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What Drives Success in Swedish New Venture Teams?

A comparative analysis of diversity team composition, and the decision-making process across the Swedish new venture ecosystem

Master Thesis

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Abstract

Introduction: This thesis investigates the impact of diversity within founding teams on the decision-making processes and success of new venture firms in Sweden. With the increasing number of start-ups in the Swedish entrepreneurial ecosystem, understanding the factors that contribute to their success or failure is vital.

Aim: The aim of this study is to analyse how different team compositions and member characteristics influence decision-making processes at various stages of a new venture's lifecycle, particularly focusing on the market entry decision.

Methodology: The research follows an abductive reasoning approach, combining existing literature with empirical data to develop an understanding of the topic. It also uses a thematic analysis method to analyse the data, where answers from the interviews are transcribed, coded, categorized and sorted into themes, which builds the groundwork for the analysis.

Data Collection: The primary data was collected through semi-structured interviews with founders of ten different Swedish new venture firms. Interviews were conducted in person or online for between 30 and 45 minutes, using an interview guide as a foundation for the direction of the interviews.

Analysis: An analysis is conducted surrounding how diversity within founding teams influences the decision-making processes in Swedish new venture firms. Educational diversity tends to lean towards data-driven strategies since it enhances analytical skills. Ethnic diversity brings varied cultural perspectives, fostering innovation but also requiring a certain level of conflict management. Age diversity tends to balance experience with fresh ideas, while gender diversity can broaden understanding of consumer behaviour. There are multiple factors that affect why that is such as the type of decision, structural norms within the new venture and external macroeconomic effects on the business environment.

Conclusion: This study highlights the role of diversity within founding teams on the decision-making processes and success of new venture firms in Sweden. Diverse team constellations enhance strategic decision-making to a degree. There must however be an effective team management in place to ensure that diverse perspectives contribute in the right way. Ultimately, integrating diverse and competent teams fosters innovation, strategic agility, and resilience, but a founder team solely built upon diversity will not make the most effective decisions. The key is to encourage and build diverse teams, from a strong foundation of competence and skills.

Originality: This thesis provides a unique contribution to the field by bridging the gap in understanding the impact of founding team diversity on decision-making within new-venture firms in Sweden.

Keywords

New Venture Firms, Diversity, Decision-Making Process, Market Entry, Swedish Start-Ups, Founder Teams, Team Composition, Innovation, Strategic Decisions, Critical Incident Technique

Abbreviations

AB: Aktiebolag (Limited Company in Swedish)
CIT: Critical Incident Technique
GDPR: General Data Protection Regulation
IT: Information Technology
MNC: Multinational Corporations
NVF: New Venture Firm

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Table of Contents

1. Introduction

The first chapter introduces the background of this study, which includes data and context around the subject. Later, the problematization and aim are presented, as well as the research purpose and question.

1.1 Background

In this fast-paced, ever evolving environment that we live in today, there is a constant drive for innovation, creation, and new inventions. According to Szirmai et al. (2011), economic development requires sustainable and shared increases in per capita income accompanied by changes in the structure of higher value goods and more efficient production. Entrepreneurs can add to economic development by creating a new allocation of resources, from less to more productive uses, but also by finding innovative new ways of using them (Szirmai et al., 2011).

Entrepreneurship has multiple different definitions, however it generally concerns the why, when, and how of opportunity creation and utilization, and can be defined as the discovery and exploitation of opportunities' (Shane & Ventakaraman, 2000).

During 2022 alone, over 73 000 new companies were founded in Sweden, but only a few of them are successful over a longer period of time. The country has been renowned for its innovative and pioneering climate, and the array of start-ups span from modern technology to green energy and sustainability. In a study performed by the Confedration of Swedish Business, it showed that only one in ten start-ups in Sweden survive past the five-year mark (Svenskt Näringsliv, 2023). But what exactly makes a start-up go from being an idea or thought to having a large impact on the real world? The short answer is effective decision-making. So how do you make effective decisions?

The definition of "start-up" new venture as it will be referred to, has been heavily researched and defined from different perspectives and angles. Aminova and Marchi (2021) define a 'start-up' as a company working to solve a problem where the solution is not obvious, and success is not guaranteed. Other definitions state that start-up is a company that is built on extreme uncertainty, has at its core innovation to create products and services for a market that they hope to revolutionize (Moroni, Arruda & Araujo, 2015). There are different reasons that suggest why a large majority of these companies fail to enter the market or are forced to exit after less than five years. For example, investment, start-up size, industry, founder, and team members educational level contribute to this, however, there is no single obvious reason to point at, it is different for each type of company (Aminova, M. & Marchi, E., 2021).

Creating a successful business is a complex and multi-faceted task and there is no formula or recipe that works for everyone, otherwise everyone that wanted to would be successful. It is a

combination of the right people at the right place at the right time with the right idea. It is too large and complex to analyse each different component simultaneously, therefore, this thesis will try to deep-dive and analyse the very core and beginning of a start-up company, the people, or more specifically the founder team. Each team is unique and that's what makes it interesting. What exactly is the ideal type of team or the right dynamic to have within that team? What characteristics do they need to have? And is there a right answer to what is the most ideal type of team?

Moving on to the second part of this thesis, the importance of the timing of entry when entering the chosen market. Timing plays a pivotal role in the success trajectory of start-ups and new ventures. There are multiple things to take into consideration entering the market as a new venture. Firstly, it is important to thoroughly analyse the market, if it's already over-crowded with competitors, breaking through becomes difficult, as there is less demand for their product, unless they offer something different or something that customers see additional value in choosing. Nayar and Kiran (2012) mean that optimal timing is entering when the market is ready for disruption or expansion, offering more room to find a specific niche without facing overwhelming competition. A second important factor for new ventures is the technological aspect, as they often rely on new technology or innovation to a certain degree. By entering the market too soon, a new venture is at risk of being at a disadvantage, by using immature technology. However, waiting too long create the risk of missing the boat on a valuable market opportunity. The critical spot lies in timing your entry with when technology is at its peak and is mature for the market in question. The third factor to take into consideration is understanding customer needs and trends. By spotting a gap in the market or a growing demand, new ventures can identify and capitalize on that niche or segment if the timing s right. The risk attached to this is that if a NVF enters too early, they risk trying to sell a solution to a problem that hasn't fully materialized. If they however wait too long, and they might find the space crowded with competitors who got there first. Economic conditions also come into play, such as consumer spending habits that are affected by the overall state of the economy (Nayar, A. & Kiran, V., 2012). Swedish inflation and interest rates are high, which means buying power and willingness to spend has decreased, which makes it even more difficult for new ventures to enter the market.

Cai et al. (2017) express that an entrepreneur should also be aware of the threat of competitors in the market that they are trying to penetrate. By timing the entry when competitors are vulnerable or when there's an unmet need sets the stage for an effective market penetration. But as mentioned earlier, having the right resources at the right time is vital. Timing your entry when you have the funding, talent, and infrastructure in place maximizes your chances of scaling and competing effectively (Cai L, et al., 2017). The founder team is the core of a new businesses and is the most important part of a new business, along with the business model, where important decisions, especially those about entering new markets, are made. These teams are made up of people with different backgrounds, skills, and personalities, which bring a variety of perspectives to the decision-making process.

Within these teams, how people interact, and their past experiences can either help or hinder making good decisions. According to De Jong et al. (2013), by team members having different

skills that complement each other, such as knowledge or competence within technology, marketing, finance, and operations, it can help to look at new markets from different angles. Other times, having different opinions can cause conflicts, and it is important to have mechanisms in place to handle disagreements. The team's willingness to take risks also affects their decisions about which markets to enter and finding a balance between different risk-taking approaches between team members is also a factor to consider, to avoid conflict within decisions (De Jong et al., 2013). A part of this research will try to examine these types of dynamics within the decision-making process.

Ultimately, the success of the business depends on how well the founders work together. Therefore, there is a need for understanding as to which type diversity characteristics play a role in founder member teams and to what degree, in combination with how and what types of decision-making processes are utilized in Swedish new ventures. By using their collaborative and diverse skills, new ventures can enter new markets and potentially be successful in their markets. However, to be make such a claim, a more in-depth and better understanding of how the founder teams work together is necessary and paves the way for further research in these areas.

1.2 Problematization and Aim

Every year new companies are founded and with the evolution of technology and innovation, there is no sign of this slowing down. Running a business involves decision-making on a daily basis and the compounded result of these decisions ultimately impacts the success of the new venture firms. The aim of this thesis is therefore to analyse the way different new ventures handle different situations and make decisions based on the different team compositions and the members included in these teams.

Existing research has been able to highlight various attributes such as diversity, experience, and expertise within teams, given a specific task, within larger cooperations and their influence on decision- making. The dynamic of such a group is slightly different to a founder team of a new venture. This then leaves a gap in the understanding of how such characteristics affect decision making in a much smaller and less homogenous group of individuals.

This thesis aims to elaborate on the effect of founding team characteristics on strategic decision-making in a new-venture firm, specifically focusing on at the first market entry point. The research will try to examine the relationship between different diversity characteristics of founder team members and the effect on the type of decision-making process that the new venture firm is most compatible with. By undertaking a comprehensive analysis of the impact that founding team characteristics play, it potentially bridges the identified gap, by giving insight into how team composition can impact future decision-making processes within a new venture environment.

1.3 Research Purpose and Question

With this Master-thesis, the aim is to understand the reasons that contribute or hinder the success of Swedish new venture firms and provide insights, analysis and conclusions based on the results of the conducted research. The goal of the study is to contribute to the understanding and information regarding entrepreneurship and how start-ups deal with situations, particularly the timing of entry to a certain market, depending on their founding team structure. In an entrepreneurial climate that is constantly evolving, the need to understand how these underlying factors effect decisions and ultimately performance is high. The following research questions have been deemed suitable for this research:

-   How do different founder teams characteristics have an impact on the type of decision-making process at a new-venture company?

-   To what extent did these characteristics affect the decision to first enter the chosen market?

2. Literature Review

The second chapter presents selected literature to provide an understanding of previous research that captures the relevant topics. First, relevant literature on new ventures and smaller businesses is discussed. The second part concerns diversity, the diversity paradox and how a founding team of a start-up firm can be composed along with factors that need to be considered when connecting a group of people. The third part of the chapter includes a review of the relevant literature on the decision-making process within a smaller firm and issues that can arise. The fourth and final part covers market-entry and factors that are important for a new firm to sustain their position on the market.

2.1 New Venture Firms

In general, new venture firms or start-ups are one of the driving forces of dynamism in the economy, bringing in new ideas, innovation, and job opportunities. These, therefore, are characterized by novelty and the development of a scalable business model. According to Gartner (1988) the definition of a new-venture firm is an economic entity recently established to deliver fresh and innovative products or services to the unsatisfied needs of the market.

2.1.1 Early Development

Unlike the existing ventures, new ventures run under higher uncertainty, but also higher potential for growth. According to Christensen (1997) they differ by their dependence on new, innovative business models and often disrupting existing industries while trying to create and identify new market niches. This is not as easy as it sounds, as funding will always remain a significant and difficult part of the new-venture industry. Usually, they start with the seed capital of the founders, and if possible, followed up by "angel investors" or venture capital funds. The National Venture Capital Association (2020) states that venture capital is the most critical source at the early development and growth stage of business enterprises. Mollick (2014) however, states that now crowdfunding platforms like Kickstarter and government grants have started to become pertinent for ventures that are either too innovative or risky to be entertained by conventional sources of funding.

Scaling a new venture brings much challenge to conquer, including managing rapid growth, securing additional financing, and even sustaining innovation. As described by Blank (2013), most new ventures use a lean start-up- approach, where in brief, new ventures have to learn from their customers, adapt by iterating their products, and speed up the product or service delivery towards success or failure based on actual market feedback at each stage of their start-up progress. Besides, among the critical success elements of scaling, Isenberg (2010) adds that

it is vital to build a skilled team and adjust the business model to market needs. Technology serves a dual role in venture development. Whereas it does provide tools and platforms that reduce entry costs and start-up barriers (Brynjolfsson & McAfee, 2014), at the same time, rapidly changing technologies mean that what was offered by a new venture may well become outdated very quickly. This makes adaptation and continuous learning the main focus in order to survive and grow in such a technology-intensive sector (Kane, 2016).

The other environment that heavily influences new-venture firms is the regulatory environment. This includes the different labour regulations, data protection regulations, and industry-specific guidelines and norms that new venture firms face. The implementation of the General Data Protection Regulation (GDPR) in Europe saw, and is still seeing, an increase in compliance costs for firms, while at the same time, it has built consumer trust in start-ups that handle personal data (Martens, 2018). Understanding and navigating within the established regulations is an essential part of maintaining consumers trust, but also the firm's operational continuation.

2.1.2 From New Venture to Competitive Business

The progression to a venture starts to take shape as the initial challenges to be recognized on the market are gradually overcome. The business concept becomes validated by showing market acceptance, which involves the consistent purchase of the product/service by the customers, which indicates a sustainable demand. According to Amit and Zott (2001), this shift may be viewed from the state of recognition of an opportunity to a state where opportunity is focused on creating and executing a viable business model to creating value for the customers and the firm. A milestone in this transition is when businesses finally secure a repeatable and scalable business model. This includes making sure the product truly solves a customer problem and that the venture has proven to have developed a scalable business model, a model able to generate profit consistently as the business increases in size. This is where the organization starts stabilizing, processes become standardized, and the organizational structure becomes more stable. This transition is usually accompanied by some sort of financial stability (Amit & Zott, 2001)

Furthermore, "venture" implies that some level of business success is terms of operations and market presence. Such a level of maturity can be reflected, for example, with revenue size, number of employees, market share, and complexity in operations. According to McGrath and MacMillan (2000), through those strategic shifts, the development process from a new venture to a venture is when the company to move from strategies purely aimed at survival to strategies aimed at growth and consolidation. Finally, there is no real timestamp or definition of when a New Venture becomes an established business. This transformation is often more fluid and continuous, marked by various milestones rather than a single defining moment. McGrath and MacMillan (2000), mean that this journey is characterized by evolving strategies that shift from survival-focused to growth and consolidation-focused approaches.

According to McGrath and MacMillan (2000), the main indicators that characterise an established company rather than a new venture or Start-up are:

Consistent Revenue Generation: Regular and increasing revenue streams. This is a good sign that the business has successfully penetrated the market and can sustain itself financially.

Expansion of Customer Base: A growing and retaining a substantial customer base shows market validation and customer loyalty, indicating the firm's products or services have achieved a strong market fit.

Operational Efficiency: Implementation of standardized processes and systems that streamline operations and reduce costs is a sign of a mature business. This includes the development of efficient supply chains, robust IT infrastructure, and effective human resource management practices.

Strategic Partnerships and Alliances: Forming strategic partnerships and alliances can help in accessing new markets, enhancing product offerings, and sharing resources and knowledge, further solidifying the firm's market position.

Brand Recognition and Market Presence: Establishing a recognizable brand and strong market presence is crucial. This involves not only marketing and advertising efforts but also delivering consistent value that reinforces the brand's reputation.

Adaptability and Innovation: Continuous innovation and the ability to adapt to changing market conditions are vital for long-term success. Mature firms often have dedicated research and development teams and a culture that encourages innovation.

Financial Stability and Access to Capital: Achieving financial stability, often evidenced by profitability and access to various funding sources (like bank loans, public markets, or reinvestment of profits), is another indicator of maturity.

To summarize, the transformation from a new venture to an established business is a long and complex process characterized by achieving scalability, operational efficiency, financial stability, and market acceptance. This progress is dynamic and requires continuous adaptation and strategic planning to navigate the challenges and opportunities that arise during growth (McGrath and MacMillan, 2000).

2.2 Diversity

Building an effective team is one the most difficult things to do as a manager or leader and this can be applied across all fields of work, from great sports teams to successful businesses. Getting the right mix and balance of people can be difficult as there is no recipe or right answer for every team, it all depends on the context. Most new ventures nowadays are team-based rather than individual-based (Xie et al., 2022). Lazar et al. (2020) explains that a new venture team involves "two or more individuals who pursue a new business idea, are involved in the later management of the business, and share ownership" However, there are different opinions on the challenges that a diverse team brings (Mayo et al., 2017)

A diverse team enables a form of problem-solving resource that isn't accessible at an individual level and encourages innovation and creativity (Gifford et al., 2021). It does however come at a price, diversity can increase the potential for conflict within a team and carry co-ordinational costs (Knight et al., 1999). According to Ren et al. (2015) it also can also contribute to less cooperation and a more dysfunctional structure. Team members that see themselves as similar might be drawn to each other, improving team development and a higher level of productivity (Buengeler et al., 2021).

Effective and strong decision-making normally needs a period of divergence to allow for the development and exploration of different alternatives. However, for the process to be complete, it must be followed by a period of convergence to allow for team members to come to an agreement on which decision to choose and the reasoning behind that decision (Martin, 2009). There is an ongoing process and discussion within entrepreneurship research on the effects of team diversity, and the consensus is that it can have both positive and negative effects on teamwork and effective decision making (Huang et al., 2023) and its outcomes can be irregular.

To clarify the concept of diversity in new venture teams, even further, studies on team diversity initially focused on the attributes differentiating team members, such as demography or previous experience. Harrison and Klein (2007) explained diversity within teams by the attribute on which members in a group vary and the shape or distribution of differences on the attribute in a group. A high level of diversity can be seen as an asset, being that the team offers a wide **variety** of skills, experience and perspectives. It can also be seen as a liability, as **separation**, where there are conflicts over different opinions or arguments over different views (Mayo et al., 2017) Lastly, diversity can be labelled as **disparity** if there are differences in status, power, or access to important information within the team (Buengeler et al., 2021)

Therefore, based on these three pillars, diversity has three distinguishable parts, separation, variety, and disparity (Harrison & Klein, 2007). Pervious studies on team diversity shows that it is difficult to analyse these three pillars in combination (Mayo et al., 2017) However, as they all are slightly different on their own, it is probable that they have distinctive effects on team performance as well (Guillaume et al., 2017). Moreover, all three pillars, variety, separation and disparity need to be considered to fully capture the scope of effects that team diversity

might have on new venture performances (Huang et al., 2023). In every new venture team, there are always going to be differences in knowledge, education, or competencies among team members, this is categorized as **variety**. These are then connected to differences in opinions, values, and perceptions, which captures the **separation** aspect. These components are sometimes obvious and other times more subtle or difficult to identify (Linder et al., 2024). Every new venture team, or any team as a matter of fact, has some level of diversity in terms of assets and resources, which then translates into decision-making power and access to information or status, which results in some level of **disparity** (Harrison & Klein, 2007). Analysing these different constructs make for interesting research on how diversification within a group affects decision making.

2.2.1 Diversity Within Task Groups in Larger Corporations

Previous literature often focuses on task groups within larger corporations and the effects a diverse group has on the decision-making process. Research shows that specialized task groups benefit from diversity due to the structured environments and established procedures that support inclusive decision-making. For example, in larger corporations, project teams are often times manually composed of individuals from diverse cultural, educational, and professional backgrounds. These teams work on specific tasks or projects, where diversity can be a strong asset for the team, with teams within larger cooperations naturally being more homogeneous by nature. A study by Ely and Thomas (2001) highlights that in larger corporations, diversity in task groups fosters a richer exchange of ideas and perspectives, leading to more innovative solutions. This is possible because these corporations have the resources to implement comprehensive diversity and inclusion programs, ensuring that diverse perspectives are integrated effectively into decision-making processes.

The structured environment of larger organizations mitigates the potential conflicts associated with diversity, allowing teams to capitalize on the varied insights and experiences of their members (Richard et al., 2004). Furthermore, larger corporations often have established communication channels and conflict resolution mechanisms that help diverse teams navigate differences more smoothly. For example, IBM's diversity task force, established in the 1990s, led to significant innovations and market expansions by harnessing the diverse perspectives of its employees. The company's structured approach to diversity and inclusion ensured that the potential benefits of diversity were fully realized without compromising team cohesion or efficiency (Giscombe & Mattis, 2002).

2.2.2 The Diversity Paradox

The diversity paradox tries to explain the complex relationship between diversity and social cohesion. At its core, it acknowledges the tension between the benefits of diversity and the challenges it presents to harmony and effectivity within a team. Diversity is often encouraged as research shows that the right balance of diversity tends to foster innovation and creativity by

including a broader range of perspectives. However, research also has shown that a too diverse group struggle to cooperate, especially coordinating business decisions. Muldoon (2018) means that in a team with a too high level of diversity, the differences in values, beliefs, and identities are instead highlighted, which can lead to conflict and division. On one hand, diversity enriches communities by exposing individuals to new ideas, cultures, and ways of thinking. When people from diverse backgrounds come together, in sports for example, they bring different experiences and insights that can enhance problem-solving and decision-making processes. On the other hand, a group of people that are too different can be disruptive and inefficient, which leaves a diversity paradox (Muldoon, 2018).

This diversity of perspectives is particularly valuable in business and science where innovation thrives on the collision of differing viewpoints. However, as mentioned in the previous paragraph, the diversity paradox arises when these differences create social tensions and challenges to cohesion. In diverse societies, individuals may struggle to find common ground, leading to polarization and mistrust among different groups. According to Cox (2001), this can manifest in various forms, including discrimination, prejudice, and social segregation. Moreover, disparities in power and privilege may increase these divisions, further damaging the social unity that the firm is trying to work towards. The diversity paradox is the idea that even though diversity is good in theory, it can be hard to make work in practice. Just having a diverse team doesn't always make it perform better. Instead, what's important is having a workplace where everyone feels included and respected, where people can communicate well and make decisions fairly (Cox, 2001).

Navigating the diversity paradox requires a delicate balance between recognizing the value of diversity and addressing the challenges it poses. Embracing diversity not only means praising differences but also encouraging inclusivity and equality to ensure that all individuals have the same opportunities to participate and contribute. This involves promoting dialogue, empathy, and understanding across diverse communities, as well as implementing policies and practices that promote justice and fairness (Muldoon, 2018). By embracing diversity as a source of strength rather than division, societies in general, but businesses specifically can harness its potential to drive positive change and collective progress in.

Sometimes, efforts to increase diversity can face resistance from people in the organization. They might worry that diversity efforts are just for show, or that they'll lead to unfair treatment. This can make people less engaged at work and create tension among team members (Kalev, Dobbin, & Kelly, 2006). Even when teams are diverse, they might struggle to work together. Differences in culture, communication styles, and biases can get in the way of teamwork. This can make it hard for people to trust each other, share information, and get along, which makes it harder for teams to succeed (Horwitz & Horwitz, 2007). This contradicts the idea of the more diverse a team is, the better, which also is the pure definition of a paradox.

2.3 The Decision-Making Process

The decision-making process in small businesses is a critical determinant of their operational efficiency and strategic direction. Small business owners face numerous decisions daily, ranging from day-to-day operational choices to long-term strategic plans. Understanding the factors influencing decision-making in small businesses is essential for comprehending their adaptive strategies and sustainable growth. Different decision-making models guide small business owners in their choices. These models provide frameworks for evaluating options and making informed decisions (Haropoulou, M. and Smallman, C., 2019).

2.3.1 Different Types of Decision-Making Processes

Within small and new venture firms, the approach used in making important decisions largely determines how these organizations stay afloat and succeed in the environments with quick turnover in which these types of companies generally do business. Among the many approaches that are taken, three different styles will be compared for this research: consensus-based decision-making, data-driven decision-making, and autocratic decision-making. Each approach has both positive and negative sides and are chosen depending on of needs and culture of the firm in question and the type of decision that needs to be made. Below are the descriptions and three types of decision-making processes that are believed to be the most relevant for the companies that will be analysed, but also for the study in general.

Consensus-Based Decision Making

Small or new venture firms especially value the consensus-based, also known as the collaborative approach when making decisions as it encourages an inclusive approach that involves all the key players in the business. The method believes that decisions are best made and sustained only when there is a shared view and commitment to a certain course of action by all members. It fosters a cooperative environment where there is a free flow of information, transparent group decision-making, and, as a result, more creative solutions. However, it may be time-consuming because it involves discussions and the agreement of all parties, which may be a lag when urgent key decisions need to be made quickly (Leach, D.K., 2016)

In a study by Choudhury, Shankar, and Tiwari (2006), it has shown that using consensus decision-making practices improves team cohesion and commitment to organizational goals. When the team members are involved in the process through discussion, diversified perspectives always come into play, and that renders the decision more all-embracing and effective in meeting varied business objectives. These different types of collaboration processes, or some sort of combination of them are the most common in smaller to medium size businesses (Choudhury, Shankar, and Tiwari, 2006)

Data-Driven Decision Making

Data-driven decision-making is a trend that has come with the introduction of big data and advanced analytics technologies. Mandinach et al. (2006) state that this approach relies on data analysis to guide decision-making processes, with the positives being less reliance on intuition and subjective judgment. For small and new venture firms, where resources are limited, and the cost of wrong decisions can be high, data-driven decision-making provides a factual basis that can enhance the accuracy and reliability of the decision in question.

In this model, decisions are supported by quantitative data, such as market trends, consumer behavior analytics, and financial forecasts, which provides actionable insights and helps in predicting the outcomes of different scenarios. According to McKinsey & Company (2011), organizations that integrate data and analytics into their operations show productivity rates and profitability that are 5-6% higher than their competitors.

Autocratic Decision Making

Yazdi et al. (2020) describe autocratic decision-making as being characterized by individual decision authority, typically exercised by the firm's founder or CEO. It is effective when expert knowledge or competence by the leader is necessary for the firm's success and when situations require immediate action. Either the CEO or leader of the team controls all the decisions individually, or these decisions can also come from group recommendations, where team members are allowed to voice their suggestions. The leader or CEO ultimately then, decides on which suggestions are good ones and which should not be followed. This tends to be a faster way of making decisions as there is less space and time for long discussions. Quick decision-making becomes very important in small or new ventures to capture market opportunities but can also have advantages in negative or tougher times where the firm is in need of decisiveness.

While this approach ensures fast decision resolution, it can sometimes lead to issues with team satisfaction and motivation if members feel their input is undervalued. Nevertheless, as highlighted in a report by Forbes (2018), autocratic decision-making can be indispensable during the early stages of a startup, where decisions often need to be made quickly and efficiently to maintain momentum and competitive edge.

2.3.2   Influential Factors on Decision-making

Apart from the actual type of decision making that a new or small venture choses to apply, there are other factors that influence how a company makes decisions. Lumpkin and Dess (2001) mean that external environmental factors significantly influence small business decision-making. These include market competition, economic conditions, regulations, and technological advancements that all influence decisions in some way or capacity. These external forces impact the competitiveness and resilience of small businesses.

Personal characteristics and cognitive tendencies of small business owners also play a crucial role in decision-making. Traits like risk tolerance, creativity, and past experiences interact with resource constraints such as financial limitations and human capital. These factors require careful prioritization and trade-offs in decision-making (Busenitz & Barney, 1997). Small business owners often use decision-making heuristics or mental shortcuts to simplify complex decisions, especially in uncertain situations. However, these shortcuts may introduce biases and lead to outcomes that are not necessarily optimal (Gigerenzer & Goldstein, 1996). Additionally, organizational culture shapes decision-making processes in small businesses. According to Denison (1990), organizational culture that encourages innovation and collaboration support effective decision-making, while those resistant to change may make it more difficult. Owning a small business together with friends, can at times be rewarding, however, they face unique challenges in decision-making, such as strain relationships in terms of commitment levels, lack of diverse perspectives and a blurring of personal boundaries, which affect their long-term sustainability (Sharma et al., 1997). Overall, decision-making in small businesses is influenced by different internal and external factors. Understanding these factors is very important for new venture owners and allows them to make the most informed decision possible.

2.4 Timing of Market Entry

Entering a market marks the most crucial "make or break" point in time for new ventures, representing a critical step in their journey towards viability and sustainability. For small businesses, determining the right time to enter a market is pivotal and can deeply influence their survival and success. According to Baron and Shane (2007), the timing of market entry affects a business's capacity to seize opportunities, manage competitive pressures, and respond to consumer demands. This one crucial moment holds profound implications for the future trajectory and success of the new venture, as it sets the stage for its position on the market, the customers demand, and future revenue streams. Understanding the countless factors that influence the success or failure of market entry is essential for entrepreneurs and strategic decision-makers alike.

The definition of market entry timing concerns the moment a business chooses to start its operations or launch its products into the market. This timing influences the business's market share acquisition, sustained costs, and overall competitive stance (Baron & Shane, 2007). In other words, the timing is almost as important as the business idea itself, shaping the initial growth and development trajectory of the company. Before entering, there are multiple factors that need to be considered, in order to be successful. The first factor concerns a thorough market analysis, that involves assessing factors such as market size, growth potential, customer needs, and the competitive landscape on the market. A thorough market research enables entrepreneurs to identify niche opportunities, anticipate market trends, and tailor their value proposition to meet customer demands (Shane & Venkataraman, 2000). A strong value proposition is essential for gaining traction in already competitive market. New ventures must articulate a clear and

differentiated value proposition that resonates with target customers and sets them apart from competitors. Effective differentiation can include product innovation, superior quality or a better customer service experience amongst others. A combination of these differentiation strategies is also a possibility, but it is important that the customer clearly understands what makes the offer different to the competitors (Ries, 2011). A well-defined market entry strategy is key for achieving market penetration and establishing a place in the target market. New ventures must consider various entry modes, such as direct entry, strategic partnerships, franchising, or licensing, this however depends on the context and market dynamics (Barney, 1991). Effective execution of the chosen strategy again, requires thorough planning, implementation, and continuous adaptation to market feedback and changing conditions. Timing plays a crucial role in market entry, as entering too early or too late can significantly impact the venture's success.

According to Klepper (1997) new venture firms must carefully assess market dynamics, emerging trends, and competitive pressures to identify optimal entry points. Capitalizing on opportunity windows requires both agility and foresight with the ability to anticipate market shifts. This enables ventures to gain first-mover advantages or exploit untapped market segments. Another important factor in market penetration success is the allocation of resources and capabilities. New ventures must possess the financial, human, and strategic resources to execute their market entry strategy effectively. Eisenhardt and Martin (2000) mean that sufficient funding, talent, and operational capabilities are also essential for navigating market complexities and sustaining the existing competitive advantage.

Ultimately, a market entry represents a decisive moment for new ventures, shaping their future trajectory and competitive positioning. The success or failure of market entry is dependent on a number of factors discussed above. By understanding and addressing these determinants, new venture firms can enhance their likelihood of market entry success and increase their chances of long-term growth and profitability.

3. Methodology

To conduct this research, the thesis will include collected interview data from different Swedish entrepreneurs involved in new venture firms, both successful and less prosperous. The interview question guide will be the same for all interviewees and will try and gather information surrounding the start-ups market analysis plan, founding team characteristics and their decision- making strategy. These answers will then be thematically categorized and analysed.

3.1 Research Approach

To begin with, the research is built upon abductive reasoning. It has a slight connection to inductive reasoning (Bell, Bryman & Harley, 2019), but instead by using an abductive reasoning process, the researchers use real life experience to collect empirical data, and continuously interact with their pre-existing knowledge and assumptions, allowing for a dynamic exchange. The crucial difference is that the empirical data should challenge the researchers' preconceptions rather than confirm or endorse them (Bell, Bryman & Harley, 2019).

Since this research will extend current knowledge and theoretical models but not test any hypothesis or develop any new theory, it is logical to be more abductive in the approach. To find the gap in the research, a large amount of already existing literature on the topics of entrepreneurship, diversity, decision making and market entry were reviewed, before collecting any primary data, but also to help identify and write the questions for the interviews. This meant that an abductive approach allowed the necessary freedom to discover new data, with literature and existing information as a foundation.

The goal of this of this research is to provide value into the field of the decision-making process in new ventures, there is a possibility that the chosen interviewees not only be influenced by the morals and principles from the interviewees' themselves but also by the new venture that they are a founder of. Furthermore, it is important to try and stay objective, although it is difficult to completely erase any previous bias that could sway the primary data to a slight degree. The purpose here is not to present information that is impossible to dispute, or can be generalized across a population, therefor an interpretivist point of view is preferred, which surrounds understanding subjective meanings and complex realities.

3.2 Research Design

When designing this research, multiple factors had to be considered to make the study reliable and simultaneously informative. This resulted in a qualitative study based on the interview questions being asked to the respondents, a presentation of the themes, categories with a collection of these answers in Chapter 4, an analysis and discussion in Chapter 5, and answers to the research questions with a conclusion in Chapter 6.

3.2.1 Qualitative Research

Qualitative research is a research type that focuses on language rather than numerical data (Bell, Bryman & Harley, 2019). It is a method that is used to investigate, understand and analyse relationships and connections between people, amongst other less easily quantifiable topics, and relies on the capacity of the scholar to examine the examination subject's behaviour (Creswell, 2014).

A main part of this research is to achieve a deep insight of how diversity effects decision making at new ventures. Therefore, considering the definition mentioned in the section above, a qualitative research method is more suitable in this case (Easterby-Smith et al. 2021), Qualitative research enables a more thorough, deeper and complete information to be collected, rather than in quantifiable numbers, which in this case is preferable as the study regards how diversity characteristics affect decision making, which is difficult to quantify (Bell, Bryman & Harley, 2019). Another reason for choosing a qualitative research method is the ability to include, morals, values or beliefs, and gives a better chance of understanding the bigger picture of the actual decision-making process at a company in this case (Choy, 2014). It makes it easier to understand nuances and perspectives as interviewees are allowed to reflect and answer less restrictedly compared to a multi-choice questionnaire. An abductive research approach and interpretive reasoning usually work well with a qualitative method (Bell, Bryman & Harley, 2019), therefore qualitative is deemed appropriate.

There are some flaws and criticism towards qualitative research, the most common being that a qualitative study often is harder to replicate (Bell, Bryman & Harley, 2019). This type of research is often more situational, particular and less structured and therefor it is becoming more difficult to verify the data in a way that is considered objective (Choy, 2014). The research can also heavily depend on the researchers own close connection with the participants, which further complicates the replicability of the study. Another issue is that the scholars are also limited in their ability to completely understand and interpret the data (Choy, 2014). Generally, it is also hard to be fully transparent on how the research was conducted. (Bell, Bryman & Harley, 2019). Even though it can be difficult, qualitative research will however be the most suitable method for this study. The main reasons being that it is most appropriately aligned with the purpose of this study and makes it possible to answer both research questions in a more nuanced and complex way than a quantitative research method would.

3.3 Data Collection Method

The primary data was collected by interviews with Swedish new venture founders, either in person or virtually. These interviews were semi-structured, meaning that an identical interview guide was followed, but the participants were allowed the freedom to elaborate or reflect, depending on the question. As the goal is to provide insights on how the different characteristics of founder member teams affected the type of decision-making processes at new ventures, these interviews where key to hearing how the different entrepreneurs operate and acquire valuable observations that later on can be interpreted and analysed.

3.3.1   Systematic Literature Review

To gain a better understanding of the current state of research in the field, a systematic review of existing literature was conducted. Bryman and Bell (2011) explain that a systematic approach is as a process that involves several key steps to ensure the integrity of primary data collection. This first was done by defining the research questions and defining and re-defining keywords that could be relevant for the research.

Moving forward, certain criteria were established to determine which studies would be considered in the review. This refinement was essential to maintain the credibility of the review and to ensure an unbiased and fair representation of the current literature on the two main topics, diversity and decision making (Bryman & Bell, 2011). The review was then conducted methodically while trying to avoid bias as much as possible. By using well-defined keywords and search terms it kept the literature relevant. This methodological consistency ensured the review's transparency, impartiality, and replicability (Bryman & Bell, 2011). The specified keywords, detailed in the table below, were used both individually and in combination to identify relevant literature effectively.

New Venture Firms	Diversity	Decision-Making Process	Market Entry	Swedish Start-Ups
Founder Teams	Team Composition	Innovation	Strategic Decisions	Critical Incident Technique

3.3.2   Interviews

There are multiple reasons as to why interviews are used for primary data collection, the main reason being that is possible to collect exclusive, in-detail information that is hard to capture just by observing quantifiable datasets or from general observations (Stake, 2010). Furthermore, Yeo et al. (2014) explain that interviews can offer the researchers a more complex picture of the interviewees' versions of situations and provide more context to a specific

circumstance. As the topic of diversity and the decision-making process requires situational and context-based answers, interviews were the most appropriate choice of data collection.

The interviews were held either in person or online, depending on the interviewee's preference. This process involved visiting the participants office, sitting together in a café or conducting the interview online via Zoom, Microsoft Teams or Google Meet. The interviews were audio-recorded, upon the interviewee's consent and then later transcribed and coded. There are positive and negative sides to interviews in person. In person interviews are deemed to be more personal and relaxed. On the other hand, online interviews are more flexible than traditional in-person interviews as they require less time and commitment from the companies, according to Easterby-Smith et al. (2021), which ultimately increases the chances of participation.

One of the most important parts of in-depth interviews are the fact that they let interviewees elaborate and discuss the chosen topic, while simultaneously keeping structure and control (Yeo et al., 2014). Another part is the importance of letting the interviewee control the direction of the interview to a certain extent, this makes it easier to identify themes and patterns, without steering them into a certain desired direction. By using the semi-structured format, it allows for the combination of set questions to keep the interview aligned with the study, but also for interesting themes or topics to develop throughout the interview process (Bell, Bryman & Harley, 2019). When asking the first questions, the answers might seem short and concise at first, therefore it is important to be adaptable in terms of what direction the interview is moving towards, but also maintain a level of control as to how it is developing, to be able to identify the relevant information (Yeo et al. 2014).

Lastly, the interview guide (Appendix 1) was designed as a framework of questions to keep the participant on the right track but not steer, after that it was up to them in terms of what they wanted to discuss within the topics of diversity and their decision-making process. The interviews along with the interview guide were helpful tools for the primary data collection of this study. It allowed for hours of transcribing that resulted in finally being able to identify codes, categories and themes, which is the foundation of a thematic analysis.

3.3.3 Participants

In total, ten different new venture or small-business owners across various industries were interviewed for this study. Ten interviews were chosen as the amount as this was what was feasible, given the timeframe and interview possibilities. It might have taken a couple more interviews to achieve complete saturation, but there was definitely enough data to work with. Saturation is achieved when new data won't bring any new insights for evolving theories or theoretical concepts (Bell, Bryman and Harley, 2019). In this type of thesis, reaching saturation is preferred, but on the other hand, by limiting the number of interviews to ten, it did allow for even more time to be spent analysing the existing data, which would not have been possible if there were more interviews to be conducted, but there was only a limited amount of time available.

As the study regards Swedish new venture firms and the decision-making process of the founder teams, it was necessary to carefully select specific participants that would be able to answer such questions for the interviews. The sampling technique here used, of intentionally selecting a sample most, most suitable for answering the research questions, is known as purposeful sampling (Marshall, 1996). This sampling method is built on identifying characteristics or variables based on previous studies and literature, and using these to try and find people that can add valuable insights and contribute to the study. Another part of this method is allowing identified participants to guide the researcher to other relevant people that might be interesting for the study, also known as snowball sampling (Marshall, 1996). Before sending emails and trying to contact people, there was a requirement identified that participants had to fulfil to be eligible for an interview.

The requirement had no limitations other than participants had to be entrepreneurs or a founder within a Swedish new venture. Entrepreneur in this context is defined as being involved in the business in a significant capacity, either by starting the business or being part of the founding team. The reason for this being that that founder team members will have a good understanding of the decision-making process, but also can provide context and backstory to the market entry. They tend to have an overview of how the team was constructed, day-to-day operations and other complications that the business might struggle with, which would provide useful insights for the study. Furthermore, to be relevant for the research purpose, they needed to have been part of the company at the time of the first market entry. As part of the study concerns to gather information about the decision to enter the market, the participant needed to have been a part of the founder team at the time be able to recall this process. Finally, as the focus was on diversity, a selection of different types of participants and firms were chosen in order to get different inputs and avoid biased results as much as possible. In the list below, the ten participants from the identified NVFs were interviewed, along with additional information about the interview.

Company Name	Industry	Type	Date	Duration
1. Aktiebolaget LHAB	Pulp and Paper	Online	13/3	41 mins
2. BÖ Illustration AB	Advertisement	In-person	18/3	43 mins
3. Arondight Capital AB	Finance	In-person	18/3	31 mins
4. Svantopia Film AB	Media/Film	In-person	22/3	35 mins
5. Treat by Almén AB	Beauty/Cosmetics	Online	22/3	37 mins
6. Sea Lodge Smögen AB	Restaurant/Bar	In-person	26/3	38 mins
7. Exertus IT AB	IT/Tech	In-person	27/3	43 mins
8. Fors & Partners AB	Finance	In-person	4/4	42 mins
9. Corestone Group AB	Business	In-person	4/4	39 mins
10. Spöket Media AB	Media/Film	Online	4/4	32 mins

Table 1: Interview List

Worth noting is that these respondents presumably will answer the questions to put either themselves or their new venture in a good light, which might have an effect of what information they are willing to share and what might be considered sensitive information. As they all operate in a similar business environment, it could be that their business journeys are alike or even related in some way, in terms of their understandings and views.

3.4 Data Analysis

As mentioned briefly in the sections above, this study will use a thematic method to analyse the data from the interviews. According to Braun and Clarke (2006) a thematic analysis is conducted by coding and clustering specific terms mentioned and then categorizing and arranging them into themes or patterns. One advantage of using thematic analysis is that it is an adaptable and comprehensible way of analysing certain data which can produce high-quality and valuable information. By organizing and categorizing the data, it gives a clear view of the most relevant topics, often allowing for different context, perspectives and nuances to be included (Braun & Clarke, 2006).

3.4.1 Coding

A strong theoretical framework can produce various analytical outcomes, including concepts, categories, properties, hypotheses, and theories. As mentioned, this thesis will use a thematic coding approach, effective for addressing broad topics such as diversity. This methodology is good at identifying common themes within complex datasets.

The goal of thematic coding is to identify recurring themes and categories during the analysis of data. Initially, interview transcripts are broken down into smaller segments or codes to detect commonalities. These codes are then grouped into broader categories, which contribute to the development of overarching themes. The frequency of coded phenomena can highlight their significance and likelihood of being recognized as themes (Bryman & Bell, 2011).

Using the program Atlas, each interview transcription was reviewed individually to pinpoint key points. Highlighted elements were then assigned relevant codes for further analysis. These codes were collectively reviewed and categorized into distinct groups, leading to the identification of defined themes. Additionally, new codes were introduced to capture emerging themes or categories during the analysis. The full visualization of the codes, categories and themes used can be found in Appendix 2.

3.4.2 The Critical Incident Technique

The Critical Incident Technique (CIT) is a qualitative research approach designed to study behaviours and events that are particularly significant or "critical" in influencing outcomes

within a given context. It is similar to a thematic method, however, it focuses more on an individual and isolated moment in time. Introduced by John Flanagan in 1954, the CIT aims to uncover specific incidents that contribute to either successful or unsuccessful outcomes in various settings, such as workplaces, educational environments, healthcare facilities, or social interactions.

The original study came was developed by Flanagan in the early 1950s during his work with the Aviation Psychology Program of the United States Air Force. Flanagan's aim was to improve the selection and training of personnel for complex tasks such as piloting aircraft. He recognized the need for a systematic method to identify specific behaviours or events that were critical in determining success or failure in these tasks (Butterfield et al., 2005)

Flanagan drew inspiration from his experiences as a psychologist and his observations of real-world situations. He began by collecting detailed accounts of incidents from pilots and other personnel, focusing on instances where performance was notably effective or ineffective. Through these accounts, he aimed to uncover the specific behaviours, actions, and circumstances that influenced outcomes. The methodology involves gathering detailed descriptions of these critical incidents through methods like interviews, surveys, or observations. Participants are asked to recall and describe situations where they experienced exceptional or problematic performance, focusing on the specific actions, behaviours, or events that occurred. These descriptions are then analysed systematically to identify patterns, themes, and underlying factors that influence performance (Flanagan, J.C., 1954).

CIT is valuable for its ability to provide relevant and important insights into human behaviour and performance in complex or dynamic environments. By focusing on concrete examples rather than abstract concepts, CIT enables researchers to capture the nuances and intricacies of real-life situations. This approach is particularly beneficial for understanding the practical challenges faced by individuals or groups and for informing the development of strategies to enhance performance, improve training programs, or optimize organizational processes.

The Critical Incident Technique has been widely used across various disciplines, including psychology, education, healthcare, human resources, and organizational management. It has proven to be a versatile and effective tool for understanding human behaviour, identifying areas for improvement, and informing evidence-based interventions and decision-making processes.

3.4.2.1   CIT Application

The way that the Critical Incident Technique as a method is used in practice involves five consecutive different key steps to gain insight into human behaviour and decision-making in different types of contexts.

The first step involves **establishing the aim** of the study. This is mainly identifying the purpose as it is important to understand behaviours or factors that contribute to either success or failure in a certain context, for example in business.

The second step is to **establish the plans and specifications** of the study. This can involve identifying the participants who are relevant or have knowledge and/or experience related to the purpose of the study. This could be people that where directly involved, or people that are considered experts within this area. It also is important to plan how and where the interviews or surveys will be conducted.

The third step is to **collect the data** for the study. This can be done through interviews, surveys or other ways involving the collection of information on detailed descriptions of critical incidents. The participants are often asked to describe events before, during and after a certain performance or decision. Each incident provided by the participant is recorded and documented for further analysis. Important factors can be behaviours, actions, circumstances, or outcomes connected to the incident.

The penultimate step is to **analyse the incidents** that have been collected. The recorded incidents are analysed to identify common themes, patterns, and underlying factors. This analysis may involve categorizing incidents based on their characteristics, frequency, or impact and finally trying to draw key insights. Based on the analysis, it is then important to develop categories or themes that capture the critical elements of the incidents. These categories help organize the data and provide a framework for understanding the factors influencing the performance.

The final step of the CIT is **interpreting the results** of the analysis. This is key to gain knowledge of the studied area. This may involve identifying trends, relationships, or other implications that can be used to draw conclusions or inferences. Furthermore, a vital of the whole study is to report the findings, often done in the form of written reports, academic papers, or presentations. The report should provide a clear overview of the critical incidents identified, the key themes or categories that were found, and the implications of the findings (Verhoef et al., 2022).

3.4.2.2   Recent Development of the CIT

The Critical Incident Technique remains a relevant and reliable data-collection method for qualitative studies. It has previously been used to examine decision making, behaviours or collecting retrospective self-reports through interviews or surveys. However, over the years, it has been tweaked and adjusted over time to make it even more relevant and applicable to the context that is to be studied. The technique has been valuable across multiple different sectors including management, marketing, education, healthcare, and psychology (Santha et al., 2016).

Many studies have been conducted using this method focusing on performance, training, and motivation amongst others. According to Yukl (1981), the CIT is a research method that is "especially useful in exploratory research designed to examine very specific, situationally relevant aspects of managerial behaviour". It can be inferred that the CIT has been widely used in management research studying managerial and leadership patterns. Other more recent studies using the CIT have been within the field of human resource development, CIT studies have investigated managerial coaching, and knowledge-sharing processes (Gubbins and Dooley, 2021) Depending on the type of study, a wide variety of people are selected for these interviews. Samples in CIT studies include a wide range of individuals including students and teachers, (Gremler, D.D, 2004). Other types of research have included doctors, patients and marginalized populations (Britten, 2014). Recently, CIT has also been utilized to capture experiences related to the COVID-19 pandemic (Durosini et al., 2021; Kurotschka et al., 2021).

3.5 Research Quality

Golafshani (2003) means that by assessing the research quality, definitions of quality concepts are generally linked to quantitative and positivistic studies and research. These definitions must be further explained and elaborated on, to be able to evaluate qualitative research correctly. The opposite includes a more naturalistic approach, with quantitative descriptions that may not fully include the value of qualitative research (Bell, Bryman & Harley, 2019).

There are multiple suggestions to address how to evaluate research quality in qualitative studies. Bryman, Bell, and Harley (2019) suggest two different ways of measuring the quality, either internal and external validity or by measuring the reliability, in other words, assessing the believability of a study. This is done by breaking it down into four main parts, transferability, credibility, dependability, and confirmability. Since these two types of quality measurements somewhat align in their implications (Bell, Bryman & Harley, 2019), this study will focus on believability.

According to Bell, Bryman & Harley (2019), transferability can be compared to external validity, and involves providing thorough explanations of the society or environment under study. This helps others assess whether the findings can be transferred and replicated in different or other contexts. To make this study as transferable as possible, there is a detailed and clear description of the social environment allows others to follow the researchers' methods and replicate the research. Since this research is slightly context-dependent however, results may not be identical if copied, even if the same method and strategy is applied (Bell, Bryman & Harley, 2019).

Bell, Bryman & Harley (2019) mean that credibility, is very similar to internal validity and is important for both gaining recognition and being accepted by other researchers. To achieve credibility, researchers must follow genuine practices and accurately display and show the respondents' social world (Bell, Bryman & Harley, 2019). For this research to be considered

credible all the interviews were recorded and transcribed, to avoid any misunderstanding or incorrect memory errors.

Moving further, Bell, Bryman & Harley (2019) mean that dependability, equivalent to reliability, requires maintaining detailed descriptions of each stage of the research process. An important part is that communication with supervisors or other researchers ensures that correct procedures are followed. Although auditing can be challenging due to the extensive data generated by qualitative research (Bell, Bryman & Harley, 2019), efforts are made to ensure dependability. Transparency is a key part of facilitating for readers and allows them to follow all choices made in the study, including the reasoning behind them. The research is also reviewed by two separate supervisors and with other peers to address any apprehensions.

The last part of the believability is confirmability, which can be compared to objectivity. In qualitative research, complete objectivity is unattainable, but researchers should demonstrate good faith by showing that personal and theoretical biases do not influence the research and findings in any significant way. According to Bell, Bryman & Harley (2019), this is attained by being as translucent as the study allows for, with both the research philosophy and potential biases of interview participants taken into consideration (Bell, Bryman & Harley, 2019). While eliminating all bias is impossible, transparency helps account for potential influences, allowing researchers to address them.

3.6 Ethical discussion

It is important to include an ethical discussion when writing a thesis of this size and scope. Before the interviews, it was ensured that participants fully understood the purpose, procedures, and reasons involved in the study before agreeing to participate. Emphasizing the voluntary nature of their involvement and providing them with the opportunity to ask questions and the possibility to refuse to answer if confidential. Maintaining confidentiality was important for the study. Approaching participants with respect, recognizing their autonomy, dignity, and cultural backgrounds was also vital. Before the interviews, a rapport was built based on mutual trust and non-judgmental listening, acknowledging participants' expertise, and lived experiences. It was key to create a safe and supportive environment where participants felt valued and heard. The interviews were conducted with transparency and accountability and it was important to make sure to communicate openly about the purpose, methods, and potential implications of the study to participants and other stakeholders. The author also adheres to ethical guidelines and standards established by professional associations and institutional review boards, ensuring the integrity and trustworthiness of the research.

3.7 Limitations

The research is based on semi-structured interviews with founders from ten different Swedish new venture firms. While these interviews provide in-depth insights, the relatively small sample size limits the ability to generalize the findings to the broader population of new ventures. Additionally, all the firms are within the Swedish entrepreneurial ecosystem, which may have unique characteristics that may not always be applicable to other geographic or cultural contexts. Given the qualitative nature of the research, the findings are on some level always going to be subjective, either from the respondents, the researcher or in combination. The data collected through interviews is based on the participants' recollections and interpretations, which may be influenced by personal biases or selective memory. Although efforts were made to minimize these biases by using open-ended questions and ensuring anonymity, it is impossible to eliminate them entirely. It is also worth mentioning that the order the questions were asked might have affected the level of bias in the interviewee's answers. By asking the questions in a different order, it might have had a slightly more objective outcome.

The study focuses on specific dimensions of diversity, such as educational background, ethnicity, religion, age, and gender. However, other potentially significant diversity factors, such as socioeconomic background, personality traits, and work experience, were not explicitly considered. This limited scope may overlook other crucial aspects of diversity that could impact decision-making and venture success. The use of the Critical Incident Technique (CIT) and thematic analysis, while robust for qualitative research, also presents limitations. The CIT relies on participants' ability to accurately recall and articulate critical incidents, which can be challenging and may result in incomplete or biased accounts.

Thematic analysis, although a systematic process, involves some type of personal interpretation that may introduce researcher bias. It is also worth noting that this research provides a snapshot of the decision-making processes and outcomes at a particular point in time. Another limitation is the scope of the study, instead studies that track the evolution of decision-making processes and outcomes over time would provide even more comprehensive insights into how diversity influences success across different stages of development. Acknowledging these limitations is important for a balanced interpretation of the research findings. Despite these constraints, the study provides meaningful contributions to understanding the role of diversity in the decision-making processes of new ventures.

4. Findings

This chapter begins with a description of the companies, setting the groundwork for the study. It then proceeds to analyse the primary data gathered through interviews to address the research question posed. A thematic analysis is conducted, and the results and identified themes are presented. The focus is on understanding how the diversification of founder team members influences the decision-making process in general and the decision to enter the specific market. To substantiate the claims, analyses of responses from participating managers and relevant quotes from the interviews are included.

4.1 The Different New-Venture Firms

In total, ten interviews were conducted, from ten different companies. Each interview was conducted for roughly one hour and using the interview guide as a foundation as each company provided valuable insights in their own way. The companies will be named by name; however, the interviewees will remain anonymous. Two key things that all interviewees have in common is that they are all a founder of one of the companies and they still work/operate for that same company.

For the study to be considered valuable within academic research, it is integral to keep an unbiased approach. The research tries to explore subjective interpretations in order to gain an in-depth and discerning understanding of the entrepreneurial diversity and the different decision-making processes. Unbiased research practice that enables capturing the multiplicity of authentic perspectives from different founders is critical to avoid skewed interpretations or interpretations that may favour a certain perspective or specific sets of experiences. Channels such as selection of the interviewees, formulation of questions during interviewing, interpretation of responses, and at times, presentation of findings if not well taken care of, may bring in bias into the research. For example, if the only sample is of start-up founders, that too only from a particular industry and geographic location or stage in company development, then this amounts to forming a very biased view of the entrepreneurial landscape. Furthermore, mitigation increases the reliability of the study. The latter would mean that where the experiments are to be set fairly, then the data and interpretations are sound and are limited as much as possible to the researcher's personal assumptions or expectations.

This aspect of reliability has important meaning in the sense of gaining acceptance and being credible for the thesis within the academic community and practitioners who may use this research in their practices or policies. In designing the interviewing of the founders, it was important to establish and implement protocols that could guarantee the founders' responses through that evaluation and presentation reflected participants' meanings and intentions. It involves being very careful about the framing of questions, their wording and order, and at the same time, being disciplined in how the replies are analysed.

4.1.1 Company Background Information

The ten different companies are Swedish New-Venture firms, from a range of different industries, in similar stages, all with a revenue below € 1 million. These ten different firms were chosen to achieve as unbiased results and answers as possible within the disposable timeframe. To deepen the context and understanding, a short introduction on each of the companies will be presented below with some information about the company according to the interviewees.

Participant 1 – Aktiebolaget LHAB
Founded in 2021 by a father and son, Aktiebolaget LHAB are a company in the pulp and paper industry. There main value proposition is trading, distribution, and expertise within forest industry products. The revenue in 2023 was just over € 650 000 and the hope is that it will keep growing, although trading and distribution has become less profitable during the last years, due to the increase of inflation and cost of energy worldwide.

Participant 2 – BÖ Illustration AB
Founded in 2022, BÖ Illustration are a digital and graphic design agency that works with different creative projects including digital media, brand development and merchandise. In 2023 the revenue amounted to just below € 250 000. At this moment in time, the majority of work consists of other brands ideas or projects, but the long-term goal is to work with projects of their own.

Participant 3 – Arondight Capital AB
Arondight Capital are a venture capital and private equity company founded in 2022. It is described as a traditional financial investment company that manages capital. The revenue in 2023 was € 412 000. After some rougher years in the industry, the founders decided that they wanted to start their own business where they could use their competence and expertise gained from previous experiences.

Participant 4 – Svantopia Film AB
Svantopia Film are a content creating and production company founded in 2021. Its main business is in advertisement for brands, marketing, and production, using shorter films or clips. The revenue in 2023 was € 487 000 and with digital marketing and content creation increasing in popularity, there is hope for this to grow even more in the following years.

Participant 5 – Treat by Almén AB
Treat By Almén AB is a beauty company specializing in eyebrow and lash enhancements. They offer expert services including eyebrow shaping, tinting, and eyelash extensions. Last year in 2023 the revenue was € 234 000, and they hope to continue growing this year by not only offering the actual treatments, but also online courses specifically teaching beauty treatments.

Participant 6 – Sea Lodge Smögen AB

Sea Lodge Smögen is a company that owns a hotel and multiple restaurants on the west coast of Sweden. Their business is affected by both the weather and people's disposable income as most people that visit their establishments do not live there all year round. In 2023 the revenue was € 923 000 and as it has become less popular to travel abroad due to climate issues and the cost-of-living crisis, they hope that more swedes will visit this year.

Participant 7 – Exertus IT AB

Exertus IT AB is a IT services company, founded in 2021, specializing in providing innovative technology solutions to businesses. Their business model includes system integration, cybersecurity, and IT consultancy. In 2023, their revenue was € 897 000, and they are comfortable in the position that they are in, the main future goal is to grow organically.

Participant 8 – Fors & Partners AB

Founded in 2021, Fors & Partners is a Gothenburg based private equity company that manages financial investments. The revenue in 2023 amounted to € 498 000. According to the respondent, they offer a personalized service as they are a smaller company and build their value upon trust and a strong personal connection with the customer or client.

Participant 9 – Corestone Group AB

Corestone Group AB, founded in 2020, is a multifaceted organization that has its core in business management, auditing and advisory services. In 2023, Corestone Groups revenue was € 632 000, and their goal is to pass the one million mark by 2024, according to the interviewed founder member.

Participant 10 – Spöket Media AB

Founded in 2023, Spöket Media was founded as a digital creative collective. The main value proposition is digital marketing, advertisement, and branding services. In 2023 the revenue was € 207 000 and according to the interviewee, they predict a strong continuous growth moving forward, as everything is becoming more digitalized in today's modern society.

4.1.2   Choice of Diversity Characteristics

To differentiate different New Venture team members and out the diversification of each company the study has chosen to focus on five different measurements. Questions were asked about each of the measurements to the different respondents and based upon their answers, if the statement was true, an X was marked in the relevant column. The map presented below facilitates paints a good picture of the diversity types at each company and will also make it possible to analyse and interpret the data in a meaningful way in subsequent chapters, particularly in Chapter 5.

The following five diversity measurements were chosen based on their relevance and potential impact on team dynamics and decision-making processes. There are obviously multiple different ways of categorising diversity, however, to make it quantifiable and analysable, five measurements have been chosen accordingly:

Educational Diversity (UD): Whether at least one founding team member possesses a university degree or higher. This metric captures the formal educational background and its influence on strategic thinking and analytical capabilities within the team.

Ethnic Minority Representation (EM): Whether at least one founding team member represents an ethnic minority. This measurement helps to assess the cultural and ethnic diversity within the team, which can contribute to a wider range of perspectives and innovative approaches.

Religious Diversity (PR): Whether at least one founding team member actively practices a religion. This metric considers the diversity of personal beliefs and values, which can influence decision-making and ethical considerations in business operations.

Age Diversity (AG): Whether there is at least a 10-year age gap between two founding team members. This measurement captures the range of generational perspectives within the team.

Gender Diversity (G): Whether at least one founding team member does not identify as male. This metric addresses gender diversity, which can enhance team performance through varied perspectives and approaches to problem-solving.

These five measurements were operationalized by asking specific questions during interviews with the respondents. Based on their answers, an "X" was marked in the relevant column for each measurement if the criteria were met. This map facilitated a clear and structured representation of the diversity within each founding team that was interviewed.

FTM = How many founder team members that are part of the decision-making process today.

4.1.3 Company Diversity Map

Company Name	Industry	FTM	UD	EM	PR	AG	G
1. Aktiebolaget LHAB	Pulp and Paper	2	X		X	X	
2. BÖ Illustration AB	Advertisement	3					X
3. Arondight Capital AB	Finance	3	X			X	
4. Svantopia Film AB	Media/Film	4		X			
5. Treat by Almén AB	Beauty/Cosmetics	2					X
6. Sea Lodge Smögen AB	Restaurant/Bar	5	X	X	X	X	
7. Exertus IT AB	IT/Tech	4	X				
8. Fors & Partners AB	Finance	4	X			X	X
9. Corestone Group AB	Business	5	X	X		X	
10. Spöket Media AB	Media/Film	4			X		

AB stands for Aktiebolag in Swedish, which translates to Limited Company.

The selection of these specific diversity measurements is rooted in the literature, which suggests that educational, cultural, ethnic, age, and gender diversity can significantly influence team dynamics and performance. For instance, Harrison and Klein (2007) described the positive effects of variety in team attributes, such as improved problem-solving and innovation, while also acknowledging potential challenges like conflict and coordination costs.

These chosen characteristics were later combined with the codes, categories and themes that were thematically derived from the answers to the questions. The coded qualitative data provides a foundation for analysing the role of diversity in new venture success. By quantifying these diversity metrics, the study facilitates a clearer understanding of how different types of diversity contribute to the strategic and operational decisions of new venture firms. According to the designed diversity map, Sea Lodge Smögen AB were the most diverse, with four out of the five possible characteristics being included in their founder team, with Treat by Almén AB, Spöket Media AB and BÖ Illustration AB the least diverse, with only one of the five characteristics included in their founder team.

4.2 **Theme 1:** Diversification within the New-Venture Founder Teams

During the interviews, the goal was to not steer the respondent in any certain direction, rather ask an open question and let them explain their experience and view on the matter. Especially when researching diversification there is a risk that the person being interviewed choses to answer in a way that they believe is the "right" answer if the question is asked in a certain way. To avoid this, open-ended questioning was the best strategy, enabling the respondents to express their thoughts in their own words and from their unique perspectives.

This method not only improved the authenticity of the data but also provided deeper insights into the nuanced ways that diversification impacts decision-making within new ventures. By prioritizing open-ended questions and minimizing biases in the interview process, it was possible to ensure that the insights gained were genuine and reflective of the real-world challenges. This approach not only reinforces the validity of our research but also enhances our understanding of the critical factors that decision- making process decisions in new ventures.

4.2.1   Education Level

When asked about the education level of the founding members, six out of the ten respondents replied that at least one of the found teams had a university degree or higher. Depending on the answer, the follow- up question was then if this made a difference on their decision making. One respondent that answered no, motivated it by stating:

> *In our case, a university education is not what matters but rather hands-on experience, a strong industry network and drive. You can't learn that at a school-bench. In terms of decision making, we are all on the same page, although we each have our own areas in which we are responsible (Participant 6, Sea Lodge Smögen AB).*

In four of the cases, Aktiebolaget LHAB, Sea Lodge Smögen, Extertus and Corestone Group, there were differences in the level of education amongst the founder members, where at least one of the founder members had a university degree, while others didn't. When asked how the difference in education affected the decision making in the company, one of the responses was:

> *First of all, when making decisions, we all respect each other's competence. Therefore, depending on what type of decision it is, whomever has the most knowledge or expertise in that certain area, often has the final say. That being said, we all listen to each other to get different perspectives on the matter. But no, in our case, education level does not play a huge role in our decisions as we all are competent at what we do, although education does play a role in who gets to make a certain type of decision, if that makes sense? (Participant 7, Exertus AB).*

In the final two companies, Fors & Partners and Arondight Capital, all the founding members had a university degree or higher. As they both are finance companies, there is often a certain level of education required to work in finance, especially in private equity. Whether or not their education level made a difference when making decisions or not there were two different opinions.

> *The bigger decisions that affect the company are made by all three of us, and as we all went to university together, it almost erases the fact that any of us have been, if you see what I mean? Having that mutual understanding is what's key and that comes from knowing each other for a long time! Even though all of us like to voice our opinion, we get there in the end (Participant 3, Arondight Capital).*

In the interview with the participant from Fors & Partners, they expressed their view on the importance of education by stating:

> *Getting an education is obviously important for us, it shows a level of critical thinking, and working in finance that is important. We work a lot with market analysis and in order to do so, a university degree is some sort of receipt that you know what factors you need to be focusing on, in order to make the best decisions (Participant 8, Fors & Partners).*

These are two different approaches that argue for and against the importance of education when making decisions in new venture firms, even though both founder teams have very similar educational backgrounds.

4.2.2   Cultural Diversity

In terms of the cultural diversity within the new-venture firms, three of the ten interviewees stated that at least one of the founding members of the firm represented an ethnic minority. The follow-up question was then, depending on if they had ethnical minority representation, how does the representation of an ethnic minority, or lack of, effect or change the decision making at the firm. This question was answered by one participant by saying:

> *It wasn't a conscious decision to exclude anyone, it was more the fact that we decided to start this together as a team that we believed would work together as group, regardless of race or anything else. What is important for us is obviously competence, but also the person. (Participant 10, Spöket Media AB).*

Following this statement, another question was asked regarding the fact that the founder team might be seen as homogenic and there could be a risk of tunnel vision when making decisions, due to a lack of other different perspectives. The response to this question was then:

This is something we are aware of; however we are confident that we are different enough to have different opinions when making decisions, although obviously we would like to be even more diverse going forward (Participant 10, Spöket Media AB).

One of the respondents that answered yes to both questions claimed that the ethnical diversity was a strength and an asset to the firm:

Having a team with different ethnic backgrounds is really important for us. It brings a lot of different viewpoints to the table, which is awesome when we're brainstorming or solving problems. And that really helps us think outside the box (Participant 9, Corestone Group).

As seen from the responses above, the responses varied depending on the ethnic constellation of the founding team members, giving us a lot of different viewpoints to analyze in the next chapter.

4.2.3   Religion

Moving on to the next question, a question was asked to the participants regarding if any of the founding members actively practiced any type of religion. Two of the ten participants said yes to this question and the other eight said no. The follow up question to those who answered yes was then how this effected the decision-making process. This however was disregarded:

I don't think religion really plays into how someone make decisions for their business. At the end of the day, it's all about what's good for business, things like what customers wants or what's trending are much more important. Saying that religion affects every decision sort of misses how complex and varied running a business can be (Participant 6, Sea Lodge Smögen AB).

When asked the same question to another respondent, a similar answer was given:

I don't really see how religion affects how someone runs their business. At least not in our case. Sure, everyone's influenced by their background a bit, but when it comes to business, it's more about what the company needs and producing strong competitive products. It's not about personal beliefs (Participant 1, Aktiebolaget LHAB).

Judging by the responses to these questions, there are factors more influential than religious practices when making decisions at a new venture firm, however, the potential social factors that influence why that could be, will be discussed in the next chapter.

4.2.4 Age Difference

The next diversity measurement that was asked about was if there was a notable age difference, at least ten years, between at least two of the founder team members. When asked the question, six out of the ten interviewees said yes. The follow up question was then if and how this had an influence on the decision-making process within the firm. One on the companies that said yes to this question motivated it by stating:

We've found that having one younger team and one older team member, really helps our decision-making. The younger member is more creative and up to date latest with the latest trends, and the older ones have years of industry experience to draw on. It's a dynamic mix that leads to better decisions, without a doubt (Arondight Capital AB).

Out of the six new ventures that had an age gap of at least ten years between at least two members, most of the answers were similar to the answer given by Participant 9. However, one answer differed by stating:

It really depends on the situation. Sometimes having a big age gap can bring a good mix, other times, it doesn't make much of a difference at all. It all comes down to the specific decision, sometimes if a decision has to be taken quickly, one of us takes the decision on their own and we just trust that they do the right thing. It's the trust between us that is the important thing (Participant 9, Sea Lodge Smögen AB).

4.2.5 Gender

Entrepreneurship is traditionally male dominated, which is reflected in the composition of many new venture teams. When asked about the gender composition of their founding teams and its impact on decision-making, the responses varied significantly. In four of the ten interviewed firms, at least one founding member did not identify as male. The follow-up question then explored how this gender diversity affected their decision-making processes. One participant from a gender-diverse team highlighted the benefits, stating:

Having both men and women in our founding team has been incredibly valuable, especially in the market that we are in. By having a female perspective, it helps us connect with a wider range of clients and understand diverse market needs (Participant 5, Treat by Almén AB).

However, not all respondents viewed gender diversity as significantly impactful. One participant, whose team was composed entirely of men, expressed this perspective:

While it would be great to have more diversity, I don't think the lack of gender diversity has affected our decision-making process very much. We focus on skills and experience, and our team is reasonably good at making decisions as it is (Participant 2, BÖ Illustration AB).

Similarly, another founder explained that the current male-dominated team composition was a result of coincidental rather than deliberate selection:

We didn't intentionally exclude women, it just happened that our founding team is all male. We believe it's the individual's competence that matters most, not their gender. However, we are open to diversifying our team in the future and understand that different perspectives are always helpful (Participant 4, Svantopia Film AB).

These responses indicate that while some firms recognize and benefit from gender diversity, others may not yet see its importance or potential advantages. The differing views on gender diversity underscore the varying approaches and attitudes towards team composition in the entrepreneurial landscape.

4.3 **Theme 2:** The New-Venture Firms Decision-making Process

As stated earlier, decision-making processes within new-venture firms are complex and influenced by a variety of factors, including team composition, industry specifics, and individual founder personalities and preferences. Through the interviews with founder members from different each of the new ventures it was natural to ask about the decision-making process at each of the firms, to get an insight on the different ways company's function and operate.

4.3.1   Consensus Based Decision making

The first question was asked regarding if it was a mutual decision or if one person had the idea and wanted to build a founder team and business around that idea. Seven out of ten interviewees stated that it was a mutual decision. However, one out of the other three participants reflected:

It was primarily ---- idea, but he couldn't do it alone, he needed a team to make the whole thing possible. After discussing the concept with a few guys that we have known for years, we decided to move forward together and we haven't really looked back since. But the whole idea for Sea Lodge as a concept is actually his from the beginning (Participant 9, Sea Lodge Smögen AB).

Many founders emphasized the importance of collaboration and agreement in their decision-making processes. This was by far the most common approach as four out of ten interviewees answered similarly. This approach ensures that all team members feel valued and that everyone gets a say, before making any significant decisions:

Our decision-making involves discussing between the both of us. We have regular meetings where we share our thoughts and ideas. This way, we ensure both our different viewpoints are considered before making a final decision. For instance, when we were deciding on expanding our product line to a different country, it took us weeks of meetings, phone-calls, research, and a lot of stress, but it was worth is as it helped us make a more informed choice, in the end (Participant 1, Aktiebolaget LHAB).

This statement shows how even in smaller teams, a collaborative approach can be useful. The regular meetings allow for thorough discussion, ensuring that both operational and strategic aspects are considered.

4.3.2   Autocratic Decision-Making

Other companies seemed to adopt a different approach, particularly when they have a diverse team with various areas of expertise. This method encourages a type of inclusive decision-making and helps ensure that all team members are involved in the final decision, even if they don't make the decisions themselves:

Our decision-making process depends on the type of decision. We hold weekly meetings on Mondays, where everyone has a chance to voice their opinion. Since we are a relatively small team and know each other well, we often agree on the bigger decisions, but we also make sure to consider the details and other options. However, if one of us choses to make a smaller decision on their own, it's because they know most about that specific area, and we trust each other to do the right thing. As long as they tell us afterwards, of course! (Participant 6, Sea Lodge Smögen AB).

This quote highlights how a collaborative approach, largely based on trust in the other members can be beneficial. The regular meetings allow for thorough discussion on the important decisions, while no unnecessary time is wasted on decisions that don't need to be discussed.

4.3.3   Data-driven Decision Making

For companies operating in more analytical or technology-driven fields, using data and analytics seemed to be the common approach. This method relies on data analysis to guide and back decisions, reducing reliance on intuition and ensuring that decisions are based on solid evidence:

In our industry, you have to study and analyse data to some extent, we rely heavily on data-driven decision-making. We analyze market trends, financial forecasts, and potential risks before making any significant moves. This approach helps us manage the risks and make the most informed decisions possible. For example, before jumping into a new investment, we do thorough research and analyse the market to make sure it's a good opportunity (Participant 3, Arondight Capital AB).

This type of decision-making process is especially relevant for firms in the finance sector, where decisions can have significant financial implications and previous history can be studied to base future decisions on. The pros of relying on data is that it helps to minimize risks a but also supports more objective decision-making, that also means that it is less prone pointing the finger or blaming anyone in the team.

4.3.4 Combinations of types of Decision Making

This was by far the most common type of answer, six out of the ten respondents expressed that it depended on the type of decision. In the more creative industries, a balance between data and intuition is often a good start. While data and information provide some factual basis for decisions, it is also important to believe in your own talent and creativity. It can be important rin areas such as product development and marketing as it is key to stand out and be different, as the Participant from Spöket explained.

The creative side of our work often means that gut feeling (magkänsla) plays a big role. When deciding on a new potential project for example, we mostly look to see if it's feasible but also if it's worth our time and effort from a financial point of view, but also if will move us towards the direction we want to take our brand in, for us it's a lot about image and being unique (Participant 10, Spöket Media AB).

Some firms make small, incremental decisions and adjustments based on ongoing feedback and results. This more flexible approach is more suitable for dynamic environments were making sure the customer is satisfied is the most important thing.

As we rely heavily on our customers that visit our hotels and restaurants, we make small adjustments to our operations based on customer feedback to fit what they want. If a particular menu item isn't selling well or for some reason guests aren't satisfied with their stay, we tweak it or replace it with something new to make sure they get the best experience. This way, we can respond quickly and adapt to what customers want (Participant 6, Sea Lodge Smögen AB).

A more customer-based approach allows firms to stay agile and responsive, making continuous improvements based on feedback. This decision-making process is less rigid and more adaptable, which can be a significant advantage in fast-changing markets.

4.4 **Theme 3:** The Decision to Enter the Market

During the interviews, the interviewees were asked to think back and reflect on the exact time that they decided, as a new venture firm or maybe even just as a group at that time, to enter the market. By reflecting on their market entry decisions, the interviewees provided insights into how they assessed the timing and or other factors that would have affected their decision at the time.

4.4.1 Market Demand and Timing

As mentioned in the literature, the timing of market entry is a critical factor that can significantly affect the success of new-venture firms. Understanding the state of the market segment or niche and identifying gaps or emerging opportunities is very important as the newcomer on the market. Founders need to assess whether the market is ready for their product or service and if there is sufficient demand to support their venture:

> *We kind of knew that there was a demand for our services before we started. We had previously worked independently and decided that the best way to scale up was to join forces. After many long meetings and discussions, we launched our agency after a unanimous vote. The timing felt right because more businesses were shifting their focus to online presence, especially post-pandemic. We noticed that there was an increased demand for digital content and branding, which we already were quite good at and therefore had to act fast and try to make the most of it (Participant 2, BÖ Illustration AB)*

Understanding and anticipating customer needs and market trends play a vital role in determining the timing of market entry. Ventures need to identify gaps in the market or growing demands that their products or services can fulfil. Sometimes, this doesn't happen straight away, and the customer base must be built up over time:

> *Entering the market was a decision based on that we noticed ourselves that when we wanted to get our eyebrows or eyelashes done, it was either really expensive or not a very good experience. There was always a feeling that we could do this in a better way. And as we were part of the demand ourselves, we kind of knew that other people must be thinking the same. In the beginning we only had two or three customers, but by keeping a high-quality service at a reasonable price, word got about and soon enough, we could do this fulltime (Participant 5, Treat by Almén AB)*

4.4.2 Strategic Planning

As mentioned in the literature, for technology-driven ventures, the maturity of the technology being deployed is important when planning the market entry. Entering the market too early might mean dealing with underdeveloped technology, while entering too late might result in missed opportunities. This is what Participant 9 hade to say about their market entry.

> *The decision to enter the market was made after extensive research on emerging IT needs. We identified a gap in cybersecurity and IT consultancy services. The timing was perfect as businesses were becoming more aware of their digital vulnerabilities and a lot of company's were either being hacked or had very little data security. We ensured that our technology was robust enough to meet these needs before making the decision (Participant 7, Exertus IT AB)*

The economic conditions the country and overall wealth influence consumer spending and market dynamics. Entering the market during a period of economic growth can be advantageous, as consumers are more likely to spend on new products and services. This however is not the case at the moment as inflation and interest rates are high.

> *Now more than ever people are worried about their finances and economic situation. We have all worked at larger companies in the past and spoke about doing something together when we saw and felt a decline in trust in larger financial institutions. Our personalized service approach was appealing to clients looking for a more personal connection with the investors. The market was ready for a different approach, and we already had the skills and resources to take this chance (Participant 8, Fors & Partners AB)*

It's clear that from this statement that the market entry is aligned with the right economic conditions, otherwise there is a risk for little or no demand for the product or service in question. Through a good market analysis, Fors & Partners AB knew that customers were looking for something different and that they had the competence and skills of capture that customer value.

4.4.3 Other Reflective Insights

Moving forward, another question was asked specifically about the timing of the entry, regarding if believe that would have had more success, had they chosen to enter earlier or later. Nine out of ten respondents answered that they don't regret the timing; if anything, they would have started the business sooner. One interviewee stated the following:

> *If anything, we should have launched our company earlier. We had the resources and a solid understanding of the market, but we hesitated due to the risks that come with starting a new business. In hindsight, entering the market sooner would have*

given us more time to build something even bigger (Participant 9, Corestone Group).

From this statement it seems that founding a new venture is something that people want to do but are afraid of the risks attached with it. This could potentially encourage more people to start their own business. In terms of the market entry, 6 out 10 interviewees responded that although they diversity should be encouraged, the most important factor was the competence and the values the person had. Participant 10 from Spöket Media explained it by saying:

While we recognize the value of diversity, the success of our venture heavily relies on the skills and expertise of our team members. In our industry, having a team with the right technical and business competence is the most important factor, regardless of who you are or where you come from. As long as we have the same values and you are good at what you do, we will get along (Participant 10 from Spöket Media AB).

This statement highlights the fact that diversity in new venture firms might not be as important in some cases, its more about the individuals involved in the team. Overall, from these interviews, it is possible to gain a deeper understanding of the decision-making processes and considerations surrounding market entry for new-venture firms. These insights reflect the diverse strategies and approaches adopted by different companies, highlighting the complexities and nuances of entrepreneurial decision-making.

5. Analysis

In this chapter, an analysis will be conducted on how diversity in founder teams potentially influences decision-making in new-venture firms. This will be done by combining insights from the empirical data and findings with ideas from previous theory and literature. The goal is to answer the research questions by analysing if and how diversity affects the way decisions are made and to what extent. The analysis will try to identify patterns and variances in decision-making processes examining how different team compositions and member characteristics shape strategic choices at various stages of a venture's lifecycle, particularly the first market entry.

5.1 The Different Characteristics Impact on the Decision-making Process

The ten different founder teams all have different constellations and consist of different people, which is partly what makes this so interesting to study. First of all, a decision-making process is something that a founder team can explicitly chose, or it can be a consequence of the types of people that are part of the founder team and what works best for them. The type of decision-making process in new venture firms is strongly influenced by the diversity of the founding team. The chosen characteristics of this study, educational background, ethnic diversity, age difference, gender diversity, and religious practice all shape how decisions are made and the overall strategic direction of the firm, the questions are how and to what extent?

In terms of the education level within the interviewed founding teams, introduced a range of perspectives and problem-solving approaches. Teams with members from diverse educational backgrounds can show receipts for stronger analytical skills, enhancing their ability to make better and more well-informed decisions. For instance, one participant from Arondight Capital AB spoke about how nearly all their bigger decisions rely on using data and trends to analyse markets. This suggests that a NVF with a level of educational diversity, or a higher education bring varied analytical perspectives, which is better suited to the data-driven decision-making process. This model is different to with more intuitive or experimental approaches and is particularly effective in environments requiring high levels of technical or specialized knowledge, finance in this case. Conversely, NVFs with lower levels of education are likely to lean towards more intuitive or heuristic decision-making processes. Intuitive decision-making relies on gut feelings, personal experiences, and immediate judgment rather than systematic data analysis. This approach is particularly useful in dynamic and uncertain environments where rapid decision-making is required. According to Gigerenzer and Goldstein (1996), intuitive decision-making leverages heuristics, which are mental shortcuts that simplify complex decision scenarios. This type of decision-making is typically seen in contexts where individuals rely on their personal experience and inherent understanding of situations rather than formal education or analytical tools which also could argue that individual compentence trumps team diversity. The findings from the data support this difference.

Higher education levels in founding teams lead to a preference for data-driven decision-making due to the ability to apply analytical skills and systematically evaluate data. However, for NVFs with lower education levels, the lack of formal analytical training results in a greater reliance on intuitive or experimental approaches. As highlighted by a participant from Sea Lodge Smögen AB, hands-on experience, a strong industry network, and drive are prioritized over formal education in their industry in general, but in the decision-making process specifically.

Ethnic diversity is probably what most people first think about when they hear the word diversity. From the data collection, we could see that the teams with ethnic minority representation believed that they benefited from varied cultural perspectives, which lead them to a higher level of innovative solutions and a broader understanding of market needs. This points to that NVF's with a certain level of ethnic diversity favour a more consensus-based decision-making process, due to the need to integrate different perspectives and achieve a common understanding, which is key important for new ventures. (Harrison and Klein, 2007; Knight et al., 1999). This was highlighted by Corestone Group AB, where Participant 9 emphasized the value of their ethnic diversity in brainstorming sessions, which is very much in line with the idea the consensus-based decision-making process, that fosters inclusive participation and enhances team cohesion and innovation (Harvard Business Review, 2019).

However, managing ethnic diversity can also present challenges. The potential for misunderstandings and conflicts may increase, particularly if there are significant cultural differences within the team, as stated by Cox (2001). Effective communication and conflict resolution strategies are essential to connect people and harness the benefits of ethnic diversity, while mitigating these potential challenges. Finally, the teams that didn't have anyone in their founder team that was ethnically diverse, may not perceive ethnic diversity as that important to their decision-making processes, focusing instead on individual competence and expertise regardless of ethnic background. In the interview with Participant 10 from Spöket Media AB, they mention that their team's cohesion and decision-making effectiveness were driven more by individual skills and team dynamics than by ethnic diversity. This suggests a more autocratic decision-making process, where individual competence is prioritized.

A larger age gap within a founder team often leads to a balance between creativity and experience. Another aspect that isn't captured in the data is the often times higher level of competence that comes with a larger age. Younger team members may bring fresh ideas and are generally more in touch with current trends, while older members contribute with their industry experience and strategic insight. This dynamic can enhance the decision-making process, as seen in the case of Aktiebolaget LHAB, where the combination of youthful creativity and seasoned expertise in combination led to better decision outcomes. Furthermore, a large difference in age also presents a difference in overall world view, opinions and look on life which has an impact the types of decisions that are made. On the other hand, participant 6 from Sea Lodge Smögen AB highlighted that their age diversity generally brought a good mix of perspectives, its impact depended on the specific situation and the urgency of the decision. The problem is that the effectiveness of age diversity in decision-making might not always be

perfect. Some decisions may benefit more from rapid, experience-based judgments typical of older members, while others might require the innovative and analytical approaches of younger members. This is backed up by the previous literature as it is suggested that teams with larger age gaps tend to lean towards a mixture of decision-making processes, however the outcome might end up being suboptimal (Gigerenzer & Goldstein, 1996). Younger members lean towards innovative and data-driven approaches, while older members might prefer intuitive approaches based on their extensive experience, which could lead to disagreement, if not handled correctly.

One of the most discussed forms of diversification, gender also plays a significant role in the decision-making process. Teams that included members of different genders tended to have a wider range of perspectives, which enhanced creativity and problem-solving. Treat by Almén AB benefited from having both men and women in their founding team, explaining that It helped them to connect with a broader client base and understand their specific market needs. By inferring from the data, founder teams that had at least one member that wasn't a male lent towards a more consensus- based decision-making process. However, previous studies indicate that gender diversity supports a combination of consensus-based and data-driven decision-making, which is backed by gender diverse teams considering a wider range of factors and perspectives that tends to reduce groupthinking and enhancing decision quality (Hoogendoorn et al., 2017). The impact of gender diversity on decision-making can be perceived differently, depending on the team or interviewee. Some teams didn't see gender diversity as significantly impactful. It must be stated that his could stem from the fact the majority of interviews were conducted with men which, while it does reflect the entrepreneurial environment in Sweden as of today, does not mean that it shouldn't be challenged or questioned.

Religion, or religious diversity amongst the founder teams appeared to have a lesser impact on decision-making compared to other characteristics. It was the most uncommon out of the studied characteristics, which could reflect that people in Sweden generally aren't very religious. The country has a strong secular culture, and for most people, religion doesn't play a big role in their daily lives. Furthermore, the participants that had a founder member that practiced a religion, said in the interviews that personal religious practices did not significantly influence business decisions, with firm and market considerations being the primary drivers. Religious diversity itself had the least impact, but what the majority of religion stands for might be more impactful than what most teams think. Personal beliefs, religious or not, may play a role in shaping ethical frameworks and values that guide decision-making. From the interview conducted with Participant 6 from Sea Lodge Smögen AB mentioned that while religious beliefs did not directly impact business decisions, the underlying values influenced by these beliefs could indirectly shape their approach to ethical and social considerations in their business practices.

The analysis of different characteristics within founding teams reveals that diversity significantly influences the type of decision-making process in NVFs. The majority of the time, different types of diversity contribute to ideas, perspectives, an enhancing the quality of decisions. However, managing diverse teams requires effective communication and conflict

resolution policies to harness the benefits while mitigating potential challenges. Overall, encouraging diversity, within founding teams provides a strategic advantage and will continue driving innovation amongst Swedish new ventures.

5.2 Applying the Critical Incident Technique (CIT) on the Timing of The Market Entry

The Critical Incident Technique consists of five steps, as previously mentioned in the earlier chapters and involves identifying an analysing a single moment in time and the effects it has had. After establishing the aim of the study, as well as the plans and specifications for the study and collecting the data, which has been explained throughout the thesis, the fourth and next step is to analyse the data. The timing of market entry is as mentioned in the literature, a critical factor in the success trajectory of new venture. It can be seen as a difficult task to go back and analyse feelings, emotions and decisions that were made months or even years ago. After interviewing the ten entrepreneurs, there was interesting findings that need to be further discussed and analysed.

Educational diversity within founder teams provided a broad spectrum of knowledge and skills that significantly influenced the timing of market entry. By asking the interviewees to go back and revisit the time right before they launched, it was possible to identify key incidents where diversity might have played a role. For example, at Exertus IT AB, when entering the market, the founders debating the launch timing of their new cybersecurity product. A member with a business background advocated for a quick launch to capitalize on market demand, while a technical expert recommended delaying the launch to ensure the product's quality. The team eventually decided to conduct additional testing, which led to a successful and well-received market entry, balancing both urgency with product integrity. This incident aligns with Harrison and Klein's (2007) concept of educational variety, which suggests that diverse educational backgrounds can enhance problem-solving by providing a range of analytical tools and perspectives. In this case it underscores the importance of integrating diverse educational insights to include different perspectives, thus mitigating risks associated with rash decisions. It demonstrated clearly how the combination of theoretical knowledge and practical expertise can lead to more strategic decision-making.

Conversely, at Svantopia Film AB, a decision to enter the market prematurely was influenced by the confidence, or overconfidence, of a founder who happened to have a degree in business, and who underestimated the technical challenges highlighted by another team member with a background in film production. It must be stated that this might not entirely be to do with his educational background, rather him being prone to taking risks. However, this led to a launch plagued by technical issues, resulting in initial market rejection. This example would slightly contradict the view of educational diversity by Harrison and Klein (2007), in this case, the differences misalignment in educational perspectives lead to a suboptimal decision. This incident highlights the potential risk of over-relying on formal education credentials without

adequately integrating practical expertise like risk-assesment. Overconfidence in formal education without practical integration could be lead to disaster in market entry timing.

Cultural and ethnic diversity brought a different perspectives and innovative approaches to the decision-making process. Through analysing the interviewee answers, it was possible to captured incidents where this diversity informed optimal timing for market entry. When interviewing participant 9 at Corestone Group AB, where they explained how they faced a problem when they were deciding to enter the market. The ethnically diverse team members provided unique insights into cultural nuances and consumer preferences, which led to the decision to launch during a culturally significant period. This timing decision resulted in higher initial sales and a strong market penetration. The findings support the arguments by Richard et al. (2004), who highlight that culturally diverse teams are more capable of identifying and exploiting niche markets due to their broader understanding of different consumer bases. Reflectively, this example illustrates the strategic advantage of leveraging cultural insights to enhance market entry timing, thereby achieving a competitive edge. It underscores the value of diversity in capturing market opportunities that might be overlooked by more homogenous teams. At BÖ Illustration AB, cultural differences led to internal conflicts about the best timing to enter a highly competitive market. The lack of consensus delayed the decision-making process, causing the company to miss the optimal market entry window, which competitors exploited. This example illustrates the challenges noted by Mayo et al. (2017) regarding the increased potential for conflict within diverse teams. Reflectively, it highlights the importance of effective conflict resolution mechanisms within culturally diverse teams to prevent decision-making becoming something that hinders progress or wastes time. It suggests that while cultural diversity can enhance decision-making, it requires robust processes to manage and reconcile differing viewpoints.

Age diversity within founder teams introduces a balance of experience and contemporary knowledge. CIT helped identify incidents where this diversity influenced market entry timing. At Arondight Capital AB, a pivotal moment occurred when the team was split on entering the market during an tougher economic times. Older members relied more on experience to suggest caution, while the younger members that were more aware of emerging trends instead saw an opportunity. By integrating both perspectives, they timed their entry to coincide with a market recovery and achieving a strong position on the market compared to their competitors. This example illustrates the concept of age diversity as discussed by Zellmer-Bruhn et al. (2008), who note that age diversity can lead to more balanced decision-making by combining risk-taking with prudence. In reflection, it shows how the combination between experience and innovation can optimize timing decisions, making sure to strategic agility and resilience. It demonstrates the potential for age diversity to foster strategic depth and balance in decision-making processes. At Sea Lodge Smögen AB, generational conflicts arose regarding the timing of launching new eco-friendly services. The younger members' eagerness to capitalize on environmental trends clashed with the older members' caution, leading to a compromised, poorly timed entry that failed to capture the intended market. This incident supports the potential drawbacks of age diversity discussed by Horwitz and Horwitz (2007), where generational differences can lead to conflicts and suboptimal decision-making. It could also be

a consequence of the different world-views that unavoidably comes with a larger age gap. Reflectively, it underscores the need for intergenerational dialogue and compromise to harmonize differing perspectives and achieve timely market entry. It suggests that without effective management, age diversity can lead to strategic dissonance and missed opportunities.

From the CIT-analysis of the market entry with the teams with a gender diverse team, it showed that it could enhance decision-making by incorporating different leadership styles, risk assessments, and consumer insights. CIT uncovered incidents where gender diversity impacted market entry timing. Treat by Almén AB's decision to launch a new product line was influenced by insights from its female founders, who identified a growing trend in personalized beauty products. Their timely entry into this market, guided by these insights, led to a successful product launch and market acceptance. Furthermore, it emphasizes the value of incorporating diverse gender perspectives to enhance market responsiveness and innovation. It suggests that gender diversity can contribute significantly to identifying and capitalizing on emerging market trends. At Spöket Media AB, the lack of gender diversity could have been the reason for a lack in understanding female consumer needs, and ultimately resulted in a poorly received product launch aimed at a predominantly female market. This is supported by the argument by Hoogendoorn et al. (2013) that gender diversity can be important in understanding diverse market needs, and its absence can negatively impact decision-making. It highlights the risk of homogeneous teams missing consumer insights, underscoring the importance of gender diversity in strategic planning. It suggests that without gender diversity, teams may struggle to connect with and understand diverse customer segments.

The integration of various diversity factors within founder teams lead to a more robust and dynamic approach to market entry timing. CIT analysis revealed how these combined factors contribute to strategic decision-making. Sea Lodge Smögen AB's market entry decision to start their services was influenced by their team members from different backgrounds as they discussed the potential impact of economic and environmental trends on travel behaviour. This discussion led to a strategic decision to launch new eco-friendly services at a time when local travel was increasing, resulting in substantial growth. This specific incident demonstrates how integrating multiple diversity dimensions can lead to a better market understanding and timely strategic actions. From the data, it can be inferred that effective diversity management can transform potential conflicts into strategic advantages. Conversely, at Aktiebolaget LHAB, the diverse team struggled to agree on the timing of entering an international market. The conflicting perspectives led to delays and missed opportunities, highlighting how diversity can sometimes hinder timely decision-making. This example illustrates the challenges of managing diversity as noted by Mayo et al. (2017), where the benefits of diverse perspectives are counterbalanced by coordination costs and conflict. Moreover, it underscores the need for structured decision-making frameworks to harness diversity effectively without it delaying or wasting time. It also reiterates the fact that unmanaged diversity can lead to decision-making inaction and missed market opportunities.

By comparing the timing of market entry across the ten interviewed new venture firms, it becomes evident that those with higher levels of diversity were more adept at choosing more

optimal entry times. At Svantopia Film AB, their market entry involved choosing the right moment to enter the digital marketing space. The team leveraged insights from younger members familiar with digital trends and older members with traditional marketing experience. Going with the more technology and trend-based decision led to successful market entry and strong competitive positioning. This comparison supports findings by Williams and O'Reilly (1998), who state that age diverse teams are more likely to respond effectively to market dynamics. Reflectively, it shows how combining diverse experiences can lead to a well-rounded understanding of market opportunities, enhancing strategic timing. It demonstrates the value of diversity in fostering innovative and responsive strategic decisions.

5.3 Diversity vs Competence in NVFs

From this study and the from answers from the interviews, it was clear that there was a necessary analysis to be made surrounding the significance of diversity versus competence in new ventures. While diversity is often seen as a catalyst for innovation and creativity, its impact on decision-making processes in NVFs becomes prominent only after the foundational competence of the team members has been established. From the data, it could be inferred that competence was prioritized and diversity factors were considered in the strategic decision-making processes only after the initial competence was established.

As mentioned earlier, the diversity paradox encapsulates the complex relationship between the benefits of diverse teams and the challenges they pose to social cohesion and decision-making efficiency. While diversity introduces a range of perspectives that can enhance problem-solving and innovation, it can also lead to conflicts and coordination issues if not managed properly. The paradox underscores that while diversity is beneficial, its advantages are fully realized only when a foundation of competence is in place. Competence is often seen as the bedrock upon which successful NVFs are built. In high-stakes environments like startups, the ability to make quick, informed, and strategic decisions is crucial. This requires a team of individuals with the necessary skills, expertise, and experience to navigate complex business landscapes. The emphasis on competence ensures that the team can effectively execute their business strategies and adapt to market changes.

In the early stages of a new venture, the risk of failure is high. Founders prioritize competence to avoid these types of risks. A competent team can make decisions that are critical for survival and only after the firm is stable, diversity becomes more relevant as the firm looks to innovate and expand. In terms of the decision-making process, a cohesive decision-making process is what makes the difference, regardless of it being diverse or not. Teams with high competence levels tend to have a shared understanding and approach, which is crucial for quick and effective decision-making. Once this foundation is established, introducing diversity can enrich the decision-making process without disrupting the team's cohesion. The same goes for trust and credibility, both are built on demonstrated competence. Investors, customers, and partners are more likely to engage with a team that showcases strong expertise and a proven track record.

Diversity, while important, is secondary until the team has established its credibility through competence.

Diversity in NVFs has a direct and immediate impact on decision-making and innovation. The smaller team sizes mean that each member's contribution is more visible, and the interpersonal dynamics are more noticeable. This often leads to high levels of creativity and agility in decision-making. However, the close interaction of diverse individuals in NVFs can also increase the potential for conflict. Knight et al. (1999) and Ren et al. (2015) note that these conflicts can arise because there are fewer formal processes to manage disagreements like a HR-department or a manager.

In contrast, larger corporations have established procedures and structures that support diverse teams, including conflict resolution mechanisms and inclusive decision-making processes. Ely and Thomas (2001) emphasize that structured environments in larger organizations can mitigate the potential conflicts associated with diversity. These structures allow teams to capitalize on the varied insights and experiences of their members more effectively. Larger corporations also tend to have more resources to implement comprehensive diversity and inclusion programs, ensuring that diverse perspectives are integrated effectively into decision-making processes.

Once a new venture firm has established its core competencies, integrating diversity becomes a strategic advantage. This stage allows the team to harness the innovative potential of diverse perspectives without compromising on the decision-making efficacy. Moreover, as teams become more secure in their operational capabilities, they are better positioned to manage the conflicts and coordination costs associated with diversity. Structured decision-making processes and clear communication channels help in integrating diverse viewpoints effectively. This approach not only fosters innovation but also enhances the strategic agility of the firm.

Finally, while diversity brings significant benefits to NVFs by encouraging innovation and including a broader range of perspectives, competence remains the dominant factor of founder team members during the early stages. The success of new ventures largely depends on the skills, expertise, and mutual understanding of the founding team members. Once this foundation is established, diversity can be effectively integrated to enhance decision-making processes and drive new ideas. The diversity paradox highlights the importance of managing diversity effectively to harness its potential while mitigating its challenges. Ultimately, the most successful NVFs are those that can integrate diverse perspectives into a cohesive and competent team, ensuring that all members can contribute effectively to the new venture's strategic goals.

6. Conclusion

The final chapter will answer the research questions and conclude the main parts of the analysis. By revisiting the research questions, it ensures that the study's findings directly address the initial objectives. This process clarifies how the research has met its goals and provides a clear connection between the empirical data and the questions posed. It also highlights the practical implications of the findings, offering valuable insights for practitioners and future researchers. This step validates the study's methodology and reinforces the relevance and impact of its conclusions.

6.1 How do different founder team characteristics impact the type of decision-making process at a new venture company?

The study revealed that various founder team characteristics influence the decision-making processes in new venture firms (NVFs) depending on multiple factors. The most obvious being the characteristic itself but also in combination with the other team members, the type of decision that needs to be made and the context surrounding the firm. Based on the conducted interviews combined with the previous literature, it could be inferred that teams with diverse educational backgrounds demonstrated enhanced analytical skills and problem-solving abilities, often leading to data-driven decision-making strategies. More ethnically diverse teams benefited from varied cultural perspectives, enriching the decision-making process and typically leading to a more consensus-based decision-making process, as exemplified by Corestone Group AB. However, managing ethnic diversity also posed challenges, occasionally leading to delayed decisions due to conflicts, as seen at BÖ Illustration AB.

Furthermore, age diversity introduced a balance between experience and contemporary knowledge. Teams like Arondight Capital AB, that integrated perspectives from both older and younger members, often adopted a combination of autocratic and consensus-based decision-making, leveraging the experience of senior members while also considering innovative ideas from younger members. Morover, gender diversity contributed to enhanced market insight and innovative thinking. At Treat by Almén AB, gender diversity led to a more intuitive and consumer-focused decision-making process, identifying emerging trends in personalized beauty products. Conversely, the lack of gender diversity at Spöket Media AB resulted in a misalignment with female consumer needs, affecting the decision-making quality. Religious practices within a founder team member seemed to be the least influential characteristic, as a majority of the participants instead stressed the great importance of a team members values as a person, rather than religious beliefs.

6.2 To what extent did these characteristics affect the decision to first enter the chosen market?

The characteristics of founder teams influenced the timing and strategy of market entry decisions significantly. The teams with diverse educational backgrounds, ethnicities, and ages could leverage their varied perspectives to make informed and strategic decisions. Using the Critical Incident Technique, it allowed the participants to reflect and describe the journey leading up to the decision, and be critical in their own analysis of specific, significant incidents, providing detailed insights into decision-making processes. By focusing on critical moments, CIT revealed how the different analysed team characteristics influenced their decision to enter the market and the considerations that they had before, during and after.

The research showed that teams with a mix of educational backgrounds were better at balancing urgency with thoroughness. For example, at Exertus IT AB, the diverse educational insights helped mitigate risks associated with hasty decisions, leading to a strong market entry. Teams with a more ethnic diverse team enabled them to understand cultural nuances and consumer preferences, optimizing the timing of market entries. Corestone Group AB's decision to launch during a culturally significant period resulted in higher initial sales. Teams with a larger age gap provided a balane between creativity and experience which showed to be important during their decision to enter the market. Arondight Capital AB capitalized on market recovery due to the combined insights of both older and younger members. However, generational conflicts at Sea Lodge Smögen AB led to suboptimal timing, so there are arguments both for and against the positive impact of age diversity.

To conclude, the diverse characteristics of founder teams played a significant role in the timing and strategy in some, but not all the market entry decisions. By effectively managing these diverse characteristics, coupled with clear communication and conflict resolution strategies, exemplified in the analysis, it was possible for some of the studied new ventures to use their differences to their advantage and it led to a successful market entry. Other teams struggled with their market entry due to a combination of disagreement within the team and tough market conditions.

6.3 Diversity or Compentence?

The findings of this thesis indicate that although for the majority of the time diversity enhances the decision-making process and overall strategic agility of NVFs, competence remains the most paramount factor, especially during the early stages. From the data collected in the interviews, it became obvious that the success of new ventures is heavily reliant on the skills, expertise, and mutual understanding of the founding team members, rather than them being put together by a manager of a large co-operation that wants a diverse team full of different

perspectives. Once a solid foundation of competence is established for example in a larger organisation, diversity can be integrated effectively to drive innovation and adaptability. Diversity, when managed well, provides strategic advantages by bringing a broader range of outlooks and fostering innovation. However, it also introduces potential challenges such as increased conflict and communication barriers, and the key is to find the perfect balance, io the diversity paradox. The key to leveraging diversity lies in establishing clear communication channels and effective conflict resolution strategies to ensure all team members can contribute effectively to the new venture's goals, but this is most effective once the firm has established itself and has developed these types of resources. Ultimately, the most successful NVFs are those that can integrate diverse perspectives into a cohesive and competent team, balancing the benefits of diversity with the foundational need for high competence, teamwork and mutual understanding.

6.4 Managerial Implications

The findings of this thesis highlight several managerial implications that can enhance the success of NVFs through effective team composition and decision-making processes. By promoting team diversity to an already competent team, it will only benifit managers, as diverse teams will bring more innovative solutions and better strategic decisions. Creating an inclusive culture within the organization is essential for harnessing the benefits of diversity. Managers must establish clear communication channels and conflict resolution strategies to manage the potential challenges that come with diversity. Optimizing decision-making strategies is another key implication. Decision-making approaches should be flexible and tailored to the team's diversity characteristics. For instance, data-driven strategies may be more effective for teams with diverse educational backgrounds, while consensus-based approaches might work better in ethnically and gender diverse teams. It is important that managers are adaptive in their decision-making depending on what type of decision that is being made, combining different strategies, such as autocratic, consensus-based, and data-driven methods, to not only get the best out of the team members but to maximize the potential of the company.

Maintaining a foundation of competence is essential even as diversity is embraced. While diversity adds significant value, the core competence of the team must be upheld to ensure stability and effectiveness. Encouraging continuous learning and development within the team helps in maintaining this competence while integrating diverse perspectives, ensuring the team remains effective and adaptable. By integrating these managerial practices, leaders can create dynamic and resilient teams. Embracing diversity alongside competence not only enhances decision-making processes but also drives the long-term success and sustainability of new venture firms. These practices encourage an environment where diverse perspectives are not only welcomed but are instrumental in shaping the future of the new venture and ensuring robust organizational growth.

6.5 Further Research

Future research should include a larger and more diverse sample across different regions and industries, enhancing generalizability and allowing for comparative analysis. Given more time, this could give even more detailed results. By extending the period of time, these studies would provide insights into how founder team dynamics and decision-making processes change over time, identifying factors that contribute to long-term success. Combining qualitative insights with complementing quantitative data from a survey or questionnaire, could offer the research a more comprehensive understanding of the overall impact of team diversity across a wider population. Further research could also explore how individual values and leadership styles within founder teams affect decision-making and team cohesion, offering deeper insights into successful collaboration and innovation. It is important to address these limitations as it gives the research a level of self-awareness and gives instructions to how a potentially more detailed and nuanced understanding of the factors driving success in new ventures could be conducted.

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Appendix 1 - Interview Guide

Brief introduction of myself and my purpose for conducting this interview.

Background information

- What is the name of the company you work at?
- What does the founder team look like?
- When was the company established and how did you come up with the idea?
- Have you always wanted to be an entrepreneur or was it a coincidence?

General questions about the company

- How did the company create and implement the initial business model?
- What was successful and what was not?
- Have you improved/innovated the business model since the company was
- established?
- What are the key components of your business?
- What is the core value proposition that drives your business model?

Diversity

- How many founder team members have a university degree or higher?
  If no, does this make any difference to your decision making?
  If yes, how does this affect your decision making?
- Do any of your founding team members represent an ethnic minority?
  If yes, does this change your decision-making process in any way?
- Do you or any of the founding team members practice a religion?
  If yes, does this change your decision-making process in any way?
- What is the largest age gap between the different members?
  If yes, how does this affect your decision making?
- How many of the founder team members do not identify as a male (identify as a female or non binary?
- If yes, does this change your decision-making process in any way?
- Do any of these factors affect or contribute more to the decisions that are made?
- How do you as an entrepreneur feel about the importance of diversity?
- Have you heard of the diversity paradox? If not I can briefly explain.
- After thinking about it, does it change your mind, do you think you would act differently if your company where more/less diverse?

Decision making

- How does your company make decisions? Does it depend on what type of decisions and if so, please elaborate.
- Is there a specific structure or protocol that you follow?
- Do you notice any of these differences when making decisions for the company?
- Do you think your company would benefit from a more diverse structure, especially when it comes to making decisions?

Market entry

- When did your company decide to enter the market?
- Think back to that time just before you decided to enter, the feelings you had, before, during and after, can you reflect on these feelings and the decision that was made?
- Was there one clear moment when you decided that your idea was possible or was it more gradual?
- Was entering the market a mutual decision or was it one person that decided?
- Was there a clear plan before entering or was it more the right place at the right time.
- Would you have been more successful if you had chosen to enter earlier/later?
- Is there anything else about the timing of market entry that is worth mentioning or noting?

Future plans

- What are the future plans ahead for your company?
- If possible, will you aim towards a more diverse structure?

Appendix 2 - Coding of Data

Coded data from interviews with the different founder team members:

Theme	Category	Code	Respondents	Percentage
1. Diversification within the NVF teams	Education level	"Hands-on experience"	P1, P2, P4, P5, P6, P10	50%
		"Education not important"	P2, P4, P5, P10	40%
		"Critical thinking"	P3, P7, P8	30%
	Cultural diversity	"Homogenous"	P3, P4, P6, P7, P9, P10	60%
		"Different background"	P4, P6, P9	30%
	Religion	"Values"	P1, P3, P4, P7, P9, P10	60%
		"Personal beliefs"	P1, P2, P4, P8, P9	50%
		"Religion not important"	P3, P7	20%
	Age difference	"Trends"	P1, P8, P9	30%
		"Experience in founder team"	P6, P8	20%
		"Depends on situation"	P1, P3, P4, P6, P7, P8, P10	70%
	Gender	"Female perspective"	P2, P5	20%
		"Gender not impactful"	P1, P3, P4, P9, P10	50%
2. The NVFs decision-making process	Consensus-based decision	"Inclusive"	P2, P4, P5, P7, P10	50%
		"Mutual"	P2, P3, P4, P5, P7, P9, P10	70%
		"Agreement"	P2, P4, P5, P9,	40%

	Data-driven decision	"Data analysis"	P1, P3, P7, P8	40%
		"Trends"	P1, P3, P8	30%
		"Market analysis"	P3, P8	20%
	Autocratic decision	"Top-down approach"	P1, P6	20%
		"Experience in DM"	P1, P6, P9	30%
	Combination of types	"Depends on decision"	P2, P3, P4, P6, P7, P10	60%
		"Adaptive approach"	P4, P6	20%
		"Balance between"	P2, P3, P6, P7	40%
3. The decision to enter the market	Market demand and timing	"Demand recognition"	P1, P3, P5, P7, P10	50%
		"Customer needs"	P2, P4, P5, P6, P8, P10	60%
		"Gradual"	P3, P4, P7, P8	40%
		"Economic factors"	P1, P6, P8	30%
	Strategic Planning	"Scale up"	P1, P8	20%
		"Research"	P3, P5, P9	30%
		"Resources"	P1, P2, P4, P9, P10	50%
		"Technology"	P3, P7, P8	30%
	Reflective insights	"Regrets"	P8, P10	20%
		"Competence"	P1, P2, P3, P4, P6, P7, P8, P9, P10	90%