Founder’s Human Capital and Vision as influencing Factors for the Choice of Leadership Style and Employees in New Ventures
Master Thesis in General Management

Title: Founder’s Human Capital and Vision as influencing Factors for the Choice of Leadership Style and Employees in New Ventures

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Date: 2017-05-21

Key terms: start-up, new venture, founder, employees, vision, human capital, leadership style

Abstract

Background: New ventures face manifold challenges. Literature has already examined many of the challenges that founders of new firms might encounter during the start-up phase. Studies have been investigating traits of the founders as well as traits of the organizations, and linked them to success or failure of the firm. The areas of founder’s human capital and vision and the firm’s employee selection criteria and leadership style have often been taken into consideration. Nevertheless, there is no framework connecting all these areas with a focus on how they influence each other, leaving criteria as success or failure beside.

Purpose: This study aims for creating a framework connecting the areas of start-up-founder’s human capital and vision and the venture’s employee selection criteria and leadership style. It seeks to provide answers to the following research questions: (1) “How does start-up founder’s human capital influence the creation of a vision, the choice of leadership style and the selection of employees?” and (2) “How does start-up founder’s vision influence the choice of leadership style and the selection of employees?”

Method: To answer the research questions, a multiple-case study was conducted. We created a topic guide and gathered qualitative data through conducting in-depth interviews. The respondents were mainly operating their new venture in the area of Jönköping. After coding and contextualizing our data, we analyzed it.

Conclusion: Human capital was influencing all other areas through either active avoidance or repetition of behaviors already employed in the past. We found major differences of the visions of new ventures. Therefore, we started differentiating between a “business-vision” and a “mission-vision”. “Mission-vision” start-ups choose their employees according to personality and give them a voice in the firm, therefore fostering a transformational leadership style. “Business-vision” start-ups on the other side hire applicants based on skills, to fulfil very defined tasks based on deadlines and therefore performing a transactional approach.
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1 Introduction

In this chapter, we introduce the topic of our thesis by providing a theoretical background which results in a problem. In addition, we explain the study’s purpose and present the research questions that we aim to answer.

This master thesis has been executed by two Engineering Management students at Jönköping International Business School during the spring semester 2018. Its content is threefold. It consists of a presentation of already existing literature in the form of peer-reviewed journal articles, building a theoretical framework of the topic of interest. We have a look at scholars’ findings and opinions regarding the influence of start-up founder’s vision and human capital on selecting a leadership style and suitable employees. Based on scholars’ conclusions we build up a research model. The second part of this work will concentrate on conducting and analyzing a qualitative study. By conducting interviews, we want to gather information about how these factors are connected within start-ups. This multiple case study will allow insights into their thoughts and intentions as well as expose different reasonings. The third part will revolve around discussing the findings from the interviews and connecting them into the existing literature. In this part it will become apparent if information from the literature and from the interviews will complement and approve of each other or if they will be in conflict.

1.1 Background
The common perception of start-ups often comprises the image of new companies with a young team, that are successful with their innovative new ideas and challenge the existing market. Indeed, more and more of these new companies seem to emerge, influenced by a trend in western countries to be self-employed or to work in a small unit of employment (Brüderl, Preisendörfer, & Ziegler, 1992, p. 227). Nevertheless, the imagination of fast success in case one dares to start his or her own business, is inappropriate. When having a look at the literature, talking about different topics concerned or connected with new ventures, it is often stated that a high number of the newly found ventures fail not a long time after being founded (Brüderl, Preisendörfer, & Ziegler, 1992, p. 227; Cooper, Gimeno-Gascon, & Woo, 1994, p. 372). Furthermore, even if start-ups survive for some time, they frequently only achieve weak performance (Cooper, Gimeno-Gascon, & Woo, 1994, p. 372). Founders create a new venture often within an environment, that puts the company’s success on risk, as it might be a new market, that still changes a lot and is being pursued by many other firms (Perkins, 2015, p. 215). The boundaries of the economic environment are not clear yet, as the markets just emerged recently. Extra to these environmental threats, adding to the uncertainty of the firm’s future, there are more aspects to consider. Not only the business environment plays a pivotal role, but also the structures and processes in place within the firm. The situations, that new ventures might find themselves in, are sometimes described as “weak” (Ensley, Pearce, & Hmieleski, 2006, p. 219; Baldegger & Gast, 2016, p. 933). Weak situations are characterized by the lack to provide support or clear incentives, as
there is no appropriate behavior in place yet (Ensley, Pearce, & Hmieleski, 2006, p. 219). This might be caused by the newness of the venture. As there is no example of how similar problems that already came up in the past have been solved, there is no standardized way of solving them yet. In bigger and older companies, these challenges might have come up already and there could have been found an accepted solution for it. However, new companies lack this experience. This is also what is differentiating start-ups from small, but established firms. While start-ups need to deal with the burden of being small in size and the burden of being young in age, small companies do not have to be young necessarily, freeing them of the burden that it entails (Baldegger & Gast, 2016, p. 934). Also, again it is stressed, that start-ups operate in contexts that are rather uncertain, and being characterized by high complexity and a lack of structure (Baldegger & Gast, 2016, p. 934).

The reasons to create a new venture are manifold. A study was conducted to examine the reasons that induce individuals to start-up their own business (Birley & Westhead, 1994, p. 11). The list is led by “To have considerable freedom to adapt my own approach to my work”, followed by “To take advantage of an opportunity that appeared” and “To control my own time” (Birley & Westhead, 1994, p. 11). The authors identified 20 more reasons that can lead to the decision to launch a new venture, but none of these reasons is “To hold a leading position” (Birley & Westhead, 1994, p. 11). The founders are not becoming founders to become leaders, but in the early stage of new ventures, they simultaneously also hold the position of the CEO. Furthermore, to employ new people and grow the venture, he or she also needs to be head of personnel decisions and many more important internal processes. “As a result, founder-CEOs simultaneously turn into leaders and employers, representing a major transition for them” (Baldegger & Gast, 2016, pp. 937, 938). This is another challenge.

Scholars have been focusing on a vast number of influencing factors that contribute to the survival or growth of start-ups. Topics that were considered repeatedly, and that have been proven to contribute to the success of new ventures were for example leadership, with a focus on the founder of the firm (Baldegger & Gast, 2016; Ensley, Pearce, & Hmieleski, 2006; Freeman & Siegfried, 2015; Perkins, 2015). Furthermore, the founder’s human capital was investigated (Brüderl, Preisendörfer, & Ziegler, 1992; Cooper, Gimeno-Gascon, & Woo, 1994), as well as the vision that is developed for the new firm (Freeman & Siegfried, 2015; Oke, Munshi, & Walumbwa, 2009). Also, as in the early stage of a new venture, the founder or the founding team also inhabits the role of personnel management, being responsible to hire new staff to extend the team and contribute to the venture, employee selection criteria have been mentioned (Baldegger & Gast, 2016; Rotefoss & Kolvereid, 2005; Witt, 2004).

Even though many scholars already looked at start-ups through different lenses, the single elements were taken into consideration in an attempt to link them to start-up success. However, success was defined very differently. Criteria as survival rate, or growth of the new ventures were investigated and linked to categories like founder’s human capital, vision, the enacted leadership style or criteria for new employees.
1.2 Problem

Yet, there seems to be no overall framework, connecting the different areas all together. Therefore, we want to create a model connecting the four areas: Founder’s human capital, founder’s vision, employee selection criteria and leadership style in a start-up context.

Founder’s human capital is referring to the idea, that individuals themselves comprise capital. This can be in the form of former experiences, financial capital, gender, age, network etc. (Cooper, Gimeno-Gascon, & Woo, 1994, p. 372). One can invest into human capital, and by doing so, one expects to gain more than what has been invested earlier as a return at a later date, just like normal capital in the bank (Cooper, Gimeno-Gascon, & Woo, 1994, p. 372). We are particularly interested in the following parts of human capital: Academic education, management and start-up experience as well as industry specific experience.

The vision of a founder for a new company has multiple purposes at once. It can be used to motivate employees or make venture capitalists interested into investing into this particular venture, as its vision for the future is promising (Freeman & Siegfried, 2015, p. 36; Ensley, Pearce, & Hmieleski, 2006, p. 244).

Employee selection criteria must be taken into consideration, as the selection of new staff is seen as the tool to create the structures and processes within the business in the first place (Baldegger & Gast, 2016, p. 942). A founder must come up with a strategy to select appropriate employees, as especially in the very beginning, the founder has also the role of human resources and must decide whom to employ and whom not to employ (Baldegger & Gast, 2016, p. 934).

Lastly, when looking at leadership behavior, the classification between transformational and transactional leadership describes different approaches to influence the employees’ actions in a way that they will meet expected or desirable organizational goals (Oke, Munshi, & Walumbwa, 2009, p. 65).

The influence of manifold behaviors or traits on the success or failure of start-ups have been key questions in business research (Ensley, Pearce, & Hmieleski, 2006; Witt, 2004; Colombo & Grilli, 2010; Baldegger & Gast, 2016; Freeman & Siegfried, 2015). The existing literature is looking at these categories in a separate way, mostly only connecting two at a time. However, there seems to be no general framework connecting the four areas.

1.3 Purpose

This thesis provides an examination of how the four areas are affecting each other, by giving an answer to the following research questions:

➢ **RQ1:** How does start-up founder’s human capital influence the creation of a vision, the choice of leadership style and the selection of employees?

➢ **RQ2:** How does start-up founder’s vision influence the choice of leadership style and the selection of employees?
2 Theoretical Frame of References

This chapter deals with the theoretical frame of reference, in which we review the literature. We made use of the Web of Science to identify articles that consider our topic. Appendix A (see p. 48) shows the search terms we used to find the relevant literature. Furthermore, we applied a snowball approach to get more informative articles.

In this thesis we want to shed a light on how a start-up founder’s vision and human capital are influencing his or her choice of employees and the choice of leadership style. To be more precise, when it comes to human capital, we are especially interested in three factors: Academic education, management and start-up experience as well as industry-specific experience. Looking at the choice of leadership style, we decided to use the classification of either practicing a transactional or transformational approach within the new venture.

2.1 Human Capital

The term human capital could easily be explained by the following quote, comparing it to the financial capital: “People make most of their investments in themselves when they are young, and to a large extent by foregoing current earnings” (Ben-Porath, 1967, p. 352). Just like financial capital, for example in form of a savings account in a bank, human capital is established at a given point in time with the goal to receive more return at a later point in time from the very same investment. In contrast to money in a bank account, human capital is not tangible in the classical way, rather it comprises different categories. Those are general human capital, including education, race and gender. Furthermore, it includes management know-how, industry-specific know-how and financial capital (Cooper, Gimeno-Gascon, & Woo, 1994, p. 372). Some of these categories are easier to evaluate, like financial capital, others are more complex. When looking at management know-how, it is not implicitly necessary that the entrepreneur in question has collected this experience him- or herself, it could also be obtained through partners or advisors (Cooper, Gimeno-Gascon, & Woo, 1994, p. 374).

Some studies have taken the role of family into account by investigating if there is a connection between the likelihood of success or failure of newly founded businesses and the fact whether the founder’s father was self-employed himself (Brüderl, Preisendörfer, & Ziegler, 1992; Cooper, Gimeno-Gascon, & Woo, 1994, p. 389). Therefore, human capital is a widely used term in research and comprises all kind of influencing factors that might be used to predict the future success or failure of new businesses. Further approaches define the human capital as one start-up core resource, together with professional know-how, operational and managerial knowledge as well as financial and physical capital (Wu, 2007, p. 550). Additional characteristics which are considered in the literature are professional and production skills, successful management experience and professional background (Huang, Lai, & Lo, 2012, p. 318). Another concept divides this specific human capital into three components: entrepreneurship, industry and university (Criaco, Minola, Migliorini, & Serarols-Tarrés, 2014, p. 567). As we see, different scholars use different definitions of
human capital, but they are all equal in the following aspect: When investing in human capital, the observed earnings are quite low in the beginning but rise when the investment declines and the people who invested in their human capital are realizing returns on their past investments (Ben-Porath, 1967, p. 352). Mostly young people do investments and reason it with having a longer period to receive their returns (Ben-Porath, 1967, p. 352).

Past studies especially tried to link human capital of the founder of new ventures to the rate of “success”, being defined mostly as survival, performance, high-growth, or just non-failure of the business (Brüderl, Preisendörfer, & Ziegler, 1992; Cooper, Gimeno-Gascon, & Woo, 1994, p. 390; Davidsson & Honig, 2003, p. 317). In this thesis we want to have a look at how human capital influences entrepreneurs in start-ups. More precisely, we want to look at the categories (1) academic education, (2) management and start-up experience and (3) industry-specific experience of the new ventures’ founder. Furthermore, we want to understand how it is affecting selection of employees and choice of leadership style. We want to give a brief overview of the literature.

2.1.1 Academic Education
Performance might be enhanced by the level of education. Skills and qualities like problem-solving, commitment, motivation and discipline are seen as valuable characteristics which lead to a better business’ performance (Cooper, Gimeno-Gascon, & Woo, 1994, p. 389). There are greater relative earnings and better survival prospects if the businesses’ founders use their educational background when starting a business (Åstebro, Bazzazian, & Braguinsky, 2012, p. 675). Furthermore, there is an increasing relation of start-ups with sales and the level of education (McMullan & Gillin, 1998, p. 279). Academic background can enable or ease the access to other growth drivers, like finding sponsors and venture capital. The findings of one study support this thought that there are some human capital variables that are significantly and positively related to firm growth (Colombo & Grilli, 2010, p. 611).

2.1.2 Management and Start-up Experience
Another criterion, which is considered by several scholars is the management know-how. On the one hand it is examined that this criterion does not directly affect the new venture’s performance (Cooper, Gimeno-Gascon, & Woo, 1994, p. 390; 1992). On the other hand, there are scholars who conclude that prior experiences influence the founders’ mindset as well as the ability to handle typical venture situations (Uy, Foo, & Song, 2013, p. 27). Founders can handle stressful situations by applying their coping strategies, gained through previous business’ practices and therefore act more realistic and less idealistic (Uy, Foo, & Song, 2013, p. 29). When founders have not been confronted with stressful situations, they therefore react more sensitive to negative information. The acquisition of venture capital for new businesses also seems to get easier for serial entrepreneurs with prior founding experience. These entrepreneurs can raise more venture capital and are also faster in doing so, since they already established contact to investors (Zhang, 2011, p. 187).
2.1.3 Industry-specific Experience

Results of a study within the tech-industry show that industry-specific work experience is related to an outstanding growth of a new venture (Colombo & Grilli, 2010, p. 614). Another study by different researchers came to a similar result. They could also prove their hypothesis that a previous job and experience within the same industry as the founded startup has a positive effect on the success, but instead in terms of reaching the break-even point faster than ventures where founders lacked this experience (Oe & Mitsuhashi, 2013, p. 2198). Further scholars backed this finding and found industry-specific experience an important determinant for survival as well as growth of the new venture (Cooper, Gimeno-Gascon, & Woo, 1994, p. 390). They state, that contacts and experiences, which are developed in a similar business, lead to less “trial and error” compared to a venture’s initial phase, where relationships need to be developed first (Cooper, Gimeno-Gascon, & Woo, 1994, p. 390). Another study also confirmed the finding that industry-specific experience has a positive effect on productivity of the newly founded venture (Brüderl, Preisendörfer, & Ziegler, 1992).

2.2 Vision

Founders of start-ups often have a strong vision and passion for their new idea or product. Nevertheless, they also need to convince possible investors or stakeholders about this vision. The venture’s vision needs to be well put and developed, as it must compete to countless other investment opportunities. The vision also needs to attract human capital in the form of new employees to accelerate the growth of the firm. The vision of a new company has therefore different functions. It should provide answers to basic questions like what is this company all about, how are we going to achieve our goals and why is it important in the first place (Huang, Lai, & Lo, 2012, p. 135). Summarizing, leaders of new companies need to articulate a compelling vision to attract investors, gain reputation on the market they compete in and attract employees (Perkins, 2015, p. 220).

There is another aspect that has to be taken into consideration. Even after new employees for the company have been attracted, the vision still plays an essential role. In new ventures, employees are motivated not only by earning money, but to a high extend also intrinsically, because of the leader’s appealing vision (Freeman & Siegfried, 2015, p. 36; Ensley, Pearce, & Hmieleski, 2006, p. 244). The vision of the leader should make the employees feel as being part of something important (Freeman & Siegfried, 2015, p. 36). Employees are more motivated to perform high by the business’ purpose than by the money. They want to drive the new company’s growth with creative problem solving and knowledge (Freeman & Siegfried, 2015, p. 36; Perkins, 2015, p. 221).

2.3 Leadership Style

Furthermore, different leadership styles are examined. Several academics see a possibility that the leadership style depends on the stage the start-up is at currently (Ensley, Pearce, & Hmieleski, 2006, p. 259). I.e. in the very beginning an individual wants to launch a new venture. To do so, he or she must deploy a vertical leadership style to be able to gather a team and funding. As soon as this is done, he or she should then switch to a more shared
leadership approach. The more dynamic the environment gets, the less efficacious the transactional leadership is (Ensley, Pearce, & Hmieleski, 2006, p. 259).

In this study, we put the focus on transactional and transformational leadership styles. We mention typical behaviors and structures which characterize each of the approaches. Before examining these two styles, we concentrate on the definition of the term leadership in general.

Definition Leadership

Leadership is defined as “[…] an interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perceptions and expectations of members” (Zaech & Baldegger, 2017, p. 158). It describes the influence and direction of a person with the motivation of an action or a way of thinking (Zaech & Baldegger, 2017, p. 158). Additionally, “[…] leaders are able to influence followers’ inner selves and motivational orientations, and that this in turn, can affect followers’ attitudes towards the organization” (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 735).

Transactional Leadership

Individuals who perform the transactional leadership monitor achievements and set clear standards (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 724). In order to engage employees in economic processes and to obtain standards, leaders impose sanction in a case of failure (Delegach, Kark, Katz-Navon, & Van Dijk, 2017). They refer to a rewarding system which is “[…] associated with performance or predefined tasks and compliance with planned goals and standards” (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 727). The employees are motivated by meeting the leader’s expectations in order to avoid punishment and to receive rewards (Kark, Van Dijk, & Vashdi, 2018, p. 190). They are not supported by the leading person to solve existing problems. Instead, the employees are encouraged to perform dependent on the leader’s decisions, standards and norms (Kark, Van Dijk, & Vashdi, 2018, p. 190). When examining the creativity, which is a very important factor for new ventures, the employees are not expected to generate high quality ideas. They are rather concentrating in the standards and regulations (Kark, Van Dijk, & Vashdi, 2018, p. 194).

To sum up the most important aspect which characterizes the transactional leadership style, the employees are motivated through the system of rewards and punishment. They are rewarded for doing something good and apprehended in the case of doing something wrong (Oke, Munshi, & Walumbwa, 2009, p. 66).

Transformational Leadership

In contrast to the transactional style, transformational leaders want to create an environment and culture to support the business’ change and growth. They can be characterized as respectful, caring, challenging and warm persons (Oke, Munshi, & Walumbwa, 2009, p. 65). The employees are encouraged to be innovative as well as creative and are motivated through the future’s goals which are presented by the leaders. They encourage their followers to trust their aspirations and promote novel ideas (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 726; Kark, Van Dijk, & Vashdi, 2018, p. 211). The leader is a role model for the employees.
and therefore behaves in admirable ways which makes the followers adopt the leader’s values and norms (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 726).

The most important difference to the transactional leadership style is that the transformational style encourages the employees’ creativity (Kark, Van Dijk, & Vashdi, 2018, p. 190).

2.4 Employee Selection Criteria

There are different approaches which examine factors that influence a business’ performance. Within new ventures, the employee selection is described as a tool which creates the context for the business’ structures and processes (Baldegger & Gast, 2016, p. 942).

Scholars found out, that the age influences entrepreneurial intentions as well as competences (Rotefoss & Kolvereid, 2005, p. 124). Moreover, the intentions within an entrepreneurial environment decrease while the entrepreneurial competences increase with the age (Rotefoss & Kolvereid, 2005, p. 124). Furthermore, it turned out that being young and male positively influences the development of a nascent entrepreneur (Rotefoss & Kolvereid, 2005, p. 122). The gender aspect is also considered in another article. It considers the investments of time and money in networking activities, which may be larger when there are more men in the team. Women are not as used as men to build and utilize networks (Witt, 2004, p. 405).

There is the ideal-employee factor which includes four criteria: Emotional stability, conscientiousness, agreeableness, openness to experience and extraversion (Klehe, et al., 2012, p. 276). The general stereotype of the ideal employee is being hard-working and stress resilient (Klehe, et al., 2012, p. 293). When acting according to the researchers’ results, a perfect employee is characterized by the above-mentioned criteria.

In the early stages of start-ups, every new employee is contributing to shape the future of the venture. Scholars interviewed founder-CEOs of new ventures about the selection of employees. It turned out that the “[…] employees were selected based on a person-founder fit between the founder-CEO and the applicants” (Baldegger & Gast, 2016, p. 942). Especially the first hired employees often need to share the founder’s values and personality. The most decisive and relevant criterion for the CEO is a well gut feeling with an applicant (Baldegger & Gast, 2016, p. 942). As the start-up enters the early growth phase and proceeds its development, it is common for new ventures to have already established a small team of employees. Now it is not only the founder who must work in close collaboration with newly employed staff, but instead the whole, or parts, of the team. Therefore, the previous required fit between the founder and the new employee is now extended. The applicant must instead fit to the whole organization. The “person-organization fit” is becoming more important than the previously required “person-founder fit” (Baldegger & Gast, 2016, p. 946). As a result, the already established team of employees of the company gain a voice in selecting new people that will be part of and complement this existing team. The involvement of the team into the process of selecting new employees is now required to make sure that the new applicant’s traits will complement the existing organizational culture (Baldegger & Gast, 2016, p. 946).
These findings can be linked to the previous section “Vision”. Studies turn out that the employees should share the business’ vision (Freeman & Siegfried, 2015, p. 36; Ensley, Pearce, & Hmieleski, 2006, p. 244). Therefore, the employees can identify themselves with the company and feel motivated to contribute to the venture’s success (Baldegger & Gast, 2016, p. 941). Hence, there is a connection between having a vision for the new venture and selecting new employees accordingly to it.

2.5 Research Model

Based on the examined literature, we build up the following research model (see Figure 2.1).

![Research Model Diagram](image)

**Figure 2.1: Research Model**

The sections “Human Capital” and “Vision” need to be seen as founder’s characteristics. The “Leadership Style” and “Selection of Employees” are seen as criteria which influence the whole business. Each area is described by the most important criteria which turned out in the chapters 2.1 to 2.3. Therefore, the academic education, management and industry experience are important criteria of the founder’s human capital (Criaco, Minola, Migliorini, & Serarols-Tarrés, 2014, p. 567). The motivation is generated through having a vision and attracts both, investors and employees. (Freeman & Siegfried, 2015, p. 36; Ensley, Pearce, & Hmieleski, 2006, p. 244). Furthermore, scholars see the transformational and transactional approach as the most important leadership styles in new ventures (Ensley, Pearce, & Hmieleski, 2006, p. 259). The person-founder-fit, person-company-fit and the factors skills, gender as well as age are important to face when selecting the employees (Rotefoss & Kolvereid, 2005, pp. 122-124; Baldegger & Gast, 2016, pp. 942-946).

The first considered relation is between the “Human Capital” and the “Vision”. The previous chapters 2.1 to 2.3 examined, that founders have passion and a strong vision for their new products or services. The vision is generated through former experience and knowledge, which is comprised in the term human capital. The founder has an idea of what aims are realistic to reach with the new venture, grounded in his or her human capital (Uy, Foo, & Song, 2013, p. 29). In chapter 2.2 it is mentioned, that the employees need to feel attracted by the business’ goals and aims. They need to have the feeling of being part of something important and should be motivated by the company’s vision (Freeman & Siegfried, 2015, p. 36). The founder selects his or her employees according to the business’ vision and pays...
most attention to the gender and age, because they influence the network development (Rotefoss & Kolvereid, 2005, p. 122). Therefore, the arrow goes from the “Vision” to the “Selection of Employees” since the vision definitely has an impact on the employee selection criteria (see Figure 2.1). The next connection, we would like to consider, is the arrow which connects the “Human Capital” and the “Leadership Style” (see Figure 2.1). Entrepreneurial leadership is defined by a person who directs and influences another person, aiming for a certain goal (Zaech & Baldegger, 2017, p. 158). Therefore, the founder acts according to a defined style of leading behavior. The choice of a leadership style is set by the founders when they start their venture. Since each founder’s mindset influences the chosen style in the initial stage, there is a relation between the influence of the founder’s human capital and the leadership style. From the articles we conclude, that the founder’s human capital, which is the academic education, management experience as well as the industry experience, has an effect on the chosen leading style (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 726; Kark, Van Dijk, & Vashdi, 2018, p. 211).
3 Method

When conducting our study, we concentrated on the constructionist approach with focusing on qualitative research. We decided to analyze multiple cases and gathered information applying in-depth and semi-structured interviews. The interviews are conducted in a face-to-face (or Skype videocall) manner. Finally, we analyze the data in a grounded manner.

3.1 Choice of Epistemological Framework

Epistemology is revolving around the question on how to gain knowledge and to answer the question: “How we know what we know?” (Easterby-Smith, Thorpe, & Jackson, 2015, p. 51). When conducting a study or research within the area of social sciences, one must choose between two main views: “positivism” and “social constructionism” (Easterby-Smith, Thorpe, & Jackson, 2015, p. 51). We want to provide a brief overview about these two approaches to justify our choice of the epistemological framework. The idea that stands behind positivism is that the perceived world exists externally and is not dependent on our subjective opinions of it. Therefore, it is possible to gain knowledge by measuring this social world with the help of objective methods. These methods include quantitative data that express information in the form of numerical data. It is assumed, that the researcher can be independent from what is being observed. The generated data and conclusions often are generalized statistically to a broader context, given the used sample size for the study is high enough and this exact sample is representing the context that the study is generalizing to (Easterby-Smith, Thorpe, & Jackson, 2015, p. 53). In contrast to that, social constructionism is declaring that there is no independent observer, instead the researcher conducting the study is also always part of what he or she is observing. The focus is shifting towards the individual and how people allocate meaning to their personal view of the world. More importance is attributed to communication, even non-verbal. The gathered data consists of textual data and the sample sizes are smaller. This leads to an inability to generalize them with help of statistical means, rather they can be theoretically abstracted (Easterby-Smith, Thorpe, & Jackson, 2015, p. 53).

For this thesis, we chose a constructionist approach, as it gives us the opportunity to investigate what interviewees are thinking in-depth and how, as well as why they consider something as important or not.

3.2 Choice and Planning of Research Design

There are different possible research designs suited to conduct a constructionist study. Examples might be action research, archival research or narrative methods. They have in common that they are connected to two distinct ontologies: Being relativistic and nominalistic. To explore the participants’ reality and to understand how it is constructed, it is also essential to compare it to other participants’ views (Easterby-Smith, Thorpe, & Jackson, 2015, p. 56). For this thesis, we decided to conduct a case study. It “[…] looks in depth at one, or a small number of, organizations, events or individuals, generally over time” (Easterby-
Smith, Thorpe, & Jackson, 2015, p. 89). According to how exactly one conducts a case study, it may represent a more positivistic or constructionistic view on reality. Easterby-Smith et al. (2015) present the points of view of three scholars: Yin, Stake and Eisenhardt.

Yin’s approach can be classified as rather positivistic (Easterby-Smith, Thorpe, & Jackson, 2015, p. 89). He criticizes that common case-studies lack the rigor that should be part of a scientific design. As a result, he pointed out that generalizations from the sample to the general population are hardly realizable. Furthermore, he stated that through collecting vast amounts of data, the researchers are enabled to interpret these findings as they want to. His proposed optimal design for a case-study comprises prior study design and a sample of up to 30 different cases that should be analyzed by comparing them to each other with the goal of testing a theory or hypothesis (Easterby-Smith, Thorpe, & Jackson, 2015, p. 89). Stake’s opinion on case-studies represents the other extreme: It is much more constructionistic and therefore not as interested in general validity, but rather in giving a full picture of individuals or organizations. He classifies between instrumental and expressive case studies. “The former involves looking at specific cases to develop general principles; the latter involves investigating cases because of their unique features, which may or may not be generalizable to other contexts” (Easterby-Smith, Thorpe, & Jackson, 2015, p. 90). His ideal case-study design will be defined during the study as it emerges from the context. The needed sample can be as low as only one single case and the analysis will be conducted within this case. There is a third widely accepted and acknowledged view, which represents an intermediate position between the rather extreme ones of Yin and Stake. It is developed by Eisenhardt and combines elements from both other designs, she proposes a flexible design. The samples of four to ten different cases should be analyzed both within themselves but also across the cases. The goal is to generate a new theory (Easterby-Smith, Thorpe, & Jackson, 2015, p. 91).

In this thesis we want to obtain a greater understanding of how start-up founder’s human capital and vision have an impact on selecting new employees and choosing and enacting an appropriate leadership style. To be able to understand these mechanisms and the motivations behind them, we need to understand backgrounds and personal information. We want to understand the environments and motives and must look at the big picture when doing so. Therefore, our research design resembles the one proposed by Stake and we should familiarize more with his research approach. Above, we already quoted Easterby-Smith et al. (2015, p. 90), who state that Stake is differentiating between instrumental and expressive case studies. According to Baxter and Jack (2008, p. 547), Stake distinguished between three types of case studies, dividing expressive case studies into two single, more precise categories. When doing so, they end up with the following possible categories for a case study according to Stake: “Intrinsic”, “collective” and “instrumental”. The intrinsic case study is concerned with one particular case and wants to shed a light on it explicitly. There is no attempt to broaden the horizon of the case or to generalize to some abstract construct or theory. Rather, the case itself is intrinsically interesting and worth investigating and is chosen for its uniqueness, not because it also represents other cases. The second type is the collective case study. It resembles and shares many aspects with a multiple case study as proposed by Yin (2014, p. 11). The third type is the instrumental case study. Here, the particular case or situation is not the main focus, rather it can allow insights into an issue of interest or contribute to a theory.
The case itself is examined in-depth and its background and context is taken into consideration. Still, there is no interest in this exact case, it is used to guide the way to understanding an external interest (Baxter & Jack, 2008, p. 548). This is the research design we choose for conducting our study, because we want to cover new ventures in general, without limiting to selected categories.

We are interested in exploring the connection between founder's human capital and vision and choice of leadership style and employees. This represents an external problem. To study this connection, we must look at firms in an early age of existence and interview their founders and maybe employees to complement it, but it is not relevant what specific start-ups we are looking at. The case of an individual firm is only of secondary interest, the primary interest is to achieve insights into patterns and reveal an overview of how the four categories are influencing each other and why. Therefore, it is an instrumental study. To be able to make statements about such questions, we are going to conduct a multiple-case study. According to Baxter and Jack (2008, p. 550), this is the correct design for "[...] examining several cases to understand the similarities and differences between the cases".

3.3 Data Collection Strategy

In this section we explain, how the data that formed the foundation of our analysis was collected. As this is a qualitative study, we focused on obtaining primary data in the form of in-depth-interviews with appropriate persons, that could contribute to our study by providing us with their views on reality. We explained how and according to what criteria the interview partners were selected and how the interviews were conducted.

3.3.1 Selection of Interviewees

The choice of interview-partners is a crucial step before collecting data. As we decided to conduct an instrumental case study, our goal is to shed a light on the connection between founder's human capital and vision and the choice of leadership style and employees, which describes a general phenomenon. The interview partners should therefore represent "reasonable instances of the (larger) phenomenon under research" (Easterby-Smith, Thorpe, & Jackson, 2015, p. 138). This must be taken into consideration when choosing interviewees. This form of sampling is called a non-probabilistic sampling strategy. It is "guided by considerations of a more or less theoretical nature; it seeks to select a purposeful sample, while at the same time reducing the likelihood that the way a sample is chosen influences the outcome of the research" (Easterby-Smith, Thorpe, & Jackson, 2015, p. 138). In short, this approach can be called purposeful sampling. Interview-partners needed to fulfil one of the following criteria to be able to be selected for this study:

➢ Being the founder of a new venture and already having hired employees
➢ Being one employee of a newly founded venture

Furthermore, other sampling techniques were used, especially in the beginning of the data collection phase. Ad-hoc sampling describes a process of selecting cases according to availability and ease of access (Easterby-Smith, Thorpe, & Jackson, 2015, p. 138). This
technique was utilized by us through making use of our personal networks to get in touch
with individuals of whom we knew would fit the needed criteria and that might be interested
and willing to contribute to our study by allowing us to interview them. Also, some
interviewees made suggestions on whom they thought might be in a similar position as
themselves or otherwise fit to our sampling criteria. They would then provide us with
information to contact them and ask about their interest in participating in our study as well.
A “snowball sampling approach” is described as following: “Selected participants recruit or recommend
other participants from among their acquaintances” (Easterby-Smith, Thorpe, & Jackson, 2015, p. 138).

Table 3.1 gives an overview of our interview participants. It shows the interviewee’s role in
the venture, the alias name that will be used to refer to this person within this master thesis
and which manner we used to conduct the interviews.

Table 3.1: Interviews

<table>
<thead>
<tr>
<th>No.</th>
<th>Role</th>
<th>Alias</th>
<th>Manner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Founder</td>
<td>F1</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>2</td>
<td>Founder</td>
<td>F2</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>3</td>
<td>Founder</td>
<td>F3</td>
<td>Face-to-Face</td>
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<tr>
<td>4</td>
<td>Founder</td>
<td>F4</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>5</td>
<td>Founder</td>
<td>F5</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>6</td>
<td>Founder</td>
<td>F6</td>
<td>Face-to-Face</td>
</tr>
<tr>
<td>7</td>
<td>Employee of F1</td>
<td>E1</td>
<td>Video call</td>
</tr>
<tr>
<td>8</td>
<td>Employee of F2</td>
<td>E1</td>
<td>Face-to-Face</td>
</tr>
</tbody>
</table>

3.3.2 Interview Framework

Before conducting interviews, we prepared for that task by answering some important
questions that need to be addressed to be able to make most use out of the interviews. First,
we chose the type of interview we wanted to conduct. Interview types reach from
unstructured interviews, which resembles an open conversation to highly structured
interviews, that can be conducted by giving out questionnaires that sometimes even only
allow a set of predefined answers, mostly through ticking boxes. There is another way of
interview, which is in the middle of the two above. It is called a semi-structured interview, in
which questions exist from the beginning but can be slightly changed or addressed to the
interviewee in a more flexible manner (Easterby-Smith, Thorpe, & Jackson, 2015, p. 139).
We decided to have semi-structured interviews, as these are structured enough to be sure to
cover the issues we want to address, but at the same time open enough to not restrict or limit the possible answers we could receive from the interviewees.

Easterby-Smith et al. (2015, p. 140) recommend using a topic guide when conducting semi-structured interviews. This enabled us to create an informal list of questions and topics that we made sure were addressed in every single interview, without specifying a particular order for the questions within the single categories. Furthermore, it made sure that the questions asked were appropriate and expedient. This includes avoiding abstract theoretical expressions, and instead encourage interviewees to reflect on their own opinions and experiences by asking them open-ended questions, without being too leading (Easterby-Smith, Thorpe, & Jackson, 2015, p. 140). Through laddering up and asking follow-up questions that revolved around keywords like “How” and “Why”, we tried to leave answers that only contain facts behind us, and instead investigate the interviewees’ points of view as well as their personal motivations and values (Easterby-Smith, Thorpe, & Jackson, 2015, p. 142).

The structure of the topic guide (see Appendix B) is threefold: It starts with opening questions, that break the ice between interviewers and interviewee and get the conversation going. An important question in this first part is if the interviewee understands the scope of the study and his or her contribution, as well whether he or she agrees to be recorded on tape for later transcription of the interview.

The main part of the topic guide is revolving around the key questions and topics that the study wants to cover. The section “Education” is used to dig into the human capital of the founder. Academic background, former start-up and management experience as well as former jobs and industry-experience are inquired. The following section “Leadership style” is designed to get the interviewee talking about how leadership is practiced in his or her venture. It revolves around questions about decision making, how roles are allocated to employees and how tasks are given out. The section “Leader’s personality” was added, because when talking about personality traits, often examples from the past were used to explain a trait. This was helpful as it mostly provided additional information regarding leadership style and human capital. The main part’s last section “Challenges” mainly addresses questions about the founder’s vision for the start-up as well as his or her criteria of how to recruit employees.

In the interviews’ last part, closing questions were asked. They should show the interviewees that their contribution is valued and appreciated. Also, we asked if our interview partners wanted to add something, in case we missed an important aspect that they think is essential for our research. To complement the snowball-sampling approach that was employed to get access to more possibly interested interviewees, this last part of the topic guide also contained a question asking if the interviewed person might want to recommend another follow-up contact (Easterby-Smith, Thorpe, & Jackson, 2015, p. 141). Our topic guide is attached to this thesis as Appendix B on page 49.

We decided to conduct most of our interviews in a face-to-face manner, meaning we met in person with our interview partners or had a video-call. There are several other ways to conduct interviews, i.e. via phone, mail, or written correspondence. The reason we did not
choose these mediated forms of conducting interviews is that “mediated interviews lack the immediate contextualization, depth and non-verbal communication of a face-to-face interview” (Easterby-Smith, Thorpe, & Jackson, 2015, p. 144).

3.4 Analysis of gathered Data

The foundation of our data analysis were the transcripts which we created from the audio recordings of the interviews. They were collected as single text documents and pooled in one folder. After all interviews had been done and transcribed, we started the actual analysis of the data. Even before, while collecting the data, we already paid attention and tried to find meaning. As Stake emphasizes: “There is no particular moment when data analysis begins. Analysis is a matter of giving meaning to first impressions as well as to final compilations” (Stake, 1995, p. 71). Therefore, analyzing and interpreting qualitative data is an ongoing process, starting while collecting the data and lasting until the final process of giving meaning. The whole procedure is about taking the given data apart and then reassemble it in a more meaningful way (Stake, 1995, p. 75).

According to Stake, there are two ways of how to search for meaning in qualitative research. The researcher can “[…] look for patterns immediately while […] reviewing documents, observing, or interviewing – or […] can code the records, aggregate frequencies, and find the patterns that way. Or both” (Stake, 1995, p. 78). When coding data, one basically proceeds in a way that will clarify the raw data and put meaning to it. Different scholars propose different levels of coding, but they have in common, that they start with many, but vague codes, and proceed in an attempt to compile them into less, but more dense codes and categories or dimensions (Gioia, Corley, & Hamilton, 2013, p. 21; Easterby-Smith, Thorpe, & Jackson, 2015, p. 193). Starting with 1-order codes, we were looking through the transcribed interviews in an attempt to find reoccurring terms or patterns, that will later-on be used for categorizing the data. Then, second-order codes are used to sort the first-order concepts into themes and group them. These concepts can then be combined and arranged into dimensions themselves (Gioia, Corley, & Hamilton, 2013, p. 21).

Baxter and Jack (2008, p. 555) express concern regarding the linkage between the different data sources during the analysis phase: “One danger associated with the analysis phase is that each source would be treated independently and the findings reported separately. This is not the purpose of a case study. Rather, the researchers must ensure that the data are converged in an attempt to understand the overall case, not the various parts of the case”. We tried to connect all cases, meaning the complete interview data, with one another, not paying attention to the borders of singles cases. If a pattern only emerges in one particular case, we would stress that. Still there is no analysis of single cases going on, as the gathered data is viewed as one source of information.

3.5 Qualitative and Ethical Considerations

When doing a qualitative study, we as the researchers must ensure quality of the produced contents and statements. Furthermore, ethical issues must be considered to make sure to not harm neither interview partners nor the academic community. In the following two sections we explain how we took these topics into consideration.
3.5.1 Quality of the Research

In this thesis, we follow the concept of “trustworthiness”, first introduced by Guba (1981), to warrant the quality of our research. This scholar identified four aspects of trustworthiness when conducting qualitative research. The naturalistic terms of these four aspects are the following: “Credibility”, “transferability”, “dependability” and “confirmability” (Guba, 1981). Only when a study follows all aspects above one can call it trustworthy.

Credibility is concerned with “how can one establish confidence in the “truth” of the findings of a particular inquiry” (Guba, 1981, p. 79). To make sure one can believe the findings of our study we integrated multiple perspectives on the same topic by comprising interviews from founders and employees of start-up companies, we made sure to shed light on the topic from different angles.

Transferability is dealing with the problem that every situation is unique and individuals’ behavior is often strongly tied to the surrounding context. How can researchers make sure that their findings will be transferable to other similar situations? Scholars suggest providing a “thick” description of the context and the collected data (Guba & Lincoln, 1985). By using in-depth interviews that do not ask only straight questions, but instead often revolved around open questions as well as laddering up and down during the interview, we made sure to get hold of enough context to make assertions if our findings are transferable to a similar situation.

Dependability is addressing the fact that in naturalistic research different social realities might exist. Furthermore, as Guba (1981, p. 81) explains it: “[the researcher] believing in a multiple reality and using humans as instruments – instruments that change not only of “error” (e.g., fatigue) but because of evolving insights and sensitivities – must entertain the possibility that some portion of observed instability is “real”.” To overcome this hurdle, he is proposing to leave an audit trail, to show the reader how exactly data was collected and analyzed. This enables other researchers to replicate the study, if necessary. Also, he suggests making use of dependability audits during the research process, to make sure the used methods and techniques are also approved by other researchers through a peer-check (Guba, 1981, p. 86). Through openly documenting our data collection and analyzing process, we leave an understandable, comprehensible and replicable trail that readers and other researchers can approve of. Within the master thesis process, we had several thesis seminars, where we met and peer-checked material from other student groups, and had an external opinion of our process. This process can be described as having dependability audits.

Confirmability ensures that the researchers’ personal bias or perception is not influencing the findings and outcomes of the study. To exclude the possibility of having our own personal attitudes influencing the findings of our study, we focused on two things. First, regular peer-check meetings as mentioned above to make sure other students drew the same conclusions and interpretations from the data and that these conclusions were consistent. Second, as we are two students conducting this study, we could at any time critically evaluate each other checking not to include personal bias into the data collection and analyzing process (Guba & Lincoln, 1985).
3.5.2 Ethical Guidelines of the Research

Studies should always be examined with an ethical perspective. Ten key principles in ethics research, which are adapted from Bell and Bryman (2007), are presented by Easterby-Smith et al. (2015, p. 122). They are differentiating between ethical guidelines to protect the interests of interview and study participants and guidelines to make sure not to harm the integrity of the research community. In this thesis we used these ten principles to meet the ethical expectations.

The first three ethical guidelines involve ensuring that no harm comes to participants, respecting their dignity as well as providing an informed consent with them (Easterby-Smith, Thorpe, & Jackson, 2015, p. 122). To make sure of that, we put focus on giving possible interview partners information regarding the topic and purpose of our study at the very first encounter, which was established via e-mail or phone. When the person in question agreed to participate in our study, we asked them to propose a time and date for the interview, as we were mostly more flexible with our study schedule, and agreed on an appointment. When sending out the confirmation mail, we already attached a document establishing an informed consent (see Appendix C) and summarized the goals of the study, their personal contribution to it, and an inquiry to ask for permission to audio record the upcoming interview.

The next three ethical key principles are concerned about protecting the privacy and anonymity of the participants as well as guaranteeing a confidential dealing with the gathered data (Easterby-Smith, Thorpe, & Jackson, 2015, p. 122). Within our thesis, we made no use of actual names, rather we referred to our interview partners through using anonymous aliases. Also, no company names or descriptions were included to ensure the privacy and anonymity of our interviewees. The confidentiality was realized through making sure that access to the audio records and transcripts of the interviews was only granted to us, the researchers, as well as to our thesis supervisor at Jönköping University, on demand. Furthermore, we informed our interview partners about this fact, to make them feel comfortable about the usage of data produced by interviewing them.

The last four ethical considerations are dealing with the protection of the research community. They include avoiding deception about the aims of the study, clearly stating funding sources and conflicts of interest, being transparent in communicating the study and avoid misleading or false reporting of findings (Easterby-Smith, Thorpe, & Jackson, 2015, p. 122). By providing a detailed description of our study design and execution, as well as showing empirical results extracted from the interview sessions, we warrant to provide a clear goal of the study and secure transparency to readers of this thesis. Funding sources and affiliations are also obvious, as the study was conducted in the scope of a master thesis at Jönköping University, without being influenced or led into any direction. The strategies and techniques are employed to make sure of the above also comprise the peer-review process and the thesis-seminar sessions, mentioned and explained in chapter 3.5.1.
4 Results

In this section we present our findings of the interviews. Statements of study participants are shown in the context of one of the four categories 1.) human capital 2.) vision 3.) employee selection criteria and 4.) leadership style. We sorted findings in a scheme of topics that resembles the structure of our theoretical frame of reference to support the reader in categorizing the results.

Before taking a look at the actual findings, it is worth mentioning that most of the interviewees cited in this study have had experience with former start-ups before their current one. All of them have had prior work experience as employees. The interviewees’ age ranged from late twenties to just over fifty years. All of them had an academic background.

4.1 Findings Human Capital

Firstly, we concentrate on the findings regarding to the human capital. As we already covered in chapter 2.1, we examine the academic education, management and start-up experience as well as industry experience.

**Academic Education:**

F1 studied “Entrepreneurship and Project Management” in his bachelor studies. When we asked him about his academic learnings he explained it as a combination between learning at university and also online and actually trying new things. He sees the university as important but not as the most valuable channel of getting experience. F4 was referring to his education at university in the following way:

“It helped me to get up in the morning, take responsibilities and structure my work. And I learned that there is always something out there where I can get information, may it be a person, article, newspaper text, podcast or something else” (F4).

There are several start-up founders who see the university as an important channel to learn things, but it is not the only one to gather new valuable information. One founder stressed the advantage of combining the academic knowledge of multiple founders within different areas:

“And that we all are from different areas, which is good” (F6).

**Management Experience:**

Being asked about former managerial experience, there seemed to be more key learnings for founders and employees of new ventures compared to academic education. One employee of a new venture already had managerial experience through working in a big company.
When entering the start-up, he had to adapt his previous style to the new environment. E1 already worked in a leading position, so he knows how that works and how he can support his colleagues. He sees a huge difference between theoretical and work experience. E1 explained that he led older people in his previous work and therefore might appear a bit authoritarian to his new colleagues. He needed to prove himself in being a good leader, to be accepted by the new team. Since he understands the new venture as a completely different environment he needed to change his appearance to not be the leader that stands above the rest. Furthermore, he added:

“I wanted to be less distanced to the rest. If it comes to decide for investments, we first discuss. But in the end my opinion is mostly accepted because they trust in the experience I have” (E1).

So, the explicit knowledge of how to manage people in a big company manner seemed to be not directly applicable. The experience needs to be adapted to the environment of a new venture first.

Start-up Experience:

Explicit start-up experience was mostly considered very useful by the interviewees. F4 already experienced the founding of three start-ups.

“[...] we failed our first start-up. Then we founded [new start-up’s name], we had better and more information from the possible customers” (F4).

F2 told us about his learning to adapt. Their business model has constantly been altered and changed by the whole team. He stressed the importance to see how things could be done best when starting a company.

“When you think this is the best way of doing things, you will learn that it is not always the best way. It is an important lesson because money runs out fast if you do not adapt” (F2).

Furthermore, interviewees stated that they actively avoided mistakes they made in previous start-ups. F1 told us about one mistake. He failed when focusing on things on his own and therefore decided to build up a big team. From that point on, he consciously avoids the mistake of doing things alone and prefers to have a team instead. Another interviewee stated, that he had six or seven part-owners in his previous company and acted in a flat and shared approach.

“From that I learned that it might work fine in the beginning, but in the long run it is hard to have too many ownerships” (F2).

He justified it with the problem of ending up in long collective discussions. In addition, he also sees a collision in not being an engineer while all the others were engineers. From that he learned that they should do it in a different way. F5 was stressing the positive start-up experience of one of his two co-founders:
“[Co-founder] had his first venture at 16, it was a wine trade. He kept it till the age of 21 and improved this online shop really well. He learned a lot in that time” (F5).

Industry Experience:

When talking about industry-specific work experience and its impact on the current venture, study participants established a clear connection between these two, being able to tell exactly how it is helping them or not. F1 told us that he experienced three and a half years in retail and tries to connect this knowledge now, aiming for coming up with new things. He knows about currently existing problems and offers a fitting solution to the customers. F2 was mentioning the same experience:

“So, we understood before we started [name] how the business on that market works. You know about their [customers’] business model, how they work, then you just implement your service so it fits into their model. That has been a big success for us. We have a handful of competitors and none of them has this experience” (F2).

Summarizing the statements form the gathered interviews, we can see that academic education seemed to have only a marginal influence on vision and leadership creation. Management-experience seemed to be not applicable straight away, but can easily be transcribed into the start-up environment, therefore strongly influencing the choice of leadership style. Explicit start-up experience on the other hand was usable right away and helped entrepreneurs to avoid old mistakes consciously, mostly influencing their selection of employees. Former industry-specific experience seemed to have a high impact on the current venture’s strategy. However, it seemed to have no direct influence on the areas of leadership style or selection of employees.

4.2 Findings Vision

The visions of where start-ups are supposed to go in the future and for what reason seem to differ a lot. Some interviewees expressed tangible numbers and figures, while others were talking about reasons of why their current start-up is important and how it can fundamentally change and improve a given sector. Also, there are different perceptions whether a vision should be developed and given out by the founder or if it must be developed together with the employees. F2 was belonging to the first group, his vision was very well articulated:

“We need to get production up to a level that we have about 60% production, 40% marketing. Today we are more 50/50 or even more for marketing. We are basically on break even now and to start making it profitable we need to improve our production and after that it is the matter of if we want to walk, run or run like crazy” (F2).

This vision is shared throughout his start-up and is therefore told the employees. Most of them also invested in the company. Since everybody believes in the company, the investments could be seen as a way of building motivation. The employees do not only feel motivated because of the salaries.
Contrasting that, interviewees stated that the creation of the common vision for the new venture together with all employees at that point in time was one of the key activities that was performed shortly after the founding of the start-up. F1 told us about a meeting on team building and vision development, where everybody wrote specific questions down. They concentrated on what the several key values and their vision should be. Then they shared notes and wrote something common down. When we asked F1 why he thinks this task is important, he stated:

“You will have intrinsic motivation” (F1).

This common vision is also stressed by F3 and F4:

“Yes! There we have put a milestone over the next 18 months where we want to go but it is constantly moving. But we have an idea of where we want to go. All five of us” (F3).

“We are very driven by vision. And you need to know your why, why are you doing this. And we are very driven about our why. Our why is that we think that creating a tool for [business sector] is essential, that is much bigger than ourselves. You could ask anyone about our why and our vision and they would tell you the same. We are really driven by it, because it is long-term” (F4).

Additionally, F4 stated that the vision should be written down and should be available for all employees. Furthermore, he stressed that it is even more important to talk about the vision in the team. One interviewee extended the importance of the meaning of the vision even to their stakeholders, especially the investors:

“We even wrote it down in the shareholder contract. That was a problem. We said if you do not believe in this solution then we are not interested in your money. It is quite important to explain it, because we want to make a difference. [...] And this is the money we are looking for. We want the people to invest that want to make a change” (F3).

One study participant stressed how important it is for him that the vision is shared among his employees. He sees the sharing of the common vision as a requirement. He does not want people to come there just to get a salary in the end of the month, they are able to do so much more together.

Another aspect that was mentioned by F4 and E1 was that they think, even if a shared vision is important, every single employee can still pursue his or her own idea of a “why”:

“Then I also think that different employees can have different whys. [...] You have to like our vision and why, but furthermore, you have to find your own why. If I want to do this just to earn a lot of money, then maybe go to some bigger company” (F4).

The second person who had this opinion was giving a possible explanation for it:

“The vision itself is known by every team member but I think each member has his own interpretation of it. In my opinion it is good because we all have the same spirit, which is also present in our brand [name]. But the vision might vary from member to member. I really appreciate it, because due to that we need to face
situations in which we discuss and question the proceeding. It is not good if all of us always agree and if we all have the same mindset. This could end up being frustrating” (E1).

As F5 was expressing, a start-up’s vision can also change over time, as new inputs and learnings are gathered.

Presenting these statements from the gathered interviews, one can easily see that vision is – both in formulation and implementation – seen in two different ways. F2 created it by himself, is giving it out to his employees and expects them to accept it. It is clearly formulated with the use of business terms. The other interviewees shared another perspective on vision. It was developed together with the whole team of employers and employees and comprised rather wide notions instead of well formulated business figures. This is a first hint on how vision is actively influencing the leadership style. Some visions were developed together with the team and employees were free and even expected to speak up and bring their own opinion into the discussion. On the other hand, there were explanations of visions that did not ask for employees contributing to the firm with anything else than their skilled workforce.

4.3 Findings Employee Selection Criteria

The range of our interviewees’ view on how to select appropriate employees for the newly founded venture was very wide. At one end of the range was one interviewee selecting his employees by getting along well with them personally, at the other side of the range, there were statements expressing that only skills are important when searching for suitable new employees. F1 paid most attention to the personality traits. He got to know his employees in a university course.

“I did not evaluate them. I just knew that they are guys from different nationalities interested in the same thing and we get along well and they have different backgrounds. I did not search for specific attributes. I knew that we would get along well” (F1).

The other extreme is expressed by the respondent E2. His opinion is that skills are more important than the characteristics or personality. He told us that he was not looking for someone who will be in contact with the customers. Having the required skills are the most important criteria to bring the company forward. This focus on skills is likewise stressed by this employee’s employer F2. He sees as most important criterion the persons’ willingness to learn new things. His group always wants to know something new and think always one step ahead. He continued and stated that if an employee got stuck with the feeling that he or she knows enough about things then he or she does not fit into his group. Additionally, F2 gave an example of how the start-up acquired a new employee from Brazil:

“The Brazilian guy convinced us with his knowledge, we saw that he has a good learning curve. We need to train the profession we need, it is not out there in the market” (F2).

However, most interviewees’ statements were in the middle between the two rather extreme standpoints above. F3 was telling us how he also puts character into focus:
“I knew that he is a dedicated person with a good character. I was looking for good characters because he has to work alone and his role will be particular. [...] It is not only the competence. It is about the person and about fitting in. They have to fit in” (F3).

F6 was stressing that new employees will automatically gain a saying in the start-up, which is why it is important that the applicant has not only the needed skills, but also a personality that fits to the team:

“When we hire a new person then he or she is a normal part of the team, can influence our direction and bring in more opinions. This is why personality is also important” (F6).

F1 told a story of how he became aware of a potential new employee. He saw one of his future employees at the University’s innovation days and felt that this person is inspired by the start-up’s culture. This fits with F1’s entrepreneurial mindset. It is additionally in line with F4 who stated his personal selection criteria like this:

“The first criterion is: Will we have a lot of fun together? [...] We see a business as a long journey and we need to know that this will take a lot of laughing and crying together” (F4).

So, this first criterion rules out perfect experience. If they do not have fun together and there is no personal fit, then F4 would not think about having him or her in his team. He continues:

"The second criterion is: Are the experiences in line with our company? [...] Because this is long-term, we have to get along very well” (F4).

Furthermore, he also stressed the fact that a mismatch between employer and employee might be harmful. He does not hire people that are experienced and in line, if his team thinks this will not be a good fit, because it can also damage the venture in a way. F5 stressed a mix between skills that are needed for the start-up, but also the personality of a new employee:

“To extend the team, mostly for skills. We know what knowledge we were missing and looked especially for experts in this field. So, skills were always important, but furthermore, we all wanted to get to know the person first. The person has to fit into the team” (F5).

During our interviews, we also approached the subject of gender and age, to investigate if these are also criteria to consider when searching for new and appropriate employees. This was not the case. All study participants responded that those are not criteria they evaluate when selecting new employees. F2 likes the idea to work with different cultures, genders and ages.

“The more diverse, the better. Diversity is a strength” (F2).

F1 told us that he has not chosen people by gender at all, but it was a guys’ group from the initial group work so it formed like this. But now he started thinking for the next people to hire and would prefer girls, because it would be more mixed. He referred to the stone age, where tribes with women were surviving better. When talking about age, it also does not seem to be perceived as a problem if there is a big age difference between two members of the start-up:
“Because there is a big difference in age between us and them, [name] is twice and I am almost twice the age as him and [name]. We need to find a way to work together and also find a way to enjoy working together.” (F3).

Nationality and different languages also do not seem to influence the choice of the team of the new venture. F4 told us that one of his first employees did not even speak Swedish, so they just spoke English all the time without any problems. Another founder (F1) stated, that he likes having international people in his team, which consists out of Germans, Swedes, Estonians and one from Sri Lanka at the moment.

Comprising, we see the criteria for employing new people are very different. They range from a pure focus on skill to a sole personality fit, not taking the former experience into account. Most founders, however, emphasized a mix between skill and personality. The categories gender and age are not taken into consideration, as long as either a fitting personality or a special skillset of an applicant is given. When taking personality traits into consideration while selecting new employees, he or she will then be seen as a fuller team member in the end, allowed and expected to also speak his or her mind and influence the existing team. When looking out for skills, the new employees seemed to not gain these degrees of freedom, but are instead bound to their area of knowledge.

4.4 Findings Leadership Style

Furthermore, we also asked if there are specific leadership styles practiced within the firm. F1 used a metaphor to describe the interaction of the team members:

“[Birds] are flying together. [...] [They] fly in flocks, making these interesting shapes. [...] They hold as close as they can, always follow the center of the swarm but never too close but as close as they can. We try to transform these principles into our leadership principles. We actually have it written down. Each fly individually. In our team each has an individual understanding of where the company should be going with critical thinking. But at the same time, you have to be willing to not fly into each other to go with the crowd. If you see that everyone else is rationalizing differently you should speak your mind but also be willing to adapt. Then we fly together” (F1).

F2 expressed the creativity in the start-up, he wants everybody to have a growth and to be able to think they could take care of everything, so they could manage on their own. As an example, he mentioned the case if he was in the hospital for a week and could therefore not perform the daily business. To act like this, F2 built lots of confidence in his workers. When the employees have a problem, they sometimes ask F2 how he would solve it. Instead of giving a solution, he gives suggestions and let them decide what feels best. He encourages them to be independent of anybody and to work on their own. The corresponding employee E2 shares the opinion of supporting the creativity.

"I prefer to give hints or a guidance of how to solve a problem. I ask my employees first, because I do not want to influence their own ideas and views” (E2).

Interviewee E1 acts in a similar way. He described his leading style as performing like a coach or mentor to help his employees where they need support and new input. In such cases, he
likes to discuss, even if he does not have any experience in that field, just to make them think about their own thoughts and ideas.

With the intention to get to know about the leading principles, we asked the interviewees about the role defining process. F1 told us:

"One guy said he likes chopping wood and seeing progress about it. Then I said I like painting because I create stuff. Then we changed the meaning of that. We asked why do you love it. The reasoning. We used that to find the right position for the right person. Aesthetics and how things look, he is now marketing manager etc. That was a good exercise" (F1).

All our interviewees stated, that every team member might ask for a meeting. In this case of role definition, each employee has the same right to take the initiative. F3 told that every employee should speak up and express their own opinion, to be able to learn from each other.

"We discuss a lot and learn a lot from each other. [...] Everyone should speak up! It is part of the culture" (F3).

A similar statement was received from respondent F4:

"I am always open to anything, if it is a good idea it does not matter who brings it up" (F4).

F5 expressed that a new employee is always also a new source for ideas, as he or she is allowed to bring in opinions and ideas of where to go and how to proceed:

"When we hire a new person than he or she is a normal part of the team, can influence our direction and bring in more opinions. This is why personality is also important" (F5).

A similar point of view was stated by respondent F6, who said that a new employee has foremost influencing power in his or her area of expertise, but if a good idea emerges from them regarding other business fields, F6 and his co-founders are still willing to listen, since it might create a new opportunity:

"When it comes to our founders’ area of business, we cannot take the employees opinion into account, but of course when we hire an employee we rely on them and their opinion within their field. Also, when it comes to business planning, they can of course influence our direction, because they might have really good ideas. So, they have no decision power, but we are open for ideas by them" (F6).

Another big topic we concentrated on was the motivation. F1 stressed that start-ups are not regular jobs where one can go and sit eight hours and get paid. He feels the responsibility to motivate people.

"At some point people have this lazy monkey inside and do not want to do anything. Everyone has that. It is also a risky thing. Nothing might come out of the start-up. That is why you have to motivate yourself and others to do stuff. That is a challenge. If you have a group together and see progress you will get into this special vibe, or inertia of working together. Being excited by working together and also that it is so fast and you can see progress. That keeps it alive. When you see results it keeps being exciting" (F1).
He concluded that rewards are having fun at work and also having good personal connections within the team. F2 expressed, that the employees’ motivation needs to build on the tasks and deadlines.

“A lot have been in employment before where they have to show up at eight in the morning and go home at 17. And I say no, we expect that eight hours of work but when you do it, that does not matter. Just keep your other colleagues not waiting for you” (F2).

Furthermore, we considered the case of conflict within the team. F3 sees making mistakes as a part of the learning process. Regarding to their culture, everyone should speak up with the intention to create an open environment. He added that it is okay doing something wrong. Instead of blaming people, they are rather trying to get everyone to learn and continue.

To contextualize these statements, we see that each employee’s freedom and independence is stressed – as long as it does not affect another team member’s freedom or productivity. An open culture and style is promoted by the founders. The leadership style itself does not have any influence on one of the other three areas. Nevertheless, some statements showed how the leadership style, that is employed within a new firm, is influenced by the choice of the employees and the human capital of the founder. The expectations in terms of anticipated work load and allocation of tasks also varied a lot. From an open atmosphere, where employees can choose their work tasks accordingly to their fields of interest, to the clear defined eight-hour day with deadlines to meet, everything was expressed.
5 Analysis

The following chapter is about analyzing and interpreting our findings that were gathered from the interviews. How this process was structured can be seen in chapter 3. We compare the results to the findings of the literature review presented in chapter 2 and reconsider our expected research model that was developed in respect to the theoretical frame of reference.

The analysis section of this thesis will be structured to match our research model presented at the end of chapter 2.5. Human capital and vision are assumed to have an influence on the other parts of the model respectively. The founder’s human capital has an impact on the practiced leadership style as well as on the vision creation. Additionally, the vision influences the selection of employees.

5.1 Human Capital

Three parts of human capital were investigated in this study: Academic education, former management or start-up experience as well as industry-specific work experience. The positive effect that academic education might have on new ventures’ performance cannot be verified, as we did not measure the businesses’ performance in any way. Nevertheless, our interviewees stated that they profited from their academic background. This was not due to explicit management knowledge that has been gained through courses that the respondents attended in their study-time. Rather, they stated that if they learned something in university, it was how to gain access to knowledge, how to structure themselves and how to stay focused on challenging tasks. The studies represented a long-time activity with constant effort needed to be successful in the end – by graduating. This process was stressed by the respondents. The level of utilization of academic background for the founding process of a new venture was different, but in total it was positive, and did not cause harm in any way. This is then in line with literature, that finds a slight correlation between university education and start-up performance.

Former management experience is predicted to have a slightly positive effect. Researchers found that founders, that already had management experience, established coping strategies to deal with stressful situations. This makes them more realistic and less idealistic (Uy, Foo, & Song, 2013, p. 29). We were told that former management experience is helpful, in a way that a feeling of how to deal with employees was already established. Also, it was useful, as other employees trust in this former experience and it could be used to argue for a certain point of view. A higher level of trust in this former experience was giving the person possessing it more credibility. The mere knowledge of management techniques that has been obtained by former experiences was described as rather futile. An interviewee explained how he was trying to use his style of management, that he picked up in a big company, within the start-up. He had to adapt fast, as he realized this particular style does not seem to work in this new start-up environment. Yet, it was stressed that this – not directly applicable – former
experience enabled him to perceive that he had to adapt and implement a new approach. His former management experience taught him also to pay attention to the feedback of the employees, taking their wishes and needs into consideration and adapting his own style of management in case that another style might be more appropriate.

Experience, gained through having already had a start-up before, is considered as an asset by the literature (see chapter 2.1.3). This was confirmed by our interviewees, that already had a successful or failed start-up before. Depending on the former experience, it was stressed that strategies, if they were valuable before, can be used again in the exact same way. Approaches that did not work out before can be avoided consciously, to not repeat the same pattern of behavior that did not work in the past.

Human capital in form of gained know-how in the same industry was stated as an important factor to increase the success of a new venture. Scholars stated especially, that contacts and experiences developed in the same or a similar branch reduces the amount of trial and error in the new venture’s initial phase (Cooper, Gimeno-Gascon, & Woo, 1994, p. 390). This has been confirmed by the interview participants. Often, the idea for the venture was created before, while working as an employee in a company that is operating in the very same industry. A niche that has been discovered in an existing industry through working for a company can then be aimed for with the new venture. Furthermore, industry specific know-how helps to develop valuable strategies and concepts because of the knowledge about that specific market.

Since our qualitative study confirms, that all investigated factors of the founder’s human capital play an important role, the research model’s field is not being adapted. The academic education might be helpful when starting a business but is not highly recommended by our respondents. Since it is necessary in new ventures to decide for investments or other important decisions, it was more helpful to have managerial and industry knowledge through experience than having a good education. In a working environment, one might already have been in a situation to make a relevant decision and therefore have a more realistic point of view for further decisions.

In the following sections we will take a look at the influence of human capital on vision, leadership style and employee selection in order to prove the research model (see Figure 2.1) which bases on the theoretical frame of references.

5.1.1 Influence of Human Capital on Leadership Style

According to the literature, which we examined in the chapter 2.3, we concluded a relation between human capital and leadership style. The founder is responsible for the chosen style in the initial stage of his or her new venture (see chapter 2.5). With our interviews, we aim to analyze, if start-ups are led in a transactional or transformational style and how the founders justify their decisions. This is not covered in the existing literature yet. In chapter 2.3, we examined typical characteristics and activities of the transactional and transformational leadership style. The most important difference is, that the transformational leader encourages the employees to be creative whilst the transactional leader mostly focuses on the venture’s numbers and goals (Kark, Van Dijk, & Vashdi, 2018, p. 190).
One respondent of our study told us about his previous start-up, which he led in a flat and shared style, together with his part-owners. This leadership did not bring the company forward since it often ended up in discussions. From that experience he learned, that he does not want to perform the shared leadership style anymore. Therefore, he decided to lead his next start-up with a rather hierarchical approach and also, to be the only CEO of the business. In addition, he has a number-orientated vision about his venture’s future. Since he has planned goals, defined with numbers, and therefore high expectations on his employees, his leading style shows characteristics of a transactional approach (Delegach, Kark, Katz-Navon, & Van Dijk, 2017). On the other hand, he encourages his employees to be creative and motivates them to come up with a solution on their own, when they have problems or questions. Supporting the employees’ creativity characterizes the transformational leadership style (Kark, Van Dijk, & Vashdi, 2018, p. 190). In this case, there are both approaches used, the transactional as well as transformational leading style. It shows clearly that the work experience directly influenced the choice of the leadership style with the aim to act differently in case the former start-up was not a success. Instead of having co-founders, he prefers to be the only CEO and shows characteristics of a transactional as well as transformational leader, since he gained bad experiences during his former work experience.

Another interviewee stated, that he does not want to structure his team hierarchically. He wants each member to discuss with each other and to bring in new ideas. All employees of the team have the same decision power and support each other in the same way. Since creativity and ideas are highly appreciated in the business, the transformational leadership approach is performed. Furthermore, scholars stress the importance of respect and care within new ventures’ teams, which is also performed in the interviewee’s team (Oke, Munshi, & Walumbwa, 2009, p. 65). The respondent of this case did not have any former management or industry experience. As an indicator, he only used his experience in student projects, to aim for one leadership style. In addition, he trusted in the work experience, the co-founder had from his previous job. Both experiences and expectations for the start-up go hand in hand, so they decided to apply the transformational approach to support the creativity and idea-making processes. This decision was based on their human capital, especially influenced by their academic education and management experience.

It turned out, that our interviewees perform both approaches in their businesses, the transformational and the transactional leadership style. Since the developed research model (see Figure 2.1) already shows both approaches as possibilities of the leadership style, it will not be changed.

Another output, when examining the human capital and leadership style is, that the findings in the literature can be supported. The founder’s human capital clearly influenced the choice of leadership style. Especially the work experience served as a base to set up a realistic leadership approach. But also, the experience in the founder’s academic education had an impact on the choice of leadership style. The influencing arrow from “Human Capital” to “Leadership Style” is already shown in the existing research model, which builds up the literatures’ relations. This relation is confirmed by our findings of this study.
5.1.2 Influence of Human Capital on Employee Selection

Regarding the influence of human capital on the employee selection, two most extreme cases are analyzed. These are taken as important indicators. To make a conclusion, the other cases are also taken into account. They are not analyzed in this section, because they are complying with the following ones.

Respondents justified their employee selection on situations, which they experienced in their previous work. One interviewee told about founding his first start-up alone. Since he was not able to manage the whole venture on his own, the business failed. This experience made him decide for a team which supports him to organize his next new venture instead of doing it alone. He wanted to split upcoming tasks and therefore, looked for people, with whom he would feel comfortable to work with. He pays most attention to the personal character traits to create a productive atmosphere within the team. This case shows, that former experience in managing a business influenced the founder’s decision of selecting employees. Scholars state, that being young and male positively influences the business’ development (Rotefoss & Kolvereid, 2005, p. 122). Our respondent in this case did not support this statement since he did not limit his employee selection on gender or age.

Although we pay most attention to the founders’ statements in this study, we also analyze the employees’ responses if they share the same opinion. One employee stated during the interview, that the applicant’s skills are the most important criterion to base the selection on. He explains this statement, with looking for someone who will concentrate on tasks that will not include customer services. In this case, only skills and specific know-how are valuable for the company. In order to analyze this behavior, we need to consider his previous work in a big company with more than 60,000 employees worldwide. He told us about the atmosphere in such a company, which is less personal than in a new venture. The different tasks and collaborations can be clearly separated from each other. It can distinctively be clarified if a position needs to work with the inner company relations or if it needs to cover also the customer contacts. Therefore, it rather gives value to a company when looking for skills that are needed than selecting an employee with regards to personal character traits. In addition to this, the new venture, in which the interviewee works in, exists longer than the other businesses, that we examined in this study. With these two pieces of information in mind, we conclude, that the employee’s perspective builds on his previous work experience and is also related to the current start-up’s status. The literature turned out, that the general stereotype of the ideal employee is being hard-working and stress resilient (Klehe, et al., 2012, p. 293). Our interviewee pays most attention to these aspects, rather than to personal character traits and therefore supports the criteria for an ideal employee.

One article concluded, that gender and age are important criteria when it comes to employee selection (Rotefoss & Kolvereid, 2005, p. 122). In our interviews, answers stressed the importance of the applicant’s personality which needed to fit to the team. Also, special skills and know-how influenced the selection. Contrasting the literature, the applicant’s gender and age did not play a role when selecting employees. Therefore, the personality as well as the skills were more important in a new venture than the gender and age of the employees (see Figure 5.1).
To summarize the interaction of the "Human Capital" and the "Selection of Employees", the management experience had a vital impact on the selection process. Attention is paid to the applicant’s personality to select someone who enhances the team. Additionally, also the skills were an important factor for the selection. Our interviewees within this study stated, that further work experience influenced their employee selection in order to improve or continue with their working team. Therefore, the research model is adapted with an arrow from the human capital’s "Management Experience" to the "Selection of Employees" (see Figure 5.2).

**5.1.3 Influence of Human Capital on Vision**

When analyzing the literature (see chapter 2.2), we saw, that founders have a strong vision for his or her new business which has also an important impact on the employees (Freeman & Siegfried, 2015, p. 36; Ensley, Pearce, & Hmieleski, 2006, p. 244). The vision is generated through former experience and knowledge. Our findings through the interviews support this connection between "Human Capital" and "Vision". Especially the founder’s management and industry experience served as a base to build the new venture’s vision on, since they used their realistic impressions which they gained in previous experience. A respondent said, that he built up the new venture, based on the idea of the vision. He developed the vision referring to his previous industry experience. He knew how businesses in that area work and therefore had an idea of relevant expectations. Also, academic education influenced the vision-making process with theoretical background and qualities like problem-solving and discipline. The founder made use of his or her former education as well as experience to generate a vision, that is realistic, supportive and is also motivating the team. The already shown arrow which goes from "Human Capital" to "Vision" (see Figure 2.1) is therefore proved with the results.
of our interviews. Further relations of the founder’s vision are examined in the following chapters.

5.2 Vision

The importance of a compelling vision for the start-up to effectively obtain stakeholders like partners, employees, investors etc. was examined (Ensley, Pearce, & Hmieleski, 2006, p. 227). Potential employees need to be attracted by that vision and should have the feeling that they, by joining this particular venture, can be part of something special. The vision might therefore be an even higher motivation for the employees than salaries (Freeman & Siegfried, 2015, p. 36). Also, it was stated that this vision needs to be re-evaluated and adapted every now and then, to keep it compelling (Freeman & Siegfried, 2015, p. 36).

We found that participants either had developed a vision (founders) or adopted and shared, sometimes even helped to develop, the vision (employees). Furthermore, they were aware and believed, that articulating a vision and clear goals are very important for the motivation of the new venture’s team. The vision was shared within the start-up, as founders as well as employees knew about it and acted accordingly. Nevertheless, there were considerable differences in how exactly that vision looked and especially how it was developed. On the one side, respondents told us that the vision was created as an initial step shortly after the first team members joined the new venture. Everyone could propose an idea, they discussed it and eventually came up with a vision for the endeavor, that comprised following aspects: How working together is organized, where the team should go, when milestones should be accomplished, why the goal is important, etc. On the other side, some visions were rather pure milestones to achieve and plans of how and when to do so. They did not comprise value or inspirational goals, rather they were formulated as numbers and facts. Furthermore, they were created by the founder, and given out to the employees, rather than developed together. Therefore, the aspect “Vision” should be parted, as there are two kinds of them: A “Business-Vision” and a “Mission-Vision”. The business-vision is specified by the fact that the goals are articulated in form of numbers and key figures and developed by only a few and given out to the rest. The mission-vision is characterized by being developed together and being formulated in a non-business way, describing the importance and uniqueness of the new venture’s service or product. The adaption of our research model regarding the field “Vision” is graphically shown in Figure 5.3.

![Figure 5.3: Adaption of Research Model: Vision](image)

The next chapters analyze the influence of vison on leadership style, employee selection-criteria and founder’s human capital.
5.2.1 Influence of Vision on Employee Selection

The influence of Vision on the selection process of new employees in the start-up environment is of high interest, as the employee selection was described by scholars as a tool to create the context for the business’ structures and processes (Baldegger & Gast, 2016, p. 942). These structures and processes include different areas which are essential for the new venture. Also, the area of how leadership is enacted within a firm is influenced by the choice of employees, which is itself influenced by the vision. Therefore, it is important to understand how exactly the criteria and processes to employ new staff are influenced by the initial vision.

“By means of the vision, the founder-CEOs will be able to attract potential employees, followers, who join the new venture and thereby acquire human resources that are crucial for the ventures’ future development” (Baldegger & Gast, 2016, p. 938).

In chapter 4, we got to know, that founders looked for personality traits in new employees as well as on the skills that a new employee can add to the existing team. If we link that to the vision that the respective founders use, we can see some clear connections: Founders that employed a business-vision were especially looking for new skills that would add value to their venture. They looked out for these skills by searching for new staff to join their team. The needed skill was therefore clear from the beginning. The criteria for selecting new employees included holding that skill. Ergo, every person having the skills that the founder is looking for to add to his or her team, is a potential new member of that team. Personality traits did not play a big role, as the area of deployment for the new staff member is already defined and clear from the beginning. An example of this approach is the statement made by E2, saying that skills are more important than the characteristics or personality, as they are looking for someone that will not be in contact with customers. So, the skills were the most important criteria to look out for. This statement stresses the connection, which was found between a business-vision and employee selection criteria based on skills. The area of deployment for a new employee was very clear from the beginning. It was known, what skills are required to work in that field of deployment and to be an asset for the venture within that dedicated position. As the new employee was not supposed to contribute to the venture in any other way than the designated one, personality traits did not matter and were not taken into consideration when selecting a new employee. The new co-worker was then hired and began to work within the area that was presented to him or her while applying for the job.

Contrasting that, when taking a look at the ventures that were driven by a mission-vision, personality was an important selection criterion while searching for new co-workers. In the previous section we found, that ventures driven by a business-vision selected their employees according to skills to assign them to special tasks that the venture could not solve with the existing staff. When it comes to the mission-vision, we found that it was not the complete opposite (looking for personality and not for skills), but rather a mixed approach. Ventures, driven by a mission-vision, picked their employees by having a detailed look at their personality, and furthermore checking their skills. However, personality was way more important. F4 was explaining it like this: “The first criterion is: Will we have a lot of fun together? [...] We see a business as a long journey and we need to know that this will take a lot of laughing and crying together” (F4). The new employee is seen as a long-time extension of the existing team, which
is why fitting in is so important. "The second criterion is, are the experiences in line with our company? [...] Because this is long-term, we have to get along very well" (F4). One founder explained to us how he assembled his team in the first place, basically only looking out for character traits, and not for skill or past experiences at all. We argue that in this particular case, this was due to the very early stage of the start-up. There was only a rough idea of what to do, but there were no routines in place yet. Choosing team-members on personality then in the first place, might be more important than assembling a highly skilled team. The finding process of the new venture was still going on, creativity and a good cooperation within the team were more important at this stage of the venture. This was in line with the findings of Baldegger & Gast (2016, p. 942), who distinguish between different start-up stages and connecting this to employee selection criteria. In early-stages, when the venture is just starting to take shape, it is mostly only the founder. As they reach a point where it is necessary to hire the first employees, the venture is still in a very early stage, and the future is uncertain. A "person-founder fit" is therefore one of the main observable criterions to select employees to enhance the founder. It is stressed that especially the first hired employees need to share the founder's values (Baldegger & Gast, 2016, p. 942). This was mainly found to be true when analyzing our interview data. I.e. F1, who was stressing the importance of a personality-fit the most when selecting his team of employees, was in a very early stage of the venture at that time. Baldegger and Gast (2016, p. 942) continue and propose that within ventures that have already left the early stage and hired the first employees, this "person-founder fit" keeps losing influence and is replaced by a "person-company fit". The company is represented by the founder, but furthermore by all the employees that have already been hired by this founder. A new employee, wanting to enter this team, must fit to the company and the existing team to be considered as a new employee (Baldegger & Gast, 2016, p. 946). We saw this phenomenon in our interview data, i.e. F3 said: "It is not only the competence. It is about the person and about fitting in. They have to fit in" (F3). This showed that the aspect of fitting into the already established team of founder and employees is very important. However, the interviewees confirmed the theory of Baldegger and Gast (2016) were driven by a mission-vision. The business-vision driven ventures of the respondents of this study did not seem to be compatible with this theory. The criterion that is crucial for an employment in this venture were the skills. Therefore, a person-skills fit was vital. There seemed to be no stage-depending shift of this criterion within business-vision driven start-ups.

As a result, Figure 5.4 is summarizing the analysis of the influence of vision on employee selection criteria.
5.2.2 Influence of Vision on Leadership Style

When analyzing the gathered interview data, we learned that respondents used a more transformational style to lead their venture. Founders that lead their employees in a transformational way act as mentors and can be described as respectful, caring but also challenging (Oke, Munshi, & Walumbwa, 2009, p. 65). Furthermore, they encourage the team to bring in their own ideas and to trust their own aspirations and need their staff to be attracted and motivated by the future’s vision (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 726; Kark, Van Dijk, & Vashdi, 2018, p. 211). Creativity and independence from each other was stressed by the founders. I.e. F1 gave the metaphor of a swarm of birds. They fly together and are going for the same goal, yet every individual is doing something different than anyone else. They are free to move wherever they want to, as long as two things are ensured: 1.) They follow the same overall goal and are motivated by it and 2.) they do not cross each other’s way in form of obstructing or interfering with one another. F1 also explicitly stressed the importance of motivating his employees. According to him, the key for motivation within start-ups, especially when salaries might not yet be in place, was working fast and thereby seeing a constant progress. Seeing quick results and getting excited by working in a team and creating new things in a fast manner was key to success according to F1. This is in line with literature stressing the importance of a vision as a common goal for the future to motivate the team of new ventures (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 726; Kark, Van Dijk, & Vashdi, 2018, p. 211). Another aspect was the handling of mistakes. F3 stressed that it is okay to make mistakes when trying to come up with new solutions. Making these mistakes is part of a learning curve and they will not be repeated in the exact same way, it was perfectly fine to do something wrong. This is the behavior mentioned in the literature describing transformational leaders as challenging but warm (Oke, Munshi, & Walumbwa, 2009, p. 65). One founder also comprised transactional elements in his style of leadership was founder F2. He was certainly not only a transactional leader, as he fostered creativity among his employees. For transactional leaders, literature stresses that they do not foster creativity, instead they do not expect their employees to generate high quality ideas but rather to concentrate on the existing standards and regulations (Kark, Van Dijk, & Vashdi, 2018, p. 194). Yet, there were clear transactional characteristics expressed by
F2. He stated that employees’ motivation needs to build on the tasks and deadlines. This is expressed in literature, saying that employees are motivated by meeting the leader’s expectations to avoid punishment and to receive rewards (Kark, Van Dijk, & Vashdi, 2018, p. 190). While founders in this study were mostly transformational, F2 also comprised transactional elements in his style of leading. One must mind, that transactional and transformational leadership are concepts within leadership literature. Leaders combined elements of both leading styles, and only seldom one can classify a leader as solely transactional or transformational.

Connecting the categories of transactional or transformational leadership style with the distinction of vision into mission-vision and business-vision developed above leads to a clearer picture. Founders were driven by a mission-vision rather than a business-vision. The stake of transformational leadership within their style of leading people was clearly dominating regarding our respondents. Founder F2 on the other hand combined both forms of leadership, but had way more impact from the transactional side than the other founders. He used a business-vision for his venture, using clear milestones and objective goals expressed with numerical data to describe the future way of his company. Therefore, business-vision driven new ventures tended to employ a more transactional leadership style than start-ups driven by a mission-vision. None of the respondents could be classified as being only transactional or transformational in leading the new venture’s employees. Yet, there was a connection between business-vision driven start-ups and a rather transactional way of leading as well as mission-vision driven start-ups and rather transformational means of implementing leadership.

Recalling the statement found in the literature that “employee selection is the tool to create the context for leadership in new ventures as structures and processes are little developed and followers need to be hired” (Baldegger & Gast, 2016, p. 942), we should link the influence of vision on 1.) employee selection criteria and 2.) leadership style, as they are intertwined. Vision influenced the selection of employees, and through selecting employees, founders created a context for leadership in their new businesses. As we concluded in chapter 5.2.1, start-ups that internalized a mission-vision looked out for new employees rather through the lens of personality, while business-vision driven start-ups rather paid attention to the skills of a potential new applicant. Furthermore, mission-vision start-ups employed a rather transformational leadership style, whereas business-vision start-ups also acted in a transactional style.

These patterns can be connected. As mission-vision start-ups chose their employees with a focus on personality, they wanted to establish a long-term team to extend the competences of the existing team. Depending on the phase of the start-up the applicants needed to fit to the founder or the organization (founder and existing team) and also shared the vision of the start-up (Baldegger & Gast, 2016, S. 946). Through selecting these kind of employees, the founders already expected them to also take part in future decisions of the venture, granting them a great deal of influence from the beginning. Respondents stated that they wanted to take their employees’ ideas and inputs into account and sometimes even expected them to speak up. As a result, mission-vision driven start-ups selected their employees, and by doing
so established a certain way of leading the venture, that comprises many transformational elements. The founders thereby create “[…] the context for leadership in new ventures” (Baldegger & Gast, 2016, p. 942) by selecting the adequate employees, as outlined by the literature.

Contrasting that, this pattern cannot be found in business-vision start-ups. The choice of leadership style did not seem to be implemented through choosing employees. The leadership style was more influenced by the vision. As the business-vision was articulated in milestones and numerical data of where to be at what given point in time, a more transactional approach was implemented. Building on a leadership style that is “[…] associated with performance or predefined tasks and compliance with planned goals and standards” (Delegach, Kark, Katz-Navon, & Van Dijk, 2017, p. 727) is a clearly more transactional approach to leading employees. F2 expressed the following during the interview: “Just keep your other colleagues not waiting for you. As long as you can manage you have the space. If you decide to work 48 hours without destroying the quality and be in time with the deadlines that is okay. That works very well in our company. […] The structure of the business builds on the tasks that need to be finished at a certain time. Our projects are very time defined […] I don’t care when you do it, but remember that it needs to be finished at that date” (F2). Combining this pattern with the findings of chapter 5.2.1, business-vision start-ups did not seem to build their context of leadership based on selection of employees. Rather, they already implemented another, more transactional style of leading employees, directly influenced by the business-vision itself. The selection of employees was also influenced by the business-vision. Yet, there was no connection between the selected employees that work for this firm and the enacted leadership style, as it was already chosen before, being influenced only the business-vision. This analysis is visualized in Figure 5.5.
6 Conclusion

The conclusion presents the new, adapted research model and thus answers the research questions that were presented in the first section of this thesis.

The original research model, which is based on the reviewed literature (see chapter 2) is shown again in Figure 6.1.

Contrasting that, the following picture (see Figure 6.2) shows the adapted research model, that has implemented all the learnings from the study’s respondents.

If we put the single pieces that were developed in chapters 5.1 and 5.2 together, we end up with the research model, shown above in Figure 6.2. The arrows describe how the different areas are connected and how they influence each other. It shows more impacts than the model that was developed after reviewing the literature in chapter 2. During the interviews
with the study respondents, we changed the original research model, to consider the new information gained from the interviewees. Not only the single elements have been adapted, but also the relationships between different areas were changed to respect the participants’ statements.

Regarding human capital, former management or start-up experience as well as same-industry experience were more influential than academic education. The latter was mostly seen as a way to learn about processes, but former experience in management, start-up-context or the same industry were stressed to be really useful.

In literature, employee selection in new ventures was tied to different areas of employees’ human capital, including dimensions like gender or age, as well as personality and skills. We found that while the criteria of personality and skills were indeed of high interest, the other two categories did not play an important role for the participants of this study.

As we looked at leadership style in the new venture context through the lens of either transformational or transactional approaches, we expected it to both play a significant role. However, the respondents in this study were using mostly transformational means of leadership, and only seldom also included transactional behavior into their leadership style.

In contrast to the old research model, the adapted new version shows an impact of human capital not only on the choice of leadership style, but also on the selection of employees. Furthermore, two different kinds of vision were identified, having different influence on the other areas. Vision could influence leadership style directly into a more transactional approach, or it could promote a rather transformational way of leading people, by selecting employees based on their personalities.

Looking at the founder’s vision, we found a clear distinction between the different kinds of motivation. On the one side some founders were motivated by their own idea, product or service, and wanted to pursue this project because they believed that it will be put to good use. On the other side founders did indeed also have a vision, but rather comprising milestones and clear goals in it. We parted these two different views on vision and called them "business-vision" and "mission-vision". They differed in the following aspects: Content, creation and influence.

A "business-vision" contained milestones and future business planning, was created by the founder of the start-up and given out to the employees. Furthermore, it influenced leadership style and employee selection in the following way: Employees were selected based on skills they possessed and that they could add to the venture. Needed skills were identified first, after that a fitting employee was selected to work within a clear defined position. As employees could not add their opinion to fields beyond their area of expertise, they could not actively influence the leadership style. Deadlines and clear tasks defined the new employees work. Ergo, trough selecting employees in this manner, a transactional leadership style was promoted, influenced by the vision, not by the new employees.

A "mission-vision" involved a definition of the purpose and working guidelines of the new firm. It was created by the early-phase team of founder and employees, being open for later
adaptions, and influenced leadership style and employee selection in the following way: When looking out for new employees, personality was taken into consideration more than explicit skills or experience. When hiring applicants, they were seen as full members of the team, being allowed to also add their opinion and voice to the company. By doing so, new employees had an active influence on areas of the firm that are not part of their specific know-how. An employee’s motivation was not build on deadlines, but by being able to influence and create something important, promoting a transformational style.

Back in chapter 1.3, we presented the following research questions, as the purpose of this study:

➢ RQ1: How does start-up founder’s human capital influence the creation of a vision, the choice of leadership style and the selection of employees?

➢ RQ2: How does start-up founder’s vision influence the choice of leadership style and the selection of employees?

By conducting our study, we came to the following results:

C1: Within this study, the human capital of the new venture’s founder covered academic education, management- and industry-experience. It turned out, that human capital was influencing all other considered areas. The main factor was, whether the founders already experienced a similar situation before. Facing different tasks in the new venture context was then handled by actively avoiding behaviors, in case a similar situation did not work out well in the past, or actively repeating an approach, if it has proven to work out in past experiences. This strategy was especially used regarding selection of leadership style and employees. Concerning the vision, human capital’s part of former management- and industry-experience played a vital role. The vision was generated through applying the knowledge gained and was addressing i.e. a niche in an existing market that the founder had knowledge about.

C2: The vision of the founder had an influence on both selection of employees and enacted leadership style. We found a distinction between two types of visions. On the one side, the “business-vision”, being characterized by formulating business goals and milestones in a rather numerical way and by being developed by the founder to be given out to the employees. On the other side, the “mission-vision”, comprising values regarding the purpose of the venture and working ethics, and being developed together by the start-up’s team in a sense-making process. The two types of vision were both influencing the selection of employees and leadership style, but in a different way. The “mission-vision” start-ups were looking out mostly for personality when evaluating applicants. When hiring them, they were granted a voice in the new firm, promoting a rather transformational leadership style. “Business-vision” performing start-ups on the other side were looking out for needed skills when hiring new employees. As a first step, the explicit task within the firm and the according needed skills were identified, only then the search for an employee fulfilling the requirements was initiated. After hiring new employees, they were not granted a voice beyond their field of expertise. Motivation was achieved through deadlines, performing a more transactional leadership style.
7 Discussion

This last chapter explains the managerial implications of the findings. Furthermore, the limitations of our qualitative study are discussed and it concludes with suggestions for future research.

7.1 Managerial Implications

Our thesis focuses on the influence of the founder’s human capital and vision on the chosen leadership style as well as on the selection of employees within new ventures. Since it becomes more distinguished to be self-employed or to work in a small unit of employment the start-up businesses are emerging more and more (Brüderl, Preisendörfer, & Ziegler, 1992, p. 227). Many scholars already focused on internal relations of medium and large sized companies. But there is a lack of literature when it comes to information about start-ups. That motivated us to build our qualitative study on. Some respondents of our interviews told us that there are many students planning to run their own business during or directly after graduating from university. Since there is lack of work experience, many new ventures fail. Also, some of our interviewees experienced that. The output of our study shows, which criteria are important when it comes to the selection of employees. Depending on being motivated by a mission-vision or by a business-vision, there are different traits which are valuable to build a team. Furthermore, our developed model, which is shown in Figure 6.2, gives information about the choice of leadership style. When concentrating on a business-vision, the transactional leadership style serves as an important base. On the other hand, performing with regards to the transformational style, might bring a mission-vision driven company forward. Our developed model gives information for persons who want to launch their own business. Depending on one’s given human capital and vision, there are some possibilities and influences, that need to be considered to make the new venture as profitable as possible.

7.2 Limitations

This study is facing some limitations that need to be addressed in this chapter. First, due to the time frame in which this thesis was conducted, every person included in the study was interviewed only once by us. Easterby-Smith et al. (2015, p. 89) suggest a case study to have a look at individuals or companies over time. This could not be realized due to the limited time frame of the master thesis. Of course, several interviews with the same person could have been conducted, but without some time passing in between the sessions, there would have been no new information revealed. Consequently, the information we gathered through our in-depth interviews is bound to the point in time that the interview was conducted. As we had no second or third interview with the same study participants, we cannot make a point about the development of the opinions and experiences of the interviewees.

Furthermore, contingent on the first point of having no multiple interview with the same participants, we could not only talk about recent events. Instead, we inquired into different
topics and made our study participants think back. For example, when asking about former management or start-up experience, the events that were told to us could have happened some years ago. This means at some points the interviewees were recalling situations and experiences that they had some time ago. We cannot preclude the possibility that some facts and stories might have happened in a different way than they were told to us. This might have happened consciously or unconsciously by the interviewees. Furthermore, with new impressions and experiences added since these past events, they might have been interpreted in a very different way from a nowadays’ point of view.

The language used to conduct the interviews was English. As this was not our native language and of none of the interviewees, there might have happened some misunderstandings when it comes to interpreting the interview transcripts. Maybe meaning was allocated in a wrong way due to a communication mismatch. As the level of English of all participants was very good, this might not be very likely but it should still be mentioned. The fact that we mostly conducted face-to-face interviews, and one time via Skype video call, mitigates this possible limitation further as this contributed to putting the right meaning to what has been said. As stated in chapter 3.3.2, we used face-to-face interview to be able to pick up non-verbal communication. However, we did not document this non-verbal communication in any way. Nevertheless, we think it was still an advantage to see the respondents while interviewing them. One of the interviews was conducted via Skype video call, and even though we could see the person, the atmosphere did not feel as comfortable as a real-world conversation, maybe resulting in less or lower quality of the qualitative data. If we would have called our respondents via phone, the respondents might have been even more restricted. We conclude, that even though we did not document the non-verbal hints during our interviews, it was still the best way, as it made the interviewees feel most appreciated and allowed them to open up more as i.e. via phone.

Lastly, we should mention the diversity of the businesses that were taken into consideration in this study. In terms of location, most of the start-ups were located and operating in Jönköping and therefore quite comparable in that manner. But when looking at the stages that the firms were in at the time of the interview there was a wide range. From still in the defining phase to already participating in the market with their unique product or service. However, we think that our topic of interest is influencing start-ups at any given current state. Nevertheless, this fact should be taken into consideration.

7.3 Suggestions for Future Research

This study focuses only on new ventures’ inner relations. To be more precise, we examined the influence of the founder’s human capital and vision on the choice of leadership style and the selection of employees. In general, it is interesting to examine the same criteria within a large-sized company.

Our study turned out, that for our study participants, the founder’s former work experience was more important than the academic education when founding a new venture. It would be interesting to analyze the human capital’s impact with regards to a large-sized company.
Maybe the management experience is not as important compared to the education as it is in a start-up.

In start-ups, the vision played an important role to motivate the employees and was shared by the whole team. An interesting topic to concentrate on is which role the vision plays in a large-sized company. Is it also shared by everyone and does it motivate people.

Furthermore, we investigated the selection of employees. In start-ups, the personality was higher rated than certain skills or know-how. When it comes to large-sized companies, further aspects of applicants, for example the academic education, are often checked. An examination of the importance of each criterion would be exciting to conduct.
Bibliography


Attachments

Appendix A: Search for relevant Articles

Table A: Search terms

<table>
<thead>
<tr>
<th>Boolean operator</th>
<th>Key words</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>lead* OR leadership* OR leader* OR founder* OR entrepreneur*</td>
<td>Title</td>
</tr>
<tr>
<td>AND</td>
<td>start-up* OR startup* OR start up</td>
<td>Title</td>
</tr>
<tr>
<td>AND</td>
<td>performan* OR trait*</td>
<td>Topic</td>
</tr>
</tbody>
</table>

Web of Science Categories: Business, Management
Document Type: Article

To find relevant articles for our study we used the Web of Science (WoS). We searched with the configuration of key words shown in Table A. First, we covered the leadership aspect by searching the key words “lead* OR leadership* OR leader* OR founder* OR entrepreneur*” in the title. Furthermore, we limited the results by examining the title for “start-up* OR startup* OR start up”. With these two limitations regarding the title, we set the focus of our study: leadership in start-ups. In addition to this, we want to analyze the performance or traits of leaders. We set the keywords “performan* OR trait*” to analyze the article’s topic. Since we wanted to include all of these three restrictions we connected them with the Boolean operator “AND”. After defining our key words, we filtered the results with the WoS Categories “Business” and “Management” and with the document type “Article”. Finally, the academic search engine turned out 68 results.

To gain an overview of the articles’ contents, we transmitted the results in an excel file with all relevant information: Author, Title, Journal, Abstract, Year and times-cited. After that, we read each abstract to decide whether the several articles are important for our study or not. Out of the 68 articles, we found 35 on which we want to concentrate on more detailed.

When examining the relevant articles, we made use of the snowballing approach. We looked into scholars, which got our interest because of citations in the articles. Therefore, we expanded our collection of informative articles.
Appendix B: Topic Guide

This topic guide (compare Table B) was created to inquire into subjects interesting for our study aim. We conducted all interviews in a face-to-face manner. When meeting up with the interviewees, we made sure that we chose a time and place that would suit them and create a comfortable environment for the interview. Before starting to conduct the interview, we informed them once again about the goal and aims of our study and explained how their interview will contribute to it. We confirmed that the interview participation and the created transcript will be dealt in a professional manner, guaranteeing anonymity and data protection. Furthermore, we asked permission to audio record the discussion for later transcription. We then got sure, that the interviewee’s questions are answered to his or her satisfaction.

The topic guide itself is divided into three parts. It starts with opening questions which are designed to obtain some first personal information about our interview partner and to break the ice. The main body contains questions that formed the core of our study. Ending questions are not concerned with the main research topic anymore, and are included in order to end the conversation smoothly and make the interviewee feel respected and appreciated by thanking them for participating in our study.

Questions included within the topic guide do not have to be formulated exactly like this or asked in that particular order, rather it is a tool to structure the conversation and make sure that no points of interest are spared out. We avoided using leadership jargon as the interviewees might not be familiar with and we did not want to lead them into any direction. For an improved overview we sorted the main body into subcategories. However, they do not resemble the structure of our literature review completely, this is because the topic guide questions were designed to create an appealing discussion flow and we were able to extract the needed information from the questions asked.

Table B: Topic guide

<table>
<thead>
<tr>
<th>Opening questions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Could you provide us with a short introduction of yourself?</td>
</tr>
<tr>
<td>When did you start your own business?</td>
</tr>
<tr>
<td>What is it about?</td>
</tr>
<tr>
<td>How was the idea created?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Main body:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education:</td>
</tr>
<tr>
<td>What is your professional and academic background?</td>
</tr>
<tr>
<td>Other sources of knowledge?</td>
</tr>
<tr>
<td>Is this your first own venture?</td>
</tr>
<tr>
<td>Do you have any management experience?</td>
</tr>
</tbody>
</table>
Leadership style:

- How would you describe your leadership style?
- How much are your decisions influenced by your colleagues?
- How do you make decisions within the venture?
  - Democratic? Expertise? Autocratic? Discussions?
- Who is involved in the decision-making process?
- How often do you meet with the whole team?
  - Discussions, meetings on a regular basis?
  - Meetings only when needed?
- How are the meetings organized?
  - Special structure?
  - Who can ask for a meeting?
- What is your role within the start-up?
- What other roles exist?
  - Who has these roles and why?

Leader’s personality:

- Do you have special character traits?
- Which of your character traits is influencing your leading style and how?
  - Positive? Negative?
- How did you decide to involve into this new project?
  - How long did you think about it? Did you look at alternatives and risks? Spontaneous decision?

Challenges:

- What is your vision for the future with this start-up?
- Do you actively develop a compelling vision for your business?
  - To motivate colleagues?
- On what criteria did you choose your employees?
  - Background? Professional skills? Friendship
- How far ahead are you planning your business at the moment?
- How do you see your competitors?
  - You do have any? Do you know them? Are you influencing you? Geographical locations of the competition?
- How do you structure your business’ processes?
  - Business plan? Setting goals? Networking activities?

Closing questions:

- Any further comments or thoughts from your side?
- Do you want to add something?
- Could you recommend us another potential interview partner?
Appendix C: Consent Form

Interview Consent Form for Participants

Study Participant: ____________________________

1. I participate in this research voluntarily. I may withdraw and discontinue participation at any time without penalty. In case there are any questions I feel uncomfortable to answer, I can decline to reply. Further, at every point of the project, I have the possibility to withdraw my participation without penalty.

2. I agree to my interview being audio-recorded and a transcript being produced. Only the interviewers and the thesis supervisor from Jönköping University have access to the collected data.

3. I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.

4. I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

5. I have been able to ask any questions I might have, and I understand that I am free to contact the researcher with any questions I may have in the future.

6. I received a copy of this informed consent form.

I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.

__________________________________________  ______________________________________
Signature of Interviewee                        City and Date

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