Entrepreneurial Team Dynamics and New Venture Creation Process in Digital Entrepreneurial Teams: An Exploratory Study Within a Startup Incubator

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ENTREPRENEURIAL TEAM DYNAMICS AND NEW VENTURE CREATION PROCESS IN DIGITAL ENTREPRENEURIAL TEAMS: AN EXPLORATORY STUDY WITHIN A STARTUP INCUBATOR

Completed Research

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Abstract

New venture creation plays a significant role in the today’s economy because it accounts for a considerable portion of new product innovations. Despite many success stories, many new ventures fail before they have fulfilled their greatest potential. Overriding the myth of the “lonely hero entrepreneur” and shifting attention to the “entrepreneurial team”, this research attempts to explore several factors that influence team dynamics and affect the new venture creation process. Digital entrepreneurial team dynamics are examined in the early stages of the new venture creation process, called nascent entrepreneurship, starting from developing a minimum viable product until having the first revenues or quitting their effort. Given such direction, comparative case studies are undertaken that cover 12 different digital entrepreneurial teams which, in an incubator environment that can be regarded as an under-researched context of digital entrepreneurial teams. All these teams operate in the domain of Information and communications technology. An in-depth analysis of these digital entrepreneurial teams suggest various factors (differences in the motives and expectations, improper leadership, inefficient communication, commitment, team structure) to have a serious effect on team dynamics and their willingness to continue or quit. As a result, this paper assists nascent entrepreneurs in evaluating their potential, identifying their team dynamics and supporting their decision on moving to a sustainable new venture creation.

Keywords: digital entrepreneurial teams, digital entrepreneurship, startup, business formation, nascent entrepreneurs, business incubator, new venture performance, team entrepreneurship
1. Introduction

New venture creation plays a significant role in the today’s economy because it accounts for a considerable portion of new product innovations. Despite many success stories, many new ventures fail before they have fulfilled their greatest potential. These ventures are constantly confronted with diverse challenges deriving from uncertainties, volatilities and complexities. It is becoming increasingly important to identify the factors that can lead these new ventures to expected viability and sustainability. A digital entrepreneurial team rather than a single entrepreneur appears to deal more successfully with such challenges (Cooney, 2005; Visintin & Pittino, 2014) given that its members contribute complementary skills, competencies and experiences. As a result, digital entrepreneurial teams are regarded as the major catalyst of new venture creation (Cooper and Daily (1997) and touted to be “the superior entrepreneurial start-up concept” (Lechler, 2001). As yet, however, for many years the subject of entrepreneurship had been studied under the lens of the entrepreneur as a sole entity, as if one person only was responsible for the whole process of the venture creation (Gartner et al, 1994), although academics were pointing out the importance of the team (Timmons, 1994). It is only about the last ten years that some researchers have started to select the DIGITAL entrepreneurial team as their unit of analysis, and this is also the case for this research.

Within this context, overriding the myth of the “lonely hero entrepreneur” (Gartner, Shaver, Gatewood & Katz, 1994) and shifting attention to the “collective nature of entrepreneurship” (Johannisson, 2003), this research attempts to link behaviors and actions of a digital entrepreneurial team to the new venture creation process. Every team is different and the dynamics of teams determine if goals will be met in an efficient manner. In the new venture creation process, identifying team dynamics and understanding positive and negative outcomes that can occur is a stepping stone to knowing how to build the stability or resolution of the DIGITAL entrepreneurial team. Looking at the critical factors that influence team dynamics can bring big dividends to team performance and affect the new venture creation process. As a result, this research follows a “dynamic team perspective” (Vanaelst et al. 2006) by studying the dynamics of digital entrepreneurial teams as these teams evolve through the different stages of the venture creation process.

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

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Taking a step forward, and according to Myleen et al (2009) (Aldrich and Wiedenmayer, 1993;), prior research has focused on either teams that have been successful or teams that have failed. In this paper, team dynamics and their factors are examined in the early stages of the new venture creation process, called nascent entrepreneurship (Korunka et al 2003); meaning before the new venture is well established, realizing first revenues or before the new venture is not founded at all, not fulfilling its commercial promise.

The objective for this research is therefore:

to explore several factors that influence the digital entrepreneurial team dynamics and affect the stability or resolution of the team through the different stages of the new venture creation process (starting from an initial idea and developing a minimum viable product until having the first revenues or quitting their effort).

In order to address the above objective and given the pre-mature level of research in entrepreneurial team dynamics, case research gained respect as it is suitable for research in areas where theory is not yet well developed (Eisenhardt, 1989). Moreover, this approach is ideal for answering the ‘how’ and ‘why’ questions (Yin, 2003) allowing for a richer knowledge of non-conceptualized issues. In this regard, the access to the real life context brings richness and flexibility, making case research a proven tool for achieving a deep understanding on the factors influence team dynamics within an entrepreneurial endeavors. Given such direction, comparative case studies are undertaken that cover 12 different digital entrepreneurial teams in an incubator environment that can be regarded as an under-researched context of entrepreneurial teams (Phan et al., 2005). An in-depth analysis of the team dynamics and their factors through the new venture creation process was performed. As a result, this paper presents an effort to assist nascent entrepreneurs in evaluating their potential, identifying the factors influence team dynamics and supporting their decision on moving to a sustainable new venture creation.

2. Existing studies

It is critical to be cognizant of the rationale for the relevance of the work. Thus, this section draws upon literature from research streams that provide the theoretical and methodological basis. This research is based on major contributions concerning digital entrepreneurial teams, team dynamics and new venture creation process.

The research area of entrepreneurial teams is increasingly becoming a central focus and an essential interdisciplinary area of enquiry within entrepreneurship field (Grichnik & Harms, 2007; Ratinho, Harms & Walsh, 2015). Since digital entrepreneurial teams establish the majority of start-ups (Ulhøi, 2005; Breitenecker & Khan, 2013), they require a particular study as a unit of analysis. However, there is considerable debate regarding the conception of an entrepreneurial team and no definition has yet been widely accepted (Birley and Stockley, 2000). This is probably the reason why it has not been studied in depth (Foo et al. 2006). According to Robbins and Judge (2008) “an entrepreneurial team is two or more individuals, interacting and interdependent, who have come together to achieve particular objectives”.

However, based on Cooper & Daily, (1997) the entrepreneurial team is not just any group of people. They must have a common target and act for the best interest of the new venture.
Another contribution (Schjoedt & Kraus, 2009) states that “an entrepreneurial team consists of two or more persons who have an interest, both financial and otherwise, and commitment to a venture’s future and success; whose work is interdependent in the pursuit of common goals and venture success; who are accountable to the entrepreneurial team and for the venture; who are considered to be at the executive level with executive responsibility in the early phases of the venture, including founding and pre-start up; and who are seen as a social entity by themselves and by others”.

For the purpose of this paper, and adding to the definition of Schjoedt & Kraus (2009), whenever we mention the term “Digital Entrepreneurial Team” we mean a digital entrepreneurial team of people who have started the procedure of founding a start-up in the area of Information and communications technology enterprise and these are nascent entrepreneurs. “Nascent entrepreneurs are defined as persons who are in the startup process of their planned ventures, beginning with initial startup activities, such as contact with a startup advising center or bank, development of a business plan, and so forth, and ends before market entry (realizing the first revenues)” (Korunka et al 2003).

The issue of the entrepreneurial teams according to Schjoedt, Kraus (2009) has been studied in 3 contexts: the external environment, the entrepreneurial team composition and the entrepreneurial team process. The context of the external environment is studied by Stam & Schutjens (2005) who claim that external resources may affect the growth of a new venture. Wiklund & Shepherd (2005) examine the correlation between external factors and entrepreneurial orientation. We find the concept of the entrepreneurial team composition in Solansky et al. (2014) that discuss the role of stabilizing tensions in an entrepreneurial team which consists from members of different enterprises. Mitchell et al. (2014) study inter-professional teams, whilst Zhou and Rosini (2015) examine how team diversity may enhance entrepreneurial performance.

In addition, there are many contributions regarding various factors that influence the way teams working together and affect the new venture creation process. Baum et al. (2001) highlights the importance of differences in the motivation in new venture performance. Pirola-Merlo et al. (2002), argues regarding the different expectations of a team as a negative effect in team’s climate. Zaccaro, Rittman, & Marks (2001) states the importance of effective leadership as a mainly emotional process. Bell (2007) as well as Stewart (2006) have studied what is supposed to be the most competent number of individual per team. Teece (2013) states that commitment can drastically increase performance. Poza & Messer (2001) agree that it is very possible that romantic relationship and running a business together, will harm the business or the couple.

We concentrate in the digital sector because this sector has a really high risk of failure (Lasch, F. (2003a)) and high levels of uncertainty (Collinson, Gregsonand (2003)) because according to Lasch, Saïd Le Roy, (2007) the parameters that affect the course of teams operating in this area are in limited extend researched.

Our review on the publications about entrepreneurial team dynamics illustrates that there is a growing body of literature that described how various factors influence team dynamics within the new venture creation process. However, the research area related to a non-demographical view of these factors within an entrepreneurial endeavor has not been addressed adequately. As a result, this research tries to contribute to the domain of research that is about Digital entrepreneurial team dynamics within the new venture creation process. To sum up, the implications of this literature stream for this research are the following:

Explore several factors that may influence team dynamics through the new venture creation process
with a non-demographical manner.

Directs attention to nascent entrepreneurship; meaning before the new venture is well established or before it is founded at all

Identify important factors that influence the Digital entrepreneurial team dynamics and affect the stability or resolution of the team through the different stages of the new venture creation process

3. Methodology

The research methodology relied on an exploratory study using multiple case studies combined with existing theory (Yin, 2003; Fernández et al. 2002). The objective was to explore the several factors that influence the team dynamics within the new venture creation process. When conducting a multiple-case research, three stages are taken place as depicted in Figure 1 (adapted from Yin, 1989): research design; data collection and analysis within each single case and searching for cross-case patterns. In the following paragraphs, each stage is further elaborated.

![Figure 1: Multiple-case research methodology (adapted from Yin, 1989)](image)

The first step in case study research is to form research questions regarding the phenomenon under study in at least broad terms. In this regard, the research focus is defined in terms of the several factors that influence team dynamics through the new venture creation process a the following questions are stated in broad terms:

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What are the factors influence team dynamics?

How can team dynamics help or hinder the new venture creation process?

What factors are important and how they affect the stability or resolution of the DIGITAL entrepreneurial team?

To formulate these questions, we conducted a thorough literature review that helped us to identify potential research gaps in the fields of entrepreneurial team dynamics and new venture creation process. This review set up what research has been previously carried out and led to refined questions about the factors that influence team dynamics.
Figure 2: theoretical framework

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To address these questions, 12 different cases were chosen. In this regard, although each individual case study represents a “whole” study, in which information is gathered from various sources and conclusions drawn on those facts, the outcomes from one case are compared with the conclusions from the other cases. Selecting cases is an important but difficult aspect of case research. Literature provides some insight into this process (Yin, 1994; Stake 1995), recommending that the cases should be easy and willing subjects, maximising what can be learned within limited time. These 12 cases were chosen based on our involvement in coordinating a startup incubation environment and with the restriction that their market is on the Information and communications technology area. Participating actively in these entrepreneurial endeavors for 1 year helped us to obtain exposure to team at a level of detail required for achieving a deep understanding on all important aspects when exploring factors that influence team dynamics. All cases concern a new venture creation effort. However, it can be said that they represent different stages of the new venture creation process as presented in the Figure 2.

Figure 3: entrepreneurial teams representing stages of the new venture creation process

In addition, it should be highlighted that the cases cover different types of new ventures in terms of team structure, duration of existence, field of application etc. The Table 1 describes the cases providing also their similarities and differences in various characteristics. All these similarities and differences enhance the external validity of this research design.

<table>
<thead>
<tr>
<th>DIGITAL entrepreneurial team (E.T)</th>
<th># members</th>
<th>Sex</th>
<th>Years of operation</th>
<th>Field of application</th>
<th>First revenue</th>
<th>CEO having Previous start up experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.T. 1</td>
<td>2</td>
<td>1 male one female (couple)</td>
<td>2.5 years</td>
<td>Real estate</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>E.T. 2</td>
<td>5</td>
<td>male</td>
<td>1.5 year</td>
<td>E-learning</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>E.T. 3</td>
<td>2</td>
<td>men</td>
<td>9 months</td>
<td>Digital</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>E.T. 4</td>
<td>3</td>
<td>1 w 2 men (the two a couple)</td>
<td>3 years</td>
<td>Social Entrepreneurship (web based platform)</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>E.T. 5</td>
<td>4</td>
<td>Men</td>
<td>2 years</td>
<td>Catering (web based)</td>
<td>Yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

Table 1: Digital entrepreneurial teams and their similarities and differences

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To maintain confidentiality, names of the 12 teams have been concealed, but a thumbnail description of each is provided (Table 2). In addition to these 12 companies, which have been analysed in detail, the authors have worked with a further 20 companies over the past two years.

Table 2: A thumbnail description of the cases

<table>
<thead>
<tr>
<th>Case</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case 1</td>
<td>A web solution for finding trusted, effective professionals for common home property management services</td>
</tr>
<tr>
<td>Case 2</td>
<td>Cloud-based white label platform for e-learning</td>
</tr>
<tr>
<td>Case 3</td>
<td>Platform to recommend professionals by donating to a common cause</td>
</tr>
<tr>
<td>Case 4</td>
<td>Social enterprise in which promotes blood donation</td>
</tr>
<tr>
<td>Case 5</td>
<td>Application that wants to help restaurants attract actual customers</td>
</tr>
<tr>
<td>Case 6</td>
<td>Mobile application that curates cultural stories for indoor and outdoor tours</td>
</tr>
<tr>
<td>Case 7</td>
<td>Online aggregator for cosmetics</td>
</tr>
<tr>
<td>Case 8</td>
<td>Online HR platform that companies use in order to attract and recruit interns and young graduates</td>
</tr>
<tr>
<td>Case 9</td>
<td>Mobile app for travelling sightseers interested in stories that connect the buildings of the city and the people behind them.</td>
</tr>
</tbody>
</table>
In order to gather the information needed, we combine multiple sources of data collection, called ‘triangulation’ (Jick 1979) that lends greater support to the conclusions. Hence, in each case the following techniques were chosen as the most appropriate:

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

Interviews (structured and unstructured) with key digital entrepreneurial teams about specific conflicts and tension and factors that influence the stability of the team in order to develop a thorough understanding of the problem situation. The greatest value of this technique lies in the depth and detail of information that could be secured. This implies that we could have more control and opportunities to elicit feedback when needed.

Retrieving data from progress reports. Every two months we gave them reports of progress which they ought to complete and moreover they present orally the progress to us.

4. Team dynamics in the new venture creation process

Now, it is time to further analyse the findings across the cases in order to recognize commonalities and differences in the factors that influence team dynamics. In doing a multiple-case research, we aim to a sound cross-case support for our conclusions. By observing the above 12 teams on a daily basis for a period of one year, we came up with a set of factors that influence team dynamics and consequently team performance and willingness to continue. In the following section we discuss each of these factors separately and provide evidence to support them.

Differences in the motives

Sometimes when a team is created not all members have the same vision for the company. One member may have as a vision the exit strategy. Another member may have as a vision funding and expansion, etc. If the team members do not see eye to eye regarding where their company wants to aim, it is inevitable that they will not agree on the strategy the company has to follow. Weiner (1989) claims that in case the team’s tasks are not pursuant to each member’s motives, then there is great possibility that the members will not do them and conflict with each other. Also Baum et al. (2001) claim that motivation has certain impact in new venture performance. This was obvious with teams E.T.4 and E.T.3. In the first case the team leader wanted the venture in order to gain money, whilst the other members really wanted to engage for a common cause. This led to intense conflict and team members not wanting to work with the team leader anymore. At least four members during a period of one year entered the team and left it, for this reason. The second team consisted of two siblings already having a successful startup. In this case the will for the second entrepreneurial endeavor was coming only from the one of them. The other one was in a way forced to enter the entrepreneurial
effort. The result was that he had only physical presence and was never really into the try. One man only could not keep up with the paced needed, and for the time being the endeavor is paused.

**Differences in expectations**

Pirola- Merlo et al, 2002, argue that when the expectations of a team do not turn into reality, this has a negative effect in team’s climate. For the case of new venture creation, as mentioned above, startups is a kind of a trend. People believe it is easy to succeed. And for them usually success is translated in loads of money. In reality things are completely different. It needs a lot of persistence, patience and work in order just to be viable. And there are a lot of chances that not even viability will be feasible. So when these people face reality, in most of the cases they do not have the strength to keep up, and they end giving up. This comes in agreement with the cases of E.T. 12 and E.T. 2. Both teams thought that what they were doing was so brilliant and disruptive, that everyone would engage to it immediately. But this was not the case. So the founders started to get disappointed, blaming one another that they did not do their job appropriately and feeling stresses from their co- workers for not getting any salary as they had been promised. Once again E.T. 12 gave up, and E.T. 2 now is only the founder by himself.

**Lack of appropriate skills and background**

Some founders get so excited with their idea, that they begin the founding team with the first people that will accept the idea. But the team must be able to function all the roles needed. Leary, M,& DeVaughn, M. 2009 support that a well-established team, is crucial for the success of the firm.

One cannot start an IT venture without having an IT as a co-founder, as in this way there is no one to develop the product/service. With no product there are no customers and no income. We observed this happening in E.T. 2, E.T. 3, E.T. 5, E.T. 9 and E.T. 10. For two of these teams this proved almost fatal, as they also faced other problems in their team dynamics. For the time being they are not in operation and question whether they are going to continue. The other three teams continued, as they did not face serious other problems in their team dynamics, but because they did not have the correct set of skills in the team and professional background they were unable to develop a minimum viable product for a relatively long time, which often disappointed them. They started questioning themselves if they were doing well keeping up with their endeavor and if they should quit. But in the end because all the other team dynamics were balanced, they succeeded in having a minimum viable product and their first users.

**Improper Leadership**

The Leader of the team usually is the one that had the initial idea of starting the business. He is the one that loves it the most and the one who must inspire the other members of the team. For (Zaccaro, Rittman, & Marks, 2001) the leader holds the key of team processes and outcomes. As George (2000) states, leadership is a mainly emotional process. Not everybody is capable for having this role. Especially in a time of crisis, the leader must be able to stay calm, to take decisions and protect everyone from losing their motive.

If the leader cannot support this role, the most probable thing is that the rest of the team will get really soon demotivated and abandon the team. We faced this with the E.T. 2, E.T. 4 and E.T. 7. In the first case the leader had worked in an enterprise as an account manager. His managerial style was influenced by this previous work. So he was really strict to his team, insulting, always complaining and demanding. Both E.T. 4 and E.T. 7, had as leader a person who saw her team as a way for personal success. Once again we saw the leader being bossy, demanding and impolite. They did not motivate the team and complained that they were the only one (in their teams) worthy and
trying for the team. Both founders had almost the same attitude but for different reasons. The result was the same. People got demotivated really soon and left the team. Another case of not good leadership was E.T. 10. This leader was really introvert, suspicious, and did not want to share information. In this case he was the one to dismiss the other team members. Now he is working by himself on the project.

**Inefficient communication between team members**

It is really difficult to keep the balance in teams. The pressure that a start-up team faces, makes keeping this balance more difficult. For Cartwright and Zander, 1968; McGrath, 1984 communication is an essential prognosticator of team performance. Furthermore in the digital era, which a big amount of communication takes place via email, sms, and other digital tools for team project management etc. lots of communication happens not face to face but in written. Written communication makes things more complicated due to lack of face expressions, body language and not hearing the tone of voice.

If team members cannot communicate their thoughts and wills between them, then conflict may rise as a result of misunderstanding. For example a member may feel excluded because another member just forgot to cc them in an email. Misconceptions start to occur and the moral of the team falls. Unfortunately this works as a vicious circle. If communication problems are not spotted and solved, then they will only get worse. And this may lead to the end of the team.

We saw this happening in teams like E.T. 2 and E.T. 7. In the first case the one member of the team was working mainly remotely. And they communicated via slack (a tool for online communication for teams). The problem was that they could not reach him whenever they needed him. There were misunderstandings via slack and the concept could not be communicated properly. This member was the first one who quit the team.

In the second scenario we had a 3 member’s team. The leader used to see the other members separately. Moreover with one of them they were a couple. This caused a big imbalance in the team. Whilst when the ceo had a problem with the one member went to the other one to communicate the problem separately, without the 3 of them talking. So a sub team was created in the team. The result of that was the 3d member to quit.

**Number of individuals**

A startup company usually consists from 2-5 team members. And the roles that each member has are usually separated. For example, one is responsible for the marketing, another one is responsible for the product development, another for the sales etc. Bell (2007) as well as Stewart (2006) have studied what is supposed to be the most competent number of individual per team.

If one member cannot be efficient due to personal reasons, in a team of let’s say 4 people, this means that the 25% off the company is not functional. Or even that a whole “department” of a company is off. When this happens the other members get disenchanted and disturbed.

Deadlines are postponed and potential customers are not happy. The major problem is that even if the member that had a problem comes again on board, then another member may have a problem. The same happens when a member wants to take some days off, or vacations. The team can be really productive only when all members are aligned and with the same motive. If the team members cannot support each other, or take responsibility of others work load, then the team is really possible to split. This is pursuant to the cases of teams E.T. 8, E.T. 2, and E.T. 6. In E.T. 8 the team is formulated by
two members who were responsible for developing the platform and one who was the business developer. For a time of 6 months, the business developer was underproductive due to personal issues. This meant that there was not enough correspondence with the market, no new clients, no potential income. The rest of the team was getting nervous and demotivated. Now that the personal issues are over the team is working again in their full capacity. In the E.T. 2 and E.T. 6, we had the cases of the persons responsible for the technical development to be underproductive due to personal problems. As for these teams their digital platform is their core product, they cannot afford to have the responsible of the platform not being able to work. That afresh created disputes in the digital entrepreneurial teams and made them delay their product for 4 to 5 months.

Commitment to the team
Not all team members commit the same amount of time and workload in the team. There are individuals doing it part time, others full time and other see it as a freelance project. As Teece (2013) states, commitment can drastically increase performance. We tend to see that individuals that commit fully in the team, also feel as they own the project more and that there was injustice. This was the case for E.T. 2, E.T. 7, E.T. 8. The members who were full time into it (not necessarily the founder), felt overloaded with work and responsibilities. Underprivileged, and that they cared about the entrepreneurial endeavor only. We noticed that this issue was coming up in almost every conflict the digital entrepreneurial team had, no matter what the subject of the conflict was. It was never by itself a matter of dispute but it was coming up with every chance. We do not think that this by itself is able to split the team if all the other team dynamics are working properly, but it is for sure a matter that causes extra strains.

Not clearly set roles
If the roles are not well separated, then confusion and disagreement starts. Projects are not easy to proceed. Some tasks of the team members may overweigh another member’s task, the same job is done twice and some tasks are not responsibility of anyone, resulting the job to not be done at all. If this situation is not resolved, then we see that the assignments are really delayed or not performed at all. This concludes to a non-functional group that is not trusted by potential customers. It leads once again in quarrel and dissolution of the team, for example E.T. 3, E.T. 4 and E.T. 11. None of these digital entrepreneurial teams had clearly separated areas of responsibility between them. The members did not take ownership of duties as they did not know if they were theirs, so many tasks were not completed. Since the tasks were not completed, problems and tension stressed the team members who start to blame each other and dispute. We have seen that these digital entrepreneurial teams, have not proceed with their product the last 5-6 months.

Existence of couple in the team
During our research we came across 3 teams that two of their members where a couple. In literature we saw that in various contributions (Hilbutt-Davis Dyer, 2003, Jaffee, 1990; James & James, 1997;). Poza & Messer (2001) agree that it is very possible that romantic relationship and running a business together, will harm the business or the couple. These were the cases for the E.T. 1, E.T. 4 and E.T. 7. In the first team we saw the couple getting tired of this constant interaction the one of them left the team. In the second case the entrepreneurial team was working as a field of battle and a game of power between the couple. The couple was splitting and getting back together, the other team members were always trying to keep them calm and not destroy the team. Some of the team individuals left the team exactly because they didn’t want to keep up with this situation. The team is
now left with 3 members. Not having a product after 3 years of operation. The third team had 2 female and one male. One of the females is a couple with the male. This woman was speaking against the second team member to her boyfriend. The boyfriend did not have immediate interaction with the second male so his only input was from his girlfriend. The result was that the everyday conditions of working were so bad for the solo girl that she had to leave the team, even though she was working on this project for 9 months, and felt ownership for it. As far as this research could see, having a couple in the team decalibrates team dynamics, brings tension and potential disintegration of the team.

**Table 3: Factors that influence team dynamics in the new venture creation process of the cases examined**

<table>
<thead>
<tr>
<th>Entrepreneurial Team (E.T.)</th>
<th>Differences in the motives</th>
<th>Differences in expectations</th>
<th>Lack of appropriate professional background may result to intense strains</th>
<th>Improper Leadership</th>
<th>Inefficient communication between team members</th>
<th>Number of individuals</th>
<th>Commitment to the team</th>
<th>Not clearly set roles.</th>
<th>Existence of couple in the team</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.T. 1</td>
<td>✓</td>
<td>✓</td>
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**5. Discussion**

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

From our study we came to the conclusion that not all the factors were of the same importance. For example, in E.T 1 and E.T 12, we encounter only one of the above factors. But in case of E.T. 1 the team is up and running, having the first revenues, whilst E.T. 12 has paused its 'entrepreneurial effort for the time being.

In two other cases, E.T. 2 and E.T. 10, we saw the digital entrepreneurial team splitting and the founder continuing by himself. For both teams the reason was the factor of improper leadership. But in E.T. 2 the individuals quit the team, while in E.T 10, the leader was the one who excluded each member which was entering the team. No matter who took the decisions, in both teams the other members were discomforted with the leader. For the time being both leaders try to run the endeavor by themselves, but are not successful in it.

The factor which matches with most of the teams has been the lack of appropriate skills and professional background. This lack may result in intense strains among team members. In all cases, this was a crucial factor that paused the operations of the digital entrepreneurial team, and brought a lot of pressure and sometimes disappointment. But digital entrepreneurial teams 5 and 9 that matched only this factor, kept on working even though they faced this difficulty and now they have their first revenues.

During our interaction with the teams we found that several external factors could also affect the way they influence team dynamics, and this is a field to be further researched. To further stimulate additional research in the field, we further discuss some other factors, apart from those related to team dynamics, that refer to the dynamics of the external environment. These factors also have a strong influence on the outcome of a digital entrepreneurial team and is worth examining their relative importance compared to the factors affecting team dynamics.

i) Lack of capital, ii) launch of the product/service too early, iii) team cannot execute fast enough to pace up with competitors, iv) the digital entrepreneurial team cannot get customer and v) bad location.

Lack of capital. Usually a startup doesn’t have profit before the 3d year of its operation. So, the first years of operating, the founders must shelf- fund the company. In this case when the buffer of money that was budgeted for the company begin to end, the pressure is raising.

Some partners may agree to work pro bono in order to achieve the first revenues, or they can take an equity of the company. For these people who work without salary we can see two cases. The first is the part timers that have the time to find another job that will support them financially and they can keep on working at the startup.

The second case is the collaborators who are full time devoted to the company. For them it is more difficult to keep up working pro bono, because after a certain point they have no means for living. The struggle gets more serious if they are above ~22 years old (which is usually the age that people finish their studies). Until this age, pupils have the “alibi” that they study and it is generally accepted by their peers and the public opinion, that a person in this age gets money from their parents or have a scholarship or a student loan.
Above this age young people get in their productive age. Parents are not willing to fund them anymore and -with the exception of some countries, mostly Mediterranean-most stop to support them. So with no money they are not able to work no more.

All the digital entrepreneurial teams we worked with came and still come across this problem. The phenomenon was less intense in teams that the members had a day job so had a steady income. They did not get disappointed very soon because they could support their entrepreneurial effort without having pressure from their families, difficulties in everyday expenses etc.

During this year we understood that this external factor affects mainly the team dynamic of differences in expectations and improper Leadership

Launch of the product/service too early. Sometimes the company launches too early. Especially in cases the product is innovative, customers are not yet ready to use the product and not willing to pay for it. There must pass some time till the early adopters-customers make some space for it in the market. On the other hand there is the case that the market is already too mature and there is no room for another player at the market. In both cases the result is the same. The new venture cannot find customer and thus cannot afford to function

Cannot execute fast enough to pace up with competitors. Sometimes the competitors are already well-established companies and have the know-how of how to work effectively, of the market, of logistics etc.

They may also have more personnel. In this case a team of 3-5 persons may not be able to keep up with the competitor’s pace.

So they may not be able to deliver as soon as the competitor does time or produce big quantities of a product. In this case if a customer is not happy with the output of the production, will go to the competitor.

They cannot get a costumer. During our work at the incubator we saw many times that startups start to develop a product, without having consulted the market first. They think that a product will be useful, (or some new features of a product) But nobody is willing to pay for it. In this case once again the startup is heading to failure.

Bad location. Usually, the location the startup is based is also the place where the pilot will happen. This happens because it is more financially viable, and the team speaks the language, knows the culture and has a network of acquaintances. But it is not always the correct decision. The people based in this location may not have the mentality which is needed to adapt the product. Or maybe their financial state is not adequate in order for them to be able to buy the product.

The above mentioned external factors Launch of the product/service too early-Cannot execute fast enough to pace up with competitors.-They cannot get costumer and Bad location seem to influence differences in expectations, improper Leadership and commitment to the team as a moderator factor, having more or less impact, which we have left unaddressed.

All the above external factors put team dynamics under real pressure and they test the endurance of the team. While the presented research is a first exploratory attempt to identify the various factors affecting team dynamics, it also paves the way for future research aimed to examine the relative
importance of each factor and in comparison to other external pressures in various contexts.

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