

SUMMARY

RESOURCE DRAIN OR PROCESS GAINS? TEAM STATUS CHARACTERISTICS AND GROUP FUNCTIONING AMONG STARTUP TEAMS

Amy E. Davis, College of Charleston, USA
Howard E. Aldrich, The University of North Carolina at Chapel Hill, USA
Kyle C. Longest, The University of North Carolina at Chapel Hill, USA

Principal Topic

We consider how small group processes and status characteristics explain entrepreneurial team processes. *Ceteris paribus*, teams have more resources than do solo entrepreneurs. Small group processes illuminate the conditions under which teams are able to effectively utilize their shared resources (Faraj & Sproull, 2000; Aubert & Kelsey, 2003). Without shared trust, effective communication, and collective efficacy (Bray, 2004), groups tend to produce less favorable results than do individuals.

Team members' status characteristics, observable and differentially valued characteristics (Ridgeway, 1991), may influence the effectiveness of startup team processes. High-status characteristics tend to be associated with more abundant resource access. In addition, individuals with high-status characteristics tend to receive more deference and have more influence within their groups than do individuals with low-status characteristics (Robinson & Smith-Lovin, 2001; Van der Vegt, Anderson, & Oosterhof, 2006).

Therefore, the presence of low-status team members can diminish team functioning if low-status team members fail to contribute, if their contributions are ignored by higher status members, or if their presence reduces the effort of higher status team members. As a result, we hypothesize that the presence of high-status team members will increase the levels of reported contributions whereas the presence of status diversity within teams will decrease reported levels of contributions.

Method

We use data from the first wave of the Panel Study of Entrepreneurial Dynamics I and II (PSED I and PSED II), which are nationally representative, longitudinal samples of nascent entrepreneurs. Respondents on startup teams provided extensive information about the status characteristics and contributions of each team member. More detailed information was collected on startup teams for the PSED II, allowing us to better elucidate the mechanisms influencing startup team functioning.

Results and Implications

Our analyses indicate that status characteristics, along with relationships among team members, provide important insight into functioning of startup teams. In addition, our results from the PSED II demonstrate how relational and status influenced role specialization within teams. Finally, our results reveal key distinctions between startup teams and groups typically studied in small group research, including classroom and top management teams.

CONTACT: Amy E. Davis; davisae@cofc.edu; (T): 843-953-5433; (F): 843-953-5697; 5 Liberty Street, College of Charleston, Charleston SC 29424.