Effective Leadership Practices of Early-stage Startup Co-founders

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Abstract

It is hard to miss the startup phenomenon, beginning with tech giants such as Google and Facebook, to those that are just emerging, such as Uber and AirBnB. The “disruptiveness” incurred by their innovations has changed many lives in a profound way. Effective leadership practices have been shown to be essential for the overall success of any company, especially for startups. This study is based on the premise that startup performance is dependent on more than the co-founding team’s demographics, traits, and behaviors. Rather, it is linked with overall leadership and interaction among a group of often inexperienced people facing a high degree of uncertainty. Using the theoretical framework of leadership-as-practice, this interpretative phenomenological analysis study (IPA) seeks to understand the leadership practices that individuals of co-founding teams find most relevant to achieving success in a startup environment by answering the following research question. What are the experiences of co-founders of early-stage startups with leadership and how do they make sense of those experiences as they relate to promoting their startups’ success? The findings revealed the complex nature of a startup environment which creates the structure in which the co-founders are to understand their roles and leadership capacity. And although there is strong consensus amongst startup co-founders on the importance of vision and compassion for other co-founders, concepts theorized by the theoretical framework Leadership-As-Practice, it is also clear that, in contrast, in the course of the day-to-day practice, they revert to what one would typically classify as traditional management styles. This dilemma of searching for the ultimate answer in the market and perceived leadership whilst balancing the day-to-day operations of making the startup survive appears to be the biggest challenge for startup co-founders.
Keywords: entrepreneurship, startup, co-founder, leadership, management
Chapter I: Introduction

Statement of the Problem

The topic.

Apple, Google, Facebook, Tesla, Uber and Airbnb – what all these companies have in common is that they have fundamentally changed everyday life, and they are all typically referred to as technology ‘startups’, at least at the earlier stage of their operations. There are fundamental reasons behind the startup wave, including, in particular, the need for innovation given the change in global business competition (Anokhin & Wincent, 2012) and the rapid shifts in economic conditions in the aftermath of the financial crisis of 2008 (Román, Congregado, & Millán, 2013). Startup and entrepreneurship are not hype, but a way in which future businesses are built in order to make a real difference to our world. However, in order for a startup to be successful, companies need to have effective leadership; the leadership and management practices that are appropriate to the co-founding team in a startup are very different from those of senior managers in larger companies (Chandler, Honig, & Wiklund, 2005; Talaulicar, Grundei, & Werder, 2005).

Research problem.

In response to the need and desire for radical innovations and high productivity and employment growth (Haltiwanger, Jarmin, & Miranda, 2010), the emergence of startups began to gradually increase following the financial crisis of 2008 (Stam, 2015). However, the rate of failure for these companies has been very high, resulting in only a fraction of these companies lasting beyond the first five years (Bolinger & Brown, 2015). Effective leadership practices have been shown to be essential to the overall success of any company. Startups business are often managed by a small group of co-founders (the co-founding team) who often possess limited
leadership experience; hence, traditional leadership models may not apply to these startup companies (Ensley, Pearson & Pearce, 2003). Other frameworks and approaches are needed to explore this leadership dynamics in order to address this failure rate. If leadership contributes to the success of startups, then more must be known about how it is practiced and perceived by the co-founders. Therefore, the purpose of this Interpretative Phenomenological Analysis (IPA) study is to explore the lived experience of six to eight leaders from early-stage startup companies in order to understand how they make sense of those practices that have contributed to effective leadership operations for their companies.

**Justification for the research problem.**

Building a startup is difficult and most fail to grow into sustainable businesses (Nesheim, 2000; Freeman & Siegfried Jr., 2015). There are many contributing factors affecting the outcome of any company, including startups. Apart from external factors such as general business conditions and the nature of the product and services offered, internal factors such as the traits of entrepreneurs (McNeil & Burgar, 1991), demographics of the top management team (Patzelt, zu Knyphausen-Aufsess, & Nikol, 2008), and leadership approaches (Freeman & Siegfried Jr., 2015; Hmieleski & Ensley, 2007) are all relevant. Furthermore, the leadership and management practices that are appropriate to the co-founding team in a startup are very different from those of senior managers in larger companies because startups generally face much more uncertainty, given their limited resources and the reality that the product and service being launched are often unproven in the market. Startups generally experience more rapid growth and change in the team structure and personnel than larger companies, which also affect how leadership is exercised within this dynamic environment. For example, Chandler et al. (2005) revealed that turnover in the co-founding team of startups has an impact on the venture whilst
turnover in senior management of larger companies does not. In addition, Talaulicar et al. (2005) found that strategic decision-making comprehensiveness and the speed of the decision-making process affect trust and the relationships amongst startup co-founders different from larger organizations. Therefore, studies indicate that it is important to establish which leadership practices are uniquely suitable for early-stage startups, and more specifically, for the co-founding team.

**Deficiencies in the evidence.**

Entrepreneurship research, in comparison to studies on leadership, is a developing field (Cornelius, Landström & Persson, 2006), and the research examining leadership in startups is even more limited. Most of the current studies on leadership in startups focus on a single founder but, in reality, most startups are founded and operated by a group of individuals (Zaech & Baldegger, 2017), at least at the early stage before a formal leader emerges (Ensley, Carland & Carland, 2000). The co-founding team exhibits unique characteristics in that all members are simultaneously leader and followers to each other. Finally, most of the entrepreneurship literature maps or measures specific variables leading to and influencing startup performance, which means the majority are quantitative nature (Ensley, Pearson & Amason, 2002; Chandler et al., 2005; Ensley & Hmieleski, 2005; Amason, Shrader & Thompson, 2006; Ensley, Hmieleski & Pearce, 2006; Beckman, Burton & O’Reilly, 2007; Hmieleski & Ensley, 2007; Patzelt et al., 2008; Wang & Wu, 2012). They provide valid and important data; however, they are limited in capturing and interpreting the complex and evolving nature of the leadership dynamics characterizing co-founding teams in startups.
Relating the discussion to audiences.

This study could be relevant and useful to a broad audience, including startup founders, investors, mentors, policy makers, business and organizational leadership scholars and students, and anyone contemplating becoming part of the startup ecosystem. Co-founders could use it to inform better ways to work with each other within their co-founding teams. Accelerator and incubation programs would benefit from incorporating the findings into their processes of training and mentoring in this specific area, since it is the first- or early-stage startups that would experience this unique phenomenon. Finally, it would be relevant for investors to observe this dynamics of the co-founding team, amongst other criteria, to formulate and evaluate investment strategies.

Significance of Research Problem

This study aims to gain an understanding of the leadership experiences of individuals in a co-founding team of early-stage startups and to document how their leadership practices and management styles have contributed to the success of these companies. At the onset of this study, it was immediately transparent to the researcher that a commonly agreed set of terminology for startups did not exist. For example, what is a startup? How is this different from traditional entrepreneurship? Is existing research equally applicable to these startups? How long would they have to be in operation before there is a need to remove the title of ‘startups’? Should time be the only factor in this consideration? Without establishing these common understandings, at least for the purpose of this research study, a risk exists that data analysis will not transferable. Despite the complications in defining a startup, the focus for this research study is clear. It targets the dynamics of the leadership team at the very first stage of a startup, the moment when a few people start working on a project, up until the project has
evolved into a company with relatively formal structures and/or when a formal leader has emerged from the group, regardless of the respective ownership of the company. Startups represent a new economy, a new job market, and most importantly, a significant change in the way we fundamentally live through the innovations that they provide; we need to understand how they operate, are led, and succeed.

Early-stage startups are generally less structured, less bureaucratic than larger organizations, and often lack standardized policies and procedures (Klotz, Hmieleski, Bradley, & Busenitz, 2013). This is because the ultimate aim at this stage in the company history is to gain traction within the market by trial and error, which is very subjectively dictated by the co-founders (a process known as market validation). The concept of a co-founding team is therefore unique to startups. The dynamics within such a small group of members having significant ownership of the company call for a perspective that differs from those of both scholars and practitioners (Klotz et al., 2013). At no other stage in a business lifecycle does such a collaborative group of people having such a direct influential impact on the outcome of the company exist. Essentially, the leadership team members lay claim to equal branches on the same power structure, influencing and affecting one another.

Looking at previous studies, one might conclude that the success of early-stage startups is highly dependent on the leadership ability of the founders, which leads to key features of startups such as innovation and creativity (Dunne, Aaron, McDowell, Urban, & Geho, 2016; Humala, 2015). In Dunne et al.’s (2016) study, the authors found evidence to support the idea that founders who are inspirational, who negotiate competitively, and who lead efficacious organizations create an environment that is more conducive to innovations, an element that is crucial to the survival of startups. Humala (2015) addressed virtual work dynamics in a startup
context and found that a new type of leadership is required to foster creativity within these unique leadership teams. On the other hand, while some founders are highly successful in starting the company, they do not perform as well as the CEO of their expanded operations (Picken, 2016), which is another piece of evidence suggesting that a different leadership is required for startups than for larger companies. The highly dynamic nature of startups influences how these co-founders should best lead and position themselves.

**Research Question**

The central research question driving this study is: What are the experiences of co-founders of early-stage startups with leadership and how do they make sense of those experiences as they relate to promoting their startups’ success?

**Positionality Statement**

The researcher has 20 years of consulting experience in advising large organizations, which include six years as a partner at a large international professional services firm. Most of my consulting work involves advising companies to build better corporate governance, to enhance business processes, and to manage the various risks associated with operations. Four years ago, I made a decision to switch my career focus to startups, while utilizing the knowledge and skills that I had acquired in my previous career. Since then, I have been active in the startup ecosystem, particularly acting as a mentor for startups and serving on judging panels for many startup competitions; in addition, I founded two businesses with two different groups of co-founders/partners. The first one is a community-based consulting company, and the second is an investment company centered on social enterprises. In summary, while the researcher’s first-hand experience was in the operations of both large companies and startups, there was certainly more exposure to the larger operations. The researcher has found the differences are obvious,
although sometimes exaggerated. Larger companies generally have clearer and more defined
goals and strategies than startups, and, more importantly, most of the actions taken within a
larger company have already been proven to work, both internally and externally in the market.
Managers in large companies are more prone to judge and have strong incentives to maintain the
status quo of business operations and initiatives. For startups, this is the complete opposite; the
very existence of a startup evidences the goal of changing the status quo, again, internally and externally in the marketplace.

My personal experiences were mainly derived from two sources. The first was the day-
to-day routine of working with startups, both in the community as well as with my own portfolio
companies. The researcher has learned firsthand how these companies are organized and the
culture that they generally exhibit. Obviously, at these times, the researcher had the ‘consultant’
or ‘investor’ hat on. The second is my experience in starting my own businesses (which, to a
certain extent, can be considered startups). My experiences since leaving my position as a
partner at a large international accounting firm (in which, admittedly, there were many
entrepreneurial aspects as well) have provided me with the most direct access to this research
topic. Therefore, as much as the researcher was influenced by the behavior of the successful
startup co-founders from the investment standpoint, there was an equal effect incurred by my
own experience in starting my own business with my partners.

The most obvious bias that would influence my research is my background as a
consultant, which stemmed from my multi-disciplinary education background (engineering, laws
and accounting), as well as working in larger companies. I am accustomed to tackling business
problems using very structured and methodical approaches, both internally and externally. Most
of my experiences come from working on the actual projects, in addition to the traditional
training provided by the companies. I have learned a great deal from my seniors, my clients, and people who work for me. I am also used to working with larger teams, in which learning is generally formal and organized. However, these may not be the most relevant in approaching startups, particularly social enterprises, which are our investment focus. Specifically, most startups, particularly for social enterprises, generally start with a deep passion or concern – a “cause” in the sense that the founder is committed to the betterment of society. Therefore, much of the motivation spurring the growth of social enterprises may not be driven by the typical business incentives. Everything becomes a bit more personal – both with the startups and amongst the partners. As much as the researcher has identified the differences between working with large companies and startups, the researcher has observed similarities as well.

The other bias the researcher may have relates to how I believe that startup co-founders should collaborate with each other as a result of my own experience as a co-founder. I am sure many lessons I have learnt personally would be relevant in many startups; however, I am aware that I cannot be blinded by this bias and that I must approach the research topic from an objective approach, to the extent that is rigorously possible.

Co-founders generally possess a specific/equal shareholding of the company, wherein they all have some level of power and influence. Therefore, I believe it is difficult to identify a clear leader within a co-founding team in early-stage companies.

I believe the members of the group of co-founders act simultaneously as leaders and followers. Therefore, this could be an ideal situation to study ‘leadership’ and ‘followership’ without imposing the bias of a particular lens. Also, this should logically lead us to look at this research from a collaboration perspective rather than as one in which someone is a leader and others are followers at all times. In fact, in the context of a group of co-founders, a leader should
be a follower and a follower should be a leader. Therefore, perhaps the best way to lead is to follow and vice versa. This rather innovative thinking for leadership is intrinsic to the selected theoretical framework: Leadership as practice.

**Theoretical Framework**

To a certain degree, several leadership models might have been applicable as frameworks for this study, for example, shared leadership, distributed leadership, or even followership. Indeed, there is certainly part of the business dynamic in which distributed leadership can be exercised. For example, a co-founder with a technical background may lead product development while a co-founder with a business background may lead market development. Co-founders will exhibit shared leadership as they collectively make decisions on the general direction of the startup, particularly as the product is located in an appropriate market niche. In these cases, it is clear that the co-founders will simultaneously function as both leaders and followers, a dynamic that is closer to what Sklaveniti (2017) described as “co-action” (p. 198). Most of all, at this stage of the startup, most co-founders may not even be able to describe what they do in terms of leadership, at least not consciously. Therefore, the bigger questions are, is it necessary to have all these ‘pre-defined’ leadership roles, and, if so, how can they be negotiated?

A leadership model suited for early-stage startups, therefore, takes a more democratic approach, or at least a many-to-many relationship structure (team members are all leaders and followers at the same time, or simply, they are partners working with equal others). Thus, the researcher has determined that the framework that best addresses the root of the issue without relying on labels is leadership as practice (L-A-P), a relatively new movement in leadership studies that emerged in early 2000s.
The seminal author of L-A-P theory is Professor Joseph A. Raelin of Northeastern University in Boston, MA. L-A-P was conceptualized as a radical movement away from traditional leadership theories (Raelin, 2017a). L-A-P, together with its “cousins” of leadership theories, such as collective, shared, distributed and relational, moves away from views of leadership that emphasize traits, demographics, and abilities, usually of a single individual.

The unique feature of L-A-P is that it does not assume there is necessarily a “leadership” role (Raelin, 2017b). In fact, it looks at leadership more as a verb than a noun. Rather than having pre-defined leaders, leadership, conceptualized as a series of interactive activities, is created “just in time” as an event occurs. Therefore, the approach challenges the traditional views of the formal relationship between a leader and followers. L-A-P focuses on the actual activities, or practice, and asks the questions of how, when and where leaders exercise their capabilities to direct an organization, horizontally. These activities closely resemble what startup co-founders do every day, as they ultimately shape the path and culture for the startup to move forward as issues arise. The theory does not assume that there has to be a normative leadership role (though it is possible to co-exist); rather, it argues that the collective effort is more relevant than the pursuits of a single individual. This is similar to the Web2.0 phenomenon, such as Wikipedia, in which individuals can contribute content from the standpoint of a collective effort, without having a single formal editor. In fact, when everyone acts this way, it turns an organization into what Raelin (2011) has referred to as a “leaderful” organization. However, it is should noted that a leaderful practice is really a subset of L-A-P because of its democratic ideology, which is not assumed by default from the L-A-P perspective (Raelin, 2011).
Specifically, there are four ‘C’s of leaderful practice, according to Raelin (2005): concurrent, collective, collaborative and compassionate. These are contrasted with the traditional leadership thinking in the following diagram.

**Figure 1.1** Traditional versus Leaderful Thinking

![Diagram showing traditional versus leaderful thinking]

Indeed, this is a set of continua. The concurrent aspect implies that “there can be more than one leader operating at the same time, so leaders willingly and naturally share power with others” (Raelin, 2005, p. 22). Collective, meanwhile, refers to the idea that these leaders can co-exist beyond formal power, with decisions being made by the person with the relevant responsibility. Collaborative refers to the idea of achieving a “common good” by exercising mutual respect for each individual’s opinions. Finally, the compassionate feature involves upholding the dignity of others when making decisions for the overall organizations. These four elements are believed by the researcher to be common amongst the co-founding teams in early-
stage startups. Therefore, the researcher proposes, or hypothesizes, L-A-P is ideally suited for this research.

This concept of a democratic view of leadership, whilst being cutting edge in leadership, is also becoming more relevant in many other disciplines. Evolutionary psychologists and behavioral economists, again, two emerging disciplines in their respective fields, have debated the altruistic behavior that contributes to a common good. This can arguably be a key feature within L-A-P. Finally, perhaps Gawande’s 2010 best-selling Checklist Manifesto best summarizes it. It states that when situations are complex, uncertain and the knowledge and wisdom required are beyond anyone involved, it is much wiser to defer decision making outwards to the general, rather than keeping the authority central. And, in the world of early-stage startups where co-founders deal with uncertainty on a daily basis, perhaps this is how “leadership” should be exercised.
Chapter II: Literature Review

Effective leadership practices have been shown to be essential for the overall success of any company, and particularly so for startups (Ensley, Pearce & Hmieleski, 2006). However, traditional management and leadership theories do not translate well to the operations and nature of early-stage startups (Chandler et al., 2005; Talaulicar et al., 2005). Furthermore, entrepreneurship research, in comparison to leadership research, is a developing field (Cornelius et al., 2006), which contributes to the fact that the research examining leadership in startups is relatively limited.

Unique Qualities of a Startup Environment

It is important to understand that speed in decision making is often the biggest advantage many startups have over their larger competitors (Talaulicar et al., 2005). Therefore, it is vital that sufficient trust and a certain level of informality exist among the co-founders to enable this decision making to happen quickly and effectively. In fact, this is how co-founders usually come together in the first place. The initial trust is usually built upon their existing social networks such as friendship or professional relationships, rather than on formal business associations (Wang & Wu, 2012). Nonetheless, this trust will be gradually diluted as the company continues to grow. As companies mature, they build policies and procedures that aim to continue or professionalize this trust process. However, sometimes when these policies and procedures grow and get more complicated, it may ultimately deviates from the purpose of having them in the first place (Thornberry, 2001). Therefore, it is important for co-founders to appreciate and understand how best to leverage this trust and this informality, which implies a lesser degree of bureaucracy and a general lack of standardized policies and procedures (Alton, 2015). This is because the ultimate aim at this stage of the company is to gain traction in the market through
trial and error, which is subjectively dictated by the founders (also known as market validation). This means that the success of early-stage companies is highly dependent on the ability of the founders (Dunne et al., 2016; Humala, 2015). On the other hand, while some founders are highly successful in starting the company, they do not perform well when they move into a role such as the CEO of the expanded operations (Picken, 2016), which is another piece of evidence suggesting different leadership models are required for startups and larger companies.

Another key factor with an impact on the ability of founders to collaborate is that they generally have difficulty letting go of authority or control (Dandridge, 1995), which usually does not happen in larger organizations, because roles and responsibilities are usually well-defined. In fact, it might be argued that some larger companies may develop a culture of silos within which managers are reluctant to step on other people’s turf. But with startups, the inability or lack of procedures to delegate is often a key error that a founder makes. Obviously, this can be achieved by either hiring professional managers or by having the roles of the founders redefined as managerial. The more important question is, when is it appropriate to delegate to co-founders? Is it the same as delegating to employees? How should the power and right of delegation be balanced? And, before founders have the resources to hire professional managers and to build their management team, the process that is the focus of this research, how is this dilemma managed among the founding team members? How is authority, control or leadership exercised amongst the co-founders? What if the co-founders come from different educational experiences or professional backgrounds? This literature review explores these questions.

**Challenges and Opportunities for Founding Teams**

Startups that incorporate co-founding members usually exhibit a better performance than ventures with a single founder (Chandler et al., 2005). In fact, some of the most celebrated
accelerator programs (programs designed to invest in and fast-track startups’ performance) such as YC Combinator have openly expressed their reservations about accepting single-founder teams (though not necessarily automatically rejecting them) into their program. However, it is also reasonable to assume that there could potentially be a higher level of conflict with more founders, and the dynamics between the co-founders could ultimately have either a positive or negative impact on the success, or at least the outcome, of a startup.

There are many benefits in having co-founders in a startup environment (Ucbasaran, Lockett, Wright, & Westhead, 2003), including offering a broader range of expertise to the business because startups are usually bootstrapped for resources. The knowledge the founders possess is also essential to startups (Perry, Chand, & Ring, 2011). Indeed, in a startup context, every action that the founders take is without precedence; therefore, a founding team in which the members have diversified backgrounds can serve as a strong foundation for navigating through uncertainties (Saemundsson & Candi, 2014). However, in contrast, research has also shown that these prior experiences may sometimes become a constraint for building a brand new venture (Fern, Cardinal, & O’Neill, 2012) because these prior experiences may limit their creativity and willingness to accept new solutions.

It is also understood that the cultural backgrounds of the founders play an important role in a startup (Wdowiak, Schwarz, Breitenecker, & Wright, 2012), not just race or ethnicity, but also the culture informing or resulting from different types of technical expertise. For example, the approaches taken to work by an accounting student/professional could be quite different from those used by an engineering student/professional. Thus, examining the impact of the different cultural orientations of the co-founders on each other and on the overall startup is important. Defining an ideal combination would be helpful, and research has shown that a combination of
business and engineering skills among the team is a plus, but research in this area is relatively limited (Lawrence, 1997).

Hart’s (2014) study of the nationality of founders and its impact on the founding team suggested that minority founders tend to join forces with other minority founders. This dynamic, however, is very complex, particularly in the area of family relationships. Hart (2104) also revealed that family relationships alone, existing without any work-related experience amongst the founders, does not usually bode well. Indeed, the formation of a successful founding team involves the art of balancing personal relationships, technical abilities, and professionalism.

It is also worth noting that conflict among top management teams, including among founding teams, may not always be negative (de Jong, Song, & Song, 2013). For example, some conflicts damage the relationships among the co-founders, which obviously has a negative impact on the startup and often constitutes a primary reason why startups fail to take off. However, some conflicts, particularly ones that are cognitive-related, may open up constructive debates among co-founders and could potentially lead to better innovation, or to what is more commonly known as “thinking outside of the box.” The intricacies of this are examined in this literature review.

This literature review is organized as follows. It first discusses the definition of startups as well as the reasons behind their success or failure. Whilst it is shown that there are no commonly agreed terminologies, this in turn showed the necessity of deferring these definitions to the experiences of the co-founders in startups, the reason being that these various definitions will drive how they perceive their own journey and leadership that has been exercised. The second area examined is the specific evaluation of a co-founding team. At the very early stage of a startup, which is the focus of this research, the dynamic amongst the co-founding team is
extremely unique and requires attention to how this is being interpreted. Finally, it outlines the history of the development of leadership theories, including the emergence of LAP, the framework guiding this study, within this historical context.

**Defining the Modern Day Startup and Entrepreneurship**

How should we define startups, or entrepreneurship, specifically in the current economy? Starting a new venture/business is not new. Entrepreneurship is not new. Perhaps what is new is what most people refer to as “technology startups,” which are defined by Beckman, Eisenhardt, Kotha, Meyer, and Rajagopalan (2012) as “new ventures where developments in science or engineering constitute a core element of the entrepreneurial opportunity” (p. 203). Specifically, these ventures involve using technology to scale a business in a way that has never before been done in a similar fashion. For example, until the recent development of mobile phones and other communications technologies, it was not even possible to imagine a 1.8 billion monthly active user base, which is obviously a gold mine, but this is what Facebook has achieved.

While ample research exists highlighting technology startups (Song, Podoynitsyna, Van Der Bij, & Halman, 2008; Saemundsson & Candi, 2014), there is no universally agreed-upon list of characteristics that define startups in the modern day context. This can be demonstrated by the fact that many researchers refer to startups using different terminologies, including, for example, “growth venture” (Manimala, 2002) and “emerging venture” (Chandler et al., 2005), which may or may not offer comparable meanings. In fact, when referring to the word “startup,” many people associate them with organizations such as Google or Uber. In any case, many people, when referring to startups, envision companies that scale quickly, whether through technological implementation or another means of innovation, thereby causing a disruption (in a positive way) to the existing market. A simpler definition could be based on the length of time
the company has been in operations, which usually is for less than five or six years (Amason et al., 2006). Terminology aside, it is possible to understand startups from two broad perspectives – business formation and business growth.

**Business formation.**

Building a startup is difficult, and most startups fail to grow into sustainable businesses (Nesheim, 2000; Freeman & Siegfried Jr., 2015). At the same time, new venture formation can exist in many ways throughout the different stages of a business’s lifecycle: from forming a business based on an idea, to building a derivative form of an existing business, to simply business expansion overseas. Different business formations offer very different risks in terms of whether they can grow into sustainable businesses. In fact, apart from our general perception of technology startups (a pair of young graduates building a technology that could change the world), there are even ”startup-building” companies that initiate startups as their core business (e.g., Rocket Internet, Fast Track Asia).

As we can see, there are many ways new ventures can be formed and, without a granular definition, it is unclear whether the current field of research in terms of startup or entrepreneurship can be accurate enough to describe the differences. For example, while larger corporations often have more resources to put into research and development, scholars have shown that it is actually the smaller sized businesses that have been better at *executing* innovative ideas, perhaps due to necessity (Cassia, De Massis, & Pizzurno, 2012). It is thus difficult to clearly delineate the differences between these smaller businesses and the derivatives of a larger mainstream business (for example, moving their existing sales channel online, which can also be considered as a new venture or startup). Obviously, these are all new ventures, but their risk profiles are very different. For example, startups that are supported by large companies
generally have better industry, or what is generally referred to as vertical, support. Moreover, the dynamics and capability of the founding teams as well as the way they interact with their stakeholders could be very different, aspects that are important to this study.

**Business growth.**

Business growth in the case of technology startups generally refers to the *speed* of business growth. Most good businesses grow, but one of the biggest reasons technology startups have attracted so much attention is the unusual (or exponential) business growth that they commonly experience: whether this means growth in user base, engagement levels, or, perhaps least often talked about, revenue and profit. This is also where technology startups as an entrepreneurship can be very different from the more traditional entrepreneurship of, for example, starting a neighborhood grocery store. This goes far beyond the aspect of the amount of financial capital committed, or the investment horizon; most importantly, for the purposes of this study, business growth is heavily influenced by the mindset and actions of the founding team as well as of the investors and other stakeholders.

Therefore, when studying co-founders’ leadership in startups, it is vital to examine how the business was initially formed and the projected growth paths it followed. This is because these affect the co-founders as well as their external environment in many material ways.

Most startups are founded and operated by a group of individuals (Beckman, Burton & O’Reilly, 2007; Zaech & Baldegger, 2017). Also, out of this co-founding team, one individual typically emerges as the overall leader (Ensley et al., 2000). This takes time, particularly for the process to evolve successfully and the leadership structure to emerge. During this later stage of growth, more traditional management theories and research exploring them would be
appropriately applicable. However, since there is more and more startups are created every day, it is of importance to evaluate startups at the very first stage.

**Defining Business Failure and Success**

It is essential to have clear definitions of success and failure when evaluating startups. Considerable scholarship exists in this area, including different approaches such as the “goal attainment approach” and “systems approach” when it comes to defining organization success, with “population ecology theory,” “resource dependency theory” and “neo-institutionalism” prevailing as the theories that attempt to explain organizational failure (Helmig, Ingerfurth, & Pinz, 2014).

However, this can be very different when we try to understand success and failure specific to startups. For example, while there would be less of a debate over the definition of failure in an objective way, it is not so clear how the entrepreneurs themselves perceive failure. This can actually be very subjective. In fact, studies have demonstrated that upon the occurrence of a failure, the experiences for entrepreneurs are far more complex than the traditional psychology explanation using self-serving attributions (Mantere, Aula, Schildt, & Vaara, 2013). Nonetheless, it would be useful to first establish the baseline of defining success before accounting for the entrepreneurs’ individual experiences, and more importantly, what can actually help the entrepreneurs.

**Defining success.**

Seemingly, the definition of success would intuitively be based on the longevity of the business, great returns to shareholders, and all the other financial measures one would come to appreciate from a MBA course. In reality, reaching a general consensus of what makes a successful venture can be much more complicated, especially for early-stage startups, the focus
of this research. There have been attempts to approach it from a very structured perspective such as the design of various stages of venture development that help entrepreneurs obtain better success rate (Saxton, Saxton, Steen, & Verreynne, 2010). On the other hand, these academic results are often controversial and fragmented (Song et al., 2008).

To make things even more complicated, the motives of entrepreneurs can be quite different in various kinds of startups, such as the typology of entrepreneurs suggested by Morrison (2006). This in turn has a significant impact on how these entrepreneurs and their stakeholders measure their own success. For example, with the emerging development of social enterprises (Sastre-Castillo, Peris-Ortiz, & Valle, 2015), or what are sometimes referred to as companies with “triple” bottom lines (Bocken, 2015), the traditional measurements of ‘success’, such as maximizing shareholder’s values, are being challenged. As a result, the motivations of these social entrepreneurs, and their coherent actions, could be very different from the general entrepreneurs (Maase & Bossink, 2010). Therefore, it is submitted that the definition of startup success is not simply an academic discussion but it is also contingent on how people perceive and participate in this industry.

**Defining failure.**

While it is a common belief that startups commonly have a high failure rate, research has shown that business closures alone cannot be relied upon to determine that a business has failed (Headd, 2003). This is often observed in academic studies as researchers usually gather publicly available databases on company status and a closure of a registered business entity is used as an indication of business “failure.” However, this is clearly insufficient; a startup, in terms of its registered business entity, may close for many reasons. Obviously, outright business failure is one of them, but they may also include the possibility of an acquisition (which itself can be both
favorable or unfavorable) or setting up another entity pursuing similar venture in a different environment or industry. In fact, there are many other motives for exiting a startup business, and they do not always have to be negative (Lee & Lee, 2014). Therefore, it is worthwhile to fully understand the definition of business failure, at least from the perspectives of the co-founders.

Local cultures and values also make a difference in any business, including startups. In fact, the definition or ‘sensemaking” of failure can be different across geographical areas (Cardon, Stevens, & Potter, 2011), making it important to take the local context into consideration when understanding and interpreting the “failure” of startups, rather than simply relying on the coverage by mainstream media.

**Co-founders in Startups**

There are many contributing factors affecting the outcome of a company. Are outcomes dependent on the personality and capability of the founder or the founding team, or being in the right place at the right time? Studies have shown that this is far more complex than these basic elements (McNeil & Burgar, 1991). However, scholars have established that entrepreneurs have great influence over their startups (Mueller, Volery, & Von Siemens, 2012). In fact, startup policies are heavily influenced by founders’ characteristics (Manimala, 2002). And the importance of the founding team is obviously one of them (Lin, 2014), specifically, as Wang & Wu (2012) documented team members’ commitment to the founder as a key element for the success of a startup. However, that study addressed the composition of a startup team from the perspective of a single founder and a group of team members. Yet, most startup teams are composed of a group of co-founders, generally two to three people (Hart, 2014), possessing a specific/equal shareholding in the company. They also generally have some fairly evenly
distributed degree of power, expertise and influence. Therefore, it is critical to examine a group of co-founders in a startup leadership framework.

A number of key scholars have developed and tested hypotheses examining startup success, particularly Michael J. Ensley and Keith Hmieleski (2005). In addition, Ensley et al. (2002) probed the dynamics of a new venture top management team (TMT). Whilst there is room for interpretation between TMT (an established theory in the leadership and management literature) in a new venture and a co-founding team, the authors examined the relationship between affective and cognitive conflicts in relation to the growth of the new venture. Cognitive (or task) conflict positively correlated to success, and affective (or relationship) conflict did not, as Ensley et al. (2006) observed. Ensley et al. (2006) indeed explored shared leadership and promoted its importance; however the study is limited in that it describes the dynamics as existing between a “principal founder” against a management team, rather than a group of equally-powered co-founders. This critique of the study again demonstrates the difficulty in achieving complete alignment of the definitions of key terminologies such as startups and co-founding team in this field of research. Further, Ensley and Hmieleski (2005) studied the differences between university and “independent” startups. Specifically, they reviewed composition and team dynamics amongst the two types of startups. As they argued, given the generally homogeneous nature of the founding teams in university startups, the resulting team composition and team dynamics are detrimental to the success of these initiatives. But the question remains, wouldn’t a homogeneous nature promote a more collaborative brand of a leadership that may be beneficial in such an environment? This matter is complex; for example, Hmieleski and Ensley (2007) studied the relationship between leadership behavior, team heterogeneity, industry environment, and new venture performance. They defined and
entrepreneur as both the founder and leader of the TMT. In a dynamic environment of startups, startups with heterogeneous TMTs were found to perform best when led by individuals exhibiting strong directive leadership behavior, while startups with homogeneous TMTs were best led by empowering leaders. In contrast, in a stable environment, the reverse appeared to be true. Furthermore, Patzelt et al. (2008) investigated the relationship between TMT and the performance of new venture (specific to young biotechnology companies). The authors introduced one new contingency variable, “business model,” into the discussion of TMT. The study found that “founder-based” firm-specific TMT experience had a different effect on different business models.

As observed, during the very first stage of startups, the ability to arrive at a consensus, and therefore make decisions, is critical, and failing to do so can be disastrous (Knight et al., 1999). Also, generally speaking, the more diversified (heterogeneous) the co-founding team, the better the startup performance is. Nonetheless, during this period of time, no matter how these factors are examined, the co-founding team’s individual and shared work experiences within the startup are key components that affect success. All of the “technical” elements of the co-founding team are important, but the networks and relationships of the co-founders, as a group, are equally, if not more, important. This is an area that the present study aims to fill, specifically to understand early-stage startup success and failure, in terms of the actual dynamics among the team members and team processes, from the eyes of the co-founders.

**Brief History of Leadership Theories and Leadership-As-Practice**

The history of leadership theory can be traced back as early as to the publication of the 1841 book, *On Heroes, Hero-Worship, and The Heroic in History*, by Scottish writer Thomas Carlyle (as cited in Carlyle, Goldberg, Brattin, & Engel, 1993). This “great man” or “hero”
theory focused on individuals who possessed charisma, intelligence and wisdom, and argued that human history was shaped by the decisions of these individuals. Sir Francis Galton (1892), another influential academic during that era, also studied “genius” and “greatness” in his book, *Hereditary Genius: An Inquiry into its Laws and Consequences.*

In terms of management theories, Henri Fayol and Frederick Taylor are recognized as pioneers. Fayol first published his theory, also known as Fayolism, in 1916 in French; it became more popular with its English translation in 1949 (Fayol, 1949). Fayol identified five functions of management (planning, organizing, commanding, coordinating, controlling) and 14 principles of management (division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination, remuneration, centralization and decentralization, scalar chain, order, equity, stability of tenure of personnel, initiative, esprit de corps). On the other hand, Taylor made his mark in his 1911 book, *The Principles of Scientific Management* (Taylor, 1911), which, in 2001, fellows of the Academy of Management voted as the most influential management book of the 20th century. Indeed, it is not difficult to see that these management concepts and theories, whilst well over 100 years old, are still extremely prevalent in the present academic and practitioner community. Together with the heroes/genius influence, leaders at this stage, and probably even today by some measure, are understood as individuals who are destined, by the possession of certain pre-defined criteria, to lead a broader majority, a task which can be performed systematically.

The next wave of leadership theories began to slowly move away from purely a “heroic-type” leader and started looking at different variables such as specific situations and the relationships between leaders and subordinates. These approaches include group dynamics theory (Cartwright, Dorwin, & Zander, 1953), contingency theory (Fiedler, 1964; Lawrence &
Lorsch, 1967) and situation approach (Hersey & Blanchard, 1969). As a result, the concept of leadership started to move away from a static style into something much more dynamic. For example, path-goal theory (House, 1971) indicated the goal and path to achieve the goal should dictate the leadership style. Transformational leadership (Burns, 1978) is another example, although sometimes it is criticized as being too idealistic because it suggests that only a selected few can be transformational leaders and that the skills are difficult if not impossible to be taught.

More recent leadership theories have pushed the boundaries further from situational frameworks to the dynamic relationships amongst the leaders and followers. One powerful preliminary approach developed in this arena was LMX (leader member exchange) theory (Dansereau, Graen, & Haga, 1975), which discusses the dyadic approach, i.e., the relationship between leader and followers as a two-way relationship rather than a one-way street. This was followed by another key development, followership theory, which was first published by Robert Kelley in 1988 (Kelley, 1988) and which emphasizes that it takes both the followers and the leader to make an overall organization a success. Shared leadership (Pearce & Conger, 2003) and distributed leadership (Spillane, 2006) are the more recent theories which analyze leadership from a horizontal perspective instead of a strictly hierarchical structure.

This brief historical development of leadership theories can be understood as moving from a closed to an open system; from an internal to external emphasis; from control to participation; and from single to multiple disciplines (Szabla, 2009). These are all valuable contributions to understanding the leadership dynamics occurring in the early-stage startup environment when co-founders are still trying to shape the organization structure and control while mutually influencing each other, as the company grows.
Leadership Framework in Startups

The complexity of startup leadership is compounded because a co-founding team must be examined in light of the dynamic nature of the external environment (Hmieleski & Ensley, 2007). Ambiguity and a lack of complete market information are the norm for any startup. In fact, this is the very reason why a startup exists – i.e., to solve a problem that has yet to be fully understood and tackled by the existing providers and customers. And, given this dynamic, one would expect transformational leadership from the co-founding team would work well to analyze this situation. However, what is under analysis is that all the co-founders might act in such transformational way, which has substantive practical and theoretical implications. Neither Hmieleski and Ensley (2007) nor Ensley and Hmieleski (2005) fully examined the extent to which sufficient space exists to allow individuals, as a team, to maneuver the cacophony of ideas and egos that characterize leadership trajectories. This study addresses the aforementioned deficiencies in the literature by exploring the key factors that enable a unified yet transformational leadership style among startup co-founders.

In sum, while it is interesting to analyze team dynamics as being generally broken down into shared strategic cognition, team potency, team cohesion, team conflict, this approach oversimplifies the intertwine that exists between task conflict and relationship conflict, similar to what is suggested by de Jong et al. (2013). It is not difficult to see that some task conflicts, presumably often, might have a carryover effect on the relationship conflicts. Everyone wants to be professional and not allow emotions to interfere with business, but this is extremely challenging. Emotions are not always defined by carefully crafted logic; it is naïve for founders and researchers alike to ignore this important fact.
The researcher also put forward that startup “leadership” exercised by co-founders is different from distributed leadership because, at this stage of the company, the co-founders are in a phase of learning from each other, and their expertise and backgrounds are generally quite different. With the speed required to make decisions in a startup environment, it is more likely that the co-founders will “take turns” acting as leaders and followers rather than operating through a structured “distributed” leadership approach. At no other stages of a business lifecycle does there exist such a group of people working collaboratively while having a direct influential impact on the outcome of the company. Essentially, they share the same power structure, equally influencing and affecting one and other.

**Leadership-As-Practice**

The fundamental difference between L-A-P from other leadership theories is that it is driven out of roles and influences. More simply, it does not require the pre-establishment of a ‘leader’ role in order to understand the leadership involved. Rather, leadership, as argued by Raelin (2016), should be understood through ‘practice,’ which is defined as “a coordinative effort among participants who choose through their own rules to achieve a distinctive outcome” (p. 2).

**Conclusion**

This literature review provides an overview of the topic: understanding leadership among co-founders and how this contributes to the success of technology startups. As we can see, whilst there have been many studies using both qualitative and quantitative methods in demonstrating the correlation / causality between objectives factors and startup success, as demonstrated in this literature review, those studies often do not share common terminology. Therefore, it is not easy to determine whether some of these research findings are applicable to
the specific settings of co-founders in a startup environment. As a result, the researcher dissects the important concepts and builds out a clearer picture of which components are relevant to co-founders in a startup.

First, this review outlined the importance of defining in more detail what a technology startup is – whether it is a general new venture or an entrepreneurship venture in the contemporary business environment. Technically, there are some fundamental differences among these types of companies, and what is most important is that the perceptions need to align among the stakeholders so that expectations of the results can be better managed. Based on the literature reviewed, there has been an inadequate definition of modern day entrepreneurship. The researcher submits that, for the purpose of this study, the focus is on technology startups aimed at growing quickly through innovations that would disrupt the existing market. While this definition is broad, it at least provides a common understanding on which this study can build.

Second, the literature review outlined the importance and difficulty of understanding the definitions of success and failure. While scholars have studied this extensively, debate remains regarding whether or not failure and success should be defined as two bi-polar extremes. The review also addressed the importance of clarifying these definitions and their relationship to leadership exercised by co-founders.

Finally, the review examined the importance of addressing and understanding startup leadership styles to devise methodologies that can promote startup success. It is commonly acknowledged that the co-founders’ characteristics are what most investors and other founders look for and that it is very difficult to find the right balance or combination of co-founders. Co-founders are supposed to share a common vision while each offering unique, valuable, and complementary skills. Not only is this combination difficult to find in reality, the diversity itself
will certainly bring about conflict. It is essential that founding teams appreciate the necessity of conflicts and learn how to turn them into positive, creative, problem-solving attitudes and actions.
Chapter III: Research Design

The goal of research in this particular doctoral program was to examine a complex problem of practice, generate knowledge from data gathered from the research subjects, and provide context and strategies for introducing systemic change to help resolve the problem of practice. Guided by these parameters, the purpose of this specific research study was to perform an interpretative phenomenological analysis (IPA) of co-founders in six early-stage business startups to understand their experiences as members of a co-founding team and how they make sense of those leadership practices that have contributed to effective operations for their companies. The central research question guiding this study was: What are the experiences of co-founders of early-stage startups with leadership and how do they make sense of those experiences as they relate to promoting company success?

This chapter outlines the research design that was used for this study. It begins with a discussion on why qualitative research, specifically the constructivism-interpretivism paradigm, is most appropriate to conduct the data collection and analysis. It then explains how the IPA strategy of inquiry is suitable for this research study. A detailed explanation follows, which highlights the procedural elements used to conduct this qualitative study, including data collection and analysis, ethical considerations, trustworthiness, and limitations.

Qualitative Research Approach

As highlighted by Ponterotto (2005), the four research paradigms, namely positivism, post-positivism, constructivism-interpretivism and critical theory, can be understood based on their characteristics, which include their key philosophical anchors. Positivism is a hypothetical-deductive method involving the discovery of laws that lead to explanations and descriptions of what is deemed to be a true “reality” (theory verification). It is most often used in studying the
natural sciences and disciplines that focus on causality and correlation. In fact, much of our current education system focuses on this type of understanding, wherein one (allegedly) “correct” answer is of paramount importance. Next on the methodological continuum, post-positivism also accepts an objective reality but it argues that reality is imperfectly apprehensible. While it is similar to positivism in many ways, post-positivism differs in that it recognizes the limits individuals face in attempting to fully understand or capture the reality. Therefore, postpositivism asserts that each individual may possess his or her own objective reality. Another distinction is that it also focuses on theory falsification, i.e., identification of occurrences that disprove the theory.

Next, constructivism-interpretivism accepts multiple, apprehensible, and equally valid realities; this strategy of inquiry is based in the premise that reality is constructed, or interpreted, and exists largely in the mind of individuals rather than in a knowable, external, and objective reality (Hansen, 2004). Also, constructivism-interpretivism holds that meaning is hidden and one role of research is to bring it to the surface through reflection, which occurs during the process of interaction between the researcher and the participants. Specifically, constructivism is often used to understand the meaning of social phenomena. Finally, critical theory, which is ideological and grounded in normative commitments, challenges the status quo (Kincheloe & McLaren, 1994, 2000). As the name suggests, instead of merely understanding a social phenomenon, it critiques structures of dominance and inequality and focuses on ideals. In particular, it promotes the emancipation, or liberation, of a particular group. Researchers using this strategy are heavily influenced by their own value-based goals. In any case, while each research paradigm has its own merits in its applicability to respective circumstances, Merriam (1991) highlighted that (albeit in a reference made to adult education) in reality, these paradigms
are not only going to co-exist; in fact, researches generally do not fit entirely within or conform to a particular style. Therefore, it is more important to understand these research paradigms, not in an attempt to use any one purely to classify different types of research, but rather to use this knowledge to appreciate the different uses and application of the respective paradigms. Overall, this research utilized a qualitative approach, particularly using constructivism-interpretivism, to address the problem of practice.

**Strategy of Inquiry: Interpretative Phenomenological Analysis (IPA)**

IPA is a qualitative strategy of inquiry that can be described as a “focused approach, which is committed to understanding the first-person perspective from the third-person position” (Larkin, Eatough, & Osborn, 2011, p. 321). This research study aimed to understand the experiences of co-founders in early-stage startups and provide context for strategies to help resolve the problem of practice. Every startup has their own unique challenges and success, which are largely interpreted subjectively by the co-founders. By using a constructivism-interpretivism paradigm to undergird IPA as a strategy of inquiry, the researcher’s primary goal was to understand the perceptions and realities of successful co-founders and to reveal the meaning construct from their understanding of how they have achieved what they have, particularly regarding the interactions and leadership behaviors in which they are concurrently involved with fellow co-founders of the startup. The following sections provide details on the background of IPA; the rationale for using IPA, and how to use IPA for rigorous and ethical data collection and analysis.

**Background of IPA.**

IPA originated in psychology but has since moved into the health, social sciences, and, more recently, education disciplines. IPA is a qualitative and experiential research approach
method in which semi-structured interviews are usually conducted, with the transcripts analyzed or interpreted in an inductive way. Sample size is generally small yet homogeneous, which allows for an in-depth examination of the possible convergence and divergence in details. IPA is similar to but different from a straightforward phenomenological approach due to its focus on the interpretation of the lived and specific experiences of participants who have gone through a similar phenomenon, rather than searching for generalized findings. IPA has a relatively short history that started in 1996 (Smith et al., 2009). Jonathan Smith is the seminal scholar who is said to have founded the approach with the publication of an article published in Psychology & Health (Smith, 1996). His two textbooks, Qualitative Psychology: A Practical Guide To Research Methods (2008), and Interpretive Phenomenological Analysis: Theory, Method and Research, co-authored with Larkin and Flowers (2012), are the ‘go-to’ references for this research approach.

Overall, IPA has three philosophical underpinnings, namely, phenomenology, hermeneutics, and idiography. Phenomenology is the observation of the lived experiences of the participants which make them unique from others, or put simply, how the person engages with the world. Husserl (2001) and Heidegger are considered founding scholars of phenomenology. Husserl (2001) stressed the importance of the participant’s own experience and the essential features associated with it. He argued that, too often, researchers try to fit others’ experiences, or experiential content, into existing systems and thoughts without focusing on that original experience. This is famously demonstrated by his saying that researchers should “go back to the things themselves” (Husserl, 2001, p. 168). Further, this experience is not just everyday experience, or what is referred to as the natural attitude, but researchers should focus on fully
breaking down the experience. His descriptive style later on evolved towards more an interpretative approach advocated by scholars such as Heidegger, Merleau-Ponty, and Sartre.

Hermeneutics relates to interpretation (or sense-making). It has a historical root in Biblical text interpretation. Key processes of hermeneutics include understanding how to interpret, finding out the original meaning, and determining the context between the text production and the interpretation. To do this, it is important to understand clearly the mind-set and languages used by the person in order to fully translate the message (Freeman, 2008). A central idea within hermeneutic theory is the hermeneutic circle, understood as the iterative on process of interpreting both the “already known” (basic assumption) and the new understanding simultaneously (Hatch, 1993). This multi-level interpretation contrasts with the linear approach common to positivism. Also, for IPA, the interpretation the researchers derive from the participants’ own interpretations of their lived experiences that is essential to analysis; this dynamic in IPA is understood as the feature of the double hermeneutic (Smith & Osborn, 2008). Given its phenomenological and its hermeneutical nature, IPA is both descriptive (understanding how things appear and letting the things talk) and interpretative (recognizing that the phenomenon needs to be interpreted) (Pietkiewicz & Smith, 2012), although the interpretive aspect is particularly important (Larkin, Watts & Clifton, 2006). Specifically, the interpretive nature allows a researcher an opportunity to examine the specific context of the problem of practice as well as the opportunity to explore any hidden features and the meaning the participant imbues upon them both (Lopez & Willis, 2004).

Idiography concerns a focus on the particular. While it does not ignore general rules and laws, ideography prioritizes the specificity of the experiences of the participants first. The focus is to evaluate the very case that is in front of researchers before producing any general statements
(Pietkiewicz & Smith, 2012). More accurately, researchers of IPA carefully examine individual cases before they undertake the comparison and contrast of emerging themes without jumping to any conclusions.

Critics of IPA focus on whether or not it has the capacity to fulfill standards of academic rigor expected from traditional academic research. Sometimes IPA is perceived to be a ‘simply descriptive’ methodology with a singular concern about the “insider’s perspective” and that it does not generally develop into the conceptual level (Larkin et al., 2006). Smith, Flowers and Larkin (2009) suggested a number of counter measures to address these critiques, such as using Yardley’s criteria: sensitivity to context, commitment and rigor, and transparency and coherence. An independent audit is another way to validate qualitative research, i.e. the ability to allow readers to follow through the chain of events and the steps the research took throughout the research process. Brocki and Wearden (2006) provided a strong summary of IPA research (particularly on health psychology) as it noted that qualitative studies can sometimes appear ‘mysterious’ but IPA is generally highly accessible because IPA theorists tend to use simple and straightforward language and guidelines.

**Rationale for using IPA strategy.**

For the purpose of this research, qualitative methodology is most appropriately aligned with the research goals, and IPA is a compatible strategy for exploring the stories of successful co-founders and making sense of their understanding of the factors that influenced how they work with other co-founders during the early stage of business initiation and development. In fact, applying qualitative approach to the study of entrepreneurship is gaining momentum (Seymour, 2006). In this context, there are two ways in which the research topic of this study is uniquely suited for IPA. First, it is extremely difficult in objectively define many things for
early-stage startups, from startup itself, co-founders as well as success and failure. For example, while there would be less of a debate over the definition of failure in an objective manner, it is not so clear how success should be determined or measured. The idiographic nature of how early-stage startup entrepreneurs define success clearly coincides with an IPA approach. Similarly, the second feature specific to this research project that makes an IPA strategy of inquiry a good fit is the difficulty in describing the leadership dynamics or interactions among co-founders at this early-stage of the startups based on existing approaches to leadership studies. This is especially true when the co-founders are inexperienced in this area, which is the norm. By using an IPA approach, the researcher was able to address these two unique features beyond a descriptive analysis while avoiding the limitations inherent to strategies seeking simplistic causality or correlative relationship. Rather, similar to other IPA studies on entrepreneurship (Cope, 2011; Tasnim & Yahya, 2013; Tasnim, Yahya & Zainuddin, 2014), this research establishes theoretical insight through its interpretive perspective (Mouly and Sankaran, 2004) by allowing the subjects to speak and articulate their respective definitions of startup success and the characteristics and shape of leadership amongst co-founders.

**Use of IPA strategy – data collection and analysis.**

An IPA methodology was used to guide the formation of questions for participants, the methods used to collect data, and the steps used to analyze the data in this research.

**Data collection.** As indicated above, data for an IPA study are usually gathered through semi-structured interviews. The purpose is to have the participant provide an in-depth and ‘thick description’ type of his first-person view of the experience. This not only includes the experience but also the thoughts and emotions and other non-verbal cues associated with it. The researcher enabled an environment for the participants to talk freely and with rich content whilst
generally remaining quiet. The research questions were acting more as the agenda and were subject to change as the interview evolved. Even the researcher’s main job was to listen; he and the participants were both active in a way that it became the subtle interaction between them that generated new and interesting data. Interviews took place at a time and place that was most comfortable for the participants. The interviews was recorded and transcribed by a professional translator/transcriber on Upwork into a verbatim record. Further details are described in a following section.

**Data analysis.** Transcripts from the interviews were analyzed in an iterative and inductive manner. While there is no single ‘correct’ way of analyzing the data, the key was to focus on the participants’ attempts to interpret their own experiences; Smith, Flowers and Larkin (2009) suggested the following strategies:

1. Close, line-by-line analysis of the experiential claims, concerns and understandings of each participants

2. The identification of the emergent patterns within this experiential material, emphasizing both convergence and divergence, commonality and nuance, usually first for single cases, and then subsequently across multiple cases.

3. The development of a ‘dialogue’ between the researchers, their coded data, and their psychological knowledge, about what it might mean for participants to have these concerns, in this context, leading in turn to the development of a more interpretative account.

4. The development of a structure, frame or gestalt which illustrates the relationships between themes.
5. The organization of all of this material in a format which allows for analyzed data to be traced right through the process, from initial comments on the transcript, through initial clustering and thematic development, into the final structure of themes.

6. The use of supervision, collaboration, or audit to help test and develop the coherence and plausibility of the interpretation.

7. The development of a full narrative, evidenced by a detailed commentary on data extracts, which takes the reader through this interpretation, usually theme-by-theme, and is often supported by some form of visual guide (a simple structure, diagram or table).

8. Reflection on one’s own perceptions, conceptions and processes.

Participants

Participants in IPA studies are chosen based on their ability to express themselves in a genuine and thoughtful way about the research topic (Smith et al., 2009). The key component of an IPA analysis lies in the researcher’s interpretation of the participants’ lived experiences of a particular event (Larkin et al., 2011). Because of the ‘depth’ required for these interviews and the subsequent interpretation afterwards, IPA samples are generally small and homogeneous. Smith et al. (2009) confirmed that in some extreme circumstances, cases could sometimes be made for even one. The researcher recruited six participants from six different startups. The researcher is well-connected in both the Hong Kong and Taiwan startup ecosystems, as well as being a co-founder of a reputable startup incubation program. Therefore, it was possible to reach out directly to the co-founders with whom the researcher is personally acquainted. The key here was to ensure there were at least some existing
relationships rather than recruiting someone totally ‘cold.’ The following sections provide additional details about the characteristics of the participants of the study.

**Characteristics of the participants.**

This study recruited a sample of 6 business leaders who share the common experience of being a co-founder of an early-stage startup company. Although participants share a common experience, there are key variations. For example, half of them are from Hong Kong and the other half are from Taiwan. One of them is female whilst others are male, with ages ranging early thirties to mid-forties. Three different languages were used (English, Mandarin and Cantonese) were used during interviews (often mixed) as the founders come from a variety of background and nationalities.

The criterion for selection was that all participants are involved in leadership in an early-stage startup – they have experienced or are experiencing this phenomenon. As a result, this research recruited founders from these “early-stage” startups, which turned to be about five to six years on average. Also, this delineation ensured that the startup is or has been operated as an independent and autonomous company, rather than a side project created by the co-founders seeking to invigorate an existing initiative. A side project would likely involve individuals who do not have full leadership authority or collaboration opportunities, let alone “success,” even by their own definitions. Therefore, another criteria was that the startups selected were at least formally registered companies and the co-founders were or are working for the entity on a full-time basis.

Finally, given that the aim of this study is to understand the leadership dynamics amongst co-founders, it was obviously necessary to identify startups with more than one founder. In the end, four of the startups have four co-founders and two of the startups have
two co-founders.

**Sampling Procedures**

The sample size of IPA studies is generally small, ranging from one to 15 participants (Pietkiewicz & Smith, 2012). This number usually depends on (a) the depth of analysis desired; (b) the richness of the individual cases; (c) the potential for comparison amongst case; and (d) any potential restrictions. In terms of depth of analysis, IPA studies inherently include substantial detail, and this research project is no exception. It is, however, unclear how rich the details of each case will be, given the criteria of a relatively short duration of the time the selected startups will have existed. Finally, as the participants will be asked to share intimate experiences about their co-founders, and, as mentioned, the researcher is well-connected in this field, it is not unlikely that some of the participants may initially be somewhat reserved during the interview; a significant amount of time will be needed to establish the right rapport and confidence. Given the factors above, the researcher decided to aim for rather typical IPA sample size of six to balance out all the varying factors.

In terms of sampling, the participants were selected purposively. This allowed the researcher to carefully identify the group of participants with the right profile and attributes. Given the nature of the research, and the potential difficulty in finding sufficient sample of participants, there was no specific demographics or socio-economic status (including country of origin) profile considerations required, although these factors was not be entirely ignored in the sampling selection consideration.

**Data Collection and Analysis**

As indicated above, the primary method of data collection was semi-structured interviews with the participants. According to Smith (2008), semi-structured interviews usually involve an
attempt to establish rapport and to let the interviews unfold as naturally as possible; thus, the order of the questions is less important than the need to hold a genuine conversation. They allow an opportunity to probe interesting areas guided by the researcher, but they simultaneously leave room to follow the participants’ interests or concerns that arise in the course of the interview. In addition, the researcher will check as to whether the participants have personal blogs or have given any other interviews to media or other sources that are public. These can be used for background information and for interpreting the particular case.

A “three interview” protocol was employed. The first interview lasted approximately 40 to 60 minutes. During this interview, the overarching aim of the study was presented to participants. Participants were invited to provide informed consent and background, demographic questions were asked (see appendix A) to create participant profiles. During this interview, participants were also informed about the scope of the second longer interview, and was encouraged to bring in some kind of artifact to that interview that would help illustrate what effective leadership means to them (not all of them did).

The second interview lasted between 60 and 90 minutes. During this interview, participants were offered time to describe the artifact that they brought in (for those who did). In addition, questions aligned to the central research questions, the literature presented in Chapter II and the theoretical framework presented in Chapter I were asked in a semi-structured format.

After a first round of individual analysis, a member-checking procedure was taken through email to allow participants to share feedback on their individual transcripts and to permit the researcher to ask follow-up questions that may have emerged as a result of the first round of analysis.
The interviews were conducted in a private room with video and audio recording (two devices were used). Video recording was selected instead of just voice recording because it allowed the researcher to study all verbal, non-verbal, and non-behavioral communication. The interviews lasted between one to two hours with a firm agenda in place. Specific follow-up questions were prepared as a guide to interviewing, but all questions were open-ended to avoid soliciting specific answers. The researcher attempted to utilize all the appropriate interviewing skills, including active listening, patience with silence, and ensuring the participants were comfortable with the environment.

The analysis of data followed the general guidelines as follows. First, it involved watching and re-watching the video recording, together with the transcript prepared by the translator/transcriber. The researcher immersed into the interview exchanges and documented exploratory comments based on the content, the context and other emotional responses. Next, these notes were transformed into emergent themes, which were then grouped into clusters. Finally, these clustered themes were followed by a narrative account of the study which were referred back to the transcript.

**Protection of Human Subjects**

This section presents a step-by-step guide of how this research was conducted. Beginning with Institutional Review Board (IRB) approval, the research complied with all guidelines for protecting human participants. This section provides an outline of the approach, which included data collection and analysis; ethical considerations; trustworthiness; potential research bias; and limitations.


**Ethical considerations.**

Creswell (2012) identified several ethical issues that researchers should consider when conducting fieldwork. First, it is important for the researcher to be completely transparent with the participants regarding the background and nature of the research study. Given the sensitive nature of this research whereby the co-founders may make somewhat negative or critical comments about the behavior of their fellow co-founders, it was of paramount importance to ensure that not only the participants remained anonymous, but the stories were disguised in such a way that it would be difficult for the readers to even begin to discern to which startups the interviewees belong. The standard procedures for safeguarding interview records and participant identities were upheld. All recordings, video and audio, transcripts, notes and analysis were stored on the Google cloud in a password-protected, private account held exclusively by the researcher, and participants were identified by pseudonym only, in a list accessible only to the researcher and in a file separate from the interviews themselves, that was also password-protected. The researcher scanned all physical documents, kept them online, and shredded the physical transcripts. Any communications through emails and instant messaging were backed up accordingly.

**Trustworthiness.**

In a TED talk (O’Neill, 2013), British philosopher at Cambridge University Onora O’Neill mentioned key components of trustworthiness: competency, honesty and reliability. The researcher reflected on this research project with these criteria in mind. In terms of competency, the researcher expressed the competency of conducting a doctoral research by explaining in details to the participants the procedures that the researcher would follow throughout the entire research process. The researcher was completely honest about the intent of the research and how
the sampling of participants was selected purposively. This transparency is key to establishing trust with the participants. Finally, the researcher exercised due care in carrying out all the procedures to safeguard the data and records for the purpose of the research.

From an academic perspective, according to Lincoln and Guba (1985), the trustworthiness of qualitative studies involves establishing the following:

- **credibility** – ensure that the findings are ‘true’
- **transferability** - ensure that the findings can be applied in other contexts
- **dependability** – ensure that the findings can be repeated
- **confirmability** – ensure that the findings are shaped by participants, not researcher’s bias

These will be explained further in the subsequent paragraphs. In addition, Smith et al. (2012) suggested a number of counter measures for this purpose such as using Yardley’s criteria: sensitivity to context, commitment and rigor, and transparency and coherence.

**Credibility.**

In qualitative studies, credibility equates to the internal validity one would find in positivist research. There are many techniques for enhancing the credibility of a qualitative study: prolonged engagement, persistent observation, triangulation, peer debriefing, negative case analysis, referential adequacy, and member-checking (Lincoln & Guba, 1985). The fact that the researcher is a co-founder and the considerable time that the researcher has spent in the startup ecosystem are examples of prolonged engagement and persistent observation. More specifically, member-checking was used to validate the findings in this research. This included presenting the data/transcript and/or findings to the participants and obtaining feedback from them, which the researcher incorporated and reconciled in the analysis and final thesis. However, member-checking as a sole and solidified form of credibility has been critiqued by
those scholars challenging that there is a fixed-truth and asserting that, in reality findings result from the interaction between and interpretation from the participants and the researcher (Angen, 2000).

**Transferability.**

In qualitative research, transferability equates to external validity in positivist research. To achieve this in a qualitative study, the common approach is to adopt a thick description technique (Geertz, 1973). Indeed, systematically collecting a detailed and thorough account of the participants’ experiences may help the overall research to extend or “transfer” what is learned to other situations; however, it is essential to recognize that one of the key features of IPA is idiography, or specificity. Therefore, it was important for the researcher to focus on the detailed examination of the stories presented by the participants, one by one, without getting caught in the trap of attempting to generalize themes too early.

**Dependability.**

Contrary to positivist, it is difficult for qualitative researcher to replicate the exact same process with similar results even if they are following the same research methods. This is because the research is focused specifically on a small sample size and also it is subject to the interpretation of the researcher. As a result, instead of attempting to repeat the research, one of the best ways to demonstrate dependability was to establish an internal audit trail providing extensive detail about the steps taken during the research study (Shenton, 2004; Thomas & Magilvy, 2011). The purpose of the internal audit trail was to allow readers to follow the researcher’s argument and establish credibility. In fact, Lincoln and Guba (1985) argued that credibility and dependability in practice go hand-in-hand for qualitative studies.
Confirmability. Confirmability refers to the steps taken by the researcher to ensure that the study findings are not biased by the researcher’s preferences (Shenton, 2004). This is particularly difficult for an IPA study as it involves subjective interpretation by the researcher of the participants’ experiences. The researcher attempted to bracket his prior experiences and perspectives; however, it is commonly believed that it is not possible to do this completely. Therefore, the researcher stipulated his positionality as has been done in this thesis. As Malterud (2001) stated, "preconceptions are not the same as bias, unless the researcher fails to mention them" (p. 484).

Limitations

There are several limitations to this research. First, the inherent nature of an IPA study is that it focuses on a rather small sample size, which restricts possibilities for both clear transferability or for generalizability. Therefore, the results are applicable primarily to the participants being interviewed for this study. Second, this greatly depends on the willingness and the ability of the participants to clearly describe the leadership practices and the working relationships they have had with their co-founders. This presents a similar challenge for the researcher as he can completely step into their shoes and understand the situations that they are describing. Finally, the choice of a relatively new theoretical framework of L-A-P may create an additional layer of complications in mapping the subtle messages that the participants are presenting, within the context of the rather high-level concepts presented in L-A-P.

Summary

This research study explored the experiences of successful co-founders of early-stage startups and how the leadership practices emerge and evolve amongst the co-founders. The IPA methodology chosen for this research allowed the participants to present their stories and
permitted the researcher to interpret these messages within his own context of understanding. Standard IPA data collection and analysis were used, and various standard safeguards were employed to ensure a quality qualitative research approach was followed. Notwithstanding the limitations presented in this chapter, this researcher aimed to contribute to the understanding of the intimate working relationships, particularly through the lens of leadership, amongst the co-founders in early-stage startups, which should enhance the development of these startup companies in the long term and which should make at least a moderate contribution to the existing literature on leadership and entrepreneurship.
Chapter IV: Research Findings

The purpose of this interpretative phenomenological analysis (IPA) study was to explore the lived experience of six leaders from early-stage startup companies in order to understand how they make sense of those practices that have contributed to effective leadership operations for their companies. This chapter begins with an introduction, which includes the purpose of the study and the organization of the chapter. Following that, each of the participant’s profiles is highlighted by providing information about their educational background and professional experiences prior to starting the company, current company’s structure and the process of meeting with fellow co-founders, as well as their perceptions as to understanding the nature of startups. Next, the research question that guided the study is presented and a summary of the significant themes and subthemes that emerged from the data analysis is provided. Finally, the chapter ends with a summary.

Participant Profiles

This study included six participants from six different startups. They are all co-founders of early-stage companies who have experienced some level of success (subject to their own interpretation). The participants in this study were:

Mr. Adam. Mr. Adam started the company with three co-founders, Mr. O, Mr. P and Mr. D in 2015. He first met Mr. O during an overseas trip and got along right away. When Mr. Adam contemplated the idea of starting his own business soon after his graduation, Mr. O was the person that immediately came to his mind. Similar to most startups, the two started it as a side project as they continued with their day jobs. The side project quickly gained success and, soon after, Mr. Adam, Mr. O, and Mr. D (friend of Mr. O) started full-time work on the project and contributed capital to get the company going. Subsequently, they found the fourth co-
founder, Mr. P, on a website popular at the time called co-founders.com. Mr. Adam said the “the whole company and the ideas are the efforts of” himself, Mr. O, Mr. D and Mr. P, despite also recognizing the importance of himself, Mr. O and Mr. D having the role of starting it earlier. And the shareholding reflected this difference. At the time this study was conducted, Mr. Adam held 29% of the company; Mr. O and Mr. D had 25% respectively and Mr. P had 21%. Mr. D left the company in early 2018.

Mr. Adam studied social science whilst the other three co-founders have technical backgrounds in both study and work. In addition, Mr. Adam indicated that he had not received any formal training in leadership, yet he admires Mark Zuckerberg of Facebook as a business leader because he loves the vision that Facebook was pursuing; he said Zuckerberg was someone “full of love.” Mr. Adam clearly expressed that merely starting a business is not what he would consider a “startup.” “Startup,” according to his definition is something that creates a new business model and addresses unmet needs.

**Mr. Tim.** Mr. Tim started the company with his co-founder, Mr. S, in 2016. Mr. Tim had a broad education background; he had studied computer science, law, and accounting, whereas his co-founder studied finance and self-learned his way to becoming a data scientist. They were colleagues at a large accounting firm and it was, in fact, Mr. S who had the idea of building a data science company. Mr. S quit his job and started working on it while Mr. Tim studied overseas for a graduate degree in data science. Upon his return from overseas, Mr. Tim was convinced by Mr. S to join him. Mr. Tim was reluctant to reveal details about shareholding but said that they both hold “significant shares of the company.”

Despite his broad education background, Mr. Tim does not recall studying anything specific related to leadership and that he does not really have a go-to person in terms of business
leader. However, upon further reflection, he indicated that he admired his father’s professionalism, who was a senior partner at a large international accounting firm. Mr. Tim indicated that:

He is very fair and honest to his employees but, at the same time, he is nice to them. It gives me the sense like he is always open and always try to understand what his employees want.

The company is experiencing good growth with a strong clientele base and the team has grown to about 10 people. Mr. Tim believes he and Mr. S are still the biggest influence of their company and their job is to take risk yet be a “responsible leader.” His concept of a startup is simply making it financially sustainable so he could pay all the company’s expenses.

Ms. Kate. Ms. Kate grew up in Germany and moved to United States when she was young while her co-founder, Ms. F was French and growing up in Japan. She studied tax and finance and worked in a large corporation whereas Ms. F studied engineering and worked in an investment bank. They met in Japan back in 2005 and became friends. They founded their current company in 2013 in Hong Kong when they both moved there for different reasons; the company only started picking up momentum in 2015. “Passion” was the word that Ms. Kate often referred to during the interviews. She constantly mentioned, “… what is your mission and your passion?” and “… something really feel that come from your soul.”

Ms. Kate said that it all started with their being really close friends. And during their daily conversations, they found that many of their common startup friends were facing similar problems in finding the right talents. Slowly but surely, they started helping them to place such people, which gradually was turned into a business. Ms. Kate and Ms. F have an equal share of the company.
Ms. Kate has not received formal training in leadership but recalled there were several such courses offered at her previous company and the MBA program in which she was enrolled had courses that were somewhat related to leadership. She recognizes the contributions from various business leaders but believes:

I think I would not be necessarily inspired by these big names, but rather like giving [real] examples that I have already experienced for 15 years when I was working at management level.

Ms. Kate believed the success they have experienced is largely due to “timing.” Nonetheless, she recognizes it is also the passion and their efforts but refused to specifically attribute their success to either her or her partner. She described that it is really the “third person” whom together they have created who is guiding them through the whole journey:

I would really say so, it’s actually 100% that the third person, that imaginary person, that fix[es] the problems for both of us.

**Mr. Peter.** Mr. Peter started the company in 2013. His situation with his co-founders is unique from those of the other participants; Mr. Peter, together with his three co-founders, started the company but the legal holding is only Mr. Peter himself and his wife. Another person, Ms. O, joined the company at a later stage. He said that initially everyone just wanted to give it a try without really focusing on the actual ownership of the company.

Firstly, I put in all the initial capital, at least at the earliest stage. In between, we had been raising funds for a few times, but we all thought that we trust each other so we just [did it] without allocating the shares.

At the time of the interview, Mr. Peter holds 60%, Ms. O holds 20% and the other three co-founders, together with an investor, hold 5% each. Mr. Peter has an interesting background,
as he is a law graduate but has worked in many different industries, including politics. His co-founders are similar in age (mid-thirties) and worked as tour guide, historical building researcher and reporter respectively, yet all have a love for the local culture and heritage. Mr. Peter knew two of the co-founders for a long time; they previously worked together in a think tank. The last one was referred by one of the co-founders.

Mr. Peter was very clear from the get-go that he is the leader of the entire project and the team. He is the one instrumental in pulling everyone together and who committed full-time to the company. He stressed that his commitment to do it full-time also changes how they approach the business as he mentioned they were more just “messing around” at the beginning. However, he still attributes all the success, at least initially, to the cofounding team.

Mr. Peter also did not attend any leadership training and he has no role model in leadership. He emphasized the importance of trying things out:

...we are crossing the river by feeling out the surfacing stones. We don’t have any single role model.

Also interestingly, Mr. Peter does not believe his company is a startup anymore because he believed they have crossed the boundary of “zero to one” and have become self-sustainable from a financial standpoint. This contrasts significantly from other interviewees. His perception about startups is very much financially driven, “whether you are able to do business in a certain scale and to build the core team” and “can you have a rapid growth that can allow the company to have a certain scale which you can serve enough customers to provide adequate services so that you can bring forth your value behind?”

Mr. Bernard. Mr. Bernard started the company with Mr. Y. The two other co-founders, who seemed to play a lesser role and have a lower shareholding, joined at a later stage in 2018.
Mr. Bernard did not study at university, as he does not believe the education system can provide what he needs. Mr. Bernard was an active blogger and Mr. Y, being his follower, reached out to him and they became friends. He indicated that both have been contemplating starting their own businesses. One night, Mr. Y told him via email that “you have to take risks and not just stay safe.” Two days later, they met at a Starbucks and decided to start a business together.

Mr. Bernard did not attend any formal leadership training and whilst he has a role model in business, he failed to recall his name. He said that the person is admired within his company because he showed care for his employees. He also recognizes his business model is more traditional. Nonetheless, he stressed the importance of creating an impact.

Success … I think this is when you bring two to three positive impacts to the world and the society. And when the higher the influential power is, the more successful the company is.

Mr. Karl. Mr. Karl has a broad and diverse background. He studied business at a Japanese university, tourism in a Taiwanese university and, later on, computer science and business in an US university, from which he eventually graduated with a PhD. He has worked as a tour guide as well as in business development in a large corporation where his role was to experiment with new business ideas, which he described as being very similar to doing “internal startup.” He started the project with a high school mate who later lost interest. After that, he met Mr. S, who is a computer science graduate. At that time, Mr. S was looking for a job and flew to the US to join Mr. Karl in starting the business. Mr. S referred one of his friends and Mr. Karl found another high school mate to join them around 2016. All co-founders have multiple degrees and a fair amount of work experience, both corporate and in startups. Interestingly, Mr. Karl do not believe the cofounding team enjoys studying; rather, they simply “can” study:
Liking it or not is one issue, but we are all people who *can* study. This is because all of us do not come from rich family. You know, many co-founders have wealthy parents but we do not have that kind of background.

In terms of shareholding structure, he is the majority shareholder but he has been trying to tell the other three co-founders that they should have the same authority, despite their lesser ownership of the company.

Mr. Karl completed two leadership courses at the US university and does not have a favorite role model in leadership (he did say he has unfavorable ones); his reasoning behind this is interesting. He believes these successful business leaders, while they may sound interesting in the mainstream media, don’t reflect the truth. The truth, he believes, is that they all have great connections, which he considered as the most important factor in building a business. He also has an interesting interpretation on leadership. He suggested that his leadership comes from the lack of others who want to take up the challenge.

I used to think that within a group, everybody would want to become a leader, and everyone would like to fight for the position but, later on, I found that not everyone wants to fight to become a leader.

Mr. Karl considers startup is about exploring a new business model and his idea of success and failure is also a philosophical one:

If an experiment fails, it’s a failure to the experiment itself, but if thinking from a wider perspective, each failed experiment is one step on the road to success.

At the time of writing this thesis, this startup has become insolvent and closed its operation. Mr. Karl is looking for his next opportunity.
Research Question

The research question that guided this study was: What are the experiences of co-founders of early-stage startups with leadership and how do they make sense of those experiences as they relate to promoting their startups’ success?

Significant themes.

After several rounds of coding and analysis, four significant themes emerged in response to the research question.

Table 4.1

_Emergent Themes from Data Analysis_

<table>
<thead>
<tr>
<th>Significant Themes</th>
<th>Sub-themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1: The concept of ‘co-founder’ is highly subjective amongst different startups teams and even amongst co-founders of the same startup team</td>
<td>• Co-founders do not necessarily need to have equal split of shareholding structure or official title. • The relationship amongst co-founders often extends beyond a typical professional working relationship.</td>
</tr>
<tr>
<td>Theme 2: The extreme uncertainty and lack of resources in a startup setting shapes the context of leadership amongst the co-founders</td>
<td>• It is as much the co-founders leading the startup as the market leading the co-founders. • There has to be mutually agreed upon methods of resolving, or simply talking through, conflicts. • Some leaders try to create individual “silos” to garner autonomy to make respective decisions.</td>
</tr>
<tr>
<td>Theme 3: Startup co-founders are generally reluctant to claim that they should be the CEO, start-up entrepreneurs seem to put</td>
<td>• Whilst most leaders claim it does not matter who should be the CEO, start-up entrepreneurs seem to put</td>
</tr>
</tbody>
</table>
themselves are the outright leader, even in situations which it is obvious that they are.

- An outright leader doesn’t emerge out of nowhere, but is planted right from the start.
- Deferring to others does not seem like a passive attitude but rather an active action.

Theme 4: Although a common purpose/vision is vital and a critical component, from an operational standpoint, startups seek leadership and management practices that are simple and direct.

- Some co-founders like to be led and some like to lead; it is the dynamic amongst them that matters.
- The ‘co’, whether in title or leadership, appears to exist only at a certain strategic and visionary level.
- There has to be a safety net for co-founders to fall back on in difficult times, and this seems to be the ‘vision’ or the ‘why’.

Theme 1: The concept of ‘co-founder’ is highly subjective amongst different startups teams and even amongst co-founders of the same startup team. The concept of co-founder, while very popular within the startup industry, appeared to be very different in each situation that was under examination. In fact, it is fair to say that this concept appears to be socially constructed amongst the cofounding team. As startups move forward, the formal definition of shareholders, board of directors, CEO or other titles (being management or employee) becomes clearer and develops proper legal and operational implications. Yet, it is the emotional attachment to the co-founder title, which really means nothing much specifically, that creates the unique context with which to understand leadership within startups.

Co-founders do not necessarily need to have equal split of shareholding structure or official title. As indicated from the participant profiles, co-founders in each startup have
different proportion of shares. In the majority of the cases, the co-founders have similar and significant portions of the company (Mr. Tim, Ms. Kate, Mr. Adam, Mr. Karl) but there could be also be other situations. For example, Mr. Peter’s co-founders hold limited shares (5%) yet they are still referred to as co-founders and recognized as having made significant contributions to the company, at least initially. In fact, Mr. Peter thinks he and his co-founders do not really see shareholding of an early-stage company to be that important. This is somewhat echoed by Ms. Kate:

[Startup] is not bound to any legal structure. You don’t need the legal registration, just you and me sitting in a coffee shop, working on what the market would fit that is highly scalable or also have a point of structure, business model . . .”

This is also similar to the case of Mr. Bernard. He and his first co-founder initially started the company and have larger shareholdings than the two co-founders that joined later. As can be seen, the title ‘co-founder’ does not mean one has to literally founded the company. It can also be used for those who joined the startup later (still at a rather early stage) yet are being recognized by his or her peers that the contribution (or expected contribution) is worthy of this co-founding title. Nonetheless, things can be more complex, as Mr. Bernard also admitted that he cares less about the two later joined co-founders than Mr. Y.

The most interesting case is perhaps Mr. Karl; while although all co-founders have similar shares, he was the one who dictated the conversations and it appeared it was more like he was assigning “his” shares to the other co-founders. He also rationalized the reason that he was often being asked to take the lead of the company as perhaps because he is the majority shareholder of the company, although not by much, as well as being the one who initiated the idea.
Finally, for the company Mr. Adam cofounded, despite the co-founders having similar shareholdings (he has slightly more), he attested that the difference is only a matter of reflecting the contribution at that point in time and it does not affect the way they will work together going forward. Therefore, it is fair to say the ownership does not drive the behavior of the co-founders; rather, the ownership is really a result of the behavior of the co-founders.

*The relationship amongst co-founders often extends beyond a typical professional working relationship.* In all of the cases, the co-founders developed some sort of relationship before venture into starting a business together. And this relationship extends into the business relationship that they created in the startup. All participants were asked to use adjectives or words to describe their relationships with their respective co-founders. Whilst they vary one from the others, these are not typical words one would find to describe colleagues in a larger organization.

Table 4.2

*Descriptors of Co-Founder Relationships*

<table>
<thead>
<tr>
<th>Participants</th>
<th>Words used to describe their relationships with co-founders.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Adam</td>
<td>reciprocal; all in; inspiring; father and mother</td>
</tr>
<tr>
<td>Mr. Tim</td>
<td>evolving; boxing gloves (sparring partners); life partners</td>
</tr>
<tr>
<td>Ms. Kate</td>
<td>genuine; caring; changing</td>
</tr>
<tr>
<td>Mr. Peter</td>
<td>best friends; team mates; dream team; comrades</td>
</tr>
<tr>
<td>Mr. Bernard</td>
<td>love; respect; harmonious; (from conflict to) peaceful</td>
</tr>
<tr>
<td>Mr. Karl</td>
<td>collaborative; trust; in need of each other</td>
</tr>
</tbody>
</table>

Furthermore, Ms. Kate touched on the interesting dynamic among co-founders because there is friendship involved:
[It] is interesting to see if you start a business with a friend, very often that risk is that you are too similar, and that you always agree. So the thing is, you know, we very often disagree on things. But given that we were friends [for so long], which we are able to put them on the table an talk them through and then come to a decision.

Ms. Kate stressed the importance of “timing,” i.e., the individual need of starting a business at the same time plays a huge part, a point also echoed by Mr. Tim. The idea of “in need of” each other was a common theme amongst participants. This is perhaps why often startup co-founders referred to finding the right co-founders as “fate.” This was also nicely summed up by Mr. Bernard as he described his relationship with Mr. Y and how they started the business:

I think I couldn’t say we just fit in easily. I think it is more like we have the same needs [of starting a business], and the timing just fits.

**Theme 2: The extreme uncertainty and lack of resources in a startup setting shapes the context of leadership amongst the co-founders.** Eric Ries (2011), an influential thought leader in startup and the author of *The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses*, defined startup as “a human institution designed to deliver a new product or service under conditions of extreme uncertainty” (p. 8). Not only does this impact on how startups need to operate but also it is evident from this research that this impacts on how the co-founders believe they should work with each other.

*It is as much the co-founders leading the startup as the market leading the co-founders.* Startups, whether they are exploring a new business model or pursuing a more traditional approach, all deal with a high level of uncertainly as they approach the new market. Since no two businesses exactly the same, the startup co-founders generally understand the
important need to validate with the market quickly and effectively. So, rather than focusing on an internal debate of who/what is right, they often accept it is more suitable, and perhaps more convenient, to let the “market” decide. As Mr. Adam clearly suggested, the best way to gauge the success of any startup is, “are you surviving?”, a point echoed by Mr. Tim. Ms. Kate also brought up the interesting point that, as startups, it is really about experimenting and letting the market decide:

… more about how you assure that your organization is staying agile . . . we apply some of the startup methodology, which is get an outside validated feedback from your consumers and customers, rather than getting screwed up by internal decision making or politics.

Similarly, Mr. Bernard also indicated they have the culture that whoever is making comments and decisions should take responsibility for the outcome. Outcome matters and, in startups, the turnaround time of seeing the outcomes is often very quick. So this seems to be a much effective methodology with which co-founders work with, or lead, each other. This was also echoed by Mr. Tim, who referred to startups as “really do[ing] things fast” in terms of the constant need to adjust to the challenging market. Another interesting comment was the analogy used by Mr. Bernard. He believes that describing his co-founding team as a sports team, each co-founder playing a specific position given their interests and talents, is limiting because, in any sports team, their goal is static, i.e., winning over a particular opponent. He believes his co-founding team faces challenges so different every day and the roles that each co-founder plays are so dynamic that there is really no fixed position like those usually seen in sports teams.

There has to be mutually agreed upon methods of resolving, or simply talking through, conflicts. Conflict is a common topic in the literature as startups often face conflicts amongst the
co-founding team. Mr. Bernard indicated that, at the beginning, he and Mr. Y frequently had serious quarrels and that they would “snap the table and used fingers to point at each other and then scolded each other directly.” He said this was because “our thoughts were different, what we wanted to do was different, different directions, different expectation of scale and everything was different.” However, this is no longer an issue as they found more alignment in their thought process (and other effective ways of working and surviving together). Overall, there seems to be a great deal of compromise needed simply to keep a startup going. Mr. Bernard claimed that they have a clear path of resolving conflicts; one of the co-founders will always be assigned as the overall responsible person. However, he believes the structure is based on rapport and respect, rather than formal internal control. He also stressed the importance of using the question of “why” and “how” in evaluating different options to the situation (the concept of the golden circle as advocated by marketer and writer Simon Sinek). He also stated that, in order for his company to operate, “even if you don’t agree on something, after the [co-founding] team has agreed on it, you still have to do it.”

Mr. Tim also highlighted this point when he mentioned he needs to have better EQ in order to help himself work with his co-founder as he did not expect such strong disagreements right from the start. This is a very strong theme across all the participants as they have all demonstrated some sort of misalignments amongst the co-founding teams.

*Some leaders try to create individual “silos” to garner autonomy to make respective decisions.* In every case, it seemed the participants have a way of creating their different silo to minimize conflicts. Mr. Adam is the CEO and mostly responsible for the external matters while leaving the technical issues to the other three co-founders. During the interview, Mr. Adam often said that engineers have different mindsets from himself. Mr. Tim literally works
completely separately from Mr. S. Mr. Tim works with many clients in Hong Kong on a consulting nature whilst Mr. S only works with one client in China that is product-related. In fact, they have created separate legal entities for the two business units. As Mr. Tim stated, “currently, both of us are having external roles, but we have different departments in our company…” and, as a result, “we now have less interaction, but we would talk to each other at least once a week.”

Ms. Kate and her partner, whilst described by her as being really close friends, are currently responsible for two separate part of the business. Mr. Peter, who appears to dominate the entire company from the onset only involves the other co-founders on an as-needed basis. Mr. Bernard is focused on the Taiwan market whereas Mr. Y is responsible for the China market, where he is physically based. Finally, Mr. Karl is the only person who did not create such clear ‘silos’ with his co-founders but, in his case, he seems to be much more dominant, with his co-founders always looking for his approval.

Theme 3: **Startup co-founders are generally reluctant to claim that they themselves are the outright leader, even in situations in which it is obvious that they are.** In fact, it appears the person who was interviewed is the outright leader of their startups. This is perhaps the reason that the researcher, in a subconscious way, decided to interview that specific person instead of the other co-founders with whom he was also acquainted. Nonetheless, they all seemed to be reluctant to claim themselves as the clear leader, perhaps because of the way in which the research topic is structured – leadership with co-founders. It just seems it frames everyone, including the researcher, that everything should be interpreted from this perspective.

*Whilst most leaders claim it does not matter who is the CEO, start-up entrepreneurs seem to put weight on the title.* As Mr. Adam said, “as a CEO, I am never satisfied.” He did not
use the word *co-founder*, but the title *CEO*. Mr. Bernard also mentioned they may need a CEO or a general manager fairly soon who he sees as the person who will “make the final decision” and it is likely that one of the four co-founders would be the CEO. Nonetheless, Mr. Bernard does not consider his leadership style, which is by way of influence, will change even if he is appointed as the CEO. Mr. Peter and Mr. Karl are clear CEOs of their respective startups, and it was plain that they really dominated the entire operations.

*An outright leader doesn’t emerge out of nowhere, but is planted right from the start.*

Team play matters, as nicely put by Mr. Adam, as he said for the initial success of his company, he would contribute at least 70% to the co-founding team but within the co-founding team, Mr. Adam said: “I think 10% is due to our individual talent, and 90% is due to collaboration of the team.” Nonetheless, there seems like to be a clear leader in each case. Mr. Karl seems to be the most obvious one, although most of the other participants showed similar traits. The artifact that Mr. Karl brought in to the second interview was a flyer they created for their first overseas exhibition. He indicated that the team has had so much argument about how it should look, from the wording to minor details of the design. Finally, he decided the only way to control the situation was for him to delegate:

So I was not just letting go of this thing. But it’s rather like I was bold enough to tell them that they should take responsibility for the end result.

However, he noticed that, despite the delegation, his co-founders always sought for his final approval. He explained this could be the expectation gap in a way; that, despite that he feels like he is giving up a lot of control, in reality, they don’t feel the same way. Mr. Karl frequently used the word ‘they’ to describe the other three co-founders. Mr. Karl argued:
… we have 4 people which is quite a lot. When we discuss about something, we still need someone to say, “Ok, we decide on going towards this direction.”

When Mr. Adam was asked whether there was anyone who took the lead, he shy away from the question until finally agreeing that:

I think yes [that there was someone taking the lead]. I think it should be me. I’ve spent a lot of time and efforts in finding [Mr. O] and [Mr. D].

Despite Mr. Bernard’s claims that “there’s never anyone who is taking the lead” multiple times throughout the interview, this is how he describes his relationships with his co-founders:

Amongst the four of us, it’s kind of like this situation [of a dream team] but there is no single person doing the lead amongst the four of us. In addition, we never had anyone wanting to be a dominant leader and says “I will make decision on this matter!”.

Nonetheless, relatively speaking, due to my personality, I would be responsible for more duties.

This view is important as it is obvious that Mr. Bernard and Mr. Y started the company first (two other two “co-founders” joined later). And, in addition to the above comments made by Mr. Bernard, he subtly indicated that Mr. Y initially referred to him as “Teacher” when they met, implying perhaps he has a more superior standing amongst the two. Also, throughout the interview, Mr. Bernard seems to separate himself from the rest of the co-founders. In addition to mentioning he has more work experiences than all other co-founders, he said:

The thing is that as [my co-founders] are impatient, so when they come into a quarrel, their personalities would make them feel annoyed and just want to get an immediate result… but for me, I just want to accomplish the goals soon and I need to get it done quickly, so I give way.
He has also mentioned that, “I won’t mind too much about others’ mistakes. It’s ok. I will just forgive you.”

As for the case of Mr. Peter, he was clear that, along with his other commitments and his shareholding of the company, he is the clear leader of the company. He was the person who was driving the other co-founders, who appeared to be taking a really passive role right from the start.

The more complex cases are Mr. Tim and Ms. Kate. These are the only two cases which do not appear to have a clear leader. However, it is also interesting to note that, for these two cases, the co-founders in the respective startups work the most independently from the other cases. Therefore this still supports the notion that startups require a strong and clear leader to move the business forward.

**Deferring to others does not seem like a passive attitude but rather an active action.**

During the interview, Mr. Karl referred to one of his co-founders:

[He] is a very clever person. If he knows a very clear target, he must finish that target. He can get full marks of the KPI. To me, I know if there is a KPI, I only have to get it done. He is the kind of person who would drill deeply into one thing. For me, it’s not like I can’t drill deeply into one thing, but I prefer seeing things at a wider perspective.

Mr. Karl said the following when he was asked whether he was the person leading the project:

It is actually quite interesting. In fact, based on my personality, I don’t like to take lead. I hope that we can define [responsibilities] clearly as it I actually not that easy. Of course, I would like to see we can clearly distribute the work, but they would expect me to take lead on more things.

He further claimed:
But actually, I don’t really want to be the one who decide on everything. It’s like this is related to Asian culture. In US, if I decide on everything, others may think that I over dominate and it would not look good on me. But in Taiwan, if you always listen to other people, they would think you are the boss, how come you always listen to the others. This seems to suggest that Mr. Karl is purposely giving up certain control to let his co-founders go for technical details.

Mr. Bernard described his attitude as depending on how he interacted with each of the co-founders. It seems again it is his flexibility is more an affirmative action, rather than simply being pleasant and harmonious. “Yes, my personality is that I like to take control. But my personality of being target oriented outweighs my controlling personality.” For example, where Mr. Y is very detail-oriented on public relations, Mr. Bernard would take a step back. Where one of the co-founders is more relaxed and like to “dream,” he will take on a more practical and decisive role.

My role as a follower related to my natural personality. I’m target-oriented. So as long as things can get done, I don’t have to be the boss. As long as things can get done . . . if there’s another co-founder who make the final decision, so be it! If I cannot trust the work of other co-founders, the company would not achieve anything and cannot get things quickly enough.

As for the cases of Mr. Peter, Mr. Tim and Ms. Kate, they were the ones, because of the ‘silos’ they have created or simply in the case of Mr. Peter that he is the only active one amongst his co-founders, that do not need to expend that much effort in creating this delegation.

**Theme 4: Although a common purpose/vision is vital and a critical component, from an operational standpoint, startups seek leadership and management practices that are**
simple and direct. All interviewees expressed the importance of making a difference, which takes the form of making an impact or simply financial success. For example, Mr. Adam stressed the importance of being “influential.” The purpose of the startup is really to change the entire mindsets for education needs for future generations. Mr. Tim said, “we are a small company and we try to make things move fast” as well as “to do things that are not yet popular in the market.” They also appeared to be pioneers in the market, despite its small size, as it has won work from significant clients in the market. Ms. Kate thinks of a startup as “a disruptive business model that use product market share and that is something that is highly scalable.” They are also building the first platform in the market that helps startups in funding. Mr. Bernard’s vision of improving Chinese communities in presentation skills is often the “why” they go back to when he has conflicts or simply questions with his co-founders.

Some co-founders like to be led and some like to lead; it is the dynamic amongst them that matters. In the case of Mr. Tim, he had literally split the startup into two “departments” that have been operating very independently. When he was asked about the leadership between him and his co-founder, his response was uncertain at best, “I think I wouldn’t say it is leadership. I won’t say I lead over him or he leads over me. We are both neutral and we communicate with each other,” especially given how they have created this huge independencies.

Mr. Bernard had an interesting take on running a company too democratically, referring to overreliance on a consensus from everyone. He believes “nobody wants true democracy because everyone wants to fulfill his own desires that can often be very short sighted.” He explained that his decisions need not to be liked by everyone, because everyone will get to see the quality of his decision quickly, given the fast-paced environment startups have.
The ‘co’, whether in title or leadership, appears to exist only at a certain strategic and visionary level. Mr. Bernard also said that the cofounding team more resembles a cast of a movie rather than a sports team because a sports team faces a fixed opponent while what they have to face is always evolving. At one point, Mr. Karl assigned one of the co-founders to become the COO (Chief Operating Officer) to handle internal affairs. However, it ended up with even more confusion. He does not believe “co-leadership” can really exist because, in a startup environment, there is simply not enough resources and as a result, no matter how the roles and responsibilities are assigned to the cofounding team in the most objective manner, individually, they will still underachieve because that person simply don’t have all the required knowledge and experience.

He also believes the hierarchy amongst the co-founder slowly evolves based on who is willing to take on more ownership and to tackle problems amongst each other.

Of course, relatively speaking, I have a more serious attitude and I have higher expectation [for our startup]. I think hierarchy comes out of this way. That’s how I think. In the case of Mr. Tim, whilst he sees “for big decisions, obviously two people should decide together” but “at some executional level, one person should be responsible to take the lead.” This supports the sub-theme of “there has to be mutually agreed upon methods of resolving, or simply talking through, conflicts,” this is a great example of how the title of “co” is only useful at times of “big decisions” or some rather vague strategic level but everything becomes a lot more black and white at the operational level.

There has to be a safety net for co-founders to fall back on in difficult times, and this seems to be the ‘vision’ or the ‘why’. The motivation for co-founders are not always financially driven as Mr. Karl has pointed out:
… when a person is working and it is not because of money, so what is he doing it for? I have to find it out and give him that.

Mr. Karl mentioned an interesting quote that “management is science and leadership is an art” and further contrasted the difference between startup and larger organizations:

When there is sufficient resource, I would tend to think in a more scientific way. However, as resources are really scarce [for startups], when I need to present my leadership skill, it would be more like an art.

For Mr. Bernard and his co-founders, there were many conflicts and quarrels at the beginning (and he claimed that there has been few to no quarrels in the last two years). What has kept them together, according to Mr. Bernard, was that they also talk about “why” a lot. These include “why would we want to do this thing?” and “why did we start this business.” He summed it up as “once we had agreed on our values, we could easily match with our strategies.”

Summary

This chapter summarized the results of the analysis of interview transcripts from an IPA study. The chapter began with an introduction, which included the purpose of the study and the organization of the chapter. Next, each of the participant’s profiles were highlighted, with information about each participant’s and their co-founders’ background and how they co-founded the business, as well as their interpretation of startup and its success and failure. The following section presented the research question that guided the study: What are the experiences of co-founders of early-stage startups with leadership and how do they make sense of those experiences as they relate to promoting their startups’ success? The final section included the significant themes and subthemes that emerged from the data analysis. These themes were: (a) the concept of ‘co-founder’ is highly subjective amongst different startups teams and even
amongst co-founders of the same startup team; (b) the extreme uncertainty and lack of resources in a startup setting shape the context of leadership amongst the co-founders; (c) startup co-founders are generally reluctant to claim that they themselves are the outright leader, even in situations in which it is obvious that they are; and (d) although a common purpose/vision is vital and a critical component, from an operational standpoint, startups seek leadership and management practices that are simple and direct. The four significant themes answered the research question and illustrated participants’ experiences of working with their co-founders in a startup environment.
Chapter V: Summary of the Findings and Recommendations

This study examined the leadership practices experienced by the early-stage startup co-founders and sought to discover effective leadership practices that all startup co-founders should model amongst the co-founders. This chapter begins with an introduction, a revisit of the problem of practice, a discussion of research findings surrounding the central research question, the implications of these findings, and the conclusion. It is then followed by reflections on the findings as well as the researcher’s positionality. Finally, it addresses the transferability of the study as well as further research areas that are worthy of investigation.

Revisiting the Problem of Practice

With the emergence of startups beginning to gradually increase following the financial crisis of 2008 (Stam, 2015), more resources, including private investments and government support initiatives, are flooding into the market. With many corporations and countries relying on “innovation” to be the savior of the current economic development, this startup movement is undeniably important. At the same time, it is generally agreed that the rate of failure for these startup companies has been very high, resulting in only a fraction of them lasting beyond the first five years (Bolinger, & Brown, 2015). Apart from external factors such as general business conditions and the nature of the product and services offered, internal factors such as the traits of entrepreneurs (McNeil & Burgar, 1991), demographics of the top management team (Patzelt et al., 2008), and leadership approaches (Freeman & Siegfried Jr., 2015; Hmieleski & Ensley, 2007) are all relevant. This study focused on leadership practices amongst co-founders within early-stage startups. Based on previous studies, one may conclude that the success of early-stage startups is highly dependent on the leadership ability of the founders, which leads to key features of startups such as innovation and creativity (Dunne et al., 2016; Humala, 2015).
Acknowledging it is important to note that entrepreneurship research is a developing field (Cornelius et al., 2006). Research examining leadership in startups is even more limited. In addressing this research problem, the immediate concern was the apparent lack of a consistent definition and a lack of understanding of what startup and its success mean could present a challenge. However, understanding the lived experiences of these co-founders provided a rich foundation of the dynamics of the co-founding team at the early stages of startups, the moment when a few people start working on a project, up until the project has evolved into a company with relatively formal structures and/or when a formal leader has emerged from the group.

**Research Question**

The research question that guided this study was: What are the experiences of co-founders of early-stage startups with leadership and how do they make sense of those experiences as it relates to promoting their startups success?

**Discussion of Research Findings**

The results produced four significant themes, which contained a number of surprising conclusions. As anticipated, the concepts of startup and its success are unclear at best. What was not expected is that the concept of ‘co-founder’ is also highly subjective amongst different startup teams and even amongst co-founders of the same startup team. Perhaps due to the researcher’s personal experience of being a co-founder, as well as working with many startup co-founders through his own consulting businesses and investments, it was thought that co-founders are obviously people who have significant shares of the startup as well as having key authority over its operations. The results of the study suggested, on top of ownership structure and the roles that each co-founder played during the initial formation of the startup, the term co-founder is more a “social construct,” or perhaps a social contract, amongst the co-founders. It is not
merely about the percentages but rather the sentimental values and commitments (soft attributes) because how long the startup can survive at the early stage is suspect at best. Therefore, co-founders have to count on these soft attributes rather than looking at it in the way that financial analysts would for listed companies. As a result, success of the startups, as defined by the respective co-founders, is often linked to these soft attributes rather than more formal factors such as leadership, talents or demographics. Similarly, many other researchers have also focused on dynamics. This internal focus on these soft attributes is further demonstrated by all participants stating that their relationships with their respective co-founders are often beyond a simple professional relationship. This dynamic is not something one would typically find in larger companies. The quasi-personal/professional relationship between co-founders challenges the idea of whether one should approach this purely from a leadership or management standpoint. For example, how often do we talk about leadership when it comes to friends or family members (albeit, some forms of it do exist)? This extra level of complexity necessitates that the study of startup co-founders be multi-disciplinary in nature. As confusing as all of these perspectives may seem, this can serve a great foundation for further understanding on the topic with regards to startup co-founders, startup success and failure, as well as the basic startup practices. The highly interpretive and personal nature of these terminologies in the startup world is understandable because every entrepreneurship journey is different. Just like life, no two persons live exactly the same experience. Yet, from an academic or knowledge standpoint, the idea of not having a ‘standard’ answer for startup success can be disturbing and ineffective to overall start-up development.

All businesses have their own challenges. This is the same for startups. However, for startups, especially often described by startup co-founders who think what they do is beyond
starting merely a business but more about starting something ‘new’ or having a ‘new’ business model, can be even more challenging. The extreme uncertainty and lack of resources in a startup setting shapes the context of leadership amongst the co-founders. As much as the co-founders within a startup interact with each other, what they are all interacting with the most is the rapidly changing market. This is less of significance for larger companies because their business models and operating paths are generally more defined. Therefore, in studying the relationships amongst the co-founders of early-stage startups, the elephant in the room is the “market” as the startup teams pursues what is commonly referred to as the ‘product market fit.’ While this concept is described by the participants to different levels, it appears that the market is really the “other” co-founder amongst the startup teams. The real debate is the co-founders and how well the “co-founder” responds to their decisions. Therefore, as much as there can be internal conflicts, and there is enough evidence to suggest the participants that there are present, most co-founders pick their battles with the “other” co-founder, namely in the market. As a result, it can be seen that startup co-founders sometimes find their respective ways to “silo” themselves from their human counterparts and focus on the imaginary co-founder. It is also worthy to note that, whilst many academic studies focus on conflicts among startup founding teams, sometimes described as cognitive conflict or affective conflicts as shown in the literature review, what is less frequently described is how they go about actually resolving these conflicts. The evidence in this study suggests that the methods are often very basic (from shouting matches to departmentalizing their duties) because, ultimately, they realize as long as the “other” co-founder wins, they win.

The interviews conducted in this study showed that the participants were excited to share their stories, even the more reserved individuals. This was perhaps because they do not really describe their startups as “Harvard Business Case Studies” but their own personal journey. They
all sounded passionate, inspiring and downright honest. Yet, at the same time, the analysis showed that there seems to be contradictions in terms of what they say and what they do. These are highlighted by the last two themes of the study. For example, the participants are generally reluctant to claim themselves to be the outright leader, even in situations in which it was obvious. It is unclear whether this is a cultural issue because all startups are founded in Asia (although the participants have a variety of background and nationalities). The unwillingness to take the leading roles amongst co-founders, particularly at the onset, is perplexing. Or perhaps this should be the correct perspective? One should not assume all co-founders would seek out the leadership role amongst her peers. For some of the participants, as the startups evolve, it was clear one of them take stronger control (acting as CEO) or in some cases, they carve out a piece that they can be of more dominate control. However, this does not seem to be the case at the initial formation stage. This perhaps also goes back to the sentimental values they attach to their relationships. At the same time, it is relatively clear that they do care about titles, such as CEO and co-founder, at least to some extent. Perhaps this is a growing pain they are experiencing as they move from a quasi-professional/personal relationship into a full-fledged business. During their initial three to five years, startups are really “teenagers” as they struggle with their own identities. Also, actions speak louder than words in early-stage startups. One can be given any title in early-stage startups, as most titles are made up anyway because what is really a CEO when there are only co-founders and no staff at all? Within this context, it must be appreciated that most startups, as shown by most of the participants, started off only as a side project, something the co-founders simply enjoyed working on together. It should also be noted that most of these side projects do not turn into startups, let alone real businesses. The high likelihood for initial co-founders to drop out or lose significant interest cannot be ignored in
understanding the construct of this relationship. As a result, startup co-founders who take up more responsibilities, commitments or simply making slightly more of an effort to push the startup along are the natural leader of the team, regardless of title. They seem to have a strong hold on how the startup evolves and dictate how the relationship amongst their co-founders develops. This contrasts interestingly with, say, two midlevel managers competing for a promotion in a large company. In a larger company, these promotions happen in a more defined manner because the end goal is clearer and more apparent. On the other hand, there may or may not be clear benefits to being the outright leader of an early-stage startup because no one really knows what is going to happen next. The evolutionary nature of this leader is particularly interesting. Also, the election or consensus of this silent leader of the pack demonstrates both the democratic nature of startup teams (unanimously agreeing to a leader) as well as the dictatorial nature of running a startup (someone taking control or initiative right from the start). Perhaps this can explain the contradictory nature of their responses, despite their genuine and honest attitudes.

Lastly, all participants showed a clear common purpose and vision for their startups. This is more than a typical vision statement from a large company in terms of setting out the strategy but is more about giving them the very reason to continue battle with the excitement and challenges of entrepreneurship. At the same time, from an operational standpoint, it appears that startups seek leadership and management practices that are simple and direct. Some naturally lead and some naturally follow. In fact, the study suggests that there appear to be more deferring than dominating, at least not from the traditional understanding of what these terms mean from a management studies standpoint. At least from this limited sample size, there is no evidence to suggest power struggle amongst the co-founders in their respective teams. Finally, the
researcher struggled to associate the ‘co’ in terms of founders and leadership. The chain of command amongst the respective co-founders within the six sampled is clear, at least from the way the participants expressed it. This unique experience leads to an interesting question: if the leadership and management are simple from an operational standpoint, what is really the leadership amongst the “co”-founders? The answer perhaps lies in the bigger picture. The “co” within the co-founders, as it turned out, is often less about leadership and management and more about sharing the same vision and purpose with regards to starting the business venture. Many participants mentioned the best conflict resolution is to ask each other “why.” Why are we doing this? Why is all this worthwhile? And this goes beyond just the co-founding team as this is often communicated to the rest of the team. Therefore, the overall findings suggest that there are two layers of meaning amongst leadership in a startup co-founding team. The vision and purpose govern the big picture and are what holds everyone and everything together while simple basic leadership and management are often used at the operational level. In order to understand “co”-leadership amongst “co”-founders leadership, one must view the question through these two lenses. Specifically, this means it is perfectly fine to understand leadership from the sensemaking aspect of the co-founders as this helps how this leadership ‘relationship’ is co-constructed by these co-founders and therefore what really matters to them and is thereby holding them together. Yet, one should not use this understanding of leadership as a way to learn how one should operate on a daily basis, which requires something much more simple and direct.

**Findings in relation to the theoretical framework.**

As highlighted above, many leadership models, such as shared leadership, distributed leadership, or even followership, could have been used as the theoretical framework as the
dynamics amongst co-founders can be described as being similar to the concept of “co-action” proposed by Sklaveniti (2017). In fact, the findings indicate strong support for theories such as distributed leadership. Nonetheless, the researcher decided to use leadership as practice (L-A-P), a relatively new movement in leadership studies that emerged in early 2000s. L-A-P suggests that it is possible to have multiple leaders operating concurrently in a concept called a “leaderful” organization. Specifically, there are four ‘C’ s of leaderful practice, according to Raelin (2005): concurrent, collective, collaborative and compassionate. It is important to note that perhaps it is more appropriate to use this leaderful concept strictly as a theoretical concept in viewing leadership, rather than a benchmark or standard that one organization should achieve. In another words, L-A-P is a great theoretical framework to understand how and why these co-founders come together, or literally co-found the company, but this does not mean L-A-P is a model for co-founders to lead each other or operate on a daily basis.

**Concurrent.** The concurrent aspect implies that “there can be more than one leader operating at the same time, so leaders willingly and naturally share power with others” (Raelin, 2005, p. 22). This is obvious, not just from the participants, but also generally across the industry because most startups are initiated by more than one founder. This is essential as everyone brings in their unique skillsets to complement with each other. However, whether they are leaders operating at the same time is questionable. Certainly, the participants generally adopt a more dynamic structure as they approach issues on an ad-hoc, as “as it happens’ basis, particularly in the early stage of the company. The divide and conquer approach is common as each takes responsibility for different aspects of the operations. The fact that there are multiple leaders leading multiple aspects of the startups does not imply they all co-exist in a leadership capacity. They are perhaps more like department heads of a large company, each focused on
their own business and priorities. They are technically all co-leading the company in their capacity as the co-founders, but there is no evidence to suggest that two or more co-founders can lead the entire company in that conceptual manner. Decisions still have to be made by someone and accountability still matters.

**Collective.** This refers to the idea that these leaders can co-exist beyond formal power and decisions should be made by the person with the relevant responsibility. Again, this is another reason why the researcher initially thought this would work very nicely in a startup environment, as typically there is no formal organizational structure and hierarchy in place. And this is true amongst the participants. They all exhibit a very flat structure but primarily because there are simply not that many people. Whilst there is little to no standard operating procedure to guide their behavior, because of the unpredictable nature of startup market and the way they try to adapt to it, they all appear more organized than the researcher expected. As demonstrated in theme 2, they tend to fall back to a simple mechanism in making decisions. In fact, as highlighted in theme 3, most participants appeared to be reluctant to take up leadership roles, let alone try to earn the leadership role collectively.

**Collaborative.** The importance of the idea of achieving a “common good” by exercising mutual respect for each individual’s opinions is clearly demonstrated by this study. The common good, or the vision or purpose, is not just common but essential for all participants. It is everyone’s responsibility to make sure the startup continues to survive and, during the lowest of the lows, this purpose is what keeps them together. As a result, the collaborative approach may come about because of necessity rather than each co-founders exercising mutual respect for each other.
**Compassionate.** This feature involves upholding the dignity of others when making decisions for the overall organizations. This is also clear for the participants as the decisions that they often make can mean life and death situations for their company. As every co-founder had such a high stake in this endeavor (for those who do not, they are naturally being replaced), this is a key component. All participants in this study appeared to really care about their respective co-founders. The quasi-personal/professional attitude is a clear evidence of the support of this compassionate nature amongst the co-founders.

Overall, whilst participants react strongly to the 4Cs and resonate well with these concepts, L-A-P does not provide the answers with regards to how these co-founders devise mechanisms that work on the day-to-day operation level. In any case, on reflection, the very nature of L-A-P, particularly the leaderful concept, is still a fantastic lens to use to observe the relationships amongst the co-founders in early-stage startups.

**Findings in relation to the literature review.**

According to the literature reviewed in Chapter 2, a number of key scholars have developed and tested hypotheses examining startup success, particularly Michael J. Ensley and Keith Hmisleski. Especially during the very first stage of startups, the ability to arrive at consensus, and therefore make decisions, is critical, and failing to do so can be disastrous (Knight et al., 1999). In addition, the co-founding team’s individual and shared work experiences within the startup are key components during this period of time that affect success. All of the “technical” elements of the co-founding team are important, but the networks and relationships of the co-founders, as a group, are equally, if not more, important. As noted in this research, the participants talked intimately about their relationships with their respective co-founders. Particularly, it is important to appreciate that the concept of co-founder is a construct
established amongst the co-founders which therefore can be highly subjective. The fact that all participants referred to their co-founders as much more than business partners is a clear indication that the complexity of such relationships is warranted. The simple concepts such as cognitive (or task) vs. conflicts affective (or relationship) conflict, as Ensley et al. (2006) noted, is simply not sufficient. Further, for cases where researchers argue on the importance of team composition and team dynamics, such as the way in which Ensley and Hmieleski (2005) studied the differences between university and “independent” startups, this IPA study has demonstrated that this cannot easily be understood via high-level questionnaires. In fact, even in-depth analysis of semi-structured interviews may have only barely scratched the surface as all the participants have demonstrated difficulties in fully explaining their intimate relationship with their co-founders. Observed in the interviews, the ability to arrive at consensus, and therefore make decisions, is critical, while the way to reach such consensuses can appear simple on surface, from the perspective of empowering each other, but drastic when examined in detail (are they isolating from each other?).

Summarized in the literature review, the historical development of leadership theories can be understood as moving from a closed to an open system; from an internal to external emphasis; from control to participation; and from single to multiple disciplines (Szabla, 2009). These are all valuable elements in understanding the leadership dynamics occurring in the early-stage startup environment when co-founders are still trying to shape the organization structure and control while mutually influencing each other, as the company grows. Open systems relate closely to how the co-founders struggle on a daily basis to find solutions to the addressable market. The external emphasis is also clear as it can be argued, as above, that the market is really the “other” co-founder that exists in all early-stage startups. The participatory nature of
co-founding team is clear yet this should be examined in light of sharing of responsibilities whilst each can take control of matters at a much more granular level. Finally, the ability to address leadership in multi-disciplinary perspective is important, particularly for startups. The quasi-professional/personal relationship calls for an even more creative approach to understanding the dynamics within the co-founding team. Why should this study carried out from a leadership and management foundation? Rather, should this study undertaken based on research on family dynamics instead? Perhaps this is why this is an ideal topic to approach from an education standpoint, the process of acquiring knowledge and wisdom overall. These are further discussed in “Future Research” section.

**Implication for Practice**

This study is relevant and useful to a broad audience, including startup founders, investors, investors and ecosystem players such as incubators, accelerators, policy makers, and anyone contemplating becoming part of the startup community.

**Implication for co-founders.**

Co-founders could use this study to inform better ways to work with each other within their co-founding teams or, more simply, as a reference to look for co-founders. According to this study, it is of paramount importance for startup founders to find co-founders who share the same vision and purpose, in addition to looking for complementary skills and background. Startup co-founders should also consider not jumping right into equal ownership of the company at the onset as there is clear evidence that the concept of this co-founding relationship is highly interpretative and evolving. The study suggests that, while ownership and roles are important and add to the relationship amongst the co-founders, there is a clear need to determine how to operate beyond a professional relationship as well as having simple yet effective ways of making
the everyday decisions that are important for startup co-founders. In another words, co-founders need time for the meaning of “co-founding” to develop, which then should become the solid foundation on which to build the respective roles and ownership. On the other hand, what co-founders don’t have is time to waste on painstaking decision making on a daily basis, or “co-leading,” for which they need to act fast. Therefore, by balancing these two aspects, co-founders will be better equipped to deal with the extreme uncertainty in a startup environment whilst seeking development of the more delicate co-founders relationships and leadership.

**Implication for ecosystem players.**

Accelerator and incubation programs should incorporate the findings into their processes of training and mentoring sessions. Allowing a much broader and subjective interpretation of what co-founders, startups, and even success and failure mean forces mentors and instructors to take a much more empathetic approach. Because the mainstream media typically focuses on the high-level aspect of co-founding a company, sometimes ecosystem players can fall into the trap of preaching them without realizing the struggle and decision making required on a daily basis. Therefore, ecosystem players are advised to be more aware of these two different aspects in startups, co-founding and co-leading, and ensure mentors and training sessions address their differences in order to avoid any confusion.

**Implication for investors.**

Investors, especially early-stage startup investors, have always paid attention to the founders rather than startup ideas. Ultimately, ideas are useless without the people who put in the hard work to make them become reality. On top of the typical review of the co-founding team’s competencies, it would be useful for investors to take on a more informal interview with the co-founding team to observe the dynamics between the co-founders. Deep-diving into the
quasi-personal/professional relationship is important. It would also be interesting for the investor to observe if there is already an outright leader from the co-founding team and how she and the rest have and continue to develop such relationships.

**Conclusions**

This study indicated that startup co-founding team is in itself a complex subject to explore. To merely think of it as how co-founders get along is naïve. As the startup develops from the business perspective, the relationship between startup co-founders also evolves. The highly interpretive nature of this relationship is important because this suggests that approaching it with a purely scientific approach in mind is futile. Even the startup co-founders have difficulty explaining this relationship.

On the other hand, the very idea that co-founding means things are ‘shared’ equally (or to a large extent) is hopeful at best. As startups struggle to find product market fit, daily chaos is expected. With this aspect of high fluidity, co-founders should be equipped with two key perspectives. One is the shared core values and purpose that pull everything together for the startup as well as building its DNA. The other has to do with the day-to-day operating procedures, which are often what most concerns business scholars and practitioners, remaining simple and direct. There is really no time and place for joint decision making for everything that happens on a daily basis. Whilst co-founders should expect the leadership and relationship will continue to evolve amongst the team, they must create simple and specific ways of making decisions and enable an agile structure to respond to the external market.

Co-founders should also be willing to face that there is probably an outright leader in the team already, even if the person is unwilling to accept that role. This is not so much driven by how much ownership or title the person carry but the effort and commitments that the person is
putting in, especially in the very early stage of the company, which sets the tone on how the relationship between co-founders evolve.

**Post-Analysis Reflection on Findings**

Interpretative phenomenological analysis (IPA) requires the researcher to use a double-hermeneutic approach in which both the participants are trying to achieve understanding of their worlds, while the researcher is trying to make sense of the participants’ meaning. After the completion of the interviews and analysis, the researcher has the following additional inspirations.

First, startups became even more fascinating than the researcher already imagined. The complex and subjective nature of how co-founders pull each other together is extremely interesting. At the same time, the idea of using very simple protocol and management structure at the operating level is also refreshing. Whilst the researcher still contends that leadership amongst co-founders is a complex topic, it is, perhaps, one that should be approached with a willingness to take a broader and less formulaic manner. The vision and purpose is real. The struggle is real. However, internal fighting (amongst co-founders) is never as important as external fighting (with the market). One should not confuse the purpose and meaning of co-founding (purpose and meaning) with co-leading (managing and operating). Yet, whilst both have a different time horizon, and therefore potential sources for most conflicts, both are important for the startup to grow.

**Reflection of Positionality**

As someone with a consulting career and who is now operating my own businesses, having my own co-founders, as well as mentoring and investing in a handful of startups, it must be submitted I hold strong views on this topic. I am proud of adhering to the analysis and
allowing the findings to emerge naturally. There are a number of findings I struggled to agree
with and I may have tried to steer or word-smith my way into my original belief, but I am glad
that I let the analysis dictate the results.

For example, I always and probably still believe ownership of the company matters. If I
own only 1% compared to when I own 99%, this should impact how I behave within a startup.
But this view may not always be shared by all co-founders; startup co-founders, at least for those
who want to explore something new and disruptive, always have a higher calling and ownership,
whilst significant, should not be the sole determining factors. In fact, having the wrong person
with more ownership spells disaster for the startup, perhaps from day one.

I also thought the relationship amongst co-founders to be an evolving one. This study
suggests that, despite that no one wants to admit it, there seems to be a strong leader right from
the start. Perhaps more sampling would provide different results, but this at least suggests I
should be prepared to be willing to allow for this possibility. It could be that what is evolving is
not who is going to be the outright leader but how the outright leader is shaping her relationships
with the other co-founders.

Finally, I am fully aware of the importance for startups to constantly validate with the
market. However, the study seems to suggest this pursuit of market is not simply a business
activity but also plays a major role in the co-founding team relationship and leadership. This is
why I used the term “other” co-founder to indicate how this directly affects the intimate
relationships amongst the co-founders. This leads finally to the importance of understanding this
co-founder leadership through the lens of a quasi-personal/professional manner. It is a business
and it is a family. Ultimately, it is the vision that holds this often-dysfunctional family together.

Transferability Limitations
Typical with qualitative studies, this study included the results of a small sample of participants (six total) that worked for six different startups with co-founders ranging from one to three. Given this sample size, this study should not be used as a generalization to all startup co-founding teams, particularly if they have a drastic variation from the background and demographics that the participants exhibit. However, the findings are a useful reference for further exploration on this topic.

It must be noted that the researcher in this study was a neophyte in the use of the IPA methodology (also doctoral study in general), which requires proficiency in conducting high-quality interviews and analysis skills. Whilst the researcher tried to follow the procedurals stated in Chapter 3 and maintain the general mindset of staying objective as well as sticking to the facts deduced from the interview, it is probably inevitable there would be elements that would affect the way this study was examined.

**Future Research**

This study examined the leadership practices exercised by startup founders with their respective co-founders. Whilst it has generated interesting results, the researcher is first to admit that it has probably generated more questions than answers. Nonetheless, there are a number of areas that would be worthy of further investigation.

First, the notion of a quasi-personal and professional relationships amongst co-founders within early-stage startups is an important one. Therefore, rather than looking at this as it related to the leadership, entrepreneurship or management literature, it would be interesting to explore this from other disciplines such as social science or simply a family relationship. For example, this would be an interesting area in which to examine how social and emotional intelligence of the co-founder would impact the interactions with other co-founders, particularly in light of this
quasi-personal and professional relationships. Overall, there could be less emphasis on the terminologies such as leaders, authorities and business success. In fact, upon reflection, perhaps this is why the term has always been co-founder rather than co-leader. It may be the ‘founding’ that holds these people together, the common vision and purpose, as well as the sentimental values associated with building the venture from scratch.

Another interesting observation is the reluctance of the participants to claim their clear leading role within their startups, regardless of title. In fact, this may lead to my sampling, i.e., that I may have inadvertently selected those co-founders for interviews because it was subconsciously clear to me that they were the leaders of their startups. Nevertheless, it would be worthy to perform a similar study using a different cultural or demographic group. Even if there is a cultural bias in the sampling, it is useful to understand the dynamic and interpretive nature of this relationship; this cultural issue in itself should have always been included in the context in any case.

Finally, it would be interesting to perform this research for co-founders coming from the same startup. As indicated above, the researcher may have subconsciously selected the prominent leaders from each of the startups and thereby the findings might have been skewed. By examining the different interpretations of their relationship from each of the co-founders of the same startup, it could generate insights from a different perspective.
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Appendix A

Central question

• What are the experiences of co-founders of early stage startups with leadership amongst each other?

First Interview

Basics

• Please describe the education and professional background of yourself and the other co-founders in your startup.
• How do the co-founders know each other and how did the startup come about?
• Did someone take the lead in starting this startup?
• What is the current shareholding structure amongst the co-founders?
• Did you attend any leadership training? Who is your favorite leader and/or startup founder? Why?

Definition of startups

• Please describe your startup business.
• What does ‘startup’ mean to you?
• Please describe how long have your startup been operating, from initial ideation to the current state. Please describe highlight key milestones such as product launch or fundraising related activities.

Success and failure

• How do define success and failure for early-stage startups? Do you consider yourself and/or your startup successful?
• How is this success related to the co-founding team? What about other factors such as timing, competencies, capital, etc. Please bring an artifact relating to this for the next interview.

Second Interview

Working with co-founders

• Please share the story about the artifact.
• What are the key roles currently played by the co-founding team?
• When do you foresee one person will take control of the company at some stage? Is this happening now?
• What does leadership mean to you as your startup continues to grow?
• What is your experience in influencing other co-founders and vice versa?
• What is your experience in delegating to other co-founders and vice versa?
• What is your experience in leading other co-founders and vice versa?
• Do you feel like a leader or a follower in your co-founding team? Is it possible for both concepts to coexist?
• How do co-founders reconcile different conflicts among each other? Please share a story as an example.

L-A-P

• What is your view on having multiple and concurrent leader?
• How important is it to have formal title and structure within the co-founding team?
• What is the ‘common’ goal of your startup? How is this shared amongst the co-founding team? Are there conflicts between personal and common goals?
• How do you react when your co-founders have **failed** you?