Master Degree Project in Knowledge-based Entrepreneurship

Entrepreneurial Team Composition
Multiple cases study of composing an entrepreneurial team

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Abstract

This thesis investigates the experiences of entrepreneurial team composition from entrepreneurs. The purpose is to create a simplified formation of entrepreneurial team composition through the analysis the challenges that entrepreneurs faced during their venture creation. It includes two perspectives, the process of entrepreneurial team composition and the factors that should be considered during the team composition. A mixed method was used, including qualitative research by collection data from semi-structured interview as well as comparative studies of entrepreneurs’ experience on the promise of specific conditions. This was based on the previous study of the definition of entrepreneurial team and the factors that impact the team composition. It was found the similarities and differences between the experiences, which leaded to a simplified process and several factors. The main findings are six-steps process and five key factors of entrepreneurial team composition.

Key word: Entrepreneurial team, Composition, Business opportunity, Team members
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1. Introduction

This paper focuses on the entrepreneurial team composition behaviors of different styles of ventures and figure out what the factors that would impact the team composition during the venture creation process.

First of all, according to previous research, the team has significant value on the analysis of venture performance. (Scott & Einstein, 2001) Rather than some researchers focus on individual entrepreneur as single level to analyze the venture performance, Ensley, Pearson and Amason (1986) preferred to announced that the entrepreneurial team is a more appropriate level of analysis because dependent of characteristics, experience and competences of the entrepreneurial team it could determines the value creation of the company. It has also shown by research that team-based ventures (Scott & Einstein, 2001) have a better track record than that without a typical team (Timmons, 1994). On the other hand, research on top management of ventures found that the executive team has a greater impact on the organizational performance than the individual executive (Hambrick & Mason, 1984; O’Reilly, Snyder, & Boothe, 1993). Furthermore, there is research that showed the quality and composition of the team is a critical determinant of venture performance. There is evidence that demographic, structural and cognitive diversity of top management team have positive effects on the venture performance (Glick, Miller, & Huber, 1993; Hambrick, 1994).

Moreover, former researches had discussions about entrepreneurial team composition. On one hand, the discussion is on the team formation process. According to the early stage of venture creation process, research has shown that a team is created within the first years of start up, which included more diversity into the venture in the team composition process (Kamm, Shuman, Seeger, & Nurick, 1990; Watson, Ponthieu, & Critelli, 1995). However, while some researches results showed that in the process demographic heterogeneity variables didn’t have decisive influence team effectiveness, (Chowdhury, 2005) team diversity affect external evaluation of teams’ business ideas. (Foo, Wong and Ong, 2005) On the other hand, there is also discussion about the factors that could affect the team composition. Such as human capital has the initial relation to the entrepreneurs’ performance.
The productivity of human capital in entrepreneurship might have internal and external influence on business market. For instance, it might be able to affect public policy that supports entrepreneurship, and it also could impact the development process within the organization (Parker, 2006). To specific within the venture, the social interaction within entrepreneurial teams is an important indicator for explaining the success of new ventures; it can initially improve the innovation of the teams (Lechler T, 2001). In general, firms start compositing the entrepreneurial team without functional consideration, but as pursuing systematic start, the composition of entrepreneurial team should consider with innovation, commercialization and the internationalization strategies of the firm from the beginning (Loane, Bell, Cunningham, 2014). That triggers a discussion of how to strategically compose an entrepreneurial team in the early stage of venture creation.

1.1. Defining entrepreneurial team

For the venture creation and growth, the entrepreneurial team plays a significant role in the whole process. (Scott & Einstein, 2001) In the study by Leon Schjoedt in 2002, there are several researches reviewed on the topic of definition of the entrepreneurial team. One important discussion of entrepreneurial team is that the top management team is not a typical team but a group of individuals that with diverse executive tasks (Hambrick, 1994). Robbins (1993) defined entrepreneurial team as that more than two people, relay and interact on each other, which get together for some specific goals. In the discussion of definition, what should be share within the team are controversial. Kamm et al. (1990) brings a statement of “shared commitment” to emphasize the “financial interest” should be shared. In 1993, Kamm and Nurick think people within entrepreneurial team that formally establish a new company can distribute ownership. Meanwhile Katzenbach (1997) stated it is accountable. In addition, entrepreneurial team will definitely manage interdependent tasks, as the member of entrepreneurial team cannot work without the sharing the tasks. (Cohen and Bailey, 1997)

Depend on all these empirical statements a comprehensive version of definition of entrepreneurial team was announced by Schjoedt, “the entrepreneurial team is composing with two or more individuals who have the same pursue of venture development, both financial and otherwise, in commitment to the venture’s future and success, and with different shared responsibilities and obligations”. (Schjoedt, 2002)
Therefore, the team composing should not be random of selecting individuals. (McClough, Rogelberg, 2003) As the venture founder, some consideration must be taken, such as team diversity (Chowdhury, 2005), individual competences (McClough, Rogelberg, 2003), and role distribution and responsible play (Ruef, Aldrich & Carter, 2003), etc. That means the specific rule of entrepreneurial team composition would vary from each entrepreneur, especially upon different venture scales and styles. (Dubini, 1989)

1.2. Case description

Beside the theoretical research, there is also a practical opportunity of venture creation in tourism industry. It’s in the early stage of venture creation and considering composing an entrepreneurial team.

Background:

The outbound travel market is stably increasing (Zhang & Heung, 2002), however, there is still broad development space for dealing with customer’s unfulfilled demand, and especially the development triggers a confliction between traditional travel service and increasing requirement of freedom during the tour. (Li, Uysal, et al, 2010) There is a potential opportunity of offering an innovative travel service as Private Tour, to cope with the confliction.

The so-called Private Tour service is a travel service that offers customers much freedom for their selection of travel details, in order to improve the quality of the experience of travelling. It’s a combination of the group travelling and self-service travelling. This private tour offers a high-end travel experience by planning every detail depends on the customer’s expectation. It would include such as the plan of schedule, the flight and hotel. It can also appoint with professional tour guide and driver as options according to customer’s budget. It aims to fulfill the highest requirement for every level traveler in the traveling process.

With the development of technology and Internet, tourism industry has been expanding, not only with places of destination but also the types of traveling. (Gooroochurn, et al, 2005) At
the same time, the demand from the traveler is higher as well. That means it increasingly includes more possibilities for travel service. (Li, Uysal, et al, 2010) The traditional service that with a traveler group focuses on the arrangement details of the trip, such as transportation, accommodation, the food, the spots and tour guide. The quality of a trip is depending on the presenting of the famous or historical spots and complement of the visiting schedule. In the meanwhile, it’s coming with the problem of controlling and freedom. In the group, it’s common that people have different opinions. That makes the service impossible to fulfill everyone’s desire. (Hjalager, 2002)

According to the observation of the market, the traveler that visits Sweden or Scandinavia is mainly from Asia (most from China) and Europe. Especially in summer, there are many travel groups from China. Two points should be noticed. One is that this kind of group has great purchasing power; the other is the schedule for the travellers are too full. That makes that the satisfaction of experience is not high for the customer. Based on their feedback of the trip, they are not completely enjoying the Swedish lifestyle and consuming the worthy products. The traveler is looking forward to have some freedom during their tour. In addition, the commercial collaboration between Sweden and other countries is increasing. (Wang, 2003) Use China as example, since established diplomatic relations; with the show from data, the commercial interaction between two countries is stably increasing. Following by the commercial trips for the businessperson. (Wang, 2003) After business work, they naturally do some visiting around the city. But unfortunately, there is no specific service for their extremely short tour. Therefore, there is a demand for the niche market of short-term private service.

Problem:

Based on this potential business idea, a new venture is creating. However in the first stage, it encounters the problem of composing the entrepreneurial team.

Area aspect:
Since the business is settled in area of Sweden, that raises a consideration that of including individual with this geographical background within the entrepreneurial team or not. In the meanwhile, considering the business mainly focus on the Chinese traveller a positive collaboration with Chinese travel agency is necessary. That brings a request of including
person who is expert for Chinese issues into the entrepreneurial team.

Business aspect:
Because this business is a multinational operation, the requirement of, such as research and development, operation coordinating, etc., is high. As a founder, there is a challenge of distributing the role of entrepreneurial team members. How to depend upon their capability to share the responsibility faces a huge problem in the early stage of venture creation.

Founder aspect:
As a businessman from China that settled down in Sweden, the founder named K Chen, has built some social network both China and Sweden. He has the more than 15 years experience of running a business in Gothenburg. He is outgoing and good at building the relationship with people. That leads to that some business partners are willing to join this business. Someone has industrial knowledge, such as former tour guider, while some successful businessmen that have capital resources and marketing skills. That causes a problem of determining the size of entrepreneurial team and selecting correct partners to join the entrepreneurial team.

1.3. Purpose

In theory, a team can make the venture performance better than an individual. (Scott & Einstein, 2001) However, in practice, the entrepreneurial team is always faced challenges. In many cases, the bad interaction within the team leads to a quick fail of the venture creation. (Dubini, 1989) Therefore, the problem of how to composing the entrepreneurial team emerged at the present stage in the venture creation. Moreover, the problem could be complicated according to various projects and industries. So that it triggers a study of what is a regular process of team composition during the new venture creation. As well as what factors could affect the team performance.

According to the theoretic problem and practical hinder on the business opportunity, the purpose of this paper is through compare the experiences of entrepreneurial team composition from different entrepreneurs, to reach the differences and similarities between different entrepreneurs. Since the similar experience can be used to analyze the regular process of team composition and the differences can figure out the factors of consideration, it
can hence be committed to understand what is the regular process of entrepreneurial team composition and what are the factors that could impact the composition work, in order to offer some recommendations for the business opportunity about the team composition.

1.4. Research question:

More precisely, the research question for this thesis is *How to compose an entrepreneurial team for a new venture creation.*

The research question targets on the early phase of venture creation. Based on the samples that selected for the research, this research question can be subdivided into three parts:

- What is the regular process of composing an entrepreneurial team composition?
- What are the key-factors that impact team composition?
- Depend on Geographic Background; Venture Size and Business Style is there any difference of composition of entrepreneurial team?
2. Literature review

This chapter is divided in three sections, and every section offers an outline of the literature that selected to support this research. The first section concentrates on the historical background of entrepreneurship and entrepreneurial team composition. The second section focuses on the factors of consideration during the team composition. This part lists the five key factors and emphases their function of composition work. The third section concentrates on the composition process for entrepreneurial team. Lastly, a discussion is provided.

2.1. Historical background

For a long time, much research focus on the individual entrepreneur in human component of entrepreneurship, which can be seen as the characteristic studies of entrepreneurship in the early stage. (McClelland, 1965) Nevertheless, the entrepreneurial team comes from the ideology of the individual entrepreneur, which means the entrepreneurial team only emerged when the individual entrepreneur objectively realize that compose a team can fill in the gap between the venture condition and the reaching goal in the future. (Chung & Gibbons, 1997) With the development of cognition of entrepreneurship, recent research increases the interest on the entrepreneurial team. (Cooper & Daily, 1997) There is a switch to team-based new venture creation, which advanced this approach to a mature theoretical research of entrepreneurship. (Day et al, 2006) That includes new venture creation and management into the analysis. (Aldrich, 1999; Van de Ven, 1993) In addition, the entrepreneurial team seen to be able to handle many determinants of venture performance, even they have out of management control, such as on market conditions. (Gibb & Buchanan, 2006) These previous research and statement emphases that the entrepreneurial team composition turn to be more crucial on the new venture creation performance.

In short, entrepreneurial team is not a general sense of group or community. It can be defined as a group of people that existed the management, communication and creation of the new raising company. (Hualian, 2012) An entrepreneurial team, to the new venture, is the source of vitality, as well as the core of the venture survival and development. The matter of the venture operation is obviously from the team and team members. (Zeng, 2009) The team organizes the entire business operation and integrates resource of new venture. It leads the
venture constantly pursue the goal of success. In addition, its function includes initial capital accumulation, employee recruitment and business management. Therefore, the entrepreneurial team composition, the quality of team member and their collaboration are the key factors of venture obtaining resources (especially scarce resources) and maintaining the efficient operation of business. In the study of entrepreneurial team composition by Yuli Zhang (2011), he through analyzed the contribution from the team in order to reach the impact from the team on venture performance. In the entrepreneurial team, the contribution from members is complementary, while the duty and works are interchangeable among them. This can give full play to members’ ability and relative resource, and reach the “1+1>2” cooperative effectiveness (Zeng, 2009).

On the other hand, the composition of entrepreneurial team is the beginning of developing a new business, that leads to the quality and capability of the team are crucial for the internal collaboration of the venture. (Clarysse & Moray, 2004) It also occurs a debate about the logic of team composition, because the composition logics are different from entrepreneurs. (Carpenter et al, 2004) If we choose composing entrepreneurial team with rational logic, the team will analyze the resource and capability that in need in venture creation process, and compare with current resources to fill the gap of self-competence; meanwhile if composing the team with irrational logic, it means the cohesive force of members is more valuable of the venture. (Zhang, 2011)

According to the different logics, the structure of entrepreneurial team will be different in a way. In this approach, people’s interpersonal attraction is a significant factor for the entrepreneur to recruit team members. Forbes D P and his colleagues (2006) stated in their study, the more complementary the members are, the less they are acquainted with each other. That makes the rational logic based team has more cautious communication. In contract, Cooney (2005) in his research of entrepreneurial team emphasized the significance of friendship within the entrepreneurial team. He believed the irrational logic based team has easier communication among the team, however the homogeneity of the members is higher. The selection of approach should depend on analysis of business opportunity and venture condition. The factors that could influence the team performance as well as the composing process should be carefully consider as well. (Robbins, 1983)
2.2. Key factors of entrepreneurial team composition

From a literature named “Brief Discussion on Entrepreneurial Team Composition” (Li, He & Zhang, 2014), the authors provided a concise framework of influenced factors. It included five key factors that should be considered in the entrepreneurial team composition. They are Entrepreneur, Business Opportunity, Target and Value Creation, Team Members and External Context. (Li, He & Zhang, 2014) According to this framework, other relevant literatures were provided to analyze and confirm it.

a. The Entrepreneur

The capability and mindset of the entrepreneur determine the necessity of composing entrepreneurial team. (Rasmussen, 2006) As long as the entrepreneur realizes that there is a need of multiple-functional team to satisfy the goal of the venture, composing the entrepreneurial team will be seriously considered. (Li, He & Zhang, 2014) Meanwhile, the leadership in the team plays the significant role in the internal management. As the leader, the entrepreneur takes the responsibility of leading the overall direction of venture development. (Daily et al, 2002) However, shared leadership is deemed to relate to cohesion and collective vision of the venture. (Ensley, Pearson & Pearce, 2000) There is also argument that believes the leader role should have an alternating process depending on the demands. (Katzenbach, 1997) That means the entrepreneur could be able to evaluate the condition of demands and also the capacity of members, in order to share the responsibility back and forth especially in the early stage of venture creation. (Brigham et al, 2007)

For improving venture performance, the entrepreneurial team and venture culture are the critical aspects, however, the entrepreneur per se is the foundation of the venture culture. (Deakins & Freel, 1998) Entrepreneur’s competence, experience and even potential influence every single decision during the venture creation process. (Mei, 2009) The characteristics of the entrepreneur affect the quality of entrepreneurial team composition and further affect the venture performance. (Sandberg, 1998) For instance, during the recruitment process, talent people more prefer to join a team with a leader that sharing experience and information to let everyone feel like create value together, rather than follow someone with serious commands. (Vroom & Yetton, 1973) It’s admitted that
entrepreneur’s personality not only impacts venture as leadership, but also crucially inspires the spirit for the teamwork. (Daily et al, 2002)

b. Business Opportunity

The characteristic of entrepreneurial opportunity is a key factor of composing entrepreneurial team. (Clarysse & Moray, 2004) Entrepreneurs should according to the matching with opportunity, decide when and how to compose the entrepreneurial team. (Ardichvili, Cardozo & Ray, 2003) Base on the entrepreneurial alertness, entrepreneur would consider to include which kind of people to satisfy the especial need from the opportunity per se. (Stevenson et al., 1985) On the other hand, the type of opportunity itself has highly special requirement for the team members. Getzels (1962) depends on value creation capability and value sought classifies opportunity into four types. (See Fig.1) Alone with this matrix, it can be seen clearly that the requirement of entrepreneurial team has pertinence for each type of business opportunity. (Getzels & Jackson, 1962)

![Figure 1. Four types of opportunity](image)

Different business opportunities require different logic for composing entrepreneurial teams. (Li, He & Zhang, 2014) On one hand, if the opportunity contains more uncertainties, which means the potential of value creation is substantial with tough challenge, the logic of composing the team could be more rational, in order to cope with the tough situation during the development process. (Choi & Shepherd, 2004) On the other hand, if the opportunity is relatively certain, the logic could emphasize the trust degree within the team to make sure the stable outcome. Therefore, entrepreneurial team should be composed after analysis and evaluation on the business opportunity condition. (Hua, 2012)
c. Target and value creation

The common value and unified target are the precondition of composing an entrepreneurial team. (Li, He & Zhang, 2014) The entrepreneurial team is always under the pressure of reaching the personal target, especially the financial goals and objectives. (Ruef, Aldrich & Carter, 2003) Different target direction will lead to some member break away from the team. That’s definitely weaken the overall capability of the team, what’s worse is that would be more possible to occur some confliction. (Huang, 2008) The goal of the team should be unanimously agreed in order to have a goal-directed teamwork. (Zheng & Long, 2012)

In the perspective of value creation, compared with individual based venture, the venture that is with a team has the advantage. (Timmons, 1994) First, an entrepreneurial team can combine complementary skills and experiences, which would deal with more complicated problem with comprehensive consideration. (Ruef, Aldrich & Carter, 2003) Second, the team’s capabilities offer a multidimensional vision for management and social responsibility. (Li, 2012) Last but not the least, teamwork helps create relax psychological environment, especially for overcoming the working pressure. (Zheng & Long, 2012)

About the value from the teamwork, there is a slogan that vividly describes it, “Together Everyone Achieve More”. That means everyone that added into the team should have a positive impact on the venture performance. (Johnson et al, 1991) Not only have the right to share the information and resource, but also should take the responsibility to create value for the team. (Li & Xu, 2012) Hence, the value and personal value are keys for the entrepreneurial team composition. (Johnson D.W. & Johnson R.T., 1999)

d. Team members

Since the complementary is necessary, the entrepreneurial team composition is building an internal network. Every member as an irreplaceable piece has to stand on the right place for the team. (Li, He & Zhang, 2014) Furthermore, the team requires members to re-identify themselves for framing a legible structure. This iterative process has strength on business or entrepreneurial discovery. (Huang, 2008) Meanwhile, it can motivate a
positive cooperation within the team through the movement of employees. (Harper, 2008)

In addition, the trust issue is the fundamental of entrepreneurial team composition. If the team has a lack of trust, it would directly create obstacles and even conflicts during the teamwork. (Li & Lu, 2011) Likewise, the entrepreneurial culture that based on trust is a kind of important capital for the organization. It sustains the continuation of entrepreneurial passion. (Forbes et al, 2006) Meanwhile, Ren (2014) announced what makes the trust issue really important within the entrepreneurial team are the uncertainties from the future. The uncertainties can be divided into two perspectives, one is from unknown activities, and the other is from uncertain reaction of the team. (McGrath & MacMillan, 2000) There is no doubt that the trust-based team will decrease the uncertainty in their economic activities, a trustful team and team members would have a better performance in organizing and management. In fact, trustful team members bring the flexibility for the venture operation, and lead to a teamwork oriental management approach. (McMullen & Shepherd, 2006)

e. External context

The survival and development of entrepreneurial team are restricted by some external factors. (Li, He & Zhang, 2014) According to the dynamic external context, it’s unavoidable for the venture to face the challenge such as infrastructure service and resource environment. (Huang, 2008) These external environmental elements directly impact the demand of type of entrepreneurial team in macroscopic aspect.

Besides, the social interaction of a venture influences the entrepreneurial behaviors, both inter-team and outside-team. (Lechler, 2001) It definitely affects the entrepreneurial composing approach and process. (Shi, Zhang & Gao, 2011) That is a challenge for entrepreneur to act according to the judgement from external environment. Because applying some fixed model mechanically won’t work in every condition. (Haslam, 2004) Likewise, there is also special requirement for the entrepreneurial team. The most crucial aspect is integrating resources, because in this case the ability of seeking and integrating resources reflect the strength of entrepreneurial team. (Jiang, 2014) That’s why the external context is crucial reference for entrepreneurial team composition.
In the article of “Brief Discussion on Entrepreneurial Team Composition”, a framework that contains five key factors is shown for the entrepreneurial team composition. (Li, He & Zhang, 2014) This framework also includes the main influence from factors on such as Basic demand, Logic of composition, Entrepreneurial behaviors, Teamwork and Venture culture. In the further research in this paper, this framework is used to support the interview of qualitative research.

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<tr>
<th>Key Factor</th>
<th>Main Influence</th>
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<td>Business Opportunity</td>
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<td>Entrepreneur</td>
<td>Logic</td>
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<td>External Context</td>
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<td>Team Member</td>
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<td>Target and Value</td>
<td>Venture Culture</td>
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Chart 1: Framework of Key Factors

2.3. Process of entrepreneurial team composition

Form a literature named “A process study of entrepreneurial team formation: the case of research-based spin-off” (Clarysse & Moray, 2004) the author emphasized the idea phases of the team composition. Meanwhile, in the study of “The influence of guided preparation on the long-team performance of new ventures” (Chrisman, McMullan & Hall) discussed the significance of preparation of team composition. It included the entrepreneur’s own effort especially on self-reflection. Additionally, “Brief Discussion on Entrepreneurial Team Composition” (Li, He & Zhang, 2014) showed the execution phase of the team composition. According to these phases of entrepreneurial team composition, other relevant literatures were provided for further analysis.

a. Idea Phase:

For composing the entrepreneurial team, the idea phase comes first. It includes the entrepreneur’s ideas about the business and expectation of a new venture. (Clarysse & Moray, 2004) An initial business idea as an intangible determiner of the venture performance, impact
the team composition process, so that the challenge of according to business idea to seek appropriate person exist at the beginning of venture creation. (Brush et al, 2001) The business idea also affects the diversity of the team members. Since the task-related principle is a significant standard for seeking team members, the diversity of team member would have preference according to the business idea. (Der, Wong & Ong, 2005)

b. Preparation Phase:
Meanwhile for the mental preparation, it contained self-reflection by entrepreneur. (Chrisman, McMullan & Hart, 2001) Hualian (2002) pointed out in her research that, the entrepreneurs rely on their social networks and background to decides the business concept and what is needed to implement it. (This phase aims to settle the conceptual framework for the business and venture. (Forbes & Borchert, et al, 2006) At the same time, it offers the entrepreneur a chance to discover the own deficiency. (Mei, 2009) On the other side, the team culture creation is included in the preparation as well. Since the team culture is viewed as the standard of member’s action. When the enterprise rules and regulations are not mature enough to handle every situation, the culture automatically leads to normative behaviors for team members. Furthermore, the culture is link to top team management. It’s an intangible supervision and administration for top managers’ action. (Deakins & Freel, 1998)

c. Execution Phase:
After the idea selection and basic preparation, the execution of team composition is following. In this phase, the execution of the team composition can be divided in two perspectives, one is recruitment (Forbes & Borchert, et al, 2006), and another is role distribution. (Li, He & Zhang, 2014) For recruiting team members, the entrepreneur should consider that included such as what would supply resources, how to keep the team together and what are the inducements that attract partners. (Shi, Zhang & Gao, 2011) The performance appraisal and internal competition are the key motivation for the team development. (Birkinshaw, Hood & Young, 2005) For role distribution, entrepreneurial team should advance to devise the functions and authorities, in order to ensure that team members could have smooth execution. (Li, He & Zhang, 2014) Furthermore, the teamwork is a key point of role distribution. In 2006, Forbes and his colleagues has stated that the teamwork is a necessary topic of research about organizational behaviors, but it should not only narrow on existing work team, but also should be pre-considered in team formation.
2.4. Discussion

Through the literature review, two frameworks are figured out for the research. First it is the framework of five key factors that could impact the entrepreneurial team composition. Second it is the framework made up of three phases of the team composition process.

For the perspective of key factors, every factor has specific meaning of entrepreneurial team composition. They not only impact the decision-making of team composition, but also would influence the venture performance. In these five factors, Entrepreneur and Business Opportunity are two main decisive factors, because the entrepreneur holds the control of decision, while business opportunity determines the initial requirement of the team. Moreover, it also exists the link between entrepreneur and business opportunity. Entrepreneur takes the responsibility of seeking and recognizing the business opportunity, which hence the entrepreneur takes over leadership of entrepreneurial team composition. On the other hand, the factor of business opportunity has the meaning of requirement for entrepreneurial team composition. It requires the team to include the ability of opportunity recognition and opportunity development during the composition.

For the factors of Team Members, it impacts the composition work because of diversity and teamwork. Every member can add value and help the team fill in the gap, which makes every added member represent a special meaning for the team. Besides, the external context impacts the team composition on organizational behaviors. The last but not the least, the factor of target and value creation settles the standards for team composition. This factor is on the spiritual level of entrepreneurial team composition, especially for the venture culture creation, it brings the internal motivation and inspiration for the entire venture.

According to these empirical findings, the chart of key factors depend on the framework is made (See in figure below). It is waiting for confirmation and also exploration of more details from comparative study.
For the perspective of composition process, three phases go forward one by one. Each of them represents a main task of the team composition work. At the same time, according to these empirical findings, a framework about three phases of composition process is made for the following research. (See in figure below). It is used as the basis of the guide for semi-structured interview. And through the interview, it expects some supplements as well. The idea phase (Clarysse & Moray, 2004) is a start that brings the initial stimulation of the entrepreneurial team composition. Following is the preparation stage (Chrisman, McMullan & Hart, 2001) that with the effort from entrepreneur per se. Entrepreneur’s self-evaluation and self-reflection help the team find out the gap of capability, and also settle the concept of venture culture. Afterwards, the execution phase (Li, He & Zhang, 2014) is the key stage of the team composition, most the tough work implement in this phase. It contains two steps, recruitment and role distribution. The quality of the recruitment and distribution determines the capacity of the team.
• Seeking Idea
• Analyzing Opportunity

Idea Phase

• Self-Evaluations
• Self-Reflections

Preparation Phase

• Recruitment
• Role Distribution

Execution Phase

• Recruitment
• Role Distribution
3. Methodology

This section describes the research methodology that used in this study in detail. It can be divided into two perspectives. Firstly, it is the research strategy for this thesis. Secondly, it is the approach that used for gathering relevant data. Additionally, there are also an outline of the research process and the limitation of this research.

3.1. Research strategy

Since the purpose of this research was to investigate the entrepreneurial team composition, the applied research approach is a qualitative strategy in order to obtain preliminary qualitative understanding of team composition that from the analysis of entrepreneurs’ experiences. Qualitative research can be interpreted as a research strategy that can highlight the value of words rather than the numbers. (Bryman and Bell, 2011) In this thesis, the aim is through looking into the process of creating the entrepreneurial team from entrepreneur’s perspective to understand the experienced entrepreneurial behaviors and opinions, furthermore to record and analyze their formative process and considering factors of the entrepreneurial team composition. In order to provide an understanding of how this research would be conducted and how the information was gained from entrepreneurs, the following will present the qualitative research methods that used in this study and the standards of selecting participants for this study.

The methodology is mainly based on semi-structured interviews with both entrepreneurs and top entrepreneurial team members for obtaining the useful information for the investigation of team composition, not only the good experience, but also the tough experience during the whole composition process. The participants are made up of six entrepreneurs or entrepreneurial team that from six ventures. Base on the condition and characteristic of these six participants, they are divided into three groups before the interview. They are “Geographic Background”, “Venture Size” and “Business Style”. According to this, a sub question is settled for comparative study as well. It is “Depend on Geographic Background; Venture Size and Business Style is there any difference of composition of entrepreneurial team?”
On the other hand, the sample selection is relevant to the entrepreneurs in the daily life. That’s why in this study it included individual business company, family business venture, and privately operated enterprise with concepts of entrepreneurship, private enterprise and even two multinational corporations with different national background. Since their companies’ sizes and styles are quite different, which means they could have various experience on entrepreneurial team composition. It’s benefit for digging deeper into their composition behaviors. Bryman and Bell (2011) stated that the qualitative research prefer to emphases individual explain and understanding of their personal experience and social world, in this research, the explanations from entrepreneurs are the main information for investigation.

Thanks to the qualitative research that able to emphasize the inductive approach that shows the relation between theory and investigation, it’s easier to get deeper into the research. (Bryman and Bell, 2011) In this study, the information is mainly on practiced entrepreneurial experience, which contains the composition process and consideration for the research, such as the motivation for the entrepreneurs at the beginning according to the business opportunity, entrepreneurial opinions about details of composing the entrepreneurial team, and even the problems that existed in their composing process, etc. Through the interviews, the comparison is made in order to figure out the similarities and differences between the experiences about team composition from difference entrepreneurs. The similarities could lead to an analysis on the regular process of entrepreneurial team composition; while the differences could be studied for figuring out the key factors that impacted team composition.

3.2. Comparative case study

In this thesis, there are studies of multiple cases for comparison. Eisenhardt (1989) has suggested that the case study is conducted upon the purpose of understanding the dynamics within individual context. The cases should have representativeness for general type; likewise have special characteristics because of particular circumstance. After the theoretical research, the research question has been specifically divided into three sub questions, which make it easier to get deeper into the research. Since the participants are made up of six entrepreneurs or entrepreneurial team that from six ventures. Base on the condition and characteristic of these six participants, they are divided into three groups before the interview. A sub research question is based on these three groups. Which is “Depend on geographic background,
The comparative study aims to figure out the answer for this question. Simultaneously, consider of the research question (besides with sub-questions), multiple cases are required to be contained in the research to analyze the factors and process, in order to expand the sample range. (Yin, 1984) Depend on the content and data that from the whole interview process, the comparative study takes the responsibility to figure out the similarities and difference between different ventures of entrepreneurial team composition. The similarities would identify the regular entrepreneurial team composition process and common factors for entrepreneur to consider, while the differences can be analyzed related to the entrepreneur and venture condition for explaining the special situation. In this case, the comparative study is critical to identify the considerable factors and challenge for the entrepreneurial team composition, in order to establish a formative and simplified composition approach.

**Interview**

In the qualitative research, interview is verbal conversation between two people. It’s allowable for participants to freely think and answer the questions. The purpose is to obtain relevant information with a given objective. (McNamara, 1999) In this case, interview is a critical way of obtaining the respondent’s reflection and experience. Furthermore, in order to conduct a fluent interview and acquire the in-depth information that fit the outline of the research, the interview format is settled as a semi-structured interview. Meanwhile, an interview guide has been made for conducting fluent semi-structured interviews. It is based on the comparative design, which adopts a form of a multiple case study. According to the conversation during the interview, the needed questions could be added in the interview. Besides, the interview would be able to include several significant evaluations by a handful of data for clarifying some particular condition or indicator.

The interviewee selection has specific standards. The interviewees include entrepreneurs, the members of entrepreneurial team and directors of human resource or management. There are also some requirements for the chosen venture. First, the venture should at least have done the team composition. By virtue of overall thinking for the research, the completed experience is much more valuable for the research, so that the previous process of
entrepreneurial team composition is in need. Second, the selection requirement focuses on the interviewee per se as well. As an entrepreneur or a member of entrepreneurial team, should have been personally involved in the entire entrepreneurial team composition. The personal experience is crucial for this research, not only the experience of composition and venture creation is essential, but also the reflection about these previous experiences, both achievement and obstruction.

Base on these requirements, in total six interviewees within different ventures have been chosen to include in the research as samples, which are shown in the table below. Every interview was through phone call or face-to-face meeting, and lasted around 30 minutes.

<table>
<thead>
<tr>
<th>Name of Interviewee</th>
<th>Company</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xingdong Huang</td>
<td>Bank of Hainan Co., Ltd</td>
<td>Banking</td>
</tr>
<tr>
<td>Khoki Chen</td>
<td>Gui Hua Travel Catering Company</td>
<td>Catering and tourism</td>
</tr>
<tr>
<td>Shuning Lin</td>
<td>Shuning Accounting Firm</td>
<td>Accounting</td>
</tr>
<tr>
<td>Jingxi Zhuo</td>
<td>Qiaoxing Privately-Operated Hospital Group</td>
<td>Medical service</td>
</tr>
<tr>
<td>Shawn Chen</td>
<td>Jingtian Cultural Communication Co., Ltd</td>
<td>Cultural recreation</td>
</tr>
<tr>
<td>Hongchang Liang</td>
<td>Haikou Yida Trade Co., Ltd</td>
<td>Trade and Processing</td>
</tr>
</tbody>
</table>

Furthermore, these six cases have been divided into three groups:

1. **Group 1 on the comparison of Geographic background.**
   (Bank of Hainan Co., Ltd VS Gui Hua Travel Catering Company)
   In this group, the target is on the impact of geographic background on entrepreneurial team composition from the perspective of Sweden and China. Even though the Bank of Hainnan Co., Ltd is not a typical entrepreneurial company, it included entrepreneurial concept at the beginning of plan and prepare of creating this enterprise. At the same time, the team composition considered many factors under Chinese special background. The entire team composition process is representative of dealing with public policy in the Chinese market, and can be a good reference for new venture creation. On the other side, Gui Hua Restaurant is the only one located in Sweden among the samples. So that its background is different, what it deals with is the social environment and entrepreneurial context in Sweden. It offers an opportunity to make comparison between China and Sweden in some respects. The
purpose of the investigation in this group is to find out the difference of entrepreneurial team composition due to the diverse social background and public policy.

2. Group 2 on the comparison of venture size.
(Jingtian Cultural Communication Co., Ltd VS Haikou Yida Trade Co., Ltd)
In this group, the aim is on the challenge of entrepreneurial team composition, which would differ from big venture and small venture. The Haikou Yida Trade Co., Ltd was defined as a big factory from the beginning. While the Jingtian Cultural Communication Co., Ltd created as a small start-up by a college student. Their positioning of the venture size is different since the start, it lead to the different size of entrepreneurial team. Since the bigger the team is, the more people would be included in the team, so that there is a big difference on the criteria for selecting people. In this group, the purpose is through comparing their experience on team composition to figure out what differ on challenge of entrepreneurial team composition according to the venture size.

(Shuning Accounting Firm VS Qiaoxing Privately-Operated Hospital Group)
In this group, the purpose is to investigate the differences of entrepreneurial team composition between individual business and family business. Qiaoxing Privately-Operated Hospital Group is a family-based venture, while the Shuning Accounting Firm is based on individual. It causes a huge distinction between these two ventures. The founder of Qiaoxing Non-state Hospital Group has complicated emotional relationship within the team, especially with family members, while the team of Shuning Accounting Firm is extremely simple. The investigation in this group mainly pays attention on the composition logic of entrepreneurial team. Additionally, the focus is also on the way they deal with the confliction and role distribution.

3.3. Data analysis

The analysis of qualitative data focuses on the exploration of the opinion and experience. The gathered data in this case is the information from semi-structured interview. This analysis is includes two parts in this case, the first it refers to the development of theory about the entrepreneurial team composition without data, secondly the collection and analysis of the
data performed in parallel. According to literature review and empirical findings, two simplified frameworks are provided. One is for team composition process and the other is for considering factors of entrepreneurial team composition. Afterwards, through the analysis it can get the updated framework with confirmation and supplements. Besides, it needs to be emphasized that maintaining justice and objective is crucial for analysis. An author should not set up any bias or prediction for the research.

Through the transcripts, it marks the words or sentences to identify the key points of their composing approach and challenges. It is possible to figure out the similarities and differences, in order to create the formation of general approach and specific factors of entrepreneurial team composition. Furthermore, a review is in need to dig in-depth of theory development. It can be back to the beginning to rethink the data collection and analysis process, for the purpose of dealing with the uncertainty and bias.

3.4. Reliability and Validity

Reliability and validity are significant condition for the quality of the research. Especially the qualitative research could easily mix subjective factors in the process of data analysis. The ideal condition requires the qualitative analysis should be under some certain rules. Due to this, the qualitative data would involve the validity problem, which lead to how to ensure the data is valid and how to enhance the credibility of the analysis result.

This research is following three particular indicators to guarantee the reliability and validity. Firstly, it is about the indicator that is pointing to the description. In the report, the description is based on accurate information from the interviewees, such as the behaviors, numbers and scenes. Secondly, it’s the theoretical indicator. In the result of analysis, this research illustrates the reasons and solutions, and without any own bias to extract the contents for developing the frameworks about entrepreneurial team composition. The reliability of the research is related to what degree the researcher accepts the information from the interview conversation. (Bryman and Bell, 2011) In this research through the automatic transcript tool, it is completely record the information that from interview, which can ensure the impartiality of the research.
In addition, since the research includes entrepreneurs and ventures that from China and Sweden, in this research it includes two experts that in charge of local consultant. In China, there is a civil servant, who provides information to get a clear picture of the local public policy. That is really important because Chinese public policy is dynamic and specific for the local condition. And also in Sweden, there is an experienced businessman that is a help by explaining the local principle or context for entrepreneurship. It is significant for ensuring the reliability and validity of comparison and analyzing results.

3.5. Limitation

It is unavoidable for some impacts existing in the interview and moreover on the research results since it is lack of effective control of samples. At the beginning of selecting participants, it’s difficult to include many entrepreneurs that can satisfy every requirement for the research setting. So that it has to settle for the second best choice, which is including a person who is not a venture founder but in charge of the composition, such as Huang Xingdong in Hainan Bank. Even though he didn’t have the chance to make decision, his observation from the composition meeting of the founder’s execution is valuable. From the different perspective of a composition group member, it gives an opportunity to contrast the considerations separately from a leader and a follower. However, the common might contain bias or emotions especially it existed hidden confliction, which could lead to a deviation for the research result.

Because of the limited network both in Sweden and China, the respondents are from various industries. Vary with the industries the entrepreneurial team composition process would be different. The research aims to summarize the process from different entrepreneurs in order to develop a formation of entrepreneurial team composition in the early stage of venture creation. Nevertheless, it’s short of samples since lack of resource and personal network. Despite the six chosen participants are highly fit the research question, the amount can hardly embrace all situations or all industries.

Another limitation should be pointed out is that the comparative study between two ventures have to filter other influential factors in order to concentrate on the comparative group. It has to be selective about ignoring some meaningless impact. So that it might loose some
connection between two significant factors. The result hence has a boundary to analyze all the challenges for entrepreneurial team composition. However, this research added some factors that should be consider during the entrepreneurial team composition. Furthermore, it in a way offers a valuable complement according to the existed composition model.
4. Results

The results from interviews are presented below. The results have been categorized into two main perspectives. One is *Experience of composition process*, and the other is *key factor of consideration for team composition*. In addition, the outcomes of comparative study by three groups figured out the specific problems, which come to the details according to the venture background and situation. Based on the literature review, a framework is found out to use as the basis of the guide of interview. Since it is based on the process of entrepreneurial team composition, it is used to record the findings from interview as well. The original framework is composed with three phases. However, for the purpose of getting more details from the interview, it’s refining to the four steps process. The findings from the research are shown by the chart below.

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td></td>
</tr>
<tr>
<td>Self evaluation</td>
<td></td>
</tr>
<tr>
<td>Recruitment</td>
<td></td>
</tr>
<tr>
<td>Role distribution</td>
<td></td>
</tr>
</tbody>
</table>

**Interviews**

Group 1 (Geographic background)

*Bank of Hainan Co., Ltd VS Gui Hua Travel Catering Company*

**Bank of Hainan Co., Ltd:**

Bank of Hainan Co., Ltd is a joint-stock city commercial bank that is agreed by the state council and approved by the CBRC (China banking regulatory commission). It is the only corporate commercial bank in Hainan province. Mr. Huang is a member of the plans and prepares team that in charge for Bank of Hainan’s composition in vary early stage. The findings and analysis is base on his experience and observation.
Composition process:
Bank of Hainan originated because of the opportunity from public policy of establishing the international tourism island of Hainan Province. That caused a huge demand of resources development within Hainan province. Therefore based on the liquidation and restructuring of collapse of a local credit cooperative, the government decided to establish first corporate commercial bank. Even though the Bank of Hainnan Co., Ltd is not a typical entrepreneurial company, it included entrepreneurial concept at the beginning of plan and prepare of creating this enterprise.

Since the government was in charge of planning and preparing, it occupies 51% share of the venture and shared the rest to several local ventures. To compose the team, a preparation team is found for the leadership at the beginning. In this leader team, there are 5 persons. It includes a chairman, a president and three vice presidents. Government named an experiential officer as the chairman, which is responsible for the government. The bank president is from ICBC (Bank of Communications), he was the vice president of ICBC, and he is in charge of developing corporate business. The vice presidents are respectively from recommendation of People’s Bank of China, Social recruitment and Office of Finance. The role distribution is based on the personal background and experiences; another reference standard is on the percentage of investors. Following the leader team, it is a preparing team that separated the composition work into several specific departments according to the management and business operation. Meanwhile, the government also settled the supervisor for supervision and control.

Problem:
Mr. Huang emphasized that since the government leads the composition work, it exists both benefits and hinders for the team composition. Bank of Hainan has the government as the supporter, so that the sufficient resources show a big advantage for the early phase of team composition. However, there are still some problems for the team members. In the leader team, even though they all have rich experience in this banking area, this is the first time they are directly in charge of composition a commercial bank. Therefore a learning process is necessary for them. In addition, the excessive government intervention causes misleads for the corporate business. Avoiding unnecessary intervention would be an improvement for the team and even the venture performance.
Analysis:
It is obvious that the government leads the composition of Bank of Hainan. The government as the formal entrepreneur divided entrepreneurial team into leader team and preparation team. According to the analysis of the public policy and market context, as well as seeking the complement from local ventures, it chooses to compose the team on rational logic. Due to it is a city commercial bank it also takes the responsibility of the improving the financial environment of the city. Therefore, the selection of team members, as well as the recruitment, has a very strict standard and principle. Which leads to the professional background and experience played a significant role on the member selection and role distribution. In addition, it exists an efficient supervision system by the government, which can be able to make sure the operation on the line. Since Bank of Hainan is established with a specific policy, the requirement of system is acquired to be stable. In other words, the turnover mechanism is relatively lower than other flexible venture, and is limited to learning process.

The entrepreneurial team composition can be concluded as the chart below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td>Public policy</td>
</tr>
<tr>
<td>Self evaluation</td>
<td>Cooperate with local mature venture</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Professional background and experience</td>
</tr>
<tr>
<td>Role distribution</td>
<td>By rational logic</td>
</tr>
</tbody>
</table>

Supplemental advises on process/factor about the composition according to interviewee’s reflection:

1. Turnover mechanism:
   The turnover mechanism is important in the team composition. It should not limit the learning process among the team members.

2. Supervision System:
   A supervision system is crucial for guaranteeing the team’s outcome. However the government intervention should be loose in the supervision system.
**Gui Hua Travel Catering Company:**

Gui Hua Travel Catering Company is located in Gothenburg, which mainly operates a Chinese restaurant that specializes in the Chinese cuisine and receives travel group from China. Khoki Chen is the founder of the Company. He moved to Sweden on the year of 2000, and started his first business of sushi restaurant. Two years ago, with a rapid increase of Chinese travellers come to Gothenburg, he realized there is a huge demand of meals from Chinese travel group. He decided to open Gui Hua restaurant and try to communicate with Chinese travel agencies in order to build corporate relationship with them.

**Process:**

Since he analyzed the opportunity and found the demand in the market, he started to compose his entrepreneurial team. However, he was short of capital and work force. He had to have the aid of Swedish welfare services. For the recruitment, the requirements mainly focus on the skills, such as cook skill, linguistic skill and management skill, etc. Mr. Chen chose to corporate with Arbetsformedlingen, in order to get the recommendation of suitable workers. In this case, Gui Hua restaurant get the chance of recruiting some new comers from China, who can get the support from government of their salary. He included one of his friends into the entrepreneurial team and got the financial supports, as well as some relatives for a better communication. For the role distribution, it is based on the rational logic by the demand of work position. However, Mr. Chen is in charge of most important work, such as marketing and communication.

**Problem:**

Since the team is small and every member has the opportunity to take any work mission, the teamwork style of Gui Hua Company is defined as overlapping. It means that there is no chance to have a clear turnover mechanism. Furthermore, as the entrepreneur, Mr. Chen has the limitation of management, which lead to there is no an effective supervision system within the company. Mr. Chen admitted that the company is benefit from the positive relationship between Sweden and China, as well as the team composition is benefit from the societal welfare system. “This flexible market and loose policy do us a huge favor of reducing pressure.” But he also emphasized that the people that recommended by the Arbetsformedlingen always only stay a short-term, this high staff mobility would in a way bring some uncertainty for the company development.
Analysis:
By the positive utilization of Swedish societal welfare system, Gui Hua Travel Catering Company got the advantage for the entrepreneurial team composition at the early stage of venture creation. It followed a quite common process of entrepreneurial team composition. But because of the social background, it has the chance to save some funds for more significant cost. In this external context, entrepreneur has more freedom and confidence to dig the potential of a business opportunity and survival thanks to the loose policy. Nevertheless, entrepreneur should consider of how to use this advantage to get a better performance of the venture, but not limited of just saving some money.

The entrepreneurial team composition can be concluded as the chart below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td>Huge demand of meals from Chinese travel group</td>
</tr>
<tr>
<td>Self evaluation</td>
<td>Lack of work force and capital, need help from welfare system</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Cook Skill, linguistic skill and management skill.</td>
</tr>
<tr>
<td>Role distribution</td>
<td>Base on the demand of work</td>
</tr>
</tbody>
</table>

Supplemental advises on process/factor about the composition according to interviewee’s reflection:
1. Recruitment:
   In the Swedish society, the welfare system helps a lot for the entrepreneurship. It offers an opportunity to reach win-win situation.
2. Supervision system:
   The week supervision system is harmful for the talent and venture development.

Group 2 (Venture Size)
*Jingtian Cultural Communication Co., Ltd VS Haikou Yida Trade Co., Ltd*

*Jingtian Cultural Communication Co., Ltd*
Shaun started composing the entrepreneurial team with his friends for Jingtian Cultural Communication Co., Ltd when he was college graduate. This idea comes from a forecast of Shaun. He noticed that it would soon be a peak period of getting married of peers and there would definitely a demand of innovative wedding ceremony. After one year working at a wedding company and earned some experience and resource, Shaun decided to open his own company.

Process:
After settled the target of this business, the first move by Shaun was taking the responsibility of leadership and tried to recruit the people better than himself, in order to fit the team composition. At the beginning, the member is mainly from his friends. Shaun said he had no specific requirement for the team members. They only need to have the passion of entrepreneurship and capability of learning. There was no consideration of background during the selection process; the only standard for Shaun was his feeling. He believed that through the communication with a person could figure out if he or she has the rapport for teamwork. For the role distribution, as the start-up with fewer resource and lack of human capital, the distribution is more on personal willingness. Shaun is a perceptual man, which makes him believed that preference could be a motivation for personal work. In addition, he offers a positive turnover mechanism for the members to try different area in order to get more precious feedback.

Problem:
Admittedly, Shaun’s approach of entrepreneurial team composition brings a very harmonious internal relationship and positive communication. However, the immature system leaded to a short of professional. Shaun had a very high standard at the beginning for the team members, which caused many conflicts. And then he realized that he had to bring down the standard and be patient with the team. Meanwhile, the execution of the team still needs to improve.

Analysis:
As a small size start-up, especially by a graduate, it can be seen that there is a lack of resource. Many entrepreneurs have the limitation of professional. At the same time, they don’t have many choice of selecting team members, which lead to the core competency is not strong enough for the team and venture. In this situation, Shaun based on irrational logic to
compose his entrepreneurial team. It showed that there is a requirement for the entrepreneur to be patient and respect personal willingness during the team composition. Personal competency cannot determine the competency of the team. On the contrast, the team might be able to impact the person by the positive internal chemistry. Therefore learning together is the best way of improvement.

The entrepreneurial team composition can be concluded as the chart below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td>Innovative wedding ceremony is required by peers</td>
</tr>
<tr>
<td>Self-Evaluation</td>
<td>Lack of professional</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Irrational logic. Mainly friends.</td>
</tr>
<tr>
<td>Role distribution</td>
<td>Personal willingness, company demand.</td>
</tr>
</tbody>
</table>

Supplemental advises on process/factor about the composition according to interviewee’s reflection:

1. Role distribution:
   In a small venture, the role distribution would respect more on personal willingness.

2. Turnover mechanism:
   Since the team member would take charge of multiple tasks at the same time, a positive turnover mechanism should be settled for encouraging learning and communication within the team.

**Haikou Yida Trade Co., Ltd:**

Yida Trade Co., Ltd has been built in 1991. In that time, there is a crisis of a state-owned enterprise called Coconut Palm Group Co., Ltd, which is engaged in processing of tropical fruit and producing fruit beverage. Mr. Liang realized an outsourcing-processing factory is extremely urgent for this enterprise to solve the crisis. Through the analysis of the neighboring commodity market, he found out that import raw material could save a lot of cost. After bidding and getting the right of outsourcing thank to the social network and price advantage. Therefore, Mr. Liang started to open his own processing factory with the importing business of the tropical fruit from neighboring countries.
Process:
Because the company includes two perspectives of business, the entrepreneurial team composition is divided into two parts as well, the processing and import purchasing. For the processing branch, an experienced factory director is hired for overall plan and management. It’s also cooperated with a technical team for operating processing of tropical fruit. In this part, the most critical standard is on personal capability and attitude. Professional background and hardworking spirit are required during the member selection. For the purchasing branch, it is based on skilled trade salesmen. The standard focused on the skillful negotiation, data-handling capability and communication. However, since there is a huge amount of work at the beginning, Mr. Liang had to recruit personal friends and relatives to fill in the gap of position. That leaded to an immature system with an unclear role distribution. Besides, it is without an effective supervision for management as well. Along with the venture development, the turnover mechanism is positively working within the company. The purpose is to offer a platform for the team members to experience between two branches, especially between different countries, in order to get feedback through comparison.

Problem:
Even though Haikou Yida Trade Co., Ltd stably develops in the pass decade, there are still some remaining problems from the entrepreneurial team composition. Firstly, the corporate system has some loopholes for management, especially for the management in the foreign countries. Because of the distance, the information transfer is quite slowly. When the emergency happened, there is no a quick and flexible reaction. Secondly, in the financial part, it is short of necessary connection between headquarter and divisions. It leads to a lagging condition on the financial statement. Third, the supervision system is immature for this big size venture. It could not only count on Mr. Liang to supervise every single detail of the venture.

Analysis:
For this big size venture that has several segments aboard with more than 200 employees, a pretty cautious team composition should be taken at the beginning. As Mr. Liang emphasized, the supervision system and information transfer mechanism are necessary. Once it existed a small mistake, it would cause a bigger loophole in the future development. In addition, every member of the entrepreneurial team should have the responsibility of reflecting and solving problem.
The entrepreneurial team composition can be concluded as the chart below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td>Public policy of reformation of state-owned enterprise,</td>
</tr>
<tr>
<td></td>
<td>Neighboring countries has better price for raw material.</td>
</tr>
<tr>
<td>Self-Evaluation</td>
<td>Lack of talent with management skills</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Two main parts: Import purchasing and processing</td>
</tr>
<tr>
<td>Role distribution</td>
<td>Rational logic according to the company demand</td>
</tr>
</tbody>
</table>

Supplemental advises on process/factor about the composition according to interviewee’s reflection:

1. Supervision system:
   Since the size of the team is big, a mature supervision system is needed for the team composition, in order to avoid the loophole in details, especially in finance.

2. Information transfer mechanism:
   The communication within the team is important. A smooth information transfer mechanism should be included in the team composition.

Group 3 (Business style)

*Shuning Accounting Firm VS Qiaoxing Privately Operated Hospital Group*

**Shuning Accounting Firm:**

Shuning Accounting Firm is an individual-based company that found by Mr. Lin. Based on the confidence of personal professional, he decided to open a small size accounting agency to offer accounting services especially for SMEs. Mr. Lin only accepts the case he really confident with.

Process:
Since it is an individual-based company, all the business revolves around Mr. Lin’s capability. There is no specific principle of role distribution, because Mr. Lin keeps a belief of “A person is an army”. He is able to handle every single detail of the business. The only matter is
how to organize the work. However, for coping with the excess burden Mr. Lin recruited an assistant for help. The requirement for the assistant is practice experience and professional background of accounting.

Problem:
As this mini size of entrepreneurship, the limitation is obvious. Personal capability has a narrow boundary, which brings a difficulty of business development. Particularly when it emerges some tricky problem, the reaction is hardly in time. On the other hand, there is no other person to discuss before the decision. Even though as the entrepreneur Mr. Lin has the better control of the direction of development, it’s easy to be overconfident about the control. Meanwhile, the lack of social network is seen as a weakness for the company as well.

Analysis:
This is a special composition of the team, which has not a formal team. This individual-based entrepreneurship is flexible for controlling and management. Additionally, the quality of professional is high. However, it cannot avoid the big limitation of venture core competency, in term of the lack of social network and talent. On the other hand, turnover mechanism and supervision system is unnecessary at present. But for the venture survival and future development, the expanding plan and systematic design should be consider by Mr. Lin.

The entrepreneurial team composition can be concluded as the chart below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td>Small size accounting agency</td>
</tr>
<tr>
<td>Self-Evaluation</td>
<td>Lack of talent and social network</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Assistance with practice experience</td>
</tr>
<tr>
<td>Role distribution</td>
<td>“A person is an army”</td>
</tr>
</tbody>
</table>

Supplemental advises on process/factor about the composition according to interviewee’s reflection:

1. Self-Evaluation with long-term plan:
   As the individual based business, a long-term plan including expanding of team should be considered at the beginning, for the purpose of holding the possibility of further growth.
Qiaoxing Privately-Operated Hospital Group

Jingxi Zhuo established Qianxing Privately-Operated hospital group upon the national policy of supporting private hospital. Since the medical system is imperfect in the society, especially in the underdeveloped area, it’s common that people have difficulty of seeing doctors. Mr. Zhuo realized there is a huge demand of the medical resources and medical service, and started to build the first hospital. He has the aim of bringing the advanced medical technology and attentive medical service to the people in underdeveloped area. Mr. Zhuo has a family that used to have business in the same area, which brings him an advantage of resource.

Process:
After the analysis of the business opportunity and personal strength, Mr. Zhuo starts to compose the entrepreneurial team of the company. The team composition is mainly based on the family members of Mr. Zhuo, since they have experience and capability in this business area. However, the family member has the limitation of capability. It’s impossible to include every type of talent. That’s why the social recruitment is also an important way of seeking talents. For the role distribution, it is according to the venture demand and combining with the personal willingness. It also settled turnover mechanism between different hospitals for communication and reaching valuable feedback. Mr. Zhuo also explained the supervision system of the company. Since everyone has a strong responsibility and automaticity, the supervision is effective. However, because of lack of financial professional, the supervision on finance is still immature.

Problem:
For this family-based business, the biggest problem is from the limitation of talents of the family members. Mr. Zhuo admitted that many managers that are out of family play even more significant role for the company operation. On the other hand, due to the complicated composition of the team, the decision system is not flexible enough. Compare with the individual based team, the decision of family-based business is stricter. Additionally, one thing emphasized by Mr. Zhuo is that, as the leader of the team, entrepreneur should be able to distinguish two identities. Maintaining a justice management is a key of the family-based business development. Mr. Zhuo also pointed out that, creating the venture value and target could be a good filter for the member evaluation.
Analysis:
It’s admitted that family member as the team member result in a precious cohesion within the company. Every member of the team has strong responsibility of the venture development. However, the family business could hardly survival at present without any talent from outsider. An open entrepreneurial mind is required for member recruitment. Moreover, a mature system, which includes strict decision system, turnover mechanism, supervision and justice management, can ensure the venture has a better performance. In addition, the core value and target of the venture culture can be a director of every member of the entrepreneurial team.

The entrepreneurial team composition can be concluded as the chart below:

<table>
<thead>
<tr>
<th>Process</th>
<th>Key point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity analysis</td>
<td>Public policy support, the society is lack of medical resource</td>
</tr>
<tr>
<td>Self-Evaluation</td>
<td>Rich family resource, but also lack of talent</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Experience, Capability and Professional certificate</td>
</tr>
<tr>
<td>Role distribution</td>
<td>Venture demand combine with personal willingness</td>
</tr>
</tbody>
</table>

Supplemental advises on process/factor about the composition according to interviewee’s reflection:
1. Recruitment:
   Even though the venture is based on family business, the family member is far from enough to provide talent supports.
2. Supervision System:
   Although there is related connection between family members in the venture, an effective supervision system should be settled for supervising the operation of the team.
5. Analysis

5.1. Comparative study

In this research, the participants are made up of six entrepreneurs or entrepreneurial team that from six ventures. Base on the condition and characteristic of these six participants, they are divided into three groups for the comparative study. By the comparative study, this research compared three groups’ entrepreneurial experiences of team composition according to their conditions and characteristics. After analysis of the comparative study, the outcome is mainly on the different challenges faced by different venture. These challenges related to the tough problem from the previous team composition process, and also can be used to confirm the impacted factors for entrepreneurial team composition. The findings are showed in the figure below.

![Challenges for entrepreneurial team composition depend on perspectives](image)

**Figure 1:** Challenges for entrepreneurial team composition depend on perspectives

In the first group, the comparison is based on the geographic background of venture. Entrepreneurs that from different national context are compared to analyze their experience and reaction that deals with the social condition. After the analysis, the most significant aspect of problem is coping with public policy. By the interview with the Mr. Huang who was in the position of entrepreneurial team of Bank of Hainan, it can be realized that
government intervention still impact on the venture development. It causes a board reflection about the Chinese economic system. However, it is necessary for a Chinese entrepreneur to think about containing experts who can react on the public policy and as far as possible to avoid the government interventions. On the contract in the Swedish context, Gui Hua restaurant has got some benefits of welfare policy from government. A problem must be thought by the entrepreneur in Sweden is that how to reasonably utilize the preferential policies to have a better start of compositing a team, and furthermore to have a better performance of the company development. So that can lead to a win-win situation both for venture self and the society.

In the second group, the comparison is on the venture size. Through the interview with Shawn Chen, it can be found that the personal willingness plays a crucial role on the team composition in the small size company on account of lack of capable person at the beginning. That makes respect personal wishes to be a basic principle for the role distribution. On the other hand, in the big size company as Haikou Yida Trade Co., Ltd, it exists the problem as supervision loopholes and slowly information transfer. Since the size of entrepreneurial team is much bigger than the others, it is easy to occur conflicts especially according to the supervision loopholes. Furthermore, the slightly inaccurate communication might lead to a misunderstanding within the team. So that how to build a wholesome supervision system and how to make sure the information correctly transfers are critical problems for the big venture when preparing to compose the entrepreneurial team.

In the third group, the comparison is target on the business style, which means individual business or family business. Through the comparative study, it is found that between two firms there is a same problem of lack of talent. Mr. Zhou, the CEO of Qiaoxing Non-state Hospital Group, announced that it is impossible to operate a venture only based on family members, since there would be a very tough limitation of the capability. Same as the statement of Mr. Lin, he admitted that his personal ability couldn’t handle all tough work especially faced new opportunity. Mr. Lin also complement that there is need for expanding social network. However, the entrepreneurial team of family business has to deal with the inflexible decision system within the team. So that family business should face the problem of how to avoid personal emotion and be justice and fair enough to make decision. On the other hand, individual business would encounter overconfident controlling since the right of every decision belongs to entrepreneur.
5.2. The Process of Entrepreneurial team composition

Back to the literature review, a framework (See in Fig.2) about the team composition process has been made upon the theory. It was composed by three phases, “Idea Phase”, “Preparation Phase” and “Execution Phase”. (Clarysse et al, 2004; Charisman et al, 2005; Li et al, 2014)

![Figure 2: The Framework from Empirical Findings of Entrepreneurial Team Composition](image)

During the qualitative research, the similarities and differences of team composition have been found out between the ventures. The similarities showed the regular process of venture creation. After the qualitative study, according to analysis of interview, especially on advise from interviewees’ reflection, the point of supplement is announced for the team composition. The function of turnover mechanism and supervision system should not be ignored during composing a team. Therefore, one more phase is added into the framework. (See in Fig. 3) Furthermore, the content is composed with typical steps as well.

![Figure 3. Updated Framework of Team Composition Process](image)
According to the updated framework of team composition process, the findings are forward explained into details in Figure 4. There is a six-steps process for the composition work. According to the information from interview, the details of key points of every step are also shown in this figure.

**Figure 4. The Details of Entrepreneurial Team Composition Process**

It starts as an analysis on business opportunity. It is required to understand the market situation before starting a new business and creating a new venture. As the entrepreneur, an individual evaluation is needed to seek the gaps between current personal condition and requirement. Furthermore, according to personal pursuit to create the basic venture culture. After these, it is the recruitment. In this step, it would rely on the context to set the logic of composition, in order to fill in the gap. Following recruitment, it is about the management especially for role distribution. In this step, it requires a combination of members’ willing and their capability. Until the Step 4, it seems everything is in the position for the team creation. However, the team implement cannot run without Step 5 & 6. Step 5 is building turnover mechanism, which was helping the entire team to improve internal communication and
stimulate the unknown potential. It is benefit for the team to create the chemistry among the team. Moreover, it’s unforgettable to build the supervision system. The assessment standard is necessary for guaranteeing the smooth operation of the team.

5.3. Key factors of entrepreneurial team composition

From the literature review, a framework (Li, He & Zhang, 2014) of key factors has been made. (See in Chart 1 in Chapter 2) It contains with five factors that could significantly impact the entrepreneurial team composition. Based on this framework, during the process of the interviews, the differences of team composition between different ventures are found out, which lead to confirmation of these factors. Additionally, the comparative study of interviewees provided more details on each factor. The finding is shown on the figure below.

![Figure 5. Key factors of entrepreneurial team composition](image)

In this figure, it shows the five main factors of entrepreneurial team composition, that each with the influence and meaning for the team composition. Beside, the order shows the priority of the factors as well.
First of all, not only the entrepreneurial team, but also the business idea derived from the business opportunity. That’s why the business opportunity is the first factor for consideration. Base on the opportunity, the basic demand of the new venture can be determined. Entrepreneur can also according to the demand to figure out the personal strength and weakness, for the purpose of forecasting the predicted value of this business. In the interview, none of the participants ignore the influence from the business opportunity. This initial motivation determined the basic frame of the entrepreneurial team. To the second one, it is the entrepreneur per se. Entrepreneur’s way of doing things can intensely impact the logic of team composition. Someone prefers rational logic, while others like irrational logic. Through the interview, it found out that the personality of the entrepreneurs plays a significant role of the composition work, especially upon their interpersonal communication and relationship. However, that also depends on the size of venture or business. Thirdly, the external context might be an impact on the entrepreneurial behaviors, both inter-team and outside-team, such as the selection of team member and management. The team is obviously composed by members. Hence the team member is definitely a significant factor for the entrepreneurial team composition. The team composition successes or not depends on the team performance, which makes the teamwork style more crucial. During the interview, it can be found that there are two typical forms for the teamwork, linear or overlapping. Linear teamwork means the information is linearly transfer level by level. For example, the leader sets a mission an example, and his subordinates, who could be the team member, will follow it. Meanwhile, the overlapping teamwork has more open responsibility distribution. Team members can depend on the capability and willingness to choose the work. It’s a comprehensive approach to solve the problem. The leader is in charge of describing the situation and problem in order to let the members brainstorming and work together. The last but not the least is target and value of the venture, this factor is on the spiritual level. Venture target and value setting determines venture culture. It is very significant for the internal motivation and inspiration. From the talking with participants, they are all longing for a positive venture culture. Because they believed that a good venture culture could better inspire and motivate the team member, even every employee in the company.
6. Conclusion and Recommendation

In this chapter, a conclusion is drawn based on the empirical findings and the analysis of the study. It firstly provides the answer to the research question with a framework. Subsequently, it also provides answers to the sub-questions. Finally, the recommendation is presented for the entrepreneur with practice business idea.

How to compose an entrepreneurial team for a new venture creation?

Literature suggests that there are different phases of entrepreneurial team composition, as well as there are many factors that could impact the composition work. Though the qualitative research and comparative study, a simplified formation of the entrepreneurial team, which includes the composing process and key factors, have been summarized.

The main findings suggest that there is a six-steps approach of entrepreneurial team composition. It’s from the analysis of business opportunity to individual evaluation to define what quality is required from complement. Following is recruitment of team members and role distribution to make sure everyone is in the right position. Furthermore, turnover mechanism and supervision system are needed in order to make sure the operation of the team. In terms of this process, it brings a clear clue from the team composition to team management.

In the meantime, from the different experiences between the interviewees, there are also important findings that confirmed the five key factors of entrepreneurial team composition from the literature review. Firstly, business opportunity as the foundation determines the basic demand of entrepreneurial team. Secondly, entrepreneur per se is somehow responsible for the composition logic. Thirdly, external context impact the entrepreneurial behaviors. Fourth, the team member plays significant role of teamwork style. Lastly, venture value and target determine the venture culture for the team.
What is the regular process of composing an entrepreneurial team composition?

From this point, the Six-steps process is claimed that as the regular process of the team composition. (Opportunity Analysis → Self-Evaluation → Recruitment → Role Distribution → Turnover Mechanism → Supervision System) It is also divided into four phases: Idea Phase, Preparation Phase, Execution Phase and Supplementation Phase. In this study, the analysis of regular process is based on a summarized framework of the theory and empirical findings from literature review. And through the analysis of the entrepreneurial experience, especially on the their similarities among the interviewees, an updated process is created. It is appropriate with the entrepreneurial logic of the team composition, and it is also easy to be understood and used.

What are the key-factors that impact team composition?

For the perspective of key factors on team composition, five main factors are listed in this research. (Business Opportunity, Entrepreneur, External Context, Team Member & Target and Value) Each of them has irreplaceable influence on the composition work and even on the performance of venture development. These five factors come from empirical finding as well. And in the qualitative research, they have been confirmed by entrepreneur’s experience and reflections. Especially from the differences that figured out by comparative study, the impact of these five factors cannot be ignored. In general, they all determine the quality of the team.

Depend on Geographic Background; Venture Size and Business Style is there any difference of composition of entrepreneurial team?

Based on the condition and characteristic, the samples have been divided into three groups in this research. Through the comparative study, the challenges and problems of the composition of entrepreneurial team can be very different from one to another.

Geographic Background:
In the group upon geographic background, the focus of the research is on Sweden and China. Through the analysis, it found out that the biggest challenge of Chinese entrepreneur is from government intervention. How to deal with the relationship with government and cope with
the specific public policy should be considered during the team composition. On the other side, in the Swedish society, the help from the government is valid for entrepreneurship. The entrepreneur should think of how to use this advantage to build the team and have a good start of the new venture creation.

**Venture Size:**
In the group of venture size, the purpose is to analyze is that any relation between the team composition and venture size. It found out that the bigger the venture size is, the bigger the entrepreneurial team would be. According to this, the challenge is different for the big size venture and small one. As a small venture, the rule of role distribution is different. Since the team member facing more challenge of taking charge of tasks at the same time, the entrepreneur would respect to the personal willingness on the role distribution. While the big venture more consider on the team demand and personal capability. However, on the other hand, the big venture should take care of the supervision loopholes and slowly information transfer during the entrepreneurial team composition.

**Business Style:**
In the perspective of business style, this group focuses on the family business and individual business. Through the interview, it found out that they both facing the challenge of lack of talent. The individual based team can hardly handle the entire operation. In the meanwhile, the family based team could not only rely on family members, since it has the narrow boundary. Additionally, a family business should be care of the inflexible decision system during composing the entrepreneurial team, while the individual can easily get control. However, individual business should deal with the problem of overconfident controlling on the decision-making.

**Recommendation:**
To comprehensively summarize that, this outcome of six-steps process and five key factors shows a simplified formation of the entrepreneurial team composition. This research also provides the recommendation to the case of business idea of private tour service. It can follow this simplified process and focus of five factors. Even though this formation of entrepreneurial team has the limitation, it’s valuable for explaining the challenges of team
composition to this case and also could be a simplified guideline for the founder.

According to the combination between the case and the findings from the research, the recommendation is on two perspectives, the most important step and the most significant factor of entrepreneurial team composition. In this case, the key step could be the recruitment. Because first of all, it is the combination between Chinese market and Swedish market. The person that would be recruited in the team should have the background or experience under both cultures and market. Since the gap is big at the present, it seems that should include more people in the team in order to fill in the gap, but the budget is a problem. So that the number of team member is a problem should be considered. The result of recruitment might determine the quality of the team, which is most significant in this case.

At the same time, it related to the factor of team member, which is the most crucial factor for this team composition. Because according to the team member, the entrepreneur can figure out which teamwork style is best fit for the business. The execution of team member also determines the operation of the company. It relates to the survival of this new venture in the market competition.
7. References


8. Appendix

The guide of semi-structure interview:

In the early stage of your venture creation, do you have a plan of composing the entrepreneurial team, or you just want to lead the venture by yourself?

What’s your entrepreneurial team composition process?

In the process of team composition, what is your standard of team members?
   a) What kinds of talents that included in your entrepreneurial team?
   b) Is there diversity of your team members?
   c) What are the most important standards of competence for team members?

As a ___ venture, what makes your composition approach differ from others in your opinion? Why? Are there any pros and cons?

In your team, what is your way of distribution the roles?

What’s the most satisfied point of your team composition? Cause what achievement?

What’s the most unsatisfied point of your team composition? Cause what problem?

What do you think still should be improved of your entrepreneurial team?

What do you think of an excellent entrepreneurial team?

Do you think your team is an excellent entrepreneurial team? What is the impact on your venture performance?