy changes (Wu et al., 2019), various industry contexts (Yamak et al., 2014) team processes (ibid), and environmental policies (Lee et al., 2011). Interestingly, hardly any academic articles mention team effectiveness as a mediator, creating an opportunity to contribute to that research gap. Similarly, in numerous articles, the authors encourage further research on potential mediating and moderating effects between team composition and performance. Exploring mediation and moderation effects next to direct effects can demonstrate the reason for inconclusive results regarding the impact of TMT composition on performance (Bjornali et al., 2016).

An additional significant omission from quantitative research on team composition is the role that personal relations and interpersonal dynamics play, which can be better understood through a qualitative lens. However, interpersonal skills are a factor briefly lifted by Hackman (2002) when explaining the criteria for a favourable team composition.

## 2.3 Team Effectiveness

Observing the perceived impact of team effectiveness as a mediator between team composition and firm performance implies an existing relationship between all of the aforementioned components. Starting with the relationship between team composition and effectiveness, Hackman (2002) outlines implications for team effectiveness and how to achieve it. Through five criteria, namely a real team, compelling direction, enabling structure, supportive organizational context, and expert coaching, a team achieves effectiveness (Hackman, 2002). Within the conditions, team composition is lifted as an enabling structure for team effectiveness, clarifying a relationship between the two components. To further strengthen the claim of the relationship, Bjornali et al. (2016) identify how TMT composition, specifically TMT cohesion and diversity, contribute to team effectiveness. TMT cohesion, implying the degree to which members were attracted to each other, was shown to have a positive impact on team effectiveness (Bjornali et al., 2016). Similarly, TMT diversity was proven to positively impact team effectiveness. Therefore, as demonstrated by Hackman (2002) and Bjornali et al. (2016), team composition impacts team effectiveness.

Given the aforementioned observed connection between team composition and team effectiveness, it is also necessary to determine the relationship between team composition and organizational performance. Here, UET clearly explains the link. Hambrick and Mason (1984, 2007) argue that a firm's strategic decisions are partially the result of the TMT's experiences and personalities. In other words, the composition of the TMT has a direct effect on organizational outcomes. Even more so specifically in entrepreneurial firms, according to Jin et al. (2017). The impact of the TMT is highest when a firm is young and given that startups are categorized as "young companies" (Forbes, 2022), the composition and characteristics of the founding team have a particularly strong impact on performance (Jin et al., 2017).

Lastly, team effectiveness's impact on firm performance can be inferred from Hackman's (2002) team effectiveness model in addition to quantitative research that has been conducted on effectiveness. There is a proven direct positive impact of effectiveness and teamwork on organizational performance (Abuzid and Abbas, 2017). Additionally, research has supported the presence of indirect effects between team effectiveness and organizational effectiveness, with studies observing intermediary steps in the process of achieving team effectiveness. One study argues that effective teamwork enhances strategic decision-making which ultimately results in an effect on organizational performance (Edmondson et al., 2003).

### 3. Theoretical Framework

#### 3.1 Upper Echelons Theory

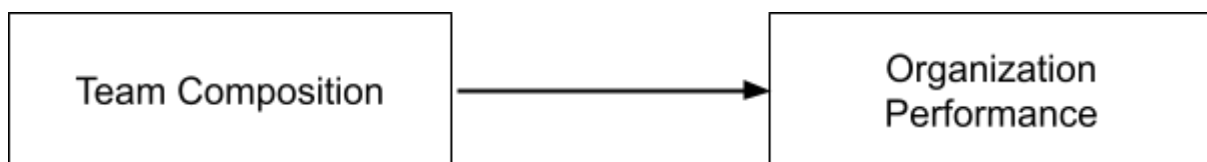
Upper echelons theory (Hambrick, Mason 1984; Hambrick 2007), demonstrates that experience, values, and personalities of TMTs affect strategic choices in organizations, and therefore have an effect on organizational outcomes. Choices are affected by stipulating that the perception of each situation faced in an organization will differ depending on the experience, values, and personalities of the individual. It further explains that the entire TMT must be considered, as the CEO often shares responsibilities and power with other executives.

Hambrick explores the results when TMTs face challenges. Findings demonstrate that more exposure to challenges leads to an increased effect of an individual's background on their decision-making. In a startup context, this theory poses an interesting avenue for research, given the plethora of challenges native to an entrepreneurial environment.

Lastly, Hambrick (2007) also investigates behavioral integration in the TMT. A behaviourally integrated team is defined as a team sharing information, resources, and

decisions. The distinction between viewing the team as a functional unit rather than individuals interacting with the CEO results in a positive effect on organizational performance.

In conclusion, UET suggests that the TMT of an organization has a significant impact on the outcome and performance because of the fundamental values and beliefs present in the team's composition. Hence, the relationship between team composition and organizational performance can be modeled (see Figure 1).



**Figure 1:** *Conceptual model depicting the relationship between team composition and organizational performance, as described by UET.*

## 3.2 Hackman's Team Effectiveness Model

One of the most prominent theories on team composition and requirements for team effectiveness is Hackman's "Conditions for Team Effectiveness", which is the accumulation of years of research on groups and favorable conditions (Hackman, 2002). Hackman states that there are five necessary prerequisites that when combined, ensure a team is effective.

### 3.2.1 Real Team

The primary condition in Hackman's model is the concept of the team being a "real team". According to Hackman, a real team must have four essential features. There must be a team task where each member of the team has individual tasks that require them to work



together (Hackman, 2002). A vital distinguishing factor between co-acting groups and teams is the interconnectedness of individuals and their tasks. In co-acting groups, the completion of individual tasks does not depend on the actions of other members of the team. As such, co-acting groups that do not work together are hardly groups at all and will struggle to be an effective team. In a real team, team performance is ultimately decided by the interdependency of the team tasks.

The second feature of a real team is the boundedness of the team. A bounded team is achieved when all members of that team acknowledge and know precisely who is on the team. Ambiguity regarding the team members poses challenges as it hinders the clear delineation of accountability and responsibility for the collective outcomes. Importantly, there is a fine line between an underbounded and an overbounded team. An underbounded team has boundaries so unclear that memberships are uncertain, leading to a lack of identity, culture, and coherence, whilst an overbounded team with impermeable boundaries has a limited capacity to respond to environmental changes due to the fundamental rigidity of the team.

Another feature identified for a real team is the presence of delimited authority. Deciding the team's authority contra the management's authority introduces a matrix for levels of teams' self-management. There are four dimensions of authority stretching from setting an overall direction, designing the team, monitoring and managing work processes, and executing team tasks. Through the decisions made on what the team has authority over, the teams can be classified into a spectrum ranging from manager-led teams to self-governing teams. It is important to note that in the case of entrepreneurial teams observed in this study, the TMT is both a manager-led team as well as a self-governing team according to the definitions, and therefore less emphasis will be placed on this criteria for team effectiveness.

The fourth and final feature of Hackman's real team is stability over time. Teams with stable membership perform better than those with volatility regarding arrivals and departures of members. A team that is given to enable members to learn how to work together and then stay together to build collective competencies has a significant advantage to become an effective team.

### 3.2.2 Compelling Direction

Hackman claims that "authoritatively setting direction about performance aspirations has multiple benefits: It energizes team members, it orients their attention and action, and it engages their talents." (Hackman, 2002). The foundations of a compelling direction constitute clear, challenging, and consequential goals. A clear direction orients the team and aligns performance strategy with purposes. Challenging directions energizes the team as it enhances motivation to achieve a difficult goal. Lastly, a consequential direction engages the team. When team members feel that the purpose is meaningful, they will work harder and involve themselves in not only their work but the work of their peers as well.

### 3.2.3 Enabling Structure

Within Hackman's team effectiveness model, two critical components shape the team's enabling structure. An enabling structure implies a comprehensive work design to foster internal work motivation. According to Hackman and Oldham's job characteristics model, internal motivation is achieved if team members believe their work is meaningful. Therefore, a clear link exists between a compelling direction and internal motivation, since consequential goals lead to work being perceived as more meaningful. Such experienced meaningfulness combined with responsibility and knowledge of results leads to internal work motivation. Going one step further, to create experienced meaningfulness there are several

prerequisites that when combined contribute to the aforementioned “meaningfulness”.

Specifically, skill variety, task identity, and task significance.

Hackman’s second aspect of enabling structure is team composition, specifically size, homogeneity, and interpersonal skills. According to Hackman, the three mistakes when composing a new team include issues related to the size, homogeneity, and interpersonal skills of the group. In connection to his argument for team boundaries, Hackman proposes that the notion of “the more the better” does not apply to an organizational team and that there is a decreasing marginal utility when adding members to the team. Furthermore, striking the right balance between homogeneity and complementary competencies that exist in a heterogeneous group is crucial to a team’s effectiveness. An exceedingly homogenous group contains the ability to work well together but may lack the variety of resources to succeed. Conversely, an overly heterogeneous group, whilst encompassing an abundance of talent and perspective, may fall short in their ability to work together. Lastly, the interpersonal skills of a team determine its effectiveness. A team with members that act selfishly, abrasively, or insensibly is destined to fail.

### 3.2.4 Supportive Organizational Context

Whilst the previous three factors focus on providing a basic platform for successful teamwork, the organizational context is what allows the team to take advantage of a solid foundation (Hackman, 2002). The three systems constructing a supportive organizational context are reward systems, information systems, and education systems. Reward systems build on reinforcing motivation contingent on team performance. Positive reinforcement creates incentives to repeat the actions that result in rewards, contributing to motivation and subsequently performance. Information systems are bound to the concept of a compelling direction as members need up-to-date knowledge about performance to steer the team in the

desired direction. Finally, a positive organizational context encourages training and assistance in aspects where a lack of knowledge and competencies exists.

### 3.2.5 Expert Coaching

Hackman's team effectiveness model labels coaching as the closing factor that contributes to an effective team. Coaching should take various shapes depending on the stage of the team. In a newly formed team, coaching should be motivational with an emphasis on effort, whereas, towards the end of a team's journey, it requires an educational approach focusing on knowledge and skill. In between these stages, a consultative intervention is favorable, engaging with the performance strategy. Examples of coaching include providing feedback on group performance, leading meetings before work, or posing reflective questions about processes (Hackman, 2002). This study observes founding teams at the start of their entrepreneurial venture and how the team transitions to see whether the firm survives or not. Therefore, the relevant team life cycle to analyze is the beginning phase and the midpoint stage, where leadership should be motivational and consultative respectively.

### 3.2.6 Motivation and Conclusion of Theory

To conclude, Hackman's team effectiveness model can be used to analyze the effectiveness of teams in-depth. The multifaceted overarching theory allows for the exploration of numerous causes of team effectiveness, which also facilitates the ability of analysis to identify potential instances of teams not fulfilling certain criteria resulting in an unsuccessful team.

Furthermore, Hackman's team effectiveness model is particularly relevant to the research question given the relationship identified between team composition and effectiveness. Hackman explains that a team's shortcomings can be due to its composition, where homogeneity, interpersonal skills, and team size have a significant impact on the

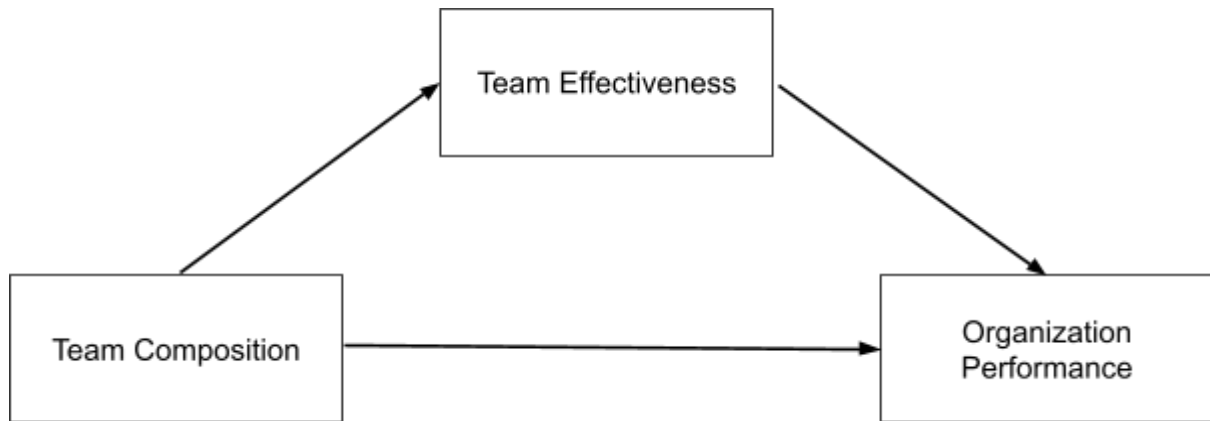
team's ability to function as a cohesive unit. This link is strengthened in the context of entrepreneurial firms by Bjornali et al. (2016), observing the relationship between TMT cohesion and TMT diversity on team effectiveness. As a result, the second part of the theoretical model can be depicted (see Figure 2).



**Figure 2:** *Conceptual model depicting the relationship between team composition and team effectiveness, backed up by Hackman and Bjornali et al.*

### 3.3 Summary of Theory

This study builds on extant research surrounding team composition and team effectiveness concerning performance to construct a potential mediation model. The objective is to examine whether the perceived interaction between team composition and effectiveness translates to a startup's survival, thereby supporting the conceptual model. Based on Hackman's theory as well as research on organizational performance and effectiveness (Edmondson et al., 2003), team effectiveness transfers to performance. On that account, an overarching model can be constructed depicting the existing individual relationships between the aforementioned three concepts of composition, effectiveness, and performance (see Figure 3).



**Figure 3:** *Conceptual model depicting the combination of existing relationships between individual components from academic discussions.*

### 3.4 Limitations of Theoretical Selection

UET and Hackman's team effectiveness model explore teams and their impact on effectiveness and the organization. As startups consist of only a few individuals, a large part of the startup will be part of the TMT and therefore have a larger impact on the future development of the organization, in comparison to employees joining the team at a later stage.

Both of these theories are well-established in the fields of team composition, management, and organization. However, it is noteworthy that neither theory was explicitly developed for startups. Conversely, theories specific to startups are less elaborated and widely accepted. It is observed that in much of the existing research on startups, either one or both of the mentioned theories form an integral part of the theoretical framework, indicating their continued relevance in the current context.

## 4. Methodology

### 4.1 Choice of Method

#### 4.1.1 Research Paradigm

This study embraces a subjective ontological perspective, wherein the world is regarded as socially constructed, and social reality is influenced by perception and social actors (Saunders et al., 2019). Guided by this ontological framework, the objective is to investigate the perceptions of startup founders regarding the interaction between team composition, effectiveness, and performance.

Complementing the subjective ontological view, this thesis adopts an interpretivist epistemology, as narratives and perceptions occupy a large role in this study (Saunders et. al., 2019). Sense-making of interactions and composition of various founding teams as well as the individual's own perceptions of the aforementioned dynamics is paramount to comprehending the role effectiveness plays with respect to the performance of startups.

#### 4.1.2. Research Method

Given the chosen ontology and epistemology, a mono-method qualitative study is appropriate since it allows the authors to delve deeper into founders' perspectives. A qualitative approach enables the expression of interviewees.

As the aim of the study concerns the development of startups and their teams over time, the specified time horizon for this paper is longitudinal. Deciding on a longitudinal study allows for studying change and development (Saunders et al., 2019), which is a critical aspect when observing how teams progress. Since this study aims to determine the perceptions of entrepreneurs on team composition and team effectiveness, it is beneficial to see the development of the team over time to also determine if the startup survives or not.

## 4.2 Collection of Empirical Data

### 4.2.1 Sampling Process

Only founders part of the TMT of one or several entrepreneurial firms were interviewed. A variety of methods were used to reach potential candidates, ranging from cold-call emails, messages via LinkedIn, contacting the university's incubator, and capitalizing on personal contacts. The most successful method was approaching personal contacts, as there was an existing connection between the interviewee and the authors.

### 4.2.2 Sample

In the following section, information regarding each participant will be summarized.

Interviewee	Role	Gender	Status of venture(s)	Interview Length
1	CEO	Male	Failed	43 minutes
2	CEO, CFO, CTO <sup>1</sup>	Male	Succeeded	52 minutes
3	CEO	Male	Succeeded	30 minutes
4	CEO	Male	Failed & Succeeded	50 minutes
5	COO	Male	Unconcluded <sup>2</sup>	24 minutes
6	CEO	Male	Succeeded	32 minutes
7	CEO	Male	Succeeded	42 minutes
8	CEO then board member	Male	Succeeded	32 minutes
9	CEO	Male	Unconcluded	40 minutes
10	CEO (with interruptions)	Male	Unconcluded	23 minutes

<sup>1</sup> Signals that interviewee has assumed various roles in multiple different startups

<sup>2</sup> Unconcluded implies that the founders face a decision whether to continue with the startup or not



### 4.2.3 Interview Process

By the nature of a qualitative study, a series of interviews was conducted with founders of various Swedish tech startups. The interviews were exclusively conducted with the founder or co-founders of the company, individuals central to decision-making regarding both strategy and team. Founders therefore possess a nuanced understanding of their experiences, team dynamics, and the company's development. Moreover, all interviewees maintained a current association with the company ensuring accurate insights into the present state of the company.

The interview process sought to extract information about the construct of the team, its processes, and its development to relate the TMT to the core theories of this study, UET and Hambrick's team effectiveness model. Therefore, it was beneficial to perform semi-structured interviews where the respondents were asked a predetermined set of questions, whilst still being able to adapt to each interviewee. This was also especially important due to the inherent nature of startups, which are uniquely different from each other. A challenge encountered across several interviews was ensuring that the participant did not get sidetracked when talking about the company instead of the team. As this thesis lies within the interpretivist paradigm, which emphasizes the underlying reasons behind a decision, it also enables asking follow-up questions when necessary.

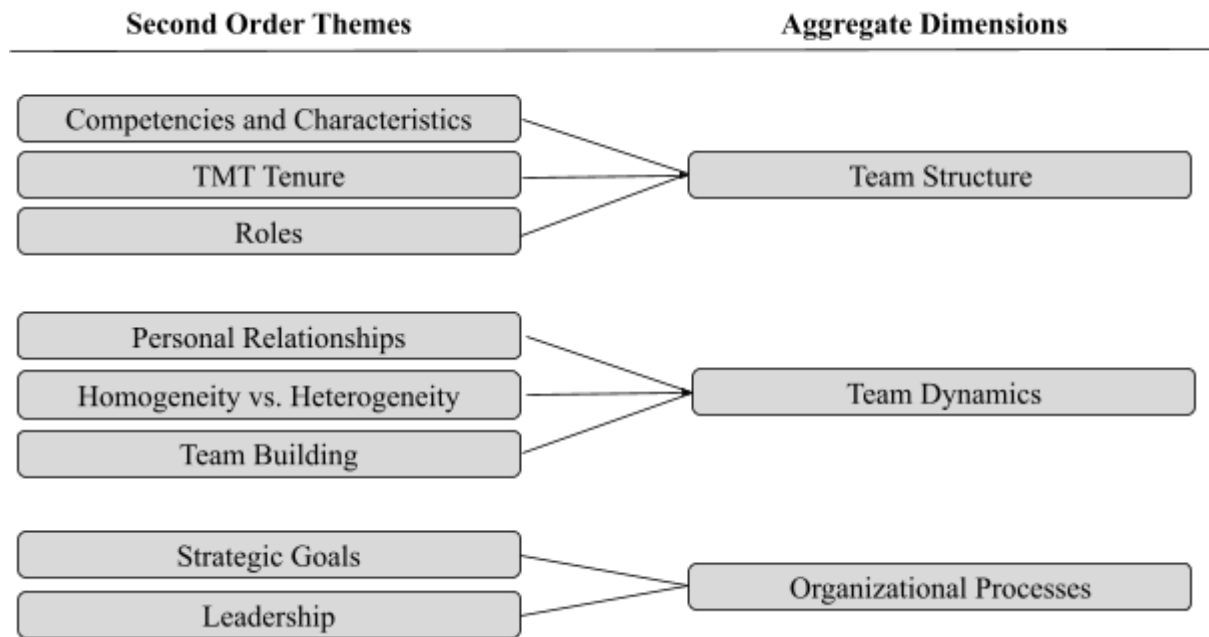
In total ten interviews were conducted with founders of both successful and unsuccessful startups and some unconcluded. The first interview was held as a pilot interview, after which the questions were adapted to make them more aligned with the aim of the thesis, namely concerning the TMT rather than the company as a whole. After reviewing the data collected in the pilot interview, it was decided to include the results in the empirics, as valid and relevant answers were still given.

### 4.2.3 Processing of Empirical Data

Intellectual transcription was used to avoid the repetition of words and fillers that have no contribution to the message. All but one interview was held online, creating some issues, such as network instability, impacting the transcription. Therefore phrases not relevant to the content of the interview have been ignored in the transcriptions.

As for the language used in the interviews, considering that all companies are based in Sweden with Swedish founders, all but one of the interviews were conducted in Swedish as this was the preferred language for the interviewees. Any quotes included in the empirics have been translated and the original extract in Swedish and its respective translation is contained in the appendix (see Appendix B).

When coding, an inductive approach was applied to detect themes before comparing them to the theoretical framework. This matches the aim of the study, to examine the relationship between team composition and performance excluding any personal biases, enabling a fair analysis of the material. After the first-order coding which yielded around 70 concepts, a theoretical lens was applied to evolve the themes around the theory. The second-order themes and aggregated dimensions are displayed in Figure 4.



**Figure 4 - Overview of Coded Empirical Findings**

### 4.3 Critique of Methodology

Researchers observing similar studies on team composition applied a quantitative study appropriate to gather more data, rather than in-depth observations. Therefore, this study is susceptible to biases from interpretations and opinions, compared to a quantitative counterpart

Furthermore, considering the sample included primarily middle-aged and only male founders, the lack of diversity may influence the results. Efforts were made to promote a diverse sample, however, the responses received were only from male founders.

Ten interviews were conducted with founders from ten different startups. Whilst saturation was reached given that no new themes emerged from the final two interviews (Hennink & Kaiser, 2022), a larger sample would have been desirable to strengthen the claim of saturation. Teams from over 40 companies were contacted, from which ten individuals agreed, three declined, and the rest did not reply. The nature of startups needs to be

considered, as they are often defined by high workloads and a constant need to prioritize, which presumably led to the lack of responses.

## 5. Empirical Data

For the sake of anonymity, all names of either people, companies, places, or other identifying information have been given pseudonyms throughout the empirical section to protect the identity of the interviewee and anyone in reference.

### 5.1 Team structure

#### 5.1.1 Competencies and Characteristics

Founders explained the desire for specific experiences and competencies deemed beneficial to the organization.

*“So you get a team that somehow creates a whole, where the whole is better than one.” - 8*

*“He has a lot of characteristics I don’t have and that I need if I am going to run a company” - 10*

*“I am pretty good at sales, but I need someone to focus on it.” - 4*

Teams also benefit from previous experiences and the tacit knowledge gained from starting other companies.

*“We had an advantage in that I had started companies before so I could benefit a lot from that, benefit from suppliers, therefore (we had) benefit of competencies, in our own competencies, and*

*we had that (advantage). We had sort of a head start then” - 4*

Additionally, the importance of ensuring an overqualified team to address future challenges was underscored by founders.

*“You know that you will encounter problems in the future much bigger than today’s, so the people that are in your boat must have the conditions to handle tomorrow’s issues. I prefer picking people that are extremely overqualified in the start.” - 2*

### 5.1.2 TMT Tenure

Founders emphasized the importance of a resolute TMT and the founding team members remaining at the company, whether this involved a change in tasks or just to maintain the values of the firm.

*“He is still here but on a more senior advisory level because I have new people doing the tasks he did so he supports in design questions and thinking outside the box. So he is definitely still in the company but not in the same way with daily (operations).” - 4*

*“But then if we look at the TMT, wonderfully, it was the case that Albin, Johan, and I, who were the founders of the company (and remained) until just one and a half years ago.” - 7*

*“But from the team’s perspective no one left. Of course when it’s difficult it’s difficult and everyone thinks it’s tough. But we persevered anyway.” - 1*

However, respondents also acknowledge the need to deconstruct the team in certain cases when individuals were detrimental to the startup’s success.

*“When I start a company it is always important to keep the team intact, even if certain members are not good at all aspects, that does not matter... if it’s clear that a person is entirely impossible (to work with), then you have to cut ties with them but otherwise you have to defend your cofounders.” - 2*

*“You can’t have someone for 10 years that has been a sleeping partner. Instead we had a half year long painful discussion with Maximilian before we bought his share at the end of 2022.” - 7*

### 5.1.3 Roles

In line with founding team tenure stability, the roles assumed by the team members have often changed over time. Founders' experiences reflected the stability of their tasks and thereby roles when observing the initial stages of the company. Furthermore, the roles assumed by founders varied both through different startups as well as within the same startup.

*"It (my role) can be different. I do not always step in as CEO, I have been CFO and CTO and that is due to my background as an economist and an engineer as I have worked within both those areas" - 2*

*"It was pretty stable (the roles) I would say. Of course when the more outwardly directed roles that Jacob and Tim had more focus on, when we got a new head of sales and sales employees, their roles changed a little." - 1*

A prevalent thread from the interviews was the added responsibility of the founders concerning to their role in the company.

*"... As cofounder you have to take on a greater responsibility... 'the person who sees the problem owns it'. You can't expect someone else to solve the problem. If you can't solve it, tell someone and then you get help but you can't expect someone else to care about a problem they do not know about." - 2*

*"At the start it is about doing everything..." - 6*

The organization of roles in the company also varied, where some teams struggled with the division of roles because of a lack of need for formal positions.

*"So we laughed a little about it, but we tried to divide the roles that barely existed in practice because everything was done together" - 7*

*“And I don't really know what role I had in it all. I kept everything together.” - 4*

## 5.2 Team Dynamics

### 5.2.1 Personal Relationships

A recurring theme across nearly all interviews was personal relationships, whether this was showcased through recruitment processes or if it concerned team dynamics. Respondents revealed that the founding team and any early-stage additions were primarily identified through previous relationships, for a variety of reasons including trust, provenness, and experience.

*“I do not want to onboard unproven individuals the first thing I do in my team, therefore the first five or six people I often knew or had encountered...” - 2*

*“(Head of) Sales I chose because they were half a friend of mine whom I knew was skilled within sales and who had previously started and built (company)” - 3*

On the contrary, it was also argued that the most competent candidates are often outside one's network, therefore suggesting that forming teams based on personal relationships may not yield the most optimal outcomes.

*“In hindsight it is very much about recruiting the best people, and the best people are often outside your own network” - 6*

*“Most of my projects (I) have done with my friends, and your friends are not always the best people to pull into a project.” - 5*

### 5.2.2 Homogeneity vs. Heterogeneity

The teams overall have frequently been branded as homogeneous, with members being described as similar in gender and age.

*“It was a sort of a homogenous group.” - 1*

*“Everyone is born in the second half of the eighties or well everyone is about 35-40” - 7*

The need for a variety of competencies in startups created an aspect of heterogeneity that was deemed essential. Still, most partners had similar educational and professional backgrounds.

*“The competencies you need can vary a bit... But you can say that it is often very similar competencies (in every startup), you need someone who knows legal... You often want someone who is skilled at the technical (aspects) and who has first hand knowledge... And then you need those that are good at selling.” - 2*

*“He has a very corresponding background to me as a buyer. So we are pretty equal.” - 9*

Furthermore, there were direct issues identified with both immoderately homogeneous and heterogeneous teams, from the founder's perspectives.

*“I had a company where we had an office in Stockholm with 20 coworkers from 16 different countries and sometimes it was difficult to know if it was personality traits or nationality, and this created another type of dynamic in an organization, it becomes a bit different where people cannot expect others to act a certain way anymore...” - 2*

*“We noticed that it didn't work culturally so they were pushed out.” - 9*

*“... but with 3 identical copies of yourself you can have a very nice time and it won't be too difficult, but it also won't be a success probably.” - 10*



### 5.2.3 Team Building

Despite the similarities across teams regarding personal connections, efforts made to promote team building varied. While some founders recognized that their teams were homogenous and therefore did not prioritize efforts or feel the need to create a culture, as they perceived it already existed, others insisted on the necessity of team building.

*“It was rather obvious that all were pulling in the same direction. And we have no use for that (team building).” - 1*

*“(Team building has) Always (been prioritized)! Now we have a nice office but before we were literally situated in a storage unit in a loft. A lot is about involving the personal (aspects) and teamwork and such but I think even today teamwork is more important than ever since new people arrive with a culture that they may not be used to.” - 6*

*“It wasn’t like we went climbing for a day, we couldn’t get that together, but at least we had workshops about our vision. Where do we want to go?” - 10*

Another aspect of team building in startups is the activities that occurred in the very limited time outside the company. Startups are very intense, leaving little room for social activities with members outside company time.

*“You need to do everything (as an entrepreneur), 17 hours a day is not enough. You really need to work day in day out in order to manage and deliver.” - 6*

However, entrepreneurs still value the importance of creating connections through social activities that take place outside the work setting.

*“You have to be friends, you have to like each other and be able to go out and grab a beer at a pub and think that it is fun” - 8*

*“To get into the culture and such has been easy thanks to the parties we have with respective partners and we have a very positive culture” - 3*

## 5.3 Organizational Processes

### 5.3.1 Strategic Goals

When examining the organizational processes, a central theme pertains to the goals set for both the organization and the team. Founders adopt varying strategies concerning these goals, with some aiming to articulate a shared vision, while others prioritize quantifiable metrics for goal setting.

*“So you have to have a very clear goal as a team about what you wanna do.” - 5*

*“Well yes, goals are important. You could say it like this, the goals when you start a company, you need to somehow relate those to how you want to grow the company.” - 2*

*“Those types of goals (specific and measurable) are better than just saying yeah, we should be profitable until then and then because at that point you don't really know what you should do”. - 1*

The struggle to implement clear goals to formulate a vision within the organization was also visible.

*“To know clearly what you want, a vision kind of and to have that can be very hard” - 8*

The importance of not just the implementation of goals, but also the type of goals, was articulated by participants.

*“I think having clear goals is actually a necessity for a business because you don't know if you're reaching what you aimed at. You have to have a very clear idea of what success looks like in the*

*future, and it has to be articulated, understandable and measurable, because if you don't have that, you don't know what you're aiming for.” - 5*

To foster motivation for the completion of goals, progress was regularly followed up, with weekly feedback being a regular practice at one startup. Reward systems were also in place to encourage team performance.

*“We break down our goals in a very clear way and also measure them per week so that decides (our direction) ...” - 3*

*“As founders you ‘eat last’ so if there is no money to pay out as salary to founders, well unlucky there was no salary that month. ... On the other hand if you have good upside then you get a very good salary...” - 2*

### 5.3.2 Leadership

A consistent pattern throughout the interviews was the role of leadership within the TMT. The perspectives on the type of leadership varied among respondents, where some perceived that their leadership was a catalyst for success.

*“There was a clear leader, often me. (It helped) A lot, because it is my third company and therefore I think you can trust me and people think they get good advice. They believe that the door is always open and that they can talk about the highs and lows, so I think it (my leadership) has been very important.” - 3*

Others perceived leadership to be a prominent issue, specifically an authoritative leadership style.

*“We realized after a while that we had very different leadership styles and that one person who no longer is part of the firm had a very authoritarian view on leadership, and that has always been difficult... It was unclear but very tough and I did not think that was good...” - 7*

Regarding coaching, the consensus across all interviews was that coaching was not something that was prioritized.

*“No, we did not have any external coaching, but I was the clear leader, and still am, for better or worse. I am not the best” - 4*

*“We have not had coaching in the company, instead it is about responsible leadership” - 2*

## 5.4 Perceptions of the Importance of Team

The importance of the team was highlighted consistently by all respondents. Founders recognize that without the team, the company would not be successful.

*“However, I would never have succeeded (alone) because the business idea is one thing, but making it into a good product requires others.” - 3*

*“In the initial phases, the team is absolutely the most important.” - 4*

*“The team is everything. It is all about fantastic people making fantastic products which in turn create profit.” - 6*

Even in unsuccessful startups, the team was regarded as a positive force. Instead, the business model was criticized.

*“A better idea (was needed)... Us as founders and our role division was pretty OK.” - 1*

A further point of inquiry regarding the perception of team significance was lifted by a founder who had assumed a role as an investor. In response to questions about the criteria valued in potential investment opportunities, the team was stressed as the primary consideration.

*“Only the team. If they have done it before, if they have the right realistic goals...Is there good chemistry between the founding team and what experience do they have?” - 6*

## 6. Analysis

### 6.1 Upper Echelon Theory

#### 6.1.1 Behavioral Integration

Behavioral integration, according to UET (Hambrick, Mason, 1984; Hambrick, 2007) is when a team operates cohesively as a single unit rather than as distinct individuals. Such teams exhibit enhanced information exchange and resource-sharing capabilities, thereby reaching heightened effectiveness. Also characterized by being autonomous, behaviourally integrated teams don't report to senior-level managers, instead working collectively.

Behavioral integration can be identified in most startup teams in this study. Founders assert that teams frequently share tasks and responsibilities, avoiding division based on role titles. In the early stage of startups where roles are limited, founders dismiss the need for strict task division. Instead, there is an expectation that any team member can handle potential challenges. This practice facilitates expedited decision-making processes and greater effectiveness, minimizing lead times in the company.

#### 6.1.2 Challenges

According to Hambrick (1984; 2007) when teams encounter challenges, their response is a product of team members' education and prior experiences. When asked about challenges for a team or organization, none of the interviewees explicitly reflected upon the behavior of their team. Instead, there was an acknowledgement surrounding the natural occurrence of conflicts, especially in startups. This may stem from the inherent nature of

change and challenges in entrepreneurial environments, leading to a dismissive feeling regarding the specialty of conflicts.

Alternatively, this may explain the tendency of founders to recruit familiar associates in the early stages. This fosters an element of trust as there is an expectation and knowledge regarding previous experiences together. Consequently, founders possess insights into how these individuals are likely to behave.

### 6.1.3 Homogeneity

A central component of UET is the characteristics of individuals constituting the team. The empirical evidence underscores diverse perceptions regarding which compositions of individuals positively contributed to effectiveness and team performance. A recurring theme is group homogeneity or heterogeneity, encompassing individual backgrounds, personalities, age, and gender. Unless specific competencies of founding members were required, individuals shared similar backgrounds and equal demographic characteristics. This pattern aligns with the inclination of founders to be drawn to familiar connections, indicating a natural proclivity to surround oneself with like-minded individuals. Such choices reflect a desire for trust and safety, provided by people who have previously demonstrated their capacities.

While many founders initially established companies with individuals of similar backgrounds, there is a significant emphasis on seeking diverse skill sets and expertise when forming the team. Diversification in expertise is particularly sought when technical requirements, such as product development or marketing, demand specialized knowledge crucial for the company's survival. Another motivation for assembling a team with diverse skill sets is the desire to complement one's capabilities.

The observed pattern suggests that individual competencies and expertise are preferred to be heterogeneous, especially when specific skills are required. In contrast, in the absence of a need for particular competencies, founders tend to revert to the safety of homogeneous traits when forming their teams. Furthermore, founders express a preference not to collaborate with individuals based on personal friendships. This preference is not primarily driven by concerns of excessive similarity leading to reduced challenge of opinions, but rather by the recognition that personal relationships may not always align with the company's best interests.

## 6.2 Hackman's Team Effectiveness Model

### 6.2.1 Real Team

A central component to Hackman's notion of a real team is the stability that the team displays over time, in particular stability in terms of volatility of changes within members of the team. This significance was reflected in the entrepreneur's perceptions too, with many respondents highlighting that the team sticking together was essential not only to create a culture and foster effectiveness, but also to the overall performance of the company. From the empirics, it is evident that the founders valued the contributions of the founding team members throughout the journey of the company, even if there were changes in the roles and responsibilities of the members.

An alternative criterion of achieving effectiveness through attaining a real team status is the interdependence of tasks and becoming a co-acting group. There was a certain discrepancy regarding how founders perceived the importance of clarifying roles compared to having an interdependency of tasks. Hackman claims that a team needs to work closely and be interconnected to classify as a real team, which all founding teams interviewed certainly did, emphasized by the time spent together. Nevertheless, a disparity emerged in the

perceived interconnectedness of team members and their tasks. Some founders asserted minimal necessity for distinct roles, advocating for a collaborative approach where tasks were collectively executed. Conversely, others underscored the importance of individual responsibility, citing the typical variation of competencies required in early-stage startups.

### 6.2.2 Compelling Direction

The perceived importance of establishing goals was shared across most founding teams. In consonance with Hackman, the empirics unveiled an aspect of implementing goals that fostered motivation and that were ultimately favorable to the team and organization's performance.

Ensuring the clarity of goals was especially highlighted, explaining that team members must agree on the implication of goals and how to achieve them. In line with Hackman, arguing that goals must be clear to orient the team and form a common, agreed upon direction was also visible from the founders' perspective. An aspect valued by goal-setting entrepreneurs, not raised in the theoretical framework, is the measurability and feedback loops created by the goals. The ability to measure and compare the success of the team with quantifiable metrics was deemed more effective than setting elementary goals regarding long-term profitability.

### 6.2.3 Enabling Structure

The enabling structure encompasses two fundamental concepts. It involves creating internal motivation from the nature of tasks that team members are responsible for and ensuring a favorable team composition in terms of homogeneity, size, and interpersonal skills.

Empirics showed that founders perceived autonomy regarding one's tasks due to the individual competencies required for each role. Roles were different because of the issues



that startups must address in the initial phases. TMTs need to include individuals who are skilled in sales, tech, and finance, according to the empirics. Therefore, the heterogeneity in competencies creates task identity, responsibility, and autonomy because each member is in charge of tasks that other members could not do themselves. Subsequently, meaningfulness and motivation are achieved which is a fundamental contributor to team effectiveness. On the contrary, various founders experienced an intense workload at the very start of the company where they had to do “everything”. In this scenario, motivation was difficult to achieve until the company got “wind in their sails”. Hence, Hackman’s job characteristics theory aligns with the perceptions of founding teams to a certain extent as a team’s task structure impacts the effectiveness.

Within team composition, interpersonal skills and homogeneity were addressed frequently by interviewees. Founders shared Hackman’s view on interpersonal skills where, for a startup to be successful, everyone must be able to work together. Conflicts arise naturally in any organization, but founders emphasized that startups are unique in the sense that the team works very closely and intensely both regarding time and consequences. Conflicts were considered healthy by most interviewees, but there was also a clear effort to ensure that the team functioned effectively by removing members who acted in a counterproductive manner to the team’s progress. Additionally, the challenges Hackman proposes associated with homogeneity and heterogeneity were reflected in the empirics. Founders shared the perspective regarding teams that were too homogeneous or heterogeneous, creating the issues raised in the theoretical framework. Members of overly homogenous teams recognized that they would not be successful, whereas excessively heterogeneous teams perceived that the dynamic between members created difficulties, ultimately hampering the team’s ability to achieve effectiveness.

#### 6.2.4 Supportive Context

The empirics support Hackman's theory on supportive organizational context to some extent. Reward systems are unique in a startup environment as there is a clear uncertainty regarding wages, especially in the early stages of a startup. Partnered with the unproportional risk associated with entrepreneurial ventures, reward systems can greatly impact the effectiveness and motivation of team members.

Information systems were considered important but only by a few, particularly the ability of the team to receive feedback on their progress. One founder asserted that feedback systems and the weekly check-ups on goals were instrumental to overall team effectiveness.

Education systems were entirely ignored by founders, with no efforts undertaken to make training or assistance available. Instead, founders prioritized the overqualification of new additions to the team to limit the need to directly address such issues. By having a team composed of overqualified members, founders could navigate the need to implement education systems for future problems.

#### 6.2.5 Expert Coaching

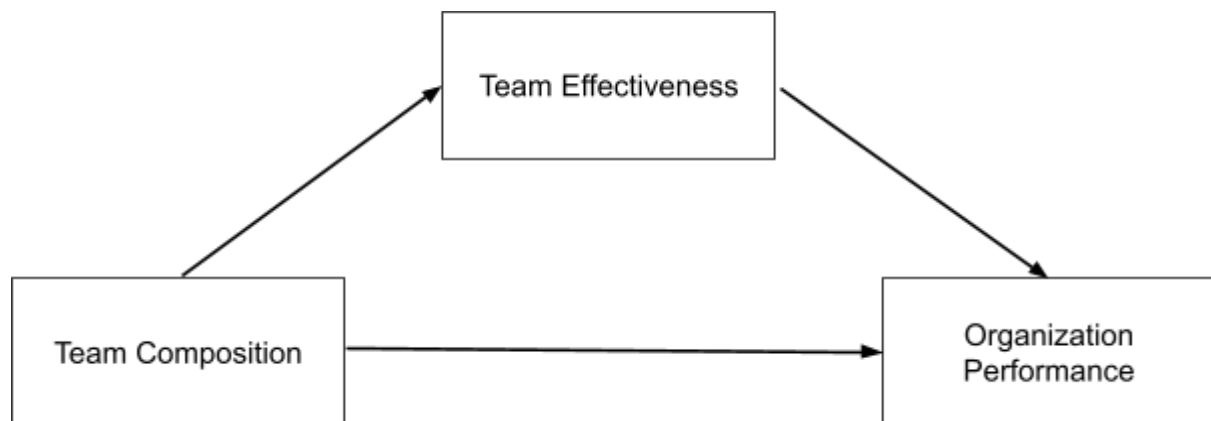
While the theoretical framework emphasizes the importance of coaching, the consensus from the empirics showed that there was a lack of need for such interventions and implementing an external perspective to address team processes.

However, despite the expressed disinterest in coaching, there was a clear agreement across founder perspectives that leadership and a certain type of leader were important. Considering the sample included an overwhelming majority that assumed the CEO role, many claimed that leadership, specifically their leadership, was a crucial aspect of achieving team effectiveness and a successful organization. Hackman claims that a team in its early stages should be led through a motivation-based strategy. The empirics conveyed that the

type of leadership influenced the team members' perspectives on team effectiveness. Authoritative and tough leadership were viewed as difficult and counterproductive for early-stage startups, consistent with Hackman's model. Furthermore, experienced leaders with a personal approach to their leadership deemed this aspect to be consequential to the company and team's success.

### 6.3 Perceived Impact of Team on Performance

Concerning, the potential mediation model, the perceptions of founders of Swedish tech startups support the relationships determined in prior studies to some extent.



**Figure 3:** *Conceptual model depicting the combination of existing relationships between individual components from academic discussions.*

As evident from the empirics, factors perceived to enhance team effectiveness ultimately exert a parallel impact on the performance of a startup. Particularly, Hackman's "core conditions for effectiveness" were found to be more significant than the two supporting conditions. Founders' experiences reinforce the notion that being a real team in practice, sharing a compelling direction, and achieving an enabling structure contribute to a team's ability to facilitate their organization's success. The supporting structures intended to expedite the aforementioned core conditions were considered less essential in a startup context.

However, regarding team composition, founders argue that due to the importance of personal relationships, teams were frequently formed with networks as a primary motivation, rather than direct performance. Within this argument, there was a discrepancy in the perception of the benefits of employing team members who were part of their network. Certain founders admitted that the best people are often outside of one's network, but were still part of a team that consisted of members that the founders had a personal relationship with. Conversely, founders also recognize the benefits of composing teams that have an established connection due to the existing cohesion, trust, and experience, described to improve team effectiveness. Nevertheless, there was a clear agreement that the composition of the team significantly impacted organizational outcomes. Another aspect of team composition is the desired homogeneity contra heterogeneity. Yet again there were opposing perspectives, with arguments for and against team homogeneity. Founders experienced a direct effect of overly homogenous teams on performance, where it was stated that homogenous teams were bound to fail. A final component of team composition is characteristics, such as experience and education. These were considered by founders to be instrumental to the survival of the company, strengthening the perception of the direct impact of team composition on performance.

The perceived impact of team composition on team effectiveness was also contingent on homogeneity, with founders experiencing direct challenges pertaining to cohesion and function of the team when the team was overwhelmingly heterogeneous. First-hand experience from dysfunctional teams supports the relationship between team composition and team effectiveness.

## 6.4 Overlooked Patterns from Empirics

Whilst the importance of personal relationships in founding teams was underscored by all founders, little is written about it in the theoretical framework. Evident from the empirics, founders benefited immensely from personal connections in their professional networks. All founders had some form of previous relationship with at least one of the members in the founding team of the startup. The primary reason for such an overwhelming trend is the trust in cofounder's experience and provenness in previous professional environments. On the other hand, insights show that many criticized a team that consisted entirely of people from one's network, citing that the most competent people are often outside their networks.

Another significant omission from the theoretical models, prevalent in the founders' perceptions, is team building. Theories ignore the ability of teams to create effectiveness and build teamwork through intentional strategies directed at improving team dynamics. Interviewees considered the condition of having teamwork as crucial, yet there is a discrepancy in the perception of the benefits and relevance of team building to a team's effectiveness. Certain founding teams and their members believed that the existing familiarity justified not prioritizing team-building activities. On the contrary, others emphasized the importance of team building and generating teamwork throughout the entire journey of the company no matter how well the TMT members know each other. The reason behind this is argued to be about culture and how to transmit that to new additions and the entire company. In contrast to larger organizations, founding teams devote nearly all of their time to developing the company. Therefore, time spent on social matters become increasingly important due to the intense nature of entrepreneurial firms, especially in the early stages.

## 7. Discussion and Conclusion

### 7.1 Answer to the Research Question

Throughout this study, the authors have investigated founders' perception of teams' impact on organizational performance in tech startups. Through qualitative research, presented as in-depth interviews with several founders of tech startups, the study explores the aspects of a team that founders consider crucial. The research delves into the establishment of teams and examines the relationship between the aspects and team effectiveness, and consequently organizational performance.

The empirical data has been analyzed in relation to the theoretical framework. Conclusions have been derived in the form of overarching findings and supplementary explanation of team effectiveness as a mediating factor to answer the research question:

*What is the perceived impact of founding team composition and team effectiveness on performance of tech startups?*

As a comprehensive conclusion to the research question, founders of startups expressed a notable perception that both the team as a whole and individual team members' abilities significantly impact the startups performance. This can be explained through heightened efficiency attributed to choices regarding the team. According to many founders, the team played a pivotal role in the company's success, and some asserted that with an improved business idea, the company could have thrived with the existing team.

### 7.2 Implications and Relevance

The findings provide several contributions to theoretical insights. In accordance with UET, founders' perspectives show that the TMTs in organizations have a significant impact

on organizational outcomes. Also, team effectiveness is explored as a potential mediator to the relationship between team composition and performance, contributing to earlier studies that encouraged new perspectives of potential mediators. Furthermore, this study contributes with a qualitative perspective, unveiling unexplored dimensions in previous research, such as personal connections and team building. This study also provides valuable insight from entrepreneurs' perspectives on what is perceived as successful within a team, from the composition to any team processes.

### 7.3 Limitation of the Study

The methodological limitations of the study have been discussed in section 4.3. Further limitations involve the unique nature of startups. Considering that each startup faces distinct challenges, applying a “one size fits all” model to gauge the startups through the same lens introduces potential difficulties in capturing the unique dynamics.

Given the narrow scope of this study, there is limited direct applicability to broader research, due to cultural, legislative, and societal differences. Additionally, the constraint of tech startups limits this research to startups in the same field, as the tech industry presents a certain set of characteristics, necessities, and difficulties native to the environment.

Lastly, risks for biases affecting results exist since this study observes founders' perceptions of their own companies. This may cause a skewed view on the team and any other success factors as founders can tend to show themselves in the best light.

### 7.4 Recommendations for Future Research

The authors encourage further research adopting an entrepreneurial lens and examining issues in a startup context, given the unique environment they occupy. Decision-making processes and organizational development differ from traditional

organizations, as well as the challenges they face, leaving an interesting and large field to explore.

Additionally, an investor perspective on startups has been briefly touched upon in this thesis. An isolated study on investor's perception of the teams in startups and the determining criteria for an investment could be of interest.

A quantitative mediation study to test the link between team composition, team effectiveness, and organizational performance would complement this study and contrast the actual results to the perceptions of founders. Furthermore, exploring other aspects within team dynamics as a mediator or moderator on the well-researched relationship between team composition and performance

## 8. Conclusion

This thesis has developed on the startup environment in Sweden, focusing on tech startups, with regards to the relationship between team composition, team effectiveness, and organizational performance.

The study reveals the perceived relationship between team composition and performance, indicating that team effectiveness plays an important role to the survival of startups. Team composition was also shown to impact organizational performance, both directly and through the intermediary step of effectiveness. In conclusion, all participating startup founders express the vital nature of their team to the survival and development of the startup.

As phrased by one founder, *"If you have an idea and you get the right people around you, you can start creating things out of thin air."* - 5



## 9. References

- Aboramadan, M. (2001), *Top management teams characteristics and firms performance: literature review and avenues for future research*, International Journal of Organizational Analysis, Vol. 29 No. 3, pp. 603-628. <https://doi.org/10.1108/IJOA-02-2020-2046>
- Abuzid, Hamada & Abbas, Muzaffar. (2017). *impact of teamwork effectiveness on organizational performance vis-a-vis role of organizational support and team leader's readiness*. Journal of Engineering and Applied Sciences. 12. 2229-2237. [10.3923/jeasci.2017.2229.2237](https://doi.org/10.3923/jeasci.2017.2229.2237).
- Askari, Gholamreza, Nader Asghari, Madjid Eshaghi Gordji, Heshmatolah Asgari, José António Filipe, and Adel Azar. (2020). *The Impact of Teamwork on an Organization's Performance: A Cooperative Game's Approach* Mathematics 8, no. 10: 1804. <https://doi.org/10.3390/math8101804>
- Bantel, K. A. (1993). *Strategic Clarity in Banking: Role of Top Management-Team Demography*. Psychological Reports, 73(3\_suppl), 1187-1201. <https://doi.org/10.2466/pr0.1993.73.3f.1187>
- Bantel, Karen A., and Susan E. Jackson. (1989) *Top Management and Innovations in Banking: Does the Composition of the Top Team Make a Difference?* Strategic Management Journal, vol. 10, no. S1, pp. 107–24, <https://doi.org/10.1002/smj.4250100709>.
- Baum, J.A.C., Calabrese, T. and Silverman, B.S. (2000), *Don't go it alone: alliance network composition and startups' performance in Canadian biotechnology*. Strat. Mgmt. J., 21: 267-294. [https://doi.org/10.1002/\(SICI\)1097-0266\(200003\)21:3<267::AID-SMJ89>3.0.CO;2-8](https://doi.org/10.1002/(SICI)1097-0266(200003)21:3<267::AID-SMJ89>3.0.CO;2-8)
- Bjornali, Ekaterina S., Mirjam Knockaert, and Truls Erikson. (2016) *The Impact of Top Management Team Characteristics and Board Service Involvement on Team Effectiveness in High-Tech Start-Ups*. Long range planning 49, no. 4: 447–463.
- Brattström, A. (2019) *Working with Startups? These are the Three Things You Ought to Know about Startup Teams*, Technology Innovation Management Review, 9(11): 5-14. <http://doi.org/10.22215/timreview/1279>
- Angelo Cavallo, Antonio Ghezzi, Claudio Dell'Era, Elena Pellizzoni, (2019) *Fostering digital entrepreneurship from startup to scaleup: The role of venture capital funds and angel groups* Technological Forecasting and Social Change, Volume 145, Pages 24-35, ISSN 0040-1625, <https://doi.org/10.1016/j.techfore.2019.04.022>.

Arnold C. Cooper, F.Javier Gimeno-Gascon, Carolyn Y. Woo (1994) *Initial human and financial capital as predictors of new venture performance*; Journal of Business Venturing, Volume 9, Issue 5, Pages 371-395, ISSN 0883-9026, [https://doi.org/10.1016/0883-9026\(94\)90013-2](https://doi.org/10.1016/0883-9026(94)90013-2) (<https://www.sciencedirect.com/science/article/pii/0883902694900132>)

Delmar, F., & Shane, S. (2006). *Does experience matter? The effect of founding team experience on the survival and sales of newly founded ventures*. *Strategic Organization*, 4(3), 215-247. <https://doi.org/10.1177/1476127006066596>

Di Paola, Nadia; Spanò, Rosanna; Caldarelli, Adele & Vona, Roberto (2018) *Hi-tech start-ups: legitimacy challenges and funding dynamics*, Technology Analysis & Strategic Management, 30:3, 363-375, DOI: 10.1080/09537325.2017.1313402

David-West, Olayinka., Umukoro, Immanuel Ovemeso., Onuoha, Raymond. (2018) *Platforms in Sub-Saharan Africa: startup models and the role of business incubation* (2018) Journal of Intellectual Capital, 19 (3), pp. 581-616. <http://www.emeraldinsight.com/info/journals/jic/jic.jsp>, doi: 10.1108/JIC-12-2016-0134

Díaz-Santamaría, Carlos, and Jacques Bulchand-Gidumal, (2021), *Econometric Estimation of the Factors That Influence Startup Success*, Sustainability 13, no. 4: 2242. <https://doi.org/10.3390/su13042242>

A.C. Edmondson, M.A. Roberto, M.D. Watkins (2003) *A dynamic model of top management team effectiveness: Managing unstructured task streams*, The Leadership Quarterly, 14 (3) (2003), pp. 297-325

Eisenhardt, Kathleen M. (2013) *Top management teams and the performance of entrepreneurial firms*. *Small Bus Econ* **40**, 805–816 (2013). <https://doi.org/10.1007/s11187-013-9473-0>

Schoonhoven, Claudia Bird, Kathleen M. Eisenhardt, and Katherine Lyman. (1990) *Speeding Products to Market: Waiting Time to First Product Introduction in New Firms*, Administrative science quarterly 35.1 (1990): 177–207. Web.

Forbes, (2022) Rebecca Baldridge, Benjamin Curry, 9.08.2022, *What is a Startup?*, <https://www.forbes.com/advisor/in/investing/what-is-a-startup/>

Hackman, (2002) *Leading Teams: Setting the Stage for Great Performances*. Development and learning in organizations 17, no. 4: 43-.

Hambrick, Donald C. (2007) *Upper Echelons Theory: An Update*. The Academy of Management review 32.2 334–343. Web.

Hambrick, Donald C., and Phyllis A. Mason. (1984) *Upper Echelons: The Organization as a Reflection of Its Top Managers*. The Academy of Management review 9.2 : 193–206. Web.

Monique Hennink, Bonnie N. Kaiser, (2022) *Sample sizes for saturation in qualitative research: A systematic review of empirical tests*, *Social Science & Medicine*, Volume 292, 2022, 114523, ISSN 0277-9536, <https://doi.org/10.1016/j.socscimed.2021.114523>.

Investopedia, 2022 (accessed 14.10.2023): <https://www.investopedia.com/terms/s/startup.asp>

Linlin Jin, Kristen Madison, Nils D. Kraiczy, Franz W. Kellermanns, T. Russel Crook, Jing Xi; (2016) *Entrepreneurial Team Composition Characteristics and New Venture Performance: A Meta-Analysis*, Sage Publications 1042-2587,

Jin, L., Madison, K., Kraiczy, N. D., Kellermanns, F. W., Crook, T. R., & Xi, J. (2017). *Entrepreneurial Team Composition Characteristics and New Venture Performance: A Meta-Analysis*. *Entrepreneurship Theory and Practice*, 41(5), 743-771. <https://doi.org/10.1111/etap.12232>

Leary, Myleen M., and Michael L. DeVaughn. (2009) *Entrepreneurial Team Characteristics That Influence the Successful Launch of a New Venture*. *Management Research News*, vol. 32, no. 6, 2009, pp. 567–79, <https://doi.org/10.1108/01409170910962993>.

Lee et al., 2011:

Lee, T, Liu, W-T, Yu, J-X. Does TMT composition matter to environmental policy and firm performance? The role of organizational slack. *Corp Soc Responsib Environ Manag*. 2021; 28: 196–213. <https://doi.org/10.1002/csr.2042>

Michel and Hambrick, 1992:

Michel J. G., Hambrick D. C. (1992) *Diversification posture and the characteristics of the top management team*. *Academy of Management Journal*, 35, 9–37.

Maria P. Roche, Annamaria Conti, Frank T. Rothaermel, (2020) *Different founders, different venture outcomes: A comparative analysis of academic and non-academic startups*, *Research Policy*, Volume 49, Issue 10, 2020, 104062, ISSN 0048-7333, <https://doi.org/10.1016/j.respol.2020.104062>.

Rompho, N. (2018), *Operational performance measures for startups*, *Measuring Business Excellence*, Vol. 22 No. 1, pp. 31-41. <https://doi.org/10.1108/MBE-06-2017-0028>

Saunders, M., Lewis, P., & Thornhill, Adrian. (2019). *Research methods for business students* (Eighth edition). Pearson Education.

- Skawińska, Eulalia, and Romuald I. Zalewski. (2020). *Success Factors of Startups in the EU—A Comparative Study*, Sustainability 12, no. 19: 8200.  
<https://doi.org/10.3390/su12198200>
- Song, Michael et al. (2008) *Success Factors in New Ventures: A Meta-Analysis*. The Journal of product innovation management 25.1 (2008): 7–27. Web.
- Stuart, R. and Abetti, P.A. (1990), *Impact of entrepreneurial and management experience on early performance*, Journal of Business Venturing, Vol. 5 No. 3, pp. 151-162.
- Svenska Institutet, 2022: Sweden tech Ecosystems 2021,  
<https://si.se/app/uploads/2022/02/dealroom-sweden-tech-report-feb-2022.pdf>, accessed on 2.10.2023
- Van Gelderen, M., Thurik, R. & Bosma, N. (2006) *Success and Risk Factors in the Pre-Startup Phase*. Small Bus Econ 26, 319–335, <https://doi.org/10.1007/s11187-004-6837-5>
- Van Knippenberg, Daan, and Michaéla C. Schippers. (2007) “Work Group Diversity.” Annual Review of Psychology 58.1 (2007): 515–541. Web.
- van Knippenberg, Daan, Jeremy F Dawson, Michael A West, and Astrid C Homan. (2011) *Diversity Faultlines, Shared Objectives, and Top Management Team Performance*. Human relations (New York) 64, no. 3 : 307–336.
- Daan van Knippenberg, Wendy P. van Ginkel, Astrid C. Homan, (2013) *Diversity mindsets and the performance of diverse teams*, Organizational Behavior and Human Decision Processes, Volume 121, Issue 2, 2013, Pages 183-193, ISSN 0749-5978,  
<https://doi.org/10.1016/j.obhdp.2013.03.003>.
- Williams, K. and O'Reilly, C.A. (1998), *Demography and diversity in organizations*, Research in Organizational Behavior, Vol. 20, pp. 77-140.
- Wu, J., Richard, O. C., Zhang, X., & Macaulay, C. (2019). *Top Management Team Surface-Level Diversity, Strategic Change, and Long-Term Firm Performance: A Mediated Model Investigation*. Journal of Leadership & Organizational Studies, 26(3), 304-318.  
<https://doi.org/10.1177/1548051819848997>
- Yamak, S., Nielsen, S., & Escribá-Esteve, A. (2014). *The Role of External Environment in Upper Echelons Theory: A Review of Existing Literature and Future Research Directions*. Group & Organization Management, 39(1), 69-109.  
<https://doi.org/10.1177/1059601113511663>

Zhou, W. and Rosini, E. (2015) *Entrepreneurial Team Diversity and Performance: Toward an Integrated Model*. Entrepreneurship Research Journal, Vol. 5 (Issue 1), pp. 31-60.  
<https://doi.org/10.1515/erj-2014-0005>

# 10. Appendix

## Appendix A: Interview Questions

This was the outline we based our questions on, and depending on the responses we received, we adapted the questions so that each component of the question was answered.

1. Introduction: Please tell us a little bit about:
  - a. Yourself
  - b. Educational background
  - c. Professional background
2. About the company
  - a. What does/did the company do?
  - b. How did you get involved in the project?
  - c. What was your role in the initial phases of the company?
  - d. Did you ever receive any investments or external help to the company?
3. The other people in the company
  - a. Could you tell us about the other members of the founding team?
  - b. What were their roles in the company?
  - c. Their educational and professional background & competencies
  - e. How did you decide which people or members you wanted to include in the TMT and how did you approach getting these people onboard?
4. How was the initial team structured and what changes were made to this team as the company developed?
  - a. Additions or reductions to TMT
    - i. *How did you go about doing this, was there an open listing, use a recruitment firm or only informal processes?*
    - ii. *Which experiences and competencies were you looking for?*
    - iii. *Were there any personality traits you would have preferred?*
  - b. How did the TMTs roles change as the company developed?
5. How did you go about setting up internal goals and objectives for the company?
  - a. Which sorts of goals/objectives did you set up?
    - i. What were the perceptions of these goals from the teams point of view. Were these goals, challenging or simple? Clear or perhaps too broad?
  - b. How did this help or hamper the team?
6. Were there efforts made in the beginning or throughout to strengthen the team?
  - a. Team buildings
  - b. Time to focus on the team and not the work
7. Did you consider yourselves as individuals and teams?
  - a. As individuals with one leader or team
  - b. Behavioral integration
8. What challenges and conflicts did the team face and how did the team respond to and change after facing these challenges?

9. How and what coaching strategies were used to address the team?
  - a. Was there a clear leader figure in the company and how did this impact the team and organization?
10. What would you do differently when it comes to the team if you started the company all over today?

## Appendix B: Translations of Quotes

### Interviewee 1:

Original (O): Det var ganska liksom homogen grupp.

Translation (T): It was a sort of homogenous group.

O: Det var ganska tydligt att alla drog åt samma håll och så. Och, vi har ingen nytta utav de här.

T: It was rather obvious that all were pulling in the same direction. And we have no use for that (team building).

O: "Men ur teamets perspektiv så var det. Det var ingen som stack liksom utan. Det är klart att, är det kämpigt, så är det kämpigt. Då tycker alla det är kämpigt. Men vi liksom körde på i alla fall." - 1

T: "But from the team's perspective no one left. Of course when its difficult its difficult and everyone thinks its tough. But we persevered anyway." - 1

O: Ganska stabil skulle jag säga. Det är ju klart att, framförallt när det är utåtriktade rollerna som när Lars och Giles som hade mest fokus på det, när vi fick in en säljchef och en tre fyra utåtriktade säljare, deras roller ändrades lite grän - 1

T: "It was pretty stable (the roles) I would say. Of course when the more external roles that x and x had more focus on, when we got a new head of sales and sales employees, their roles changed a little.

O: Det är sådana typer av mål är ju bättre än att bara säga ja, men vi ska vara lönsamma då och då för då har man en, då vet man inte riktigt vad man ska göra liksom -1

T: Those types of goals are better than just saying yeah, we should be profitable until then and then because then you have, then you don't really know what you should do. - 1

O: "En bättre idé. Jag tror själva liksom starta igång och själva byggnadsgrejen, bygga upp processen och sånt där, det var nog ganska. Det var nog helt okej för att vara, för att göra det där och liksom oss som skapare och rollfördelning och allting. Sånt är nog ganska OK" - 1

T: "A better idea (was needed). ... Us as founders and our role division and such was pretty OK" - 1

## Interviewee 2:

O: Ja alltså jo, mål är jätteviktiga. Man kan säga så här alltså målen när du när du startar ett bolag så måste du på något sätt relatera (målen) till hur du vill växa bolaget.

T: Well yes, goals are important. You could say it like this, the goals when you start a company, you need to somehow relate those to how to want to grow the company.

O: När jag startar bolag så är jag i början så är det väldigt viktigt att hålla teamet intakt, även om det kanske vissa personer är inte bra på alla delarna så spelar det ingen roll ... har man beslutat om det inte är så att personen gör sig helt och hållet omöjligt, då får man ju liksom klippa banden, men annars så ska man se till att försvara sina medgrundare”

T: “When I start a company it is always important to keep the team intact, even if certain members are not good at all aspects, that does not matter... if it's clear that a person is entirely impossible (to work with), then you have to cut ties with them but otherwise you have to defend your cofounders ”

O: För jag vill inte ta in obeprövade individer det första jag gör i mitt team så att de 5, 6 första personer att de är personer som jag oftast känner på olika sätt eller har stött på sen kanske inte jag har startat bolag med de tidigare med, men jag har en kännedom om de tidigare på något sätt.

T: “I do not want to onboard unproven individuals the first thing I do in my team, therefore the first five or six people I often knew or had encountered. I hadn't maybe started a company with them but I had an idea about them earlier”

O: Ja, jag brukar oftast starta bolag med folk som jag på något sätt antingen har startat bolag med tidigare eller arbetat med tidigare. För då vet jag vad de hur de här personerna så att säga beter sig. Man vet så att säga vilka ja, vilka styrkor och svagheter personerna har...

T: “I often start companies with people that I, in some way, either have started companies with earlier or worked with because then I know how these individuals behave, which strengths and weaknesses they have...”

O: då kan det ju variera lite grann vilka kompetenser som behöver vara med.

Men man kan säga att oftast så är det väldigt liknande kompetenser du behöver ha någon som kan legal. Du vill ofta ha någon som är duktig på själva tekniken som har så att säga förstahands kunskap om själva tekniken ... Och sen behöver du ha liksom de som så att säga är bra på att sälja

T: “The competencies you need can vary a bit... But you can say that it is often very similar competencies (in every startup), like you need someone who knows legal... You often want someone who is skilled at and knows the technical (aspects) and who has first hand knowledge about the technologies... And then you need those that are good at selling”

O: Det kan vara olika. Jag går inte alltid in som VD jag har gått in som CFO CTO och det kanske beror på min bakgrund, jag är både ekonom och ingenjör då så jag har jobbat med båda saker.

T: “It (my role) can be different. I do not always step in as CEO, I have been CFO and CTO and that is due to my background as an economist and an engineer as I have worked within both those areas”

O: Jag hade ett finansbolag där vi hade ett kontor i Stockholm så hade jag 20 medarbetare från 16 olika länder och ibland så var det svårt att veta om det var personlighetsdrag eller om det var nationalitets drag och det skapar en annan form av dynamik i en organisation, den blir lite annorlunda



där folk kan inte förvänta sig att den andra personen är på ett visst sätt längre, det gör att det blir en annan typ av dynamik. Inget fel med det men det blir en annan dynamik.

T: "I had a finance company where we had an office in Stockholm with 20 coworkers from 16 different countries and sometimes it was difficult to know if it was personality traits or nationality, and this created another type of dynamic in an organization, it becomes a bit different where people cannot expect others to act a certain way anymore, it makes it so that it is another type of dynamic. Nothing wrong with it but it becomes another dynamic."

O: som medgrundare får ta ett större ansvar ... jag brukar säga att "den som ser problemet äger problemet". Det är inte någon annan som du kan förvänta dig att lösa problemet. Klarar du inte av att lösa problemet, säg till då så får du hjälp men du kan inte förvänta dig att någon annan ska bry sig om ett problem som de kanske inte känner till.

T: "... As cofounder you have to take on a greater responsibility... I say that 'the person who sees the problem owns it'. You can't expect someone else to solve the problem. If you can't solve it, tell someone and then you get help but you cant expect someone else to care about a problem they do not know about."

O: Vi har inte haft coaching i bolagen, det har vi inte haft, så det handlar nog mer om ansvarsfullt ledarskap istället

T: "We have not had coaching in the company, instead it is more about responsible leadership"

O: Som medgrundare så äter man sist liksom så a finns det inte pengar att betala ut lön till grundarna, otur, det blev ingen lön den här månaden. Det är ju någonting man ska vara medveten om. Men å andra sidan så har man då en bra uppsida så går det bra så får man ut väldigt bra med pengar ifrån det, T: "As cofounder you "eat last" so if there is no money to pay out as salary to founders, well unlucky there was no salary that month. ... On the other hand if you have good upside then you get a very good salary..."

O: Du vet att du kommer att springa på problem som är så pass mycket större än vad dagens problem är så de personerna som du har med i båten de måste ha förutsättningar att klara de problemen som kommer i morgon. Jag gillar gärna och liksom då plocka in folk i början som är extremt överkvalificerade

T: "You know that you will encounter problems in the future much bigger than those today's, so the people that are in your boat must have the conditions to handle tomorrow's issues. I prefer picking people that are extremely overqualified in the start"

### Interviewee 3:

O: Sälj det valde jag mycket på grund utav att det var en halv kompis till mig som jag visste var duktig inom försäljning, han har varit med och startat och byggt upp (bolag)

T: (Head of) Sales I chose because they were half a friend of mine whom I knew was skilled within sales and who had previously started and built (company)"

O: Att komma in i kulturen och sånt där det har varit enkelt tack vare att vi har de här festerna vi har med respektive och vi har liksom en väldigt positiv kultur

T: "To get into the culture and such has been easy thanks to the parties we have with respective partners and we have a very positive culture"

O: Fanns en tydlig ledare som oftast var jag då. (Det hjälpte) Jättemycket, tror jag. Eftersom det är mitt tredje bolag då så tror jag att man har litat på mig och att man tycker man får bra råd. Man tycker att dörren är alltid öppen. Man kan prata om högt och lågt och så vidare, så det tror jag vart väldigt viktigt

T: "There was a clear leader, often me. (It helped) A lot, I think, because it is my third company and therefore I think you can trust me and people think they get good advice. They believe that the door is always open and that they can talk about the highs and lows, so I think it (my leadership) has been very important"

O: Däremot så skulle jag aldrig lyckas (själv) alltså för att det är en sak om affärsidé till att det blir tillräckligt krisp och en bra produkt utan andra

T: "However, I would never have succeeded (alone) because the business idea is one thing, but making it into a good product requires others."

O: vi bryter ner de målen på ett väldigt tydligt sätt och mäter också det per vecka så det styr och mäter det per vecka

T: "We break down our goals in a very clear way and also measure them per week so that decides (our direction) ..."

#### Interviewee 4:

O: Just i uppstarten så är ju teamet det absolut viktigaste.

T: "Right in the beginning the team is the most important."

O: Ja, men om du ska utveckla någonting så behöver du ju vissa funktioner. (...) Du behöver någon som kan.

T: "If you are going to develop something, you need some functions. (...) You need someone who knows."

O: Att våga. Det är ju en speciell typ av människor.

T: "To dare. That is a special type of person."

O: Olika trygghetsbehov ju

T: "Different security needs, you know"

O: Han är egentligen inte en riktig entreprenör. Han vill egentligen ha ett stabilt jobb.

T: "He isn't actually a real entrepreneur. He actually wants a stable job."

O: Vi kunde inte marknaden.

T: "We didn't know the market"

O: Tror att det är ganska mycket kultur som fanns i bolag... så teambuilding med dem, det är väl inte superbra hela tiden

T: "I think there is quite a lot of culture that (already) existed in the company... so teambuilding with them, it was not good all the time"

O: Vi hade favör med att vi hade haft ett bolag innan så jag kunde dra nytta av mycket av det, nytta av leverantörer, nytta av kompetens därifrån, I egen kompetens, och det hade vi. Vi hade lite flygande start då.

T: "We had an advantage in that I had started companies before so I could benefit a lot from that, benefit from suppliers, therefore benefit of competencies, in our own competencies, and we had that (advantage). We had sort of a head start then".

O: Han är kvar, men han är mer senior, vad ska jag säga? Han är mer Adviser för jag har ju nytt folk. Jag är nytt folk som som gör de uppgifter han har gjort så han stöttar mer i designfrågor tänker lite out of the box och så så han är absolut kvar i bolaget men inte i inte på alls samma sätt i det dagliga längre

T: "He is still here but on a more senior and advisory level because I have new people doing the tasks he did so he supports in design questions and thinking outside the box. So he is definitely still in the company but not in the same way with daily (operations)"

O: jag är ganska bra på försäljning, men jag behöver någon som fokuserar på det

T: "I am pretty good at sales, but I need someone to focus on it"

O: Och jag vet inte riktigt vad jag har för roll i det hela. Jag håller ihop allting

T: "And I do not really know what role i had in it all. I keep everything together. "

O: Nej, vi har nog inte haft någon coachning utifrån å nej, men det är väl jag som är den tydliga ledaren då? Och det är väl så fortfarande? Så så är det på gott och ont. Jag är inte den bästa.

T: "No we did not have any external coaching, but I was the clear leader, and still am, for better or worse. I am not the best"

O: Just i uppstarten så är ju teamet det absolut viktigaste.

T: "In the initial phases, the team is absolutely the most important"

## Interviewee 5:

Was held entirely in English.

## Interviewee 6:

O: Alltså från början handlar det om att göra allting...

T: "In the start its about doing everything"

O: Bara teamet. Har de gjort det tidigare, har de rätt (mål) är de realistiska...Har de bra kemi mellan dom grundade teamet eller management teamet och vad har de för erfarenhet?

T: "Only the team. If they have done it before, if they have the right realistic goals...Is there good chemistry between the founding team and what experience do they have?"

O: Mer och mer har det varit att jag hellre vill investera i bolag som grundade teamet har gjort det här för andra gången. Att dom har failat och att dom har konkat bolag för att är det första gången så skulle jag aldrig vilja göra det (investera). För att man fattar inte vad man ger sig i.

T: "More and more its the case that I would rather invest in a company where the founding team has done it for a second time, that they have failed. Because if its their first time I would never want to (invest)" because you don't know what you're getting yourself into."

O: Med facit i hand så handlar det väldigt mycket att man ska rekrytera de bästa människorna och de bästa människorna är oftast utanför sin egen nätverk.

T: "In hindsight it is very much about recruiting the best people and the best people are often outside your own network"

O: Då plockade jag dom personerna som jag kände och litade mest på och visste att dom skulle klara av det, göra jobbet och jag skulle säga, då var det den absolut största styrka... Vi byggde teamet på det sättet. Det var väldigt mycket baserat på lojalitet och kunskap och vilka människor man kände och hade i sitt nätverk.

T: "Then I picked the people I knew and trusted most as I knew they could handle it, or do the job, and then it was the absolute biggest strength. We built the team that way, it was very much based on loyalty and knowledge and which people you had in your network"

O: Alltid! Nu har vi ett fint kontor, men då satte vi på en liksom bokstavligt talat på en förvaring på vinden. Där väldigt mycket handlar det om att du ska dra in det personliga och teamwork och sådär men jag tror än idag så blir teamwork viktigare än någonsin för att det kommer nya människor med kultur som de inte kanske är vana med.

T: "(Team building has) Always (been prioritized)! Now we have a nice office but before we were literally situated in a storage unit in a loft. A lot is about involving the personal (aspects) and teamwork and such but I think even today teamwork is more important than ever since new people arrive with culture that they may not be used to."

O: Du ska göra allt och du det räcker inte ens med 17 timmar om dagen. Du behöver verkligen jobba dag in dag ut för att du ska klara av och leverera

T: "You need to do everything (as an entrepreneur), 17 hours a day is not enough. You really need to work day in day out in order to manage and deliver"

O: Teamet är allt. Så det handlar om att fantastiska människor skapar fantastiska produkter som leder till lönsamhet.

T: "The team is everything. It is all about fantastic people making fantastic products that in turn create profit"

## Interviewee 7

O: "Men sen om vi tittar på Top management team, då underbart ,så var det ju då Adam, Bill och jag som var grundare den här firman fram tills för 1,5 år sedan."

T: "But then if we look at the top management team, wonderfully it was the case that Adam, Bill, and I, who were the founders of the company (and remained) until just one and a half years ago."

O: Så vi fnissade lite åt det, men vi försökte fördela de roller som knappast fanns i praktiken eftersom allt gjordes tillsammans

T: "So we laughed a little about it, but we tried to divide the roles that barely existed in practice because everything was done together"

O: Det går inte att ha någon som är i 10 år har varit sleeping partner.

Utan så hade vi en lång halvårs lång delvis plågsam diskussion med Peter innan vi köpte ut honom i slutet av 2022.

T: You can't have someone for 10 years that has been a sleeping partner. Instead we had a halfyear long painful discussion with Maximilian before we bought his share at the end of 2022.

O: Vi upptäckte ett tag in att vi hade väldigt olika ledarstil och att en, den person som du inte är kvar i firman, har en ganska auktoritär syn på ledarskap och det har alltid varit svårt. Jag hade svårt att inrätta mig att vara producerad av honom. Det var otydligt men stenhårt och jag tyckte inte det var bra liksom och det leda det till slut så.

T: "We realized after a while that we had very different leadership styles and that one person who no longer is part of the firm had a very authoritarian view on leadership, and that has always been difficult... It was unclear but very tough and I did not think that was good..."

O: Alla är födda i andra halvan av åttiotial eller liksom ungefär alla är 35-40

T: Everyone is born in the second half of the eighties or well everyone is about 35-40"

## Interviewee 8:

O: Man måste vara kompisar alltså, man måste gilla varandra, måste kunna gå ut och ta en öl på puben och tycker det är kul.

T: "You have to be friends, you have to like each other and be able to go out and grab a beer at a pub and think that it is fun"

O: Och det var en sån här jätte framgångssaga där det växte något så in i bomben alltså. Jag började som chef för 5 personer 3 år senare så hade jag 170 personer.

T: And it was one of those extreme success stories where we just grew explosively. I started as a boss for 5 people and 3 years later I had 160 people.

O: Så du får ett team som på något sätt blir en helhet där helheten är bättre än ett.

T: So you get a team that somehow creates a whole, where the whole is better than one.

O: Veta väldigt tydlig vad man vill, en vision liksom ha och det och det är jättesvårt att säga ja.

T: "To know clearly what you want, a vision kind of and to have that can be very hard"

O: så min dröm har aldrig varit att ha få en anställning någonstans. Utan när jag var klar i skolan så hade inte jag tänkt att jag ska söka något jobb.

T: So my dream was never to have an employment somewhere. When I was done in school I hadn't thought about applying for any jobs.

#### Interviewee 9:

O: Ja, ja det är flaskhalsen

T: "Yes, yes that (the sales) is the bottleneck."

O: Jag är en byggare och starter. Jag har aldrig varit arbetsledd.

T: "I am a builder and starter. I have never been work led"

O: Han har en väldigt motsvarande bakgrund som jag som innan inköpare. Så att vi är ganska jämbördiga.

T: "He has a very corresponding background to me as a buyer. So we are pretty equal."

O: Så konstaterade vi att det kulturellt inte funkar det så att de pressades ut.

T: "We noticed that it didn't work culturally so they were pushed out."

#### Interviewee 10:

O: Han har en massa egenskaper som jag inte har och som jag behöver ha om jag ska driva företag

T: "He has a lot of characteristics I don't have and that I need if I am going to run a company"

O: ...men 3 kopior av sig själv kanske man kan ha jättetrevligt med och det är inte så krångligt, men det kommer inte heller bli en succé antagligen.

T: "... but with 3 identical copies of yourself you can have a very nice time and it won't be too difficult, but it also won't be a success probably."

O: vi var så där, ja men lite kompisar, men inte heller så att vi var supertajta vi, men vi hade umgåtts en del och vi hade gjort en del labbar ihop i skolan så vi visste ju lite vad vi hade varandra i hur vi funkar.

T: We were sort of, somehow friends, but not that we were super close, but we had hung out a bit and done a few labs together in school so we knew a little about each other in how we work

O: Det var inte så att vi åkte och körde klätterbana en dag, för det fick vi inte ihop liksom, men vi åtminstone så workshop hade vi en del om visioner. Var vill vi någonstans?

T: It wasn't like we went climbing for a day, we couldn't get that together, but at least we had workshops about our vision. Where do we want to go?

O: att se om vi kan få det upp till någon nivå i alla fall där åtminstone en av oss kan leva på det någorlunda.

T: To see if we can get it to some sort of level where at least one of us can sustain their livelihood on it somewhat.