

**NEW VENTURE DELEGATION**

By

Helena Zhu

B.B.A., Wuhan Polytechnic University, 1999

International M.B.A., Hong Kong University, 2011

A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of

DOCTOR OF PHILOSOPHY

in the Peter B. Gustavson School of Business

© Helena Zhu, 2018

University of Victoria

All rights reserved. This dissertation may not be reproduced in whole or in part,  
by photocopy or other means, without the permission of the author.

## **Supervisory Committee**

### NEW VENTURE DELEGATION

By

Helena Zhu

B.B.A., Wuhan Polytechnic University, 1999

International M.B.A., Hong Kong University, 2011

## **Supervisory Committee**

Dr. Graham Brown, Supervisor (Peter B. Gustavson School of Business)

Dr. Roy Suddaby, Departmental Member (Peter B. Gustavson School of Business)

Dr. Brock Smith, Departmental Member (Peter B. Gustavson School of Business)

Dr. Rob Mitchell, Outside Member (Faculty of Management Department, Colorado State University)

## Abstract

Many start-ups fail or never achieve their full potential due to founder's resistance to delegate. Yet our understanding of delegation in entrepreneurship is limited to research on later events in the organizational life cycle with a key focus on succession and exit. Moreover, the existing research focuses on single entrepreneurs; however, many new ventures are created by teams and decisions around delegation of authority are critical, even amongst the founding entrepreneurs within the venture team. Accordingly, the purpose of this dissertation research was to understand when and how delegation occurs in modern new ventures, and how it enhances or undermines new venture survival and growth, with a particular interest in exploring the role of psychological ownership in delegation practice.

To understand the phenomenon of interest, I conducted a qualitative study, involving in-depth interviews and non-participative observation, in five growing technology start-ups. In doing so, I utilized the existing literatures on new venture growth, founder delegation, psychological ownership/territoriality and management control systems that more or less address delegation in entrepreneurship. As well, I incorporated other literatures based upon the emerging findings, namely entrepreneurial leadership and agency/stewardship theory. To my knowledge, this work is one of the first of its kind to examine early delegation activities in new ventures. It has the potential to make a number of significant and multi-disciplinary contributions. First, it fills in the gap of knowledge in new venture growth literature, the school of dynamic growth models in particular, where empirical evidence that addresses people management challenges at

critical transition points is rare and needed (Phelps et al., 2007), by elucidating the occurrence of new venture delegation. Second, it contributes to psychological ownership and territoriality research being among the first to empirically explore psychological ownership over dynamic objects like business ideas and new ventures, as well as the impact of psychological ownership and the territorial behavior associated with it on delegation in entrepreneurship. This study extends our understanding of psychological ownership and territoriality and facilitates future research on many important organizational phenomena related to psychological issues in entrepreneurial contexts. Third, it enriches founder delegation research by expanding its focus onto the critical delegation events before entrepreneurial succession/exit, since the experience that founders gain through early delegation activities significantly influences their departure decisions, which is recognized as the most critical event in most firms (Hofer & Charan, 1984; Carroll, 1984). In addition, I identify the application of the theories regarding management control systems and agency/stewardship theory in early delegation in the context of entrepreneurship.

## Table of Contents

<b>Supervisory Committee</b>	ii
<b>Abstract</b>	iii
<b>Table of Contents</b>	v
<b>List of Tables</b>	ix
<b>List of Figure</b>	x
<b>Acknowledgements</b>	xi
<b>Chapter 1: Introduction</b>	1
Research Purpose Overview	1
Personal Motivation	4
Research Questions	5
Research Boundaries	6
Theoretical Base	8
Research Context and Methodological Overview	12
Organization of the Dissertation	14

<b>Chapter 2: Literature Review</b>	15
Delegation as a Growth Challenge	15
Delegation Research in established Organizations	19
A theory of Delegation in Entrepreneurship	22
The Concept of Psychological Ownership	24
Psychological Ownership in Entrepreneurship	25
Territoriality, An Emerging Area	30
Initial Assumptions regarding Psychological Ownership and Territoriality	33
Conclusion	37
<b>Chapter 3: Method</b>	38
Research design	39
Strategy of Inquiry	41
Research Methods	52
Rigor in Qualitative Research	54
Justification of a Grounded Theory Approach	56
Samples and Data Collection	57
Interviews, Observations and archival materials	59

Participants	62
Data Analysis	69
Conclusion	77
<b>Chapter 4: Findings</b>	<b>78</b>
The Occurrence of Delegation	78
The First Critical Delegation Event	79
The Second Critical Delegation Event	84
Influence of External Significant Others	90
Ineffective versus Effective Delegation	92
Novice Delegators' "Ongoing Growth Pain"	94
Unnecessary Mental Stress	97
The Use of Interactive and Diagnostic Control Systems	100
The Use of Belief and Boundary Control Systems	103
Conclusion	109
<b>Chapter 5: Discussion and Implications</b>	<b>111</b>

Part 1: Psychological Ownership and New Venture Delegation	111
Part 2: Effective Delegation	117
Theoretical Implications	129
Practical Implications	130
Limitations and Future Research	131
<b>References</b>	<b>134</b>
<b>Appendices</b>	<b>170</b>
Appendix A: Informed Consent Forms	170
Appendix B: Invitation Letter	177
Appendix C: Semi-Structured Interview Guide	181
Appendix D: Ethical approval certificates	187

## List of Tables

3.1 Participant Profiles	63
3.2 Company Information	64

## List of Figure

3.1 Data Structure

75

## Acknowledgements

First and foremost, I would like to thank my investor friends Owen Matthews, Richard Egli, Patrick White, Andy Chen and Nicolas Mei for providing me with generous access to their portfolio companies. As well, I thank all of the participants who helped to make this dissertation research possible by taking time sharing their experiences, thoughts and feelings with me, answering my many questions, providing me with archival documentation and offering valuable feedback. Special thanks to Nolan Beise, Director of Business Development at Mitacs, and Roy Liao, the founder-CEO of Aupera Technologies Inc., for co-funding this research as my industry partner in the Mitacs Accelerate Program in 2017/2018.

Next, I would like to express heartfelt gratitude to my academic mentors who have patiently journeyed with me throughout this process. In particular, I will be forever indebted to my advisor, Graham Brown, for his continuous encouragement and support of my PhD studies. I am also thankful to the rest of my dissertation committee: Roy Suddaby, Brock Smith and Rob Mitchell, as well as my external examiner Elizabeth Rouse, for their insightful comments as well as challenging questions, which have all served to strengthen my dissertation and more importantly, inspire my future research. In addition, I thank Wendy Mah, Yan Shen, Stacey Fitzsimmons and other Gustavson faculty for supporting me in the PhD program, Patricia Misutka for inspiring me during theory development, Juan F. Chavez for helping me transcribing some interviews, my career mentor David Forrest for sharing with me his life stories, Sarah Easter, Mike

Szymanski, Erik Schindler and Carlo Brighi for encouraging me to move on, and my language tutors Bente Svendsen and Lindsay Lewis for being kind and patient.

Finally, but most importantly, I am so incredibly grateful for my family, particularly my husband Scott Wang and daughter Jessie, my parents Sanwen Zhu and Zhengming Hu, my sister Hongjuan and her husband Joseph Blazer and my parents-in-law Baosheng Wang and Yaozhen Wang , as well as my life-long friends Shuyi Bao, Sonic Xu, Tyler Xiong, Samuel Yan, Gordon Yao, Johnathan Meng, Fang Fang, Helen Wang, Leo Xue and Yongjun Kong, who shared my stress, teach me how to maintain a balanced life and reiterated to me time and time again that they had faith in my ability to succeed, no matter what challenge I take on.

## CHAPTER 1: INTRODUCTION

### Research Purpose Overview

New ventures are usually responsible for creating new employment, finding innovative solutions to old problems and driving growth in the economy (Acs & Armington, 2006; Granovetter, 1984; Timmons, 1999; Wennekers & Thurik, 1999). New venture growth, however, is an extremely rare accomplishment (Aldrich & Ruef, 2006). Barringer, Jones, and Neubaum (2005) estimate that 700,000 new ventures start each year in the United States but only 3.5% grow sufficiently to actually evolve into large companies. Both conventional wisdom and literatures on organizational growth and entrepreneurship hold that fast-growing firms quickly outgrow the founder's managerial capacities because of its increasing size and complexity. When this occurs, firm performance starts to deteriorate due to delayed or flawed decision making. To conquer this "leadership crisis" (Greiner, 1972), founders must delegate and transfer decision rights to professional managers.

Organizational scholars believe that delegation can facilitate a number of positive organizational outcomes, including effective management, employee empowerment and job satisfaction (e.g., Jensen & Meckling, 1992; Sliwka, 2001; Yukl, 2013; Yukl & Becker, 2006). In practice, modern firms are increasingly encouraging delegation at all levels of the organization. However, it seems easier said than done. Delegation has been long identified as a critical challenge (e.g., Buchele, 1967; Clifford & Cavanaugh, 1985; Greiner, 1972; Hambrick & Crozier, 1985; Handler, 1990; Hofer & Charan, 1984;

Rubenson & Gupta, 1996; Tashakori, 1980; Wasserman, 2003, 2008). Like Perren and Grant (2001) said, “clearly, there is a need for more formal management and leadership practices as the business grows and it is at this stage that the entrepreneur’s fear and problems with delegation may have a detrimental influence on development” (p. 7).

Organizational growth theorists assert that it is the founder who clings onto control over the venture who becomes the greatest barrier to delegation. Contradictorily, founding entrepreneurs are often seen to surrender a substantial amount of equity ownership and/or formal control to others, in order to acquire necessary resources, such as financial fund, talents and information, for venture growth. This is particularly obvious among founders of new ventures to which survival and growth are closely intertwined.

Another delegation challenge occurs even earlier amongst the founding entrepreneurs as founders navigate control within the venture team. Venture teams are common (Beckman, 2006; Lechler, 2001; West, 2007) because many founders assemble venture teams as a means of filling the gap in their own competencies (Sandberg, 1992).

Additionally, founders may offer stock options to early employees to either incentive or partially compensate them to join. In general, employee ownership is also increasing prevalent in developed countries across North America, the United Kingdom, Japan, and the European Union (Kim & Patel, 2017). With these contradicting forces, delegation is clearly interesting and worthy to study.

Surprisingly, investigations on the influence of founder’s psychological state and its associated behavior on delegation is scant, if not none. The existing delegation research in entrepreneurship largely concentrates on later events such as founder departure or

founder-CEO succession (e.g., Daily & Dalton, 1992; Rubenson & Gupta, 1996; Wasserman, 2003, 2008; Willard, Krueger, & Feeser, 1992). Yet by this time, surviving founders are likely to have overcome early delegation barriers and successfully managed a decentralized organization for years.

Although findings from these studies are not directly applicable to delegation, evidence suggests that founders' high psychological ownership over the venture may make them less likely to delegate voluntarily. Psychological ownership describes a state in which individuals feel the target of ownership is "theirs" (e.g., Duncan, 1981; Heidegger, 1927, 1967; Pierce, Rubinfeld, & Morgan, 1991; Porteous, 1976; Rochberg-Halton, 1980; Sartre, 1943, 1969). According to Pierce and colleagues, the causal determinants of psychological ownership consist of control, intimate knowledge, and self-investment (2001; 2003). Hence, founders of their own ventures potentially hold a strong feeling of psychological ownership because they exert a high degree of control over the venture, develop deep intimate knowledge about the venture, and invest a significant amount of time and energy into the venture (Pierce, Kostova, & Dirks, 2001; Van-Dijk & Kluger, 2004). This gives rise to a huge tension between their resistance to relinquish power and the desire to grow the business which requires delegation. A shared ownership may not change the level of founder's psychological ownership, as psychological ownership can persist apart from the objective control (i.e., equity ownership) an entrepreneur possesses over his/her venture (Pierce et al., 2003; Townsend, DeTienne, Yitshaki, & Arthurs, 2009).

Accordingly, I aimed to fill the gap of knowledge in new venture growth and entrepreneurship literatures by illuminating delegation in growing start-ups (see details in “research boundaries”). The primary literatures that address the focal phenomenon are the delegation, organizational growth and psychological ownership literatures. Thus, I utilized these literatures as a starting point of this exploratory study. In carrying out this dissertation research, I also incorporated the emerging concept of territoriality, which refers to an individual’s behavioral expression of his/her feelings of ownership toward a physical or social object. As it is centrally concerned with “action” and its contextual constraints, territoriality may have better explanatory power than psychological ownership does in interpreting human behaviors and interactions in a social environment. In addition, I recognized that other literatures could come into play to explain the phenomenon under investigation by using a grounded theory approach.

### **Personal Motivation**

I was motivated to conduct this particular research based upon my personal experience witnessing many delegation issues in various organizational contexts. While working as a senior manager at the world’s largest multinationals in China from 2003 to 2012, I witnessed countless examples of delegation failure caused by the upper ranks. I still remembered a Vice President who insisted to supervise every marketing program and kept telling employees how strong his marketing background was. Some dictatorial decisions of his eventually caused serious damage to the brand and the whole marketing management team suffered from being devalued over years.

My husband started a business with 2 other individuals in 2009. One co-founder, who was a minor shareholder while a major contributor to the business, turned out to be very territorial soon after the company passed the survival stage. Acting as the Chief Executive Officer of the company, he adopted a centralized organizational structure to protect his authority. The function of other co-founders and executives, including the Chief Operating Officer, Finance Director and Marketing Director, was just to carry out his orders.

Specifically related to the professional sphere, the year (2013 to 2014) I spent working in the field to interview and observe entrepreneurs in a separate research project further shocked me with founding entrepreneurs' overprotectiveness and hypersensitiveness in delegation. To remain master of their own destiny, some founding entrepreneurs even twisted critical business information at the expense of organizational loss to undermine other senior executives' confidence in their own competencies and decisions.

Collectively, these experiences resonated strongly with me, as I believed that they illustrated both the prevalence and destructive power of flawed delegation in growing start-ups. As well, these experiences sparked my curiosity to better understand early delegation in young entrepreneurial firms where founders play a central role in new venture survival and growth.

### **Research Questions**

The overarching questions in this dissertation were: when and how does delegation occur in growing start-ups, and how does it enhance or undermine new venture survival and growth? In other words, empirically I examined the following topics:

- 1) Founders' perceptions of the necessity and importance of delegation;
- 2) The occurrence of delegation;
- 3) Founders' struggle in delegation and solutions to cope with the tension between the unwillingness to delegate and the desire to grow the business that requires an effective delegation;
- 4) The results of delegation.

At a broader and theoretical level, I attempted to develop a comprehensive framework of new venture delegation, and to explore the impact of psychological ownership and territoriality on new venture delegation.

### **Research Boundaries**

The existing delegation research in organizational growth and entrepreneurship literatures primarily focuses on founder departure and founder-CEO succession. By comparison, this dissertation research specifically investigated early delegation activities in young entrepreneurial firms. Below I introduced the pre-set research boundaries. It is important to note that the following research boundaries were set at the research design stage and before data collection and analysis. Particularly, the scope of "early delegation activities" was adjusted as the interview data suggested (see details in the "Finding" chapter).

By “founder” I meant the person who owned the business idea and created a new venture to convert it into profitable products/services. It is important to recognize that a founder may not be the major shareholder in the venture. However, they hold the highest authority in the venture before the Chief Executive Officers are brought in. When the ventures were created by individuals, I focused on the sole entrepreneurs. When the ventures were started by multiple entrepreneurs, I focused on the founder-CEO of the company.

I assumed that the target of the founder’s psychological ownership was the new venture. I also included the business ideas pertaining to venture creation, survival and growth during the investigation, although these ideas varied as the company grew.

Products/services were seen in this dissertation research as an extension of the founder’s business ideas.

By “early delegation activities” I meant the delegation between founders and their first professional manager-employees in young entrepreneurial firms. Professional managers are distinctive from general employees as they are hired by founders or the venture teams from outside the company to take managerial rather than administrative tasks, including planning, organization, motivation, leadership and control (Flamholtz, 1995). Such specific skills and capabilities are usually not possessed by founders or the venture teams. Allowing for the criticism of the stages theory, delegation doesn’t necessarily occur at a particular developmental stage of the venture as it ages. In addition, founders’ responses to external territorial infringement, referring to the infringement engaged in by consultants, clients, competitors, investors, business commentators, government

officers and the like, were beyond the scope of this dissertation research. The purpose of early delegation was to support new venture survival and growth rather than to solve political problems in the workplace.

### **Theoretical Base**

Even though organizational growth and entrepreneurship research had recognized the importance of delegation for new venture growth, there were few prior studies on early delegation in entrepreneurial contexts available to anchor on. Hence, I utilized the extant organizational growth literature, incorporating delegation, psychological ownership and territoriality literatures, as a base of this dissertation research.

In organizational growth literature and research, delegation has been long identified as a critical challenge to growth (e.g., Buchele, 1967; Clifford & Cavanaugh, 1985; Greiner, 1972; Hambrick & Crozier, 1985; Handler, 1990; Hofer & Charan, 1984; Rubenson & Gupta, 1996; Tashakori, 1980; Wasserman, 2003, 2008). The fundamental assumption is that new ventures are often founded by entrepreneurs who are interested in the initial development of a product or a market but have very limited managerial interests or capacities. Hence, when the ventures have outgrown the managerial capabilities of the founding entrepreneurs or the venture teams, entrepreneurs should delegate decision rights to professional managers in order to keep on growing.

Although delegation is valuable, virtually all organizational growth research concludes that it is one of the most difficult events a founder experiences (e.g., Buchele, 1967; Christensen, 1953; Clifford & Cavanaugh, 1985; Handler & Kram, 1988; Hershon, 1975;

Lansberg, 1988; Tashakori, 1980). Issues come out and expose the “darker sides of entrepreneurship” that, according to De Vries (1989), include the need for control, a sense of distrust, recognition of my importance/ability, and defensive operations. Eventually, it is the founders desire to hold on to control that becomes the biggest growth barrier. Research on “initial succession”, which refers to the delegation between founders and family members or professional managers, appeared as early as 1953 (Christensen, 1953). More recently, delegation research in the entrepreneurial contexts largely concentrates on later events in the organizational life cycle such as founder departure and founder-CEO succession (e.g., Daily & Dalton, 1992; Rubenson & Gupta, 1996; Wasserman, 2003, 2008; Willard, Krueger, & Feeser, 1992). Yet, little is known about early delegation activities.

Yukl and Becker define delegation as the practice of giving “an individual or group the responsibility and authority to make a decision” (2006, p. 213) and stress that the core is the delegation of authority. Authority refers to an individual’s right to act without consideration of the needs of others. According to the definition, if an individual cannot act without considering the needs of others, then the authority is nonexistent; when authority is shared, meaning that there is a need for consensus before taking any action, the authority is nonexistent either (Stevenson & Jarrillo-Mossi, 1986). Therefore, in organizations, effective delegation occurs when employees have no restrictions on how and with whom to complete their work. For this reason, delegation is distinct from participative leadership, which emphasizes power sharing in management practice. In contrast, delegation is largely concerned with power-relinquishment (Leana, 1987).

Surprisingly, little research has examined why founders resist delegation. In the setting of established organizations, Lyons (2016) summarizes a number of manager fears that retard or even stop delegation, including fear of trusting employee competency, fear of being replaced by high-performance employees, beliefs that one's ability to perform tasks is more important than managing subordinates, desire to oversee execution, fear that relationships may change between the manager, the employee and others with whom the employee interacts, and fear that the employee becomes less dependent. These findings lose explanation power in entrepreneurial contexts for several reasons. First, many fears actually come out of manager's concerns regarding workplace politics, however they are not applicable to founding entrepreneurs who own the ultimate control. More importantly, these studies overlook the strong psychological bond between the founders and their businesses, which is likely much greater than typical managers (Dobrev & Barnett, 2005).

Although most findings of the extant delegation studies are not directly applicable to entrepreneurial contexts, evidence supports that founders' strong psychological bond to the firm may make them less likely to delegate to professional successors voluntarily. Psychological ownership describes a person's feeling of possession over a target (e.g., Dittmar, 1992; Furby, 1980; Pierce, Rubinfeld, & Morgan, 1991; Sartre, 1943, 1969). About two decades ago, Pierce, Kostova, and Dirks (2001) and others (Dirks, Cummings, & Pierce, 1996; Pratt & Dutton, 1998) introduced this concept from other research domains, including sociology (Kline & France, 1899), philosophy (Heidegger, 1927, 1967; Sartre, 1943, 1969), human development (Isaacs, 1933; Kline & France, 1899), and

psychology (Belk, 1988), into organizational settings. According to Pierce and colleagues, the causal determinants of psychological ownership consist of control, intimate knowledge, and self-investment (2001; 2003). Hence, founders of their own ventures potentially hold a strong feeling of psychological ownership because they exert a high degree of control over the venture, develop deep intimate knowledge about the venture, and invest a significant amount of time and energy into the venture (Pierce, Kostova, & Dirks, 2001; Van-Dijk & Kluger, 2004). Current entrepreneurship research has produced tremendous evidence to support this hypothesis. For example, entrepreneurs often refer to the venture as their “baby” and have problems with separation (Cardon, Zietsma, Saporito, Matherne, & Davis, 2005; Dodd, 2002). Founders retain a stronger commitment to their ventures and are willing to put in greater amounts of “sweat equity” even if this greater effort is not remunerated financially (Wasserman, 2006, 2008). Many founders maintain close ties with the organizations they created even when they no longer exert formal control (Townsend et al., 2009). When a founder loses the business, the founder loses the entrepreneurial self as well as all the happiness associated with that self (Hsu, 2013). This also helps explain why founders persist with under-performing firms (DeTienne, Shepherd, & De Castro, 2008) or even re-enter entrepreneurship after prior business failure (Hsu, 2013).

Today, nearly all new ventures are created by teams (Klotz & Neubaum, 2016) and employee ownership is increasing prevalent (Kim & Patel, 2017). However, these new ownership structures could not reduce the founder’s psychological ownership, as psychological ownership can persist apart from the equity ownership (Pierce et al., 2003;

Townsend et al., 2009). Contradictorily, entrepreneurs are often seen to surrender a substantial amount of equity ownership and/or formal control to others in order to acquire necessary resources. Yet, we know little about new venture delegation. For example, the role of founder's psychological ownership in early delegation activities hasn't been explored and the tension in delegation is understudied. Clearly, this phenomenon needs further investigation.

A potentially important concept that closely relates to psychological ownership is territoriality. Psychological ownership is rooted in the inherent human need to possess a territory (Pierce et al., 2001). Brown, Lawrence and Robinson (2005) define territoriality as an individual's behavioral expression of his or her feelings of ownership toward a physical or social object. Because territoriality, as a construct focusing on the "action" and its contextual constraints, may have better explanatory power than psychological ownership does for interpreting human behaviors and interactions in a social environment, I also took territoriality into account in the investigation.

### **Research Context and Methodological Overview**

As this dissertation research represented an initial effort to explore a question that had not been studied, a qualitative approach was more appropriate. More importantly, entrepreneurship is "a lived experience" and qualitative methods can develop insight on how entrepreneurs experience the process (Schindehutte, Morris, & Allen, 2006). Compared with all qualitative options, a grounded theory approach suited the best because it allows the researcher "to learn from the participants how to understand a

process or a situation” (Morse & Richards, 2002, p. 55). Also, my approach was consistent with the call by Suddaby, Bruton and Si (2015) for more qualitative studies to explore new areas in entrepreneurship.

After carefully considering the controversy over the grounded theory method, I took up Strauss and Corbin’ (1990) way of doing constant comparative analysis for several reasons. The main reason was that they believe theoretical sensitivity, complemented with reflexivity, can greatly enhance the effectiveness of coding. In other words, they allow the researcher to bring her knowledge and experience to the inquiry, as long as she keeps vigilant and aware against influence of preconceptions. The other reason was that they provide systematic procedures to data collection and analysis.

To cultivate the multiplicity of perspective, I also prepared the following assumptions, which were elaborated in the “Literature Review” chapter, to be questioning and questioned throughout the research process:

- 1) Founding entrepreneurs may have high psychological ownership toward their business ideas and the ventures;
- 2) Founder’s high psychological ownership and the territorial behavior associated with it may hinder new venture survival and growth;
- 3) As the owner of the business, founding entrepreneurs can take actions to maintain control and “protect” their ownership over the ventures at multiple organizational levels;
- 4) Trust may play a role in delegation.

Data including in-depth interviews, observations and documents of all kinds were collected from small- and medium-sized start-ups in several technology incubators that provided incentives and services specifically to encourage entrepreneurial pursuits. I chose technology start-ups in particular because they play a prominent role in economy growth (e.g., Storey & Tether, 1998).

### **Organization of the Dissertation**

This dissertation was organized in five chapters. In this opening chapter I introduced a context and the rationale for conducting the proposed study. The second chapter consisted of a literature review, began by offering an overview of organizational growth, delegation, psychological ownership and territoriality in the workplace and followed by a few initial assumptions I developed to guide the empirical study. An outline of the research methodology was presented in chapter three, along with the justification of a grounded theory approach. The result of the investigation was presented in chapter four. Further discussion of the study results, implications for future research and limitations were provided in chapter five. Letters of informed consent and ethical approval certificates, interview protocols, and other supporting documents were included in Appendices.

## **Chapter 2: Literature Review**

The following chapter contained a review of organizational growth, delegation, psychological ownership and territoriality literatures, aiming to elaborate the knowledge that is most relevant to understand early delegation in new ventures. In addition, a few initial assumptions I developed to guide the empirical studies were briefly discussed in the chapter. It is important to note that, although these perspectives and assumptions were viewed as important to my study, I was open to other lenses from emergent data using a grounded theory approach.

### **Delegation as a Growth Challenge**

McKelvie and Wiklund (2010) have good reasons to say that research on growth studies exceptions, since most firms start small and remain small during their life spans. The scarcity of rapidly growing and high-performance start-ups has motivated a large group of scholars to explore why they do a better job than their peers. Today, growth is one of the central core topics in entrepreneurship and organizational research, in which the stages of growth paradigm has been well established. One of the best-known organization growth stage models consist of the “evolution-revolution” model proposed by Greiner (1972), who offers an important baseline model in the organizational life cycle research domain. In his model, Greiner suggests a number of crises during the growth process, the first of which is the “leadership crisis”. He explains, "the company's founders are usually technically or entrepreneurial oriented, and they disdain management activities; their physical and mental energies are absorbed entirely in

making and selling a new product" (1972, p. 42). Correspondingly, he identifies delegation as the biggest growth challenge associated with the "leadership crisis". Over years, hundreds of other stage models have been proposed (e.g., Adizes, 1979; Churchill & Lewis, 1983; Flamholtz, 1986; Galbraith, 1982; Kazanjian, 1988; Miller & Friesen, 1984; Quinn & Cameron; 1983; Scott & Bruce, 1987; Smith, Mitchell, & Summer, 1985). In a comprehensive review of 104 stage models that have been published between 1962 and 2006, Levie and Lichtenstein (2010) identify degree of centralization of decision making as one of the most common attributes of the stages. Although Levie and Lichtenstein (2010) fail to find any consensus or empirical confirmation of stages theory and conclude that stages models should no longer be used in entrepreneurship, the alternative new growth patterns of organizations do not question the significance of delegation. For example, Phelps et al. (2007) propose a dynamic states model consisting of management challenges, absorptive capacity and tipping point solutions. In this model, developing people management skills to encourage delegation, communication and teamwork is still viewed as a primary growth need, converting founder's micro-management into professional management. In sum, despite the ongoing controversy on organizational growth models, perspectives from both sides recognize delegation as a vital issue to growth.

Scholars who conduct organizational growth research in SMEs and entrepreneurial firms believe that managing a successful firm requires an entirely new set of skills from starting a successful firm (e.g., Abetti, 2000; Buchele, 1967; Churchill & Lewis, 1983; Clifford & Cavanaugh, 1985; Dodge, Fullerton, & Robbins, 1994; Drucker, 1985; Hambrick

& Crozier, 1985; Kazanjian, 1988; McCarthy, Krueger, & Schoenecker, 1990; Rutherford, Buller, & McMullen, 2003; Terpstra & Olson, 1993). As Drucker argues, "...there is entrepreneurial work and there is managerial work, and the two are not the same" (1985: 41). New ventures are often founded by entrepreneurs who are interested in the initial development of a product or a market but have very limited managerial interests or capacities. As the ventures become more established, however, these founding entrepreneurs may have to focus closely on management tasks which they may have no natural proclivity. Daily and Dalton (1992) observed the 1989 Inc. 100 corporations and found that the transition from an entrepreneurial management style to a professional management style almost inevitably occurs when a firm outgrows the expertise of the founder-entrepreneur. To cope with this growth challenge, professional managers with the correct set of managerial and leadership skills are usually hired to take full management responsibilities from the founder. Based on their investigation of 83 successful SMEs, Churchill and Lewis suggest that "the level of delegation should increase for firm growth to occur, and operational and strategic planning should involve other managers and, therefore, the owner and the business should become reasonably separate" (1983: 40). This stream of research supports the idea that unless the founder is replaced or supplemented by professional management, performance is predicted to stagnate or decline.

Although delegation is valuable, virtually all organizational growth research concludes that it is one of the most difficult processes a founder experiences (e.g., Buchele, 1967; Christensen, 1953; Clifford & Cavanaugh, 1985; Handler & Kram, 1988; Hershon, 1975;

Lansberg, 1988; Tashakori, 1980). Issues come out of the “darker sides of entrepreneurship” that, according to De Vries (1989), include the need for control, a sense of distrust, recognition of my importance/ability, and defensive operations. Eventually, it is the founders who desire to maintain control become the biggest growth barrier. For example, Buchele argues that when the firms become larger in size, many founder-managers “...cannot or will not break old habits to learn new skills. In the struggle, the company goes out of control” (1967, p. 45). Hambrick and Crozier find in their sample of 12 high-growth firms that “stumbled sharply,” the founder-CEO “...was almost always in place at the onset of the stumble...” (1985, p. 44). Hofer and Charan note that “after the starting difficulties have been overcome, the most likely causes of business failure are the problems encountered in the transition from a one-person, entrepreneurial style of management to a functionally organized, professional management team” (1984, p. 2). Clifford and Cavanaugh point out that “...perhaps most frequently, the founder-owner finds that he really wants to do it all himself rather than manage others, so the growth potential of the business is strictly limited by his personal energy and capacity...” (1985, p. 24). Perren and Grant assert that “clearly, there is a need for more formal management and leadership practices as the business grows and it is at this stage that the entrepreneur’s fear and problems with delegation may have a detrimental influence on development” (2001, p. 7). Handler (1990) finds that only three out of 10 firms survive into the second generation while one in 10 survive into the third generation. Rubenson and Gupta (1996) suggest that the founder, who cannot imagine life without control over and responsibility for his venture, becomes the greatest single

barrier to succession. Research on founder-CEO succession, with a few exceptions (Daily & Dalton, 1992; Willard et al., 1992), also suggests that the founders' strong psychological bond to the firm makes them less likely to delegate to professional successors voluntarily (e.g., DeTienne, 2010; Wasserman, 2003, 2008).

Research on "initial succession", which refers to the delegation between founders and family members or professional managers, appeared as early as 1953 (Christensen, 1953). More recently, delegation research in the entrepreneurial contexts largely concentrates on later events in the organizational life cycle, such as founder departure and founder-CEO succession (e.g., Daily & Dalton, 1992; Rubenson & Gupta, 1996; Wasserman, 2003, 2008; Willard, Krueger, & Feeser, 1992). Yet, little is known about new venture delegation. In addition, prior founder delegation research focuses on single entrepreneurs based on the assumption that when the venture begins, top management, shareholders, and the people making final decisions are often one and the same. However, it is no longer reliable since more and more new ventures are created by teams (Klotz & Neubaum, 2016).

### **Delegation Research in Established Organizations**

Yukl and Becker define delegation as the practice of giving "an individual or group the responsibility and authority to make a decision" (2006, p. 213) and stress that the core is the delegation of authority. Authority refers to an individual's right to act without consideration of the needs of others. Simon (1991) notes that authority may be understood as "only the end goal has been supplied by the command, and not the

method of reaching it” (p. 31). According to the definition, if an individual cannot act without considering the needs of others, then the authority is nonexistent; when authority is shared, meaning that there is a need for consensus before taking any action, the authority is nonexistent either (Stevenson & Jarrillo-Mossi, 1986). Therefore, in organizations, ideal delegation occurs when employees have no restrictions on how and with whom to complete their work. For this reason, delegation is distinct from participative leadership, which emphasizes power sharing in management practice. In contrast, delegation is largely concerned with power-relinquishment (Leana, 1987).

There are three streams of research on delegation in organizational behavior literature. The first stream investigates the determinants of delegation in established organizations; the second discusses the benefits and costs of delegation; the third explores manager fears with regard to delegation of authority. The research on the determinants of delegation is built on two distinct theoretical perspectives, contingency theory and organizational economics. According to contingency theory, the occurrence of delegation depends on a few factors, including company size, organizational design and technology. For example, the expansion of company creates employment opportunities and drives managers to delegate decision rights (Blau, 1970, 1972; Mintzberg, 1983). The collaboration and control mechanisms adopted in organizations influence the level of delegation (Stea, Foss, & Foss, 2015). In addition, the use of highly automated technology eliminates tasks that need to be delegated (Edwards, 1979; Perrow, 1967). From the organizational economics perspective, in contrast, the extent of delegation is determined by local knowledge and information. That is, if an employee possesses

expert knowledge and/or private information by using which a better decision can be made, the supervisor should delegate authority in order to improve decision quality (Grant, 1996; Harris & Raviv, 2005; Jensen & Meckling, 1976, 1992), timeliness of decisions (Pataconi, 2009; Radner, 1993) and make better use of his/her managerial attention (Aghion & Tirole, 1997; Dessein, 2002; Wernerfelt, 2007).

Based on motivation and empowerment theories, the second stream of research discusses the benefits and costs of delegation. According to the research, delegation is beneficial, but it comes with costs. On the one hand, delegation of authority affirms competence and trustworthiness and thus stimulates autonomous motivation which, in turn, leads to increased effort, behavioral persistence, higher levels of helping behaviors and well-beings, creative problem-solving, job satisfaction, and overall performance (Bénabou & Tirole, 2003; Conger & Kanungo, 1988; Deci & Ryan, 2000; Gagné & Deci, 2005; Lyons, 2016; Sliwka, 2001; Spreitzer, 1995; Thomas & Velthouse, 1990; Weinstein & Ryan, 2010). On the other hand, Jensen and Meckling (1976, 1992) note a positive relationship between agency problems and delegation. Similarly, Sliwka (2001) argues that there is risk of low decision quality and increasing employee negotiation power. In a long run, organizational scholars believe that delegation can reduce collaborative practices within the organization (Macpherson, 2005; Robert, 2004).

Comparing with the above two streams of research, the third stream of research on manager fears with regard to delegation of authority is much smaller. In the setting of established organizations, Lyons (2016) summarizes a number of manager fears that retard or even stop delegation, including fear of trusting employee competency, fear of

being replaced by high-performance employees, beliefs that one's ability to perform tasks is more important than managing subordinates, desire to oversee execution, fear that relationships may change between the manager, the employee and others with whom the employee interacts, and fear that the employee becomes less dependent. These findings lose explanation power in entrepreneurial contexts for several reasons. First, many fears actually come out of manager's concerns regarding workplace politics, however they are not applicable to founding entrepreneurs who own the ultimate control. Second, these studies overlook the strong psychological bond between the founders and their businesses, which is likely much greater than typical managers (Dobrev & Barnett, 2005). It is important to also note that this stream is incongruent with the vast majority of delegation literatures where delegation should not be confused with participative leadership, because it requires manager to relinquish rather than share power (Leana, 1987). In this stream, to the contrary, delegation is viewed as as the practice that "a manager or supervisor decides to share power and authority with one or more employees for some task or assignment" and used as an interchangeable concept with participative leadership (Lyons, 2016, p. 1).

### **A theory of Delegation in Entrepreneurship**

There are only a handful of empirical studies in HR domain that examine timing and sequence of venture teams' delegation of business functions (Ardichvili, Harmon, Cardozo, Reynolds, & Williams, 1998; Mazzarol, 2003; Wynarczyk, Storey, Short, & Keasey, 1993). Theoretical models of delegation in entrepreneurial firms didn't exist until recently. Building on the Knightian concept of "entrepreneurship as judgment"

(Casson, 1982; Foss, 1993; Foss & Klein, 2005; Knight, 1921; Langlois & Cosgel, 1993), Austrian economics (e.g. Kirzner, 1973; Von Hayek, 1945; Von Mises, 1949) and the economic theory of the firm (Coase, 1937; Hart, 1995; Holmström, 1979; Williamson, 1996), Foss, Foss and Klein (2007) develops a theory of delegation in entrepreneurship. In this framework, the “original judgment”, which refers to owners’ decision rights to arrange or organize their capital assets, belongs exclusively to owners; but owners may delegate a wide range of authority to employees, who exercise “derived judgment”. These employees are therefore described by Foss and colleagues as “proxy-entrepreneurs”, since they are allowed not to take instructions in a mechanical, passive way and are delegated decision rights by owners to handle new situations with their knowledge and skills.

Consistent with the arguments of a few other organizational scholars (Jensen & Meckling, 1976, 1992; Slikwa, 2001), delegation in this framework is also viewed as the trade-off between productive and destructive proxy-entrepreneurship because when such authority is given, employees are likely to engage in both beneficial entrepreneurship (activities that increase firm value) and harmful entrepreneurship (activities that destroy firm value) inside the firm. Nevertheless, Foss and colleagues point out that proxy entrepreneurial activities are limited, because owners obtain the ultimate rights to hire or fire employees and to decide how to use the assets. Moreover, owners can design and implement specific organizational structure and systems to monitor employees’ activities.

Taking the economic perspective, this framework is built on the assumptions that owners are rational decision makers, and organization structure and systems are designed by owners to optimize financial gains. Like Scitovszky said, “the entrepreneur aims at maximizing his profits is one of the most fundamental assumptions of economic theory” (1943:57). However, that’s not true. Human behavior can be much more complicated than that (Bandura, 2001). Kunnanatt (2004) suggests that a rational model of entrepreneurial decision-making may need to be modified to include emotional and sensory components. Conflict is particularly visible when individuals pursue an entrepreneurial career for a broader set of reasons other than just financial success (Carter, Gartner, Shaver, & Gatewood, 2003). For example, Wasserman (2003), in his investigation of founder-CEO succession, identifies the control motive as the second major motive for starting entrepreneurial ventures and highlights its force on entrepreneurs to trade off financial gain versus decision-making control over their ventures. Townsend and colleagues (2009) also point out that agency theory and transaction cost economic theory focus solely on equity ownership without considering other forms of ownership. Hence, incorporating psychological theories into further research on delegation in the context of entrepreneurship became legitimate.

### **The Concept of Psychological Ownership**

Psychological ownership refers to a state in which an individual feels the target of ownership is “mine” (e.g., Pierce, Kostova, & Dirks, 2001, 2003). The psychology of ownership has been studied by scholars from a variety of research domains, including sociology (Kline & France, 1899), philosophy (Heidegger, 1927, 1967; Sartre, 1943, 1969),

human development (Isaacs, 1933; Kline & France, 1899) and psychology (Belk, 1988), into organizational settings.

About two decades ago, Kostova, and Dirks (2001) introduced into organizational settings the construct of psychological ownership, referring it to the state in which individuals feel the target or a piece of that target as theirs and perceive it as an extension of their 'selves' (Harter 1998; Harter 2001; James, 1890). Later, they elaborate psychological ownership as a cognitive-affective construct (Pierce et al., 2003), saying that the state of psychological ownership is a combination of an individual's cognitive perceptions and his emotional or affective sensation regarding the target of ownership. Feelings of ownership is pleasure producing (Beggan, 1992; Furby, 1978; Nuttin, 1987; Porteous, 1976) and are accompanied by a sense of efficacy and competence (White, 1959); when others lay claim to objects for which one feels a sense of ownership, in contrast, the affective component in the feelings becomes even more apparent.

### **Psychological Ownership in Entrepreneurship**

***Motivational factors*** - According to Pierce et al. (2001), the motivational factors of psychological ownership consist of efficacy and effectance, self-identity, and having a place. By efficacy and effectance, they refer to the need of individuals to explore and alter their environment in order to produce desired outcomes. Entrepreneurs may have high psychological ownership, because the process of new venture creation can be explained from the expectancy theory perspective (Vroom, 1964; Olson, Roese, & Zanna, 1996) and the effort-performance-outcome model (Gatewood, 1993; Gatewood, Shaver,

Powers, & Gartner, 2002). To entrepreneurs, the desired outcomes include self-realization (Birley & Westhead, 1994), financial success (Wasserman, 2008; Townsend & Busenitz, 2008), social status (Shane, Kolveraid, & Westhead, 1991) and autonomy (Rauch & Frese, 2007). Research shows that entrepreneurs retain a stronger commitment to their venture than ordinary employees do and are willing to put in greater amounts of “sweat equity” even if this greater effort is not remunerated financially (Gimeno, Folta, Cooper, & Woo, 1997; Wasserman, 2006).

Psychological ownership also provides a mechanism for expressing one’s self-identity. An entrepreneur's identity is intimately intertwined with his venture (Cardon et al., 2005). Some individuals choose the entrepreneurship career paths for their personal growth or fulfillment. Interviews with these entrepreneurs reveal that they believe “life would not have been complete without proving one had the ability to successfully start a business” (Bruno, McQuarrie, & Torgrimson, 1992, p. 297). Some other entrepreneurs “...create a product that flows from their own internal desires and needs. They create primarily to express subjective conceptions of beauty, emotion, or some aesthetic ideal” (Cova & Svanfeldt, 1993, p. 297). Moreover, like a king, an entrepreneur has extraordinary control and input in the formulation of his self-identity with his business (Shepherd & Haynie, 2009). By contrast, when an entrepreneur loses his business, he loses the entrepreneurial self as well as all the happiness associated with that self (Hsu, 2013).

Lastly, Pierce and colleagues (2001, 2003) suggest that in addition to efficacy/effectance and self-identity, psychological ownership is resulted from the motive of individuals to possess a certain territory or space (to have a “home”) in an organization or an industry.

According to them, possessiveness is the conceptual core and motivational base of psychological ownership. A venture can be viewed as an entrepreneur's baby that he loves it enough to pay himself a low salary (Wasserman, 2008). Moreover, the ownership feelings positively relate to entrepreneurs' persistence (DeTienne, Shepherd, & De Castro, 2008). Some founders reluctant to relinquish significant control in exchange for critical resources, such as financial capital, advanced technologies and/or talent. Some founders maintain close ties with the organizations they created even when they no longer exert formal control (Townsend et. al, 2009). Some founders re-enter entrepreneurship after prior business exit because of their psychological ownership feelings for their prior ventures (Hsu, 2013).

***Causal determinants*** - Pierce et al. (2001) suggest that individuals incur the feelings of psychological ownership for the organizations through developing control over the target, learning knowledge about the target, and investing effort into the target. Hence, I anticipated that entrepreneurs have relatively high psychological ownership. Regarding control, Pierce and colleagues suggest that feeling in control "...results in feeling of efficacy and pleasure and also creates extrinsic satisfaction as certain desirable outcomes are acquired. The desire to experience causal efficacy in altering the environment leads to attempts to take possession and to the emergence of ownership feelings" (Pierce et al., 2001, p. 301). This argument implies that the longer and deeper an entrepreneur controls the venture, the higher the psychological ownership he has over it.

In addition, Pierce et al. (2001, p. 301) argue that “the more information and the better the knowledge an individual has about an object, the deeper the relationship between the self and the object, and, hence, the stronger the feeling of ownership toward it”. In this sense, the psychological ownership that an entrepreneur feels for his venture increases relative to the level of intimate knowledge the entrepreneur possesses of the venture. This type of intimate knowledge could be a deep knowledge of ideas of the enterprise, insights about the opportunity, core technology and innovative product or service, business model, profile of customers and suppliers, relationships with external capital providers, or others.

The third factor causally linked with psychological ownership is self-investment. This investment can take many forms including “investment of one’s time; ideas; skills; and physical, psychological, and intellectual energies. As a result, the individual may begin to feel that the target of ownership flows from the self” (Pierce et al., 2001, p. 302). In entrepreneurship, self-investment refers to the specific human capital investments entrepreneurs make into their ventures (Bates, 1990). As these investments accumulate over time, the venture becomes a stronger reflection of the entrepreneur’s personal goals, personality, preference, leadership style, value, and other aspects of his self (Wasserman, 2008).

Interestingly, psychological ownership can persist apart from the objective control (i.e., equity ownership) an entrepreneur possesses over his/her venture (Pierce et al., 2003; Townsend et al., 2009). Specifically, even in situations where the entrepreneur is forced

to sacrifices some control of the venture in exchange for critical resources from external capital providers, psychological ownership remains moderately high if the entrepreneur possesses substantial intimate knowledge of the venture's history and/or current operations and feel they are the only individuals capable to let their venture to grow/succeed. Prior studies on entrepreneur decision-making have produced plenty of evidence to support this hypothesis. Due to high psychological ownership, founder-CEOs are overconfident with their ability to make rational decisions compared to non-founder-CEOs, naïve about the problem they face (Wasserman, 2008), and tend to overweight their individual importance to the future success of their ventures (Chen, Greene, & Crick, 1998; Cooper, Woo, & Dunkleberg, 1988; Busenitz & Barney, 1997; Forbes, 2005; Hayward, Shepherd, & Griffin, 2006). Hence, even if entrepreneurs surrender a substantial amount of equity ownership to others in order to acquire necessary resources, their high psychological ownership is not reduced due to the loss of partial ownership.

In sum, since entrepreneurs are likely to have high psychological ownership, organizational scholars start to look beyond equity ownership in the examinations of entrepreneurial process. In current entrepreneurship literature, psychological ownership has been well known as a useful explanation of many emotions that may affect entrepreneurs' attitudes such as passion (Cardon et al., 2005) and possessiveness (Ikävalko, Pihkala, & Kraus, 2010); and behavior, such as commitment (Gimeno, Flota, Cooper, & Woo, 1997; Wasserman, 2006), persistence (DeTienne, Shepherd, & De Castro, 2008; Hsu, 2013), overconfidence (Forbes, 2005), governance (Arthurs,

Townsend, Busenitz, Liu, & Hoskisson, 2007), IPO strategy (Fattoum & Delmar, 2012) and exit (DeTienne, 2010). However, little effort has been put on the impact of founder's psychological ownership on early delegation, which is critical to new venture survival and growth.

### **Territoriality, an Emerging Area**

As Pierce and colleagues (2001) assert that psychological ownership is distinct from other related constructs in possessiveness, I included the construct of territoriality which closely relates to the core of psychological ownership. Studies of animal territoriality, which focus on occupying and defending a physical space, have been ongoing as early as the 18<sup>th</sup> century (Edney, 1974). It was not until the mid-20<sup>th</sup> century that researchers extended this to human populations. Ardrey (1966) claims that humans, like animals, have a genetic disposition towards claiming and defending territory. Pierce et al. (2001) note that psychological ownership is rooted in the inherent human need to possess a territory. Brown and colleagues (2005) bring territoriality, an individual's behavioral expression of his or her feelings of ownership toward a physical or social object, into organizational settings. However, territoriality distinguishes from psychological ownership for at least two reasons. First, territoriality is a social-behavioral construct that is only in relation to other people that we mark and defend our claims (Brown et al., 2005). As Brown and colleagues (2005) argue, territorial behavior is not simply about expressing ownership over an object (e.g., this is mine) but are centrally concerned with establishing, communicating and maintaining one's relationship with that object relative to others in the social environment (e.g., this is mine and not yours!). Further, Brown

(2009) notes that psychological ownership is a necessary condition but not a sufficient condition to motivate territorial behavior. He argues that relationships between individuals in the organization and organizational norms may either encourage or suppress whether an individual can or will express his territorial feelings, and the degree to which he does so (Brown, 2009).

People engage in various territorial behaviors in the workplace. Brown (2009) proposes four types of territoriality behavior, including identity-oriented marking, control-oriented marking, anticipatory defending, and reactionary defending, that form the construct of territoriality. Control-oriented marking involves marking an organizational object with symbols that communicate the boundaries of a territory and who has psychological ownership over it (Altman, 1975; Becker & Mayo, 1971). An example of such behavior would be putting a nameplate on the office door. Identity-oriented marking or personalization refers to the deliberate decoration or modification of an object by its owners to reflect their identities (Sommer, 1974; Sundstrom & Sundstrom, 1986). An example of such behavior may include decorating an individual's office room based on his personal preference. Unlike animal territoriality, sometimes territorial boundaries and the relationship between a territory and an individual in social environments can be ambiguous (Lyman & Scott, 1967; Wollman, Kelly, & Bordens, 1994). In addition, because some territories are "objectively" valuable, people may try to gain control over them (Brown, 2009). As a result, marking doesn't always secure owning. In some situations, the owner is likely to experience an infringement, which Brown (2009) and others (Brown & Robinson, 2011) define as an individual's perception

that someone has attempted to claim, take, or use an object (material or immaterial in nature) that he believes belongs to him alone without permission. Infringements have the potential to elicit the owners' two other types of territorial behavior, whereby they defend their territories to prevent or respond to infringements (Knapp, 1978).

Individuals either take anticipatory defenses before an infringement or reactionary defenses after (Brown et al., 2005). The simplest example of anticipatory defenses would be a password of an individual's computer and reactionary defenses the formal complaints.

Brown and colleagues (2005) find that territoriality pervasively exists in organizations and hypothesize the "double-edged sword" of territoriality for organizations. On the one hand, it can have significant positive consequences for organizations by increasing the commitment of members to the organization and by reducing conflict among organizational members. On the other hand, it can also negatively affect organizations by detracting from in-role performance and increasing the isolation among individual members. For example, Brown and Robinson (2011) found that territorial infringement leads to anger and reactionary defenses in various forms at work. Moreover, the existing research limits its focus to physical objects while in entrepreneurship, the objects can be business ideas and ventures. It is often seen in the business world that entrepreneurs hesitate to disclose complete business plan (before the venture creation) and/or company information (after) even to potential partners and resource providers. Marking and defending an idea or an active business entity obviously require more creative strategies and techniques, more sophisticated people management skills and more

comprehensive organization design knowledge. Yet, we know little about territoriality in entrepreneurial contexts.

### **Initial Assumptions Regarding Psychological Ownership and Territoriality**

As mentioned in the “Introduction” chapter, I prepared four initial assumptions to be questioning and questioned throughout the research process. The first initial assumption was that, out of high psychological ownership, founding entrepreneurs may devote substantial time and effort engaging in territorial behavior. More importantly, as the equity owners of their ventures, founding entrepreneurs were unlikely to be constrained by organizational structures and norms. In my experience, many founders do feel difficult to respond to different voices about their businesses from others with a receptive attitude or attribute organizational achievements to employees rather than themselves. However, due to the lack of sufficient resources, they tend to repetitively put themselves in situations under which their territories are infringed. For example, an entrepreneur may have to disclose all insights of his/her innovative product to an angel investor without adequate knowledge of this person’s background and investment intent. In order to convert business ideas into a growing business, an entrepreneur should be very successful in obtaining resources from others (Baron, 2007). As a return, entrepreneurs have to surrender equity and/or management control to resource provides. Yet, it is not clear how they make a trade-off between the desire to possess and new venture survival and growth.

The second initial assumption was that territorial behaviors might deteriorate venture performance. Shim, Eastlick and Lotz (2000) view human management issues as an increasing problem as firms grow. Motivated by high psychological ownership, founding entrepreneurs may engage in various marking and defending behaviors with their social connections, potentially including the co-founders, manager/potential successors, employees, investors, consultants, business commentators, government officers, clients and competitors (note: territorial infringement from external others falls out of the scope of this dissertation research). By so doing, venture performance may be significantly affected. Despite a lack of direct evidence in entrepreneurship, findings from relevant studies have produced some insight as to it. For example, an experimental study with 230 undergraduate students reveals that a business idea owner's territorial marking behavior negatively affects feedback seeking and providing (Brown & Baer, 2015), which have been identified as important drivers of creativity (e.g., de Stobbeleir, Ashford, & Buyens, 2011). Jong, Song and Zong (2012) examine 323 new ventures and find that the relationship conflict in the founding top management team ends up in a poor venture performance. Wilfling (2012) also suggests that friction in the founder team is positively related with entrepreneurial exit. In this study, I further assumed that delegation issues occurred when the qualitative changes that professional managers made in the venture were viewed as territory infringement by the founding entrepreneur and thus triggered his/her defensive responses.

The third initial assumption was that founding entrepreneurs might engage in territorial behavior at multiple organizational levels. De Vries (1989) notes that organizational

structure can make it very difficult for an entrepreneur to work within unless the structure is created by the entrepreneur. Holding the highest authority of the venture, founding entrepreneurs might either design paternalistic structures to extend their possession over their business ideas and the ventures beyond physical constraints (anticipatory defending), or interfere the use of professional management methods initiated by others as a response to infringement (reactionary defending). Research on management control systems (MCS) has shed some light on this topic. For example, Bruns and Waterhouse (1975) identify that small firms incline to adopt centralized control systems. In this study, I attempted to explore the function of MCS in early delegation. I define management control systems (MCS) as a mix of both informal and formal systems managers use to monitor subordinates' behavior and decisions in organizational activities. This definition of MCS is similar to the definition of MCS advocated by Abernethy and Chua (1996), Malmi and Brown (2008), Merchant and Van der Stede (2007), Ouchi (1979) and Simons (1995). Also, I adopted Simons' (1995) four levers of control (LOC), since it has gained a prominent position in the MCS literature for providing a structure to understand the ways in which top management team uses control (Ferreira & Otley, 2009). In the LOC framework, beliefs systems are "the explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose and direction for the organization" (Simons, 1995a, p. 34). Interactive systems enable "top-level managers to focus on strategic uncertainties, to learn about threats and opportunities as competitive conditions change, and to respond proactively" (Simons, 1995b, p. 81). Boundary

systems demonstrate “the acceptable domain of strategic activity for organizational participants” (Simons, 1995a, p. 39). Diagnostic systems refer to the “feedback systems used to monitor organizational outcomes and correct deviations from pre-set standards of performance” (Simons, 1994, p. 170). Collectively, these control systems are used to manage tensions “between freedom and constraint, between empowerment and accountability, between top-down direction and bottom-up creativity, between experimentation and efficiency” (p. 4), and thus ensure effective control that helps the organization to achieve its goals.

In addition, Dirks and Ferrin (2001) note that trust, a pervasive phenomenon in organizational life, may play a moderating role on organizational relationships. Trust is “one party's willingness to be vulnerable to another party based on the belief that the latter party is competent, open, concerned and reliable” (Mishra, 1996, p. 265). Lewis and Wiegert (1985) note that trust has cognitive and affective foundations. Competence, responsibility, reliability and dependability are central elements of cognition-based trust (Butler, 1991; Cook & Wall, 1980; Johnson-George & Swap, 1982; Rempel, Holmes, & Zanna, 1985); while emotional bonds between individuals provide the basis for affection-based trust (Lewis & Wiegert, 1985). Trust is particularly crucial in participative leadership (Bell & Bodie, 2012). Brown, Crossley and Robinson (2014) find that a high degree of trust in the environment reduces territorial behavior. However, these findings may or may not apply in this study. Bringing in professional managers and locating them in the senior management team release a clear signal that the relationship between a founder and his/her professional managers starts with a solid trust in their

competencies, a harmonious outcome, however, is not a certainty. To solve the puzzle, I decided to take trust into account in my study.

## **Conclusion**

While the extant literatures have provided important insight, a significant gap remains in understanding new venture delegation. For example, the positive relationship between delegation and growth hasn't been tested and verified; the psychological cause behind founder fears and resistance to delegate hasn't been fully discovered; founder's act in early delegation at multiple organizational levels is unclear; and the stress and conflicts in delegation, which may cause employee insecurity, lower morale and thus detriment organizational performance, is completely neglected. In addition, it might be problematic to believe that professional managers respond to the founder's territorial behavior in a passive way. Clearly, this phenomenon needed further investigation.

### Chapter 3: Method

In the past several decades, empirical questions in entrepreneurship were studied by using a variety of methods, including quantitative, qualitative and some mixed techniques (Perren & Ram, 2004). Despite the richness and diversity in methodological approaches, qualitative methods are “demonstrably underrepresented in entrepreneurship research” (Hindle, 2004, p. 577). The use of a narrow range of quantitative methods in early entrepreneurship studies is criticized for impeding the identification of new concepts and theory development in this research field (Suddaby, Bruton, & Si, 2015). More importantly, according to Schindehutte, Morris and Allen (2006), the richness of entrepreneurship lies in the ongoing cognitive and emotional experiences of the entrepreneur. Morris, Huratko, Schindehutte and Spivack (2012) also advocate that the experiential events during the entrepreneurial journey should be a principal focus in research effort, because these events develop both the venture and the entrepreneur. As qualitative methods play an essential role in such “lived experience” research, calls for more qualitative approaches in entrepreneurship are made at regular intervals (Gartner & Birely, 2002; Hindle, 2004, Suddaby et al., 2015). Denzin and Lincoln (1994, p. 2) define qualitative research as “multi method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical,

interactional, and visual texts – that describe routine and problematic moments and meaning in individuals' lives". The goal of qualitative research is "to go beyond mere description at a generalizable level in our empirical investigations"; and "to develop concepts that enhance the understanding of social phenomena in natural settings, which due emphasis on the meanings, experiences and views of all participants" (Neergaard & Ulhoi, 2007). Clearly, entrepreneurship is a research domain full of such empirical materials. Reviewing the existing entrepreneurship literature also produces evidence to support qualitative approaches, including ethnographies, grounded theory, case studies, phenomenological research and narrative research, are potentially effective ways to tackle with important questions in this field.

Accordingly, a qualitative approach was used in this dissertation research. A brief review of available qualitative methods was presented below, followed by the rationale of choosing a grounded theory approach in this study. Next, I introduced my samples, data collection and analysis in details.

## **Research Design**

As Denzin and Lincoln (2005) state in *The Sage Handbook of Qualitative Research*, a research process starts with the choice of a paradigm in which the research is anchored. Paradigms are "universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners" (Kuhn, 1962, p. x); consist of "strong network of commitments – conceptual, theoretical, instrumental, and methodological" (Kuhn, 1962, p. 42). Four competing paradigms in qualitative research

are positivism, postpositivism, constructionism, and critical theory and related ideological positions (Guba & Lincoln, 1994).

Positivism paradigm places a heavy emphasis on the degree of quantification. Positivist research designs focus on efforts to verify a set of prior hypotheses with available statistical and mathematical models, aiming to enable prediction and control of phenomena. Researchers and targets are assumed to be independent entities.

Researchers are believed capable of studying the target without influencing it or being influenced by it. The procedures of data collection (sampling strategies) and analysis are standardized. Moreover, possible confounding conditions must be controlled or manipulated to prevent outcomes from being improperly influenced. Although qualitative method may be appropriately used with any research paradigm, the nature of interpretive research requires greater flexibility for new and unexpected empirical materials and growing sophistication.

In contrast with positivist designs, much greater ambiguity and flexibility are associated with postpositivist, constructivist and critical theory designs, which are more exploratory in nature. As a result, these designs rely less on deductive methods that use formal hypotheses in non-positivist studies. Researchers and targets are assumed to be interactively linked. Knowledge is created in interaction between researchers and respondents; and researchers may inevitably influence the inquiry. Janesick (2000) describes the design process of qualitative research with a dance metaphor and suggests that qualitative research can be adapted, changed, and redesigned as the study proceeds. According to her observation, “the essence of good qualitative research

design requires the use of a set of procedures that are at once open-end and rigorous” (Denzin & Lincoln, 2005). In addition, many qualitative studies involve cases, or instances of phenomena and/or social processes. These cases or process are units of human activity embedded in the real world and can only be understood in their contexts. The value of these cases and process is their uniqueness. For these reasons, many postpositivist, constructionist, and critical theory qualitative researchers employ theoretical or purposive, but not random, sampling models. They seek out groups, settings, and individual where (and from whom) the cases or process being studies are most likely to occur. At the same time, a process of constant comparison between groups, concepts, and observations is necessary, as the researcher seeks to develop an understanding that encompasses all instances of the process or case under investigation. This means there is little concern for empirical generalization in case studies. The goal is “concerned with providing analyses that meet the criteria of unique adequacy” (Psathas, 1995, p. 50). Each analysis must be fitted to the case at hand; each case “must be studied to provide an analysis uniquely adequate for that particular phenomenon” (Psathas, 1995, p. 51).

### **Strategy of Inquiry**

Denzin and Lincoln (2005) note that “a strategy of inquiry describes the skills, assumptions, enactments, and material practices that researchers used when they move from a paradigm and a research design to the collection of empirical materials”. Operating at a more applied level, strategies of inquiry connect researchers and

paradigms to specific approaches and methods for collecting and analyzing empirical materials.

During the late 19<sup>th</sup> century, strategies of inquiry associated with qualitative research became more clearly visible. Methods scholars have provided detailed descriptions of various types of qualitative research approaches, as well as clear guidelines and procedures of using them. A brief review of the frequently used strategies in the social science was provided as follow.

***Ethnography*** – Ethnography is often equated with cultural anthropology. Although qualitative researchers such as Silverman (2000) describe it simply as observational research in particular settings, it entails much more than mere observation in daily activities.

Denscombe (1998, p. 68-9) defines ethnography as the description of peoples and cultures and “understanding things from the point of view of those involved rather than explaining things from the outsider’s point of view”. Brewer (2000) offers a more comprehensive definition, noting that “ethnography is the study of people in naturally occurring settings or ‘fields’ by methods of data collection which capture their social meanings and ordinary activities, involving the researcher participating directly in the setting, if not also in the activities, in order to collect data in a systematic manner but without meaning being imposed on them externally”. Both highlight a notable level of participation in ethnographic studies. Further, Burgess (1982) explains that ethnography involves unstructured fieldwork that involves the study of real-life situations. In other

words, field researchers observe people in the settings that they live, and participate in their daily activities. Therefore, methods that can be used in these studies are unstructured, flexible and open-ended.

Long-term, involved, immersed and empathetic relationships between ethnographic researchers and the people they are studying will certainly affect the data that are gathered and how those data are interpreted and represented, and examining this relationship is vital to the legitimization of findings or outputs (Neergaard & Ulhoi, 2007). Brewer (2000) asserts that reflexivity should be bound up with interpretation and be an integral part of the writing process as researchers' selves and identities will affect the meaning they attribute to the data. Given the researchers' personal backgrounds, biases, preconceptions and research activities, one ethnographic research can only reveal partial nature (Brewer, 2000, p. 130). Moreover, the use of observation and participation raises ethical questions (de Laine, 2000).

Ethnographic methods have the potential to shed light on issues about the society and its values by examining the role of entrepreneurs, to capture the social meanings of entrepreneurs as new ventures emerge and grow, to uncover new insights on entrepreneurial behavior, and to explain the cultural and institutional factors that surround and either constrain or enable the emergence of a venture. However, the use of ethnographic methods is rarely found in the mainstream journals of entrepreneurship research (Neergaard & Ulhoi, 2007).

**Grounded theory** –Neergaard and Ulhøi (2007) summarize Glaser (Glaser & Strauss 1967) and Strauss's (Strauss & Corbin, 1998) definitions of grounded theory as "theory derived from data that has been systematically collected and analyzed using an iterative process of considering and comparing earlier literature, its data and the emerging theory". Strauss and Corbin (1994, p. 278) suggest that a grounded theory approach best addresses "patterns of actions and interaction between and among various types of social units", as well as process "of reciprocal changes in patterns of action/interaction and in relationship with changes of conditions either internal or external to the process itself". Morse and Richards (2002) stress that a grounded theory approach is appropriate when the researcher seeks "to learn from the participants how to understand a process or a situation" (p. 55). Similarly, Martin and Turner (1986) note that a grounded theory approach is best used when no explicit hypotheses exist to be tested or when such hypotheses do exist but are too abstract to be tested in a deductive manner.

Soon after their joint initiation work in the 1960', Glaser and Strauss parted in their views on the grounded theory method. The divergences between them were summarized as follow. First, Glaser's (1992) approach require a grounded theory researcher to ignore all existing literature concerning the research focus and enter the field with as few preconceptions as possible; while Strauss and Corbin (1990) permit the researcher to predetermine a broad subject of inquiry before entering the field. Second, Glaser states that categories will emerge without any effort from the researcher, while Strauss and Corbin stress the importance of the researcher in interpretation. Third, Glaser prefers an unstructured set of analytical steps, while Strauss and Corbin insist

that grounded theory has specific procedures for data collection and analysis, following which gives a project rigor. In addition, Glaser thinks a grounded theory should be further tested and verified with new data using quantitative or qualitative methodology, while Strauss argues that an empirically grounded theory is both generated and verified in the data. Later, Charmaz (2006) suggests a constructivist revision of Glaser and Strauss' original propositions regarding grounded theory, and acknowledges multiple realities and views of researchers and participants. Noting "the guidelines offer a set of general principles and heuristic devices rather than formulaic rules", she does not propose an approach as structured and systematic to analyze data as Strauss and Corbin do.

According to Strass and Corbin (1990), each researcher enters the field with some questions or areas for observation. Based on this knowledge, individuals, organizations or communities that reflect the questions can be selected for study. Therefore, defining these initial research questions, or research foci, becomes the start of a grounded theory research (Neergaard & Ulhoi, 2007). It is important to recognize that the research question may shift during the research. On the other hand, a grounded theory approach doesn't require a researcher to enter the field with too much existing empirical knowledge, since it may force the researcher into testing hypotheses either overtly or unconsciously (Suddaby, 2006). Grounded theory methodologists have offered a few solutions to tackle with this problem. As Suddaby (2006) summarizes, one solution is to draw research from multiple substantive areas that are frequently reflected in a given daily reality; another is to be continuously aware of the possibility that a researcher may

be influenced by preexisting conceptualizations of his subject area; the third solution is not to overemphasize on seek “new” theory.

Grounded theory research usually relies on theoretical rather than random sampling, which means that the emerging theory direct in which direction to go and what questions to ask (Strauss & Corbin, 1967). Data collection won’t cease until theoretical saturation is achieved, so that new data do not add new information to categories/concepts. The sources of data can be interviews, participant and nonparticipant observations, photographs, videotapes, field notes and other relevant documents (e.g., archival data and media materials).

A number of guidelines of data analysis exists, however, it is important to keep in mind that they should be used in a flexible and creative way (Hallberg, 2006). For example, Strauss and Corbin (1998) offer detailed procedures for data analysis through several levels of coding – “the analytic processes through which data are fractured, conceptualized, and integrated to form theory” (p.3). Coding begins with open coding (generating categories of information), then proceeds to axial (selecting one of the categories and putting it into a theoretical model) and selective coding (stating a theory by describing the interrelationships of categories (Strauss & Corbin, 1998).

Conceptualization in this process serves as a distinct element of a grounded theory approach. To lift data to a conceptual level, the process of data analysis is a constant interplay between data collection and analysis that constitutes the constant comparative method (Strauss & Corbin, 1967). Hallberg (2006) notes that by using the constant comparative method, “every part of data, i.e. emerging codes, categories, properties,

and dimensions as well as different parts of the data, are constantly compared with all other parts of the data to explore variations, similarities and differences in data". It is both systematic and creative to help the researcher explore categories/concepts from the data (Glaser & Strauss, 1967). Theoretical sensitivity (Glaser & Strauss, 1967; Strauss & Corbin, 1998), which refers to a researcher's ability to use personal/professional experience and methodological knowledge to see data in new ways and think abstractly, is also important in the data collection and analysis process. Propositions that state the relationships of the emergent theoretical framework is formulated after data analysis, the researcher then wraps up the whole project with a written research report.

Grounded theory method may be the most widely employed interpretive strategy in social science today, since researchers may benefit from unique means to facilitate an understanding of the complexity of social phenomena (Dougherty, 2002). It "gives the research a specific set of steps to follow, ones closely aligned with the canons of 'good science'" (Denzin & Lincoln, 2005, p. 382). However, Mäkelä and Turcan (2007), in reviewing recent grounded theory research in entrepreneurship, note that despite identifying a grounded theory approach as a method, many "grounded theory" studies were actually descriptive, failing to contribute rigorous theories.

**Case studies** – It is not conclusive that "case study" is a distinct strategy of inquiry. Neergaard and Ulhøi's (2007) state in *Handbook of Qualitative Research Methods in Entrepreneurship* that they do not consider "case study" as a distinct methodology but the conceptualization of a case as the object of study, which is common in research following the grounded theory methodology. Stake (2005) also identifies the case as a

data source that can be studied by a variety of methods, and states that case study is not a methodological choice but a choice of what is to be studied. Similarly, Mäkelä and Turcan (2007) don't consider case study a distinct methodology. In contrast, Denzin and Lincoln (2005) group case study into the category of strategies of inquiry. Yin (2009) presents case study as a comprehensive method of conducting research. Creswell (2007) chooses to present case study as a method in his review of qualitative methodologies.

Gillham (2000) blur the line between case study and grounded theory, stating that the case study researcher “develops grounded theory” by working inductively from the evidence in the research setting (p. 2). He defines the case as “a unit of human activity embedded in the real world; which can only be studied or understood in context; which exists in the here and now; that merges in with its context so that precise boundaries are difficult to draw” (Gillham, 2000, p. 2). Case study is also defined as a main method by Gillham, with various sub-methods such as interviews and observations. A case is constructed by combining various types of evidence (such as interviews, direct observations, archival records, and physical artifacts) and creating a chain of evidence or narrative account (Gillham, 2000; Yin, 2009). The incorporation of multiple sources of data in case study provides triangulation of sources (Yin, 2009). Through the convergence of findings, it enhances confidence in the quality of findings and strengthens the substantiation of constructs and hypotheses (Eisenhardt, 1989).

Case study as a method of inquiry is considered to be effective in addressing “how and why” questions, and is well-suited to exploring the experiences of participants within their real-life contexts which are considered as a significant and inextricable part of the

experiences (Stake, 2005; Yin, 2009). Eisenhardt (1989) suggests that case study method is particularly well-suited to new research areas or researcher areas for which existing theory seems inadequate.

Stake (2005) identifies three types of case study. According to his definition, intrinsic case study is a case study undertaken with the central goal of gaining deeper understanding of the particular case – with this understanding of the particular case being the primary goal, rather than the study being a means of generalizing (Stake, 2005). Stake (2005) notes that even within the qualitative paradigm, intrinsic case studies are not seen as relevant as instrumental case studies, from which generalizations may be drawn. In contrast to intrinsic case studies, the aim in instrumental case studies is to provide insight into a larger issue. The case is analyzed for the purposes of illuminating this external question (Stake, 2005). Multiple or collective case study involves a collection of instrumental cases which are examined in order to understand a shared phenomenon (Creswell, 2007; Stake, 2005).

Eisenhardt (1989) describes the process of theory building from case study research, beginning with defining research question and/or priori constructs, following by selecting cases, crafting instruments and protocols, collecting data in the field, analyzing data, shaping hypotheses, enfolding literature, and ending process once theoretical saturation is achieved. She also identifies the distinct characteristics of case study method from a grounded theory approach and other qualitative methods as a priori specification of constructs, triangulation of multiple investigators, within-case and cross-case analyses, and the role of existing literature.

Yin (2009) notes that analysis of case study evidence is one of the most challenging aspects of case study research due to the lack of development of analytic procedures. Four general strategies for analysis that are described by Yin (2009) include relying on theoretical propositions that led to the development of the case; developing a descriptive framework to organize the case; using both qualitative and quantitative data when appropriate; and examining rival explanations. Yin (2009) also outlines four principles which should apply regardless of specific analysis techniques: analysis should demonstrate attention to all evidence; all major rival interpretations, and most significant aspects of the case, and should incorporate awareness of current knowledge in the topic area.

From the review of the research literature in business and entrepreneurship, it appears that many researchers use a methodological structure combining case study and grounded theory (Eisenhardt & Graebner, 2007; Wilson & Vlosky, 1997).

***Phenomenological research*** – Phenomenological studies are designed to describe the meaning individuals make of lived experiences of a particular phenomenon, and may be seen as best addressing questions about the meaning or “essence” of an experience in the context of four existential elements: relationships to things, people, events, and situations (Morse & Richards, 2002; Van Maanen, 1990). Benz and Shapiro (1998) note that phenomenological inquiry with individuals “involves listening to, watching, and generally engaging in empathic understanding of another person” (p. 99). Understanding the “living experiences” labels phenomenological research as both a philosophy and a method of inquiry, and its procedure requires studying a small number of subjects

through extensive and prolonged engagement in order to develop patterns and relationships of meaning (Moustakas, 1994).

Phenomenologists reject all presuppositions concerning the nature of the real, and believe the only real world that can be described with adequacy is that which is subjectively experienced (Hammond, Howarth, & Keat, 1991). “Bracketing”, the practice of setting aside pre-existing personal knowledge, assumptions, and expectations about the research subject, is a frequent seen term in descriptions of phenomenology (Creswell, 2007; LeVasseur, 2003; Morse & Richards, 2002). This bracketing in order to understand phenomena from the perspective of those who experience it is a powerful way of tackling any potential theoretical bias (Cope, 2005). The complexity surrounding phenomenological research is that, although the subjectivity of phenomenological inquiry requires the researcher to be a neutral, impartial and detached observer, the phenomenological description of phenomena presented by the researcher represents a personal interpretation of the interpretations of the researched (Guba & Lincoln, 1994). Moreover, it is very difficult for the researcher to relinquish control in the interview and let the participant set the course of the dialogue.

***Narrative research*** - “Narrative” is a term used to describe various texts or discourses (Chase, 2005). It can be found describing participants’ stories in studies with various methodological designs. Since in these studies, it is the researcher who writes participants’ stories into a narrative chronology, the ultimate narrative for analysis contains views from both the participant’s life and the researcher’s life (Clandinin & Connelly, 2000). Creswell (2007) states that narrative research is most suited to

“capturing the detailed stories or life experiences of a single life or the lives of a small number of individuals” (p. 55). It is interesting that narrative is also seen as both a method of inquiry and the phenomenon under investigations (Pinnegar & Daynes, 2007), just like cases.

Challenges in narrative inquiry include the need for extensive collaboration with participants (Creswell, 2007). The researcher’s own values, background, and beliefs shape how participants’ stories are retold, and it is essential that the researcher is reflective about their influence on the outcome when constructing the narrative (Pinnegar & Daynes, 2007).

### **Research methods**

The third major element and the most practical step of a research approach is the specific methods of data collection and analysis. Information and data can be collected on an instrument; with a questionnaire; from archival documents; through on-site observation of the behavior of individuals by participating in their activities; or in interviews during which individuals is allowed to talk openly about a topic. Creswell (2013, p. 17) suggests that “the choice of methods by a researcher turns on whether the intent is to specify the type of information to be collected in advance of the study or to allow it to emerge from participants in the project”. For instance, since qualitative research has a low degree of predetermined nature, it inclines to use open-ended questioning and non-numeric data analysis.

Three factors may affect a choice of one approach over another for the design of a proposal: the research question, the researcher's personal experience, and the audience(s) that the report is written for (Creswell, 2013). Certain questions call for specific approaches. For example, qualitative research approach may be needed because "the topic is new, the topic has never been addressed with a certain sample or group of people, or existing theories do not apply with the particular sample or group under study" (Creswell, 2013, p. 22).

The researcher's own personal training and experience is also relevant. Quantitative researchers are persons who have received training in scientific writing, statistics, and computer statistical programs; are familiar with quantitative journals; and feel comfortable to follow traditional procedures and rules in the positivism paradigm (Creswell, 2013). To the contrary, qualitative approach requires researchers to be more creative, reflective and passionate. Moreover, their personal desires, goals and concerns decide the importance of particular topics to them and may impede the trustworthiness of their research projects (Watt, 2007). Comparing with quantitative researchers, they usually obtain a higher level of mastery on literary writing, computer text analysis, and open-ended interviews and observations (Creswell, 2013).

Finally, it is no doubt that audiences to whom researchers report their research for are at least of the same importance. These audiences may be journal editors, journal readers, graduate committees, conference attendees, peers or colleagues in the relevant field, as well as practitioners. Considering backgrounds and experience of these audiences with

different research methods studies shapes the researcher's decision about this choice (Creswell, 2013).

### **Rigor in Qualitative Research**

Strauss and Corbin (1998) suggest that qualitative analysis is both science and art – maintaining a degree of scientific rigor while also employing creativity and flexibility in taking up these procedures. As qualitative research methods and analysis are not standardized in the way that quantitative procedures are, and are also based on fundamentally different paradigms, qualitative methods cannot be subjected to the validity and reliability measures of quantitative methods (Lee, Mitchell, & Sablynski, 1999; Strauss & Corbin, 1998). That is, as discussed earlier in this chapter, reliability and generalizability play a minor role in qualitative inquiry. Validity, nevertheless, is still important. Below I introduced several strategies to obtain rigor.

First, using clearly identified and systematic procedures for conducting the research is suggested as a primary means for ensuring credibility and quality (Creswell, 2007; Patton, 2002). Rigorous methods and detailed description of the data collection and analysis process are also important in increasing the reliability and credibility of results, particularly in grounded theory research where the aim is to create a new theoretical framework (Mäkelä & Turcan, 2007). For example, theoretical and purposive sampling can ensure that the best informants for theory building are included in the data - both representative and divergent cases (Creswell, 2007; Strauss & Corbin, 1998). Particularly, including discrepant cases adds to the credibility of the data, as the real life is filled with

contradictory perspectives. Another term that is frequently emphasized in qualitative literature is in reference to the use of “thick descriptions” which refers to the use of deep and detailed accounts of data to create a sensation of reality for the reader (Creswell, 2007; Denzin & Lincoln, 2005). Triangulation of data sources, as well, increases credibility by ensuring that findings are not only the result of one source or approach, and by demonstrating convergence of findings across sources (Creswell & Mill, 2000; Patton, 2002; Yin, 2009).

Second, Morse, Barrett, Mayan, Olson and Spiers (2008) suggest “verification strategies that ensure both reliability and validity of data are activities such as ensuring methodological coherence, sampling sufficiency, developing a dynamic relationship between sampling, data collection and analysis, thinking theoretically, and theory development” with an emphasis on the importance of investigator responsiveness in ensuring quality (p. 18). These strategies should be integral to the process. Moreover, clarifying the researcher’s own bias creates an open and honest conversation between the researcher and readers.

In addition, Wigren (2007) notes that there are several distinct groups to take into account in regards to judging quality, including participants in the study, the academic community, policy-makers and the public. Member checking is perhaps the most crucial step in establishing credibility and involves seeking participants’ confirmation of the representativeness of the analysis of their experience (Creswell & Miller, 2000; Lincoln & Guba, 1985). Collaboration with participants throughout the research process is an

extension of member checking. Peer review of both the data coding and theory development can further address potential issues.

### **Justification of a Grounded Theory Approach**

Quantitative research usually stresses on the discovery and verification of theories that explain causal relationships between variables. In contrast, qualitative research emphasizes a lot on the interpretation of socially constructed realities, the subjectivity and interaction of the researcher and participants, and the contextual constraints that shape the research. As being reviewed in the “Literature Review” chapter, little has been done to describe, interpret, and explain early delegation activities in new ventures and their impact on new venture survival and growth. To answer these research questions, a qualitative approach was appropriate (Edmondson & McManus, 2007). More importantly, entrepreneurship is “a lived experience” and qualitative methods can develop insight on how entrepreneur experience the process (Schindehutte, Morris, & Allen, 2006). This approach was also consistent with the recent call by Suddaby, Bruton and Si (2015) for more qualitative studies to explore new areas in entrepreneurship.

In entrepreneurship literature, ethnographies, grounded theory, case studies, phenomenological research and narrative research are often used as effective ways to tackle with important questions in this field. Most ethnography and phenomenological research serve the purpose to explore social meanings created from individuals’ live experience. Case studies, on the other hand, draws heavily on the grounded theory method, and is a flexible and broader approach that can be used to provide description,

test theory, or generate theory (Eisenhardt, 1989). Compared with these qualitative options, a grounded theory approach suits the best when the researcher seeks “to learn from the participants how to understand a process or a situation” (Morse & Richards, 2002, p. 55). Since I was interested in exploring intersubjective interpretations between the delegators and delegates and learning from whom were studied, it became the most appropriate method for approaching my research questions proposed in the “Introduction” chapter.

After carefully considering the controversy over the grounded theory method, I took up Strauss and Corbin’ (1990) way of doing constant comparative analysis, which allows some application of deduction through data analysis and includes detailed procedure of coding, in my dissertation research. Although these perspective/procedure has been criticized as potentially subverting the discovery-oriented intent of the method and forcing the data (Rennie, 2006), they provide rigorous and useful process of data collection and analysis. In the meantime, I constantly reminded myself not to let my prior knowledge and bias contaminate the emergent theory in the inquiry.

### **Samples and Data Collection**

In this study, I employed the theoretical sampling approach, which is commonly used in qualitative studies (e.g., Gersick, 1988; Harris & Sutton, 1986; Pettigrew, 1990), to collect adequate cases (Eisenhardt, 1989). The target participants were: 1) founders of start-ups and their co-founders (if any); 2) the first one or a few professional managers, such as the Chief Financial Officer, Chief Operating Officer, Chief Executive Officer, Chief

Technology Officer and department directors, that the founding entrepreneurs or the venture teams hired from outside the companies; 3) the angel investors of the companies or their representatives such as incubator managers (if any). The theoretical sampling process was further described in the data analysis section of this chapter.

By leveraging my personal network, I identified two Canadian and one UK-Chinese joint small-sized incubators that offer entrepreneurs financial support and services in the high technology industry. Company samples came from the portfolio companies of these three incubators. All of these companies have reached the stage of early growth according to the incubators' recruiting criteria. Direct invitations were made via e-mail or in person to the CEO of the companies and then distributed to appropriate participants. The final participants were four founder-CEOs, one founder-COO, three co-founders, 14 professional managers from five growing, small-sized technology start-ups, one angel investor and two incubator managers. Specifically, these start-ups operated in a range of industries including marketing and advertising (2), interior design (1), intelligent computing and storage systems (1), and consumer electronics (1).

In line with the research design, the founder interviewees created the current ventures to transform their business ideas into new products and/or services which they believed profitable, although some ideas were pivoted a few times into new applications and target markets when the original ones failed along the way. Business model pivot is both prevalent and imperative among technology start-ups because new business models rarely work the first time around under the condition of great uncertainty (Garcia-Gutierrez & Martinez-Borreguero, 2016).

Three ventures were started by teams. Today, many new ventures are created and led by teams rather than single entrepreneurs (Beckman, 2006; Cooper, Woo, & Dunkelberg, 1989; Kamm, Shuman, Seeger, & Nurick, 1990; Lechler, 2001; Reynolds & White, 1997; West, 2007). As the businesses grew, professional managers had also been hired from outside the company to take up important managerial functions, including sales, marketing, technology development, customer services, talent and process management, financing, and public relations. Before they came on board, these tasks and roles were either carried by the founding entrepreneurs or the venture teams, or didn't even exist. Generally speaking, the qualifications of these professional managers matched the position requirements.

In addition, I invited one angel investor and two incubator managers to participate in this study. It is because this population not only provides financial support to a number of new ventures, but also actively seeks to add value to the ventures through monitoring and supervisory activities.

### **Interviews, observations and archival materials**

Based on theoretical sampling strategy, I conducted 25 in-depth interviews in Canada (21) and China (4). Interviews were conducted either on phone (2) or face-to-face (23) following semi-structured questionnaires. Questions in the interview protocol were pre-tested among several entrepreneurs, fund managers and incubator managers in order to eliminate ambiguities and secure the understandability of them. For the Chinese interviews, the semi-structured interview guide was first constructed in English and then

translated into Chinese, and verified by an expert in entrepreneurship, who is fluent in both English and Chinese. During the interviews, I left plenty of time to the participants to tell stories and did my best to keep them active (Riessman, 2008); I also listened actively and encouraged them to elaborate and to clarify details (Charmaz, 2006).

Interviews with the founders began with a general description of one's age, education background, work and entrepreneurial experiences, company history, and the overall performance of the company. Then I explored one's intrinsic motivations of becoming an entrepreneur, organizational structure and decision-making procedure, and one's delegation experience with other venture team members (if any) and professional managers. Following participants' leads while asking for clarification and expansion, my focus was on hearing the descriptions and explanations of the attitudes, feelings, thoughts and behaviors associated with early delegation activities, using questions such as "When did you consider hiring professional managers from outside the company?", "What is your definition of "successful delegation?", "What have been delegated and what haven't and won't?", "What were the main challenges in the delegation practice and how did you get over them?", and "Has the delegation been successful?". In these interviews, I didn't use the word "psychological ownership" and/or "territoriality" to avoid biasing responses through leading language. Instead, I focused on feelings and thoughts one had when experiencing delegation by asking "Did you feel that the company no longer belonged to you after delegating?", "Did delegating affect your connection to the company?", and "Did you feel more or less control after delegating?"

Interviews with professional managers began with a general description of one's education background, work experience and expertise. Then I explored one's reasons to join the company, the hiring and delegation experience, job-related autonomy, and one's responses to the founder's unwillingness to relinquish power (if any), by asking questions such as "What triggered you to join the company?", "Can you do better if you were fully delegated?", and "What did you do to get more autonomy?"

Interviews with co-founders emphasized company history and venture team dynamics. Interviews with the angel investor and incubator managers focused on one's experience of mentoring and counselling the founder interviewees' management practices, particularly with regard to delegation.

On average, the interview time was 65 minutes, with the range from 16 minutes to 112 minutes. All interviews were recorded and fully transcribed. To ensure accurate transcription and to facilitate ongoing data analysis, I transcribed interview data as soon as possible after interviews were completed. During the process, I also modified the interview guide to further explore emerging themes (Spradley, 1979). Since data collection and analysis were intertwined, seven follow-up interviews were conducted with the same participants with newly added and/or fine-tuned questions to further explore the emerging themes (Eisenhardt, 1989).

In addition, I attempted to eliminate the difference between reactions through questionnaires and actual experience (LaPiere, 1934) by conducting on-site observations as necessary. To be specific, I wrote observational notes regarding the office layout and

work environment of the business place, the observed interactions within the venture team and between founders and professional managers, as well as their impressions regarding employee morale in each sample company. Information from incubator offices, company websites and business journals were also used for triangulation to enhance validity and the internal consistency of the interview data. To be specific, I consulted business advertising and promotional materials such as company websites, blogs, Twitter accounts, and Facebook pages, as well as newspapers and online media coverage of the industry statistics, the business and/or the founding entrepreneurs, venture teams and senior management teams, to confirm, elaborate, and augment of the interview data. Online and archival material, when available, was transferred into word documents to allow coding alongside interview transcripts and observational notes.

### **Participants**

In total, there were 19 male and six female interviewees, with ages ranging from the early 20's up to 50's. Each person has a unique combination of personality, education background, employment history and entrepreneurial experience. Table 1-2 presented demographic data regarding individual participants and the company information.

Table 1: Participant Profiles

	Age	Gender	Education	Prior Work Experience (year)		First-time Entrepreneur?	Current Entrepreneurial Experience (year)
				Employment	Entrepreneurial		
AF	Early 30's	M	Master	0	4	Y	4
ACF1	Early 30's	M	Master	0	4	Y	4
ACF2	Early 30's	M	Master	0	4	Y	4
BF	Early 30's	M	High School	0	7	N	5
CF	Late 20's	F	Bachelor	2	0	Y	5
CCF	Late 20's	M	Bachelor	3	1	N	5
DF	Late 30's	M	Bachelor	10	0	Y	3
EF	Late 40's	M	PhD	16	0	Y	3
	Age	Gender	Education	Prior Managerial Experience	Prior Entrepreneurial Experience	Expertise	Joined Since?
APM1	Late 20's	M	Bachelor	Y	N	Marketing	2013
APM2	Early 50's	M	Bachelor	Y	Y	Sales	2015
APM3	Late 20's	M	Master	Y	N	Customer Services	2015
BPM1	Early 50's	M	Bachelor	Y	Y	External Affairs	2012
BPM2	Late 20's	M	Master	N	Y	Technology	2013
BPM3	Early 30's	F	Bachelor	Y	N	Talent Management	2013
BPM4	Early 30's	F	Bachelor	Y	N	Sales	2015
BPM5	Early 30's	M	Bachelor	Y	Y	Sales	2016
CPM1	Late 20's	F	Diploma	Y	N	Customer Services	2015
CPM2	Late 30's	M	Diploma	Y	Y	Sales and Operation	2016
CPM3	Late 20's	F	Bachelor	Y	Y	Digital Marketing	2016
DPM1	Late 30's	M	Bachelor	Y	N	Technology	2016
DPM2	Late 30's	M	Bachelor	Y	Y	Public Relations	2016
EPM	Late 30's	F	Master	Y	N	External Affairs	2015
	Age	Gender	Education	Investment Experience (year)			
AI	Early 40's	M	Bachelor	15			
IM1	Late 30's	M	Bachelor	4			
IM2	Early 30's	M	Master	5			

Table 2: Company Information

	Year of Registration	Years of Operation	Industry	# of Employees	Revenue (USD, 2017)	Annual Growth
Company A	2013	4	Marketing and Advertising	18	911,000	82%
Company B	2012	5	Marketing and Advertising	20	9,300,000	300%
Company C	2012	5	Interior Design	7	120,000	131%
Company D	2014	3	Consumer Electronics	10	The product was launched in the year	N.A.
Company E	2014	3	Intelligent Computing and Storage Systems	39	The product was launched in the year	N.A.

As follows, I further provided a sketch of each founder and the context of his/her early delegation activities.

### **Company A**

The founder (AF) and his three school acquaintances were recommended by a professor to participate in a real-life entrepreneurial project, which was initiated and funded by the angel investor-participant of this study, when he was pursuing his Master's Degree. The project failed after about a year, during which one person left. Lucky enough, the angel investor didn't give up the team. Together with two remaining project team members (the co-founders, ACF1 & ACF2), AF carried on the business with a different idea. None of these student entrepreneurs have work experience before entering the entrepreneurial project.

AF acted as the founder-CEO of the current company, ACF1 as the founder-COO and ACF2 as the founder-CTO. To grow the business, AF hired three professional managers from outside the company to take up important management positions, including VP of marketing (APM1), Head of Global Sales and Business Development (APM2), and VP of Customer Success and Implementations (APM3). No one was hired through public recruitment. All of the professional managers were granted company options.

### **Company B**

The founder (BF) had been self-employed since high school age and used to run businesses in a variety of industries on his own. He initiated the current business solely and did most of the work by himself in the early years, including seeking external

financial support from private investors and venture capital firms. In order to complete an important round of financing in 2013, BF accepted the angel investor-participant's request to re-organize the company, including stepping down from the CEO position, taking in his succession who was one of the early investors and the acting CEO of the company at that time, and constituting a merger with a small software development team. The successor, BPM1, was an experienced entrepreneur, angel investor and management coach. Prior to joining company B, he had been involved in entrepreneurship, investment in a number of technology start-ups and management consulting work for several larger companies for over 20 years.

At the time of data collection, BF was the COO of the company and shared the highest decision-making rights with BPM1. They called it as "a co-CEO role" and further articulated it to me as below:

*"It was a conversation between him and I. Externally, certainly he needs to be seen that way, he is the CEO. The company is still small, we don't need two CEOs, and he is the best person for this type of responsibility. Internally, we have a very good division of work, any large decision usually gets signed off by both, so it's sort of a co-CEO role." – BF*

*"Decisions about company directions, strategy, financing, hiring and firing, that eventually goes through the office that (BF) and I share." – BPM1*

Both BPM1 and CTO (BPM2), the leader of the software development team, were offered partial equity ownership (company shares) and the title of "co-founder" by BF.

BF enjoyed experimenting with new business ideas. As a consequence, the company had three independent business units. As it grew, the company hired VP of Sales (BPM3) and her maternity leave substitute (BPM4), an Account Director (BPM5) to explore a specific business opportunity, and the CFO who didn't participate in this study because he was newly hired. No one was hired through public recruitment. BF, BPM1, BPM2, BPM3 and the CFO composes the leadership team of the company. All of the professional managers, as well as ordinary employees, were more or less granted company options.

### **Company C**

For this founder (CF), the journey into entrepreneurship was unexpected. CF got laid off and chose to become an entrepreneur out of necessity. Prior to entrepreneurship, CF spent a few years working in both established and entrepreneurial environments but didn't have any managerial experience.

CF's initial business idea came from a practical problem she identified at work. She started the current venture with CCF (the co-founder and CTO), a family member of CF's. During the years, CF hired Director of Customer Experience (CPM1), her maternity leave substitute (CPM2) and Marketing Manager (CPM3) to support the growth of the company. CPM1 came from CF's professional networks, while CPM2 and CPM3 were hired through public recruitment. CPM2 had been promoted to Director of Operations 4 months after being hired and the other professional managers reported to him at the time of data collection. All of the professional managers were granted company options.

### **Company D**

The founder (DF) worked for both established and entrepreneurial companies for many years as an engineer. During the interview, DF said that he had a longstanding interest to enter entrepreneurship; however, the transition was gradual - a year after he identified the target industry and started to build a prototype to join the competition, DF still had paid employment. In 2014, DF relocated to another country alone for the convenience of financing. In order to reunite with his wife and sons, DF planned to sell his company shares in exchange for a high payout in 3-5 years.

The venture was initiated by DF and two friends of his, while these two co-founders quit due to severe teamwork issues before the time of data collection. According to DF, the incongruence nearly caused the dissolution of the company. In order to continue the operations, DF hired CTO (DPM1) and Marketing Director (DPM2), both belong to DF's close ties. Soon after joining the company, DPM1 and DPM2 were allowed to purchase some company shares and entitled as "co-founders" by DF. Due to management problems, DPM1 left the company at the time of data analysis, and DPM2 was about to leave.

### **Company E**

Prior to entrepreneurship, the founder (EF) had rich work and managerial experience gained from long-established large organizations in multiple functions and different geographic locations. EF was a first-time, sole entrepreneur and acted as the CEO of the company. He owned the initial business idea, led a small software development team to develop the product, and created the current ventures to commercialize the product.

EF hired an experienced manager (EPM) through reference to deal with external affairs, including financing, sales and marketing, as well as public relations. The hiring was initiated by the EF. Similarly, EPM and the head of software development team were granted company options and the title of “co-founder”. Unfortunately, the head of software development team turned down my interview invitation due to heavy workload at the time of data collection.

### **The investor and incubator managers**

Since all of the ventures obtained some business angel financing to aid its development, I also interviewed one angel investor (VC) who has invested in two sample companies, as well as two incubator managers (IM1 & IM2) who are in charge of the incubators in this study.

### **Data Analysis**

***Theoretical sampling*** - As a key component of the grounded theory approach, theoretical sampling is an iterative and simultaneous process to seek, gather, code and analyze data to generate theory (Glaser & Strauss, 1967). It “begins after the first analytic session and continues throughout the research process” (Corbin & Strauss 2008, p. 149) and the core is that emerging theory directs ongoing data collection. That is, the researcher began to code and analyze his/her data as quickly as possible after the initial data collection so that as theory begins to emerge from within the data, the researcher can decide what new data to collect and where to find them. Consistent with these instructions, I began the data analysis immediately upon the collection of initial data.

Based upon the results of initial coding and analysis, I adopted theoretical sampling to seek additional sources of data until data saturation was completed.

The goal of theoretical sampling is to develop as much understanding of the phenomenon of interest as possible through an inductive approach. This is different from the apriori probabilistic sampling design that is often used in quantitative research where the goal is to obtain a representative sample. As Charmaz (1990) notes, "...by the time theoretical sampling is planned, a researcher would have some hunches or even hypotheses which he or she wishes to check. Thus, theoretical sampling shapes further data collection as the researcher pursues developing conceptual ideas rather than amassing general information" (p. 1163). In this study, specifically, I not only modified the interview guide to address emerging themes, but also conducted further 13 interviews after coding and analyzing the initial sample of 12 participants. It was because after I collected and analyzed interview data from 12 participants, it was clear that the data were insufficiently saturated in ventures started by single entrepreneurs and conflicting situation. I thus sought and recruited corresponding participants. Saturation was reached when no new information was discovered from subsequent samples.

***Memoing*** - Glaser defines theoretical memos as "the theorizing write-up of ideas about codes and their relationships as they strike the analyst while coding" (1978, p. 83) and stresses that without the ongoing process of memo writing, one is not truly grounded theory research. Accordingly, I engaged in memo-writing throughout the data analysis process to facilitate reflexivity to secure theoretical sensitivity, which refers to "a

researcher's ability to give meaning to data and to recognize data that have pertinent meaning to the emerging theory versus data that do not" (O'Reilly, Paper & Marx, 2012).

In addition, according to Birks, Chapman and Francis (2008), memos have a number of pragmatic functions in the research process. These functions can be summarized by using the mnemonic "MEMO": Mapping research activities; Extracting meaning from the data; Maintaining momentum; Opening communication. To be specific, memos permit the recording of the natural progression of a study, any changes in direction and the context from which these arise; enable a researcher to articulate, explore, contemplate and challenge his/her interpretations at a conceptual and theoretical level when examining data; preserve his/her thoughts, feelings, impression for later review and confirmation; and serve as a vehicle to convey ideas to stakeholders in a given study. I kept writing memos throughout the study to reflect my ideas regarding the development of properties of each category, the significance of the codes, the connections between categories and/or their properties, as well as the link between the emerging and existing theories. All of my memos were dated, titled and filed (Schreiber, 2001). A few examples of them were presented below:

*January 31, 2017/ Autonomy - When the outcome of delegation is disappointing, people usually blame the founding entrepreneur for not transferring adequate decision-making rights to his/her professional managers. In my study, however, some professional manager interviewees implied to me or spoke openly that they didn't really wanted to have a very high level of autonomy. This was particularly noticeable when the professional manager's personal goal did not overlap with*

*the company's. I then thought it was worth asking additional questions and exploring how such incongruence affects the results after delegating.*

*February 2, 2018/ Typology - Two founders provided me contradicting definitions of entrepreneurial delegation. I saw the underlying struggles but was not sure how to properly categorized them. I chatted with Patricia about it today when we had brunch together at the Village. She mentioned a paper called "Boundary Spanning Individuals: Their Role in Information Transfer and Their Antecedents" and said maybe I should recognize these two founder-entrepreneurs as "delegators in transition". Her words were inspiring because at that point, I realized that I was able to capture the differences between experienced and novice delegators.*

*February 21, 2018/ Trust - My initial thought was that trust played a positive role in early delegation; I was very firm about this assumption because it had been explored and verified in the context of established organizations. To my surprise, none of the founder interviewees agreed with this assumption. I told myself that the unique context here in start-ups would yield something valuable.*

**Theoretical coding** – In order to expose the theoretical underpinnings of the phenomenon, theoretical coding is used to identify properties, categories and their connections (Fendt & Sachs, 2008; Isabella, 1990). According to Corbin and Strauss (1998), it contains three levels of analyses, open coding, axial coding and selective coding. Practically, Glaser (1978, p. 57) suggests one continually ask three important

questions to facilitate theoretical coding: “what is this a study of?” “what category does this incident indicate?” and “what is actually happening in the data?” My theoretical coding was strictly following their instructions.

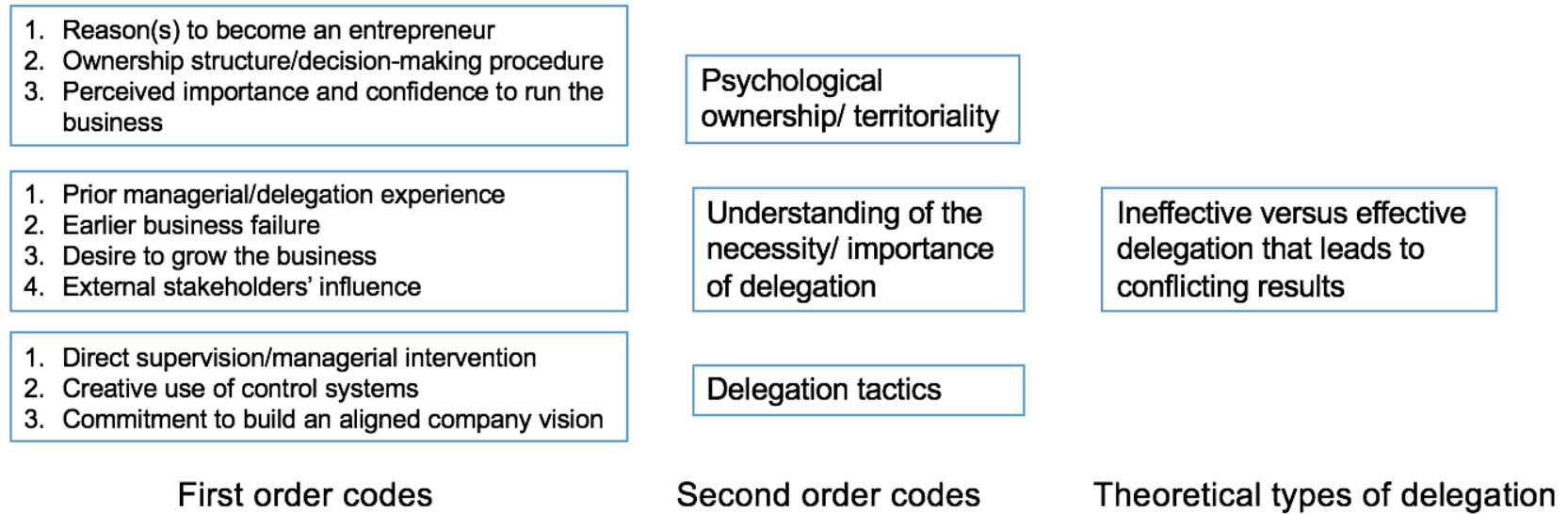
Open coding. In the early stage of analysis, I adopted open coding (Glaser & Strauss, 1967) to identify initial first-hand concepts, themes and/or patterns from the data. The purpose of open coding is to obtain new insights by breaking through standard ways of thinking about or interpreting phenomena reflected in the data (Wicker, 1985).

Accordingly, I reviewed my interview transcripts, observational notes, archival documents and memos line by line and word by word to make comparisons within and between data sources to get a broad understanding of new venture delegation. I also met regularly with my dissertation supervisor and colleagues who conduct research in closely related domains and discussed the emerging patterns to obtain their feedback regarding my initial sensemaking. At the meantime, in order not to get lost in the large volume of data available, I stuck with the emerging properties and categories to my research questions no matter how interesting some irrelevant descriptions were, and managed not to be misled by my initial assumptions and conjecture. For example, many interviewees mentioned their exit intentions and/or plans. Although entrepreneurial exit, exit from team startups in particular, is quite attractive and still remains under-examined in entrepreneurship literature (Wennberg & DeTienne, 2014), I didn’t invite further discussion on this topic.

Axial coding. Once all of the initial properties and categories were identified, I used a second round of coding, which is axial coding, to build larger categories and identify the

connections between them. Axial coding is defined by Strauss and Corbin (1990) as “a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories” (p. 96). This process is referred as “axial” as it relates codes around the “axis” of a category. According to Strauss and Corbin (1990), axial coding is guided by a “paradigm model”, including conditions, phenomena, context, intervening conditions, actions/strategies and consequences, to explain why and how phenomena occur. This paradigm model was particularly helpful for me, as a junior researcher, to think in a more systematic way when processing the data. In alignment with the constant comparative method (Glaser & Strauss, 1967), I engaged in simultaneous collection, coding and analysis of the data, iterative comparison between new data and earlier data, until data saturation was completed. Locke (2001) defines constant comparison as “a procedure in which two activities, naming data fragments and comparing data incidents and names, occur in tandem” (p. 25). By using constant comparisons, variations, similarities and differences in data were identified, adjustment of categories and the connections between categories were realized and the theoretical underpinnings began to surface. For example, after identifying two types of new venture delegation, I began to compare and contrast cases and further synthesized a number of initial categories identified in open coding to focus on the founding entrepreneurs’ psychological ownership and its associated territorial behavior, the understanding of the necessity/importance of delegation and their delegation tactics. Figure 1 illustrated the data structure for the theoretical types of new venture delegation.

Figure 1: Data structure



At the same time, I began to link the emerging themes with concepts from the extant literatures. I also tested the initial assumptions came from my previous experience and discarded those didn't get verified by the data. For example, my cross-case comparisons found that delegation led to conflicting results, inspiring me to argue that new venture growth was guaranteed only when delegation was effective.

Data were considered to have reached saturation when no new information was being discovered about the categories or their properties. I felt confident that all categories showed depth and breadth of understanding of new venture delegation, which was the targeted phenomenon of this study. This was in line with Corbin and Strauss (2008)'s assertion that only when each category has been explored in depth, identifying properties and dimensions under different conditions, can a researcher states that saturation has been reached.

Selective coding. Selective coding is undertaken to unify all categories around "core categories" and thus produce a draft theory (Glaser, 1992). The core is that in the process of theory development, data must not be forced to fit categories, but the categories and theory must fit the data (Corbin & Strauss, 1990). This brought me back to the central problem of the study. By asking myself "if I had to conceptualize my findings in a few sentences, what do I say", I developed three core categories, which emerged from the categories already identified, that grabbed significant explanatory power over the targeted phenomenon of this study. The first core category was the occurrence of new venture delegation, the second was psychological ownership in new venture delegation, and the third was effective delegation.

In order to obtain adequate accuracy of interpretation and coding, I also asked participants to review the results of the final coding of the data. Validation of categories by the majority of participants is an important part of ensuring the validity of accuracy of the coding (Braun & Clarke, 2006). By so doing, participants could validate interpretations or suggest revisions to make interpretation of their data more accurate. I was fortunate as many participants agreed to help. In addition, the theoretical model was reviewed with a few entrepreneurs and fellow grounded theory researchers.

## **Conclusion**

The ultimate goal of this study was to develop new theories and open new areas of research inquiry. Hence, I chose to use a grounded theory approach after reviewing all of the available research method options. I was confident that the grounded theory approach followed logically with the result of the literature review on delegation, new venture growth, psychological ownership and territoriality, and suited my research questions. In this chapter, I described in details the specific process of data collection and analysis that I employed in my dissertation research, including an introduction to selection criteria, participant demographics, company information, theoretical sampling, and data coding and analysis procedures.

## **Chapter 4: Findings**

My overarching empirical focus throughout this dissertation research was to investigate when and how new venture delegation occurs, and how it enhances or undermines new venture survival and growth, with a particular interest in exploring the role of psychological ownership in early delegation activities. By employing the grounded theoretical approach and the constant comparative method (Glaser & Strauss, 1967), I not only developed insight aligned with the existing literatures and my initial assumptions, but also made some unexpected discoveries. In what followed, I elucidated my findings focused on the three core categories – the occurrence of new venture delegation, psychological ownership in early delegation activities and effective versus ineffective delegation.

### **The Occurrence of Delegation**

Not just putting in the invitation letter but also telling my interviewees at the beginning of the interviews, I made it explicit that this study focused on the delegation between the founders and their first professional managers. However, my cross-case comparison showed that all of the founder interviewees who initiated the business by teams, so did their co-founders, started the interviews with how the venture team agreed to centralize the highest authority of the company to one person, who became the founder-CEO of the company. Put differently, they recognized the emergence of the “lead founder” within the venture team as the very first delegation experience. It makes sense if we view running a business as a task, because both economic and project management

literatures support that only one person can ultimately be accountable for one task (Dobrajska, Billinger, & Karim, 2015). Moreover, authority is zero-sum, which means the “lead founder” has to take it from other venture team members. Hence, the earliest delegation event in these start-ups occurred long before the first professional manager was hired. Based on this important finding, I identified 17 delegation cases in the sample companies, including three early failure cases within the venture teams and 14 ongoing ones between the founders and their professional managers.

### **The First Critical Delegation Event: Delegation within the Venture Team**

The first critical delegation event was to determine the “lead founder” within the venture team. According to the founder interviewees, this experience wasn’t pleasant at all. In company A, delegation became an issue immediately after the venture team was formed. Since the venture team members had almost identical education background and life experience and stepped into the entrepreneurial project at the same time, no one was willing to give up the CEO position even if AF strove to lead.

*“Delegation issues happened when we started the first company (the entrepreneurial project). I was given everything that didn’t include software development. That moved me into marketing, sales, customer success and support, and through that that I became a logical proxy of the CEO of the company, but my title was VP of marketing. So, that is why that happened.” – AF*

*“...nobody wanted to really give (AF) the power to be the boss because he would try to nail it as an ultimate control all over the company ...all of us thought that we were smart enough and capable enough to be the CEO.” – ACF1*

Venture team members’ high individual psychological ownership made delegation unachievable and caused a number of management problems. For example, AF reported the lack of role clarity, work-related unhappiness, interpersonal confrontation, employee demoralization and the stagnation of the project.

*“When things weren’t going well, the stress increased, and that led me and others into some very bad habits, moved me into the demanding side of trying to manage with force and delegating without much concern for people’s wellbeing, desires, and abilities...The co-founders and our very early employees started to find kind of ways to lash back. So we carried a very unhealthy relationship there.”*

*– AF*

*“It was kind of a matter of trying to push through it, which didn’t work, to be honest. It wasn’t getting anything done. We were running into a lot of challenges where the way that work was been handed out was leading people to resent it, and to they in turn either do some very bare minimal solution that wasn’t really in the best interest of the company.” – AF*

When the project ended in failure, the team finally realized the importance of having a powerful CEO or the “lead founder”.

*“We pivoted from the previous project to the current business, it was AF who really said, we have to burn it down and start fresh, we have to take nothing for granted and challenge all of our assumptions. At that point, everybody agreed, because everybody knew it, everybody realized it, but he was the catalyst, the one that made us take action, and by that point, by the end of that project, he had really solidified himself as the leader in the organization.” – ACF1*

*“I realize now that it is better for me and for the company that I am not involved in some of the other things (managerial tasks). I am actually probably not as good at doing these things as other people are, so it is better that I am not on the way.” – ACF2*

In company C and D, the two venture teams were formed on relatively close ties and operated effectively at the initial stage of the venture. They worked well as a team, inspired each other for new ideas and built the prototype together, which created a route to the feeling of a collective ownership (Pierce & Jussila, 2010). However, in this case the collective ownership prevented the emergence of the “lead founder”. Although CF and DF, as the idea originators, held higher individual psychological ownership over the business, neither felt legitimate to mark and claim it as his/her personal territory because the business was “ours”. At this point, the delegation within the venture team failed because no one evolved to become the “lead founder”. Instead, the business was run by the venture team on individual venture team member’s self-management and inter-personal trust.

Unfortunately, this delegation failure also caused management problems. CF didn't declare her authority and hesitated to intervene in the execution of other individuals out of the thought that the business belonged to "us" rather than "me". Consequently, reporting lines remained ambiguous long after the first professional manager was hired and the overlap in governance impeded CF from supervising early employees.

*"Our (CF and CCF) ownership was quite equal, when it was just two of us, decision making was simple and easy, we discussed through. As we added employees, it became complicated because there was no formal decision-making procedure." – CF*

To solve the problem, she had to stop sharing the CEO' authority with CCF and re-structured the company to formalize reporting lines. Although CCF was consistently supportive to her, it still took her four months of time and extra employment expense to establish the hierarchy.

*"I was disappointed before, things didn't get done, there was no accountability and explanations. I don't like to discipline people but they need to understand the impact of their behavior on the company. It has been very challenging but at the end of the day, business related items, structure of the company, even although we (CF and CCF) have equal rights, I am the one to manage that, I am the one that makes those major decisions for the company." – CF*

Similarly, DF used to think that the ownership and responsibility were shared within the venture team, but he soon encountered management problems caused by the loss of control.

*“I got into business with my ‘bros’ and forgot to set expectations about performance, roles and authority ahead of time. I was so wrong.” – DF*

According to him, the other two team members were not so accountable as he expected and their performance was disappointing. To make things worse, they accused that DF was not a qualified CEO and attempted to dissolve the company when the friendship collapsed. Eventually, DF had to buy back their shares at a premium to save the company.

*“The problem at that time was that I delegated too much, thus lost the control over the company...I always said that I am not the one and only owner of this company. I used to believe that my co-founders who also owned it should be as capable and accountable as I am, but in reality that was not the case...If I kept them in the company, more issues would come up.” – DF*

It is interesting that none of the venture team members said they chose to become an entrepreneur for the purpose of managing people. Yet the feeling of ownership mandated that they took on this role soon after the entrepreneurial journey began.

In these delegation cases, either extremely high individual psychological ownership or the emergence of collective ownership in the early period of venture team life disturbed the centralization of the highest authority of the company to the “lead founder”, and

thus impeded new venture survival and development. More importantly, these first-time entrepreneurs started to construct their knowledge and skills of delegation based on early delegation failure and applied them to later delegation events.

### **The Second Critical Delegation Event: Delegation Between Founders and Professional Managers**

Delegation was not a new concept to the founder interviewees at the time of data collection; many said they had experience of delegating and/or being delegated. Moreover, all of the founder interviewees agreed that adding experienced people enabled the new ventures to operate more effectively and, thereby, generated greater returns.

*“A lot of things I do...because I don’t have anyone else who’s got the cycles or the desire to do it, not that I am in any way want to hold on to it.” – AF*

*“Everybody has their own ideas, my ideas are not always right, their ideas aren’t always right, but many brains are better than one. BPM1 and I lay a high level description of where we are trying to get to, but very much it’s a team driven organization. The team is really coming up with how are we going to accomplish whatever that strategy is, or whatever that direction is.” – BF*

*“I found it is easier for me to delegate to one person (CPM2) who has the strength in managing multiple people. I would not be a good middle manager, I’d better managing a big vision, roadmap and investors.” - CF*

*"I know I am not capable to do everything. I need people to take responsibilities from me." – DF*

*"I don't have any problem with delegation, all I want is to make my business successful. A team composed by professional managers can facilitate business model pivot, clarify organizational goals, and improve projects implementation."*

*- EF*

In practice, a wide range of important management tasks were delegated, including sales, marketing, technology development, customer services, operations and public relations. Most delegation activities were initiated by the founder interviewees in order to improve the current operations or capture new opportunities. Even in company B where BF was requested to give away the CEO position to BPM1 by the angel investor, he believed that the new venture benefited from the delegation.

*"I saw a natural fit for the CEO position...I saw a lot of value for him (BPM1) to come on board." - BF*

Interestingly, I found that learning from the first critical delegation event exerted strong influence on the following ones. For example, delegation failure within the venture team reinforced DF's determination to protect his venture by seizing the exclusive authority. His increasing psychological ownership further induced his overconfidence with the ability to act as the CEO of the company and the perceived importance to business success.

*“As the CEO of the company, I am the person to make final decisions. I told them (professional managers) I am not a good CEO but the company won’t survive without me, this is the reality in my company. It is up to them to join, stay or leave.” – DF*

According to his delegation philosophy, the transfer of task responsibility is unavoidable when growth requires greater resources than what the founder possesses. In order to secure the expected results from delegation, however, the founder has to closely monitor the professional managers’ execution in a secret and indefinite probationary period. Ongoing delegation cases in Company D manifested ineffective delegation, meaning that “the delegated authority” was not really owned by the professional managers.

*“My delegation principle is ‘trust but verify’, and even after they are verified, whenever I am not satisfied with their performance, I would take their autonomy back...or take in better professional managers. It is impossible for me to really relinquish power.” – DF*

Conflict between DF and his professional managers happened when the professional managers got provoked with the mismatch between the perceived and actual job-related autonomy they had in the company. It turned fierce after the professional managers were allowed to purchase company shares and entitled as “co-founders”. Feeling legitimate to use the co-founder’s right to make important decisions for the company, they started to criticize DF for being opportunistic and short-sighted and

thereby, refused to buy into his vision. In the follow-up interview with DPM1, I was informed that the company was dying due to talent outflow and financial strains.

*“DF hasn’t realized that he is not qualified to act as the CEO of the company to make important decisions regarding company vision and strategies. We haven’t yet built any cutting-edge technology but he is not interested in investing in and growing the company at all. All he is thinking about is how to liquidate his company shares as soon as possible. To my knowledge, this is not how technology start-ups succeed. Considering his contribution to the company, we think he should step down as soon as possible and his shares should be diluted to motivate current and future talents. Our investors have given up on him; employees have lost faith in him. I quit, DPM2 is about to quit, so as many engineers. The market is still promising, but the resources that the company possesses are running out.” - DPM1*

To the contrary, both AF and CF learned how to delegate with control and actively encouraged their professional managers’ autonomous activities. The ongoing delegation cases in their companies, as well as delegation in company B and E, showed that delegation realized role specialization, created focus, improved venture team’s psychological well-being and work-life balance, supported intrapreneurial initiatives and boosted organizational performance.

*“The company has operated substantially better after delegation. The role specialization, the skill specialization, is substantially better in any of these groups*

*than I could imagine doing. Not to mention that trying to directly manage 18 people in, for the most part, very knowledge work autonomous roles, I wouldn't see my own wife at all...I think for me at least it is more enjoyable, and I think for my professional managers there is a more sense of ownership that they can have. The guys I am delegating to are the people they are delegating to, so everyone in the company know what they are owning... ACF2 is happy to be off in development land, building products makes them very happy, ACF1 is the COO of the company and he's very happy there too.” – AF*

*“(BF) and I have a very complementary but different skills sets and different perspective sometimes so that is really good but we have a good mutual respect. So, we generally...I will defer to him when it comes to a technical or strategic decision. He will differ to me when it comes to maybe some of the higher-level finance or partnership decisions.” – BPM1*

*“I started on as a project management role...and the autonomy allowed me to shift my attention a little bit to see if there was something else that might be interesting and profitable, and it (a new business initiative) just happened to work out that way.” – BPM5*

*“When I delegate, I am able to do my job better, and I am still watching the sales coming, they haven't slowed down, so I know its working...The company is growing 10-15% every month, which is fantastic!” – CF*

*“I believe I could get full autonomy as I keep seeking opportunities and get to know the business and industry better.” – CPM2*

*“My professional managers are top experts in the technology industry. We completed product development and obtained US patent. As a high-tech start-up, we are also funded by Canadian government.” – EF*

Moreover, delegation not only fostered local learning and the use of expert knowledge, but also increased employee loyalty, sense of belongingness, motivation, teamwork attitude and job satisfaction, all of which ultimately contributed to the growth of the company.

*“The delegation process is highly effective here, it works very well, the way that things are being run works extremely well. I think everybody really trust (AF) and really believes in the vision, and that's why we are going to be successful, it's like people believe in what we are doing, and I strongly believe in how they are delegating and...people having enough autonomy is working extremely well.” – APM2*

*“It (the role) was the right level of kind of responsibility for me. It was a really good fit for my past experience where I had worked with customer support in terms of solving problems, but also in implementation and getting stuff built.” – APM3*

*“My role here, and everyone's role here, is more flexible than just being called as an employee to some extent, and more like part of a team...Everything changes*

*so quickly, who knows what will happen next week. The company allows for that, which is nice. I think having autonomy and flexibility makes people happier in some sense, because they don't feel stuck in a certain role or in a certain environment or whatever...They also motivate people to do more than their current work scopes." – BPM5*

*"I've made obvious and stupid mistakes, like when I started this department I lost like a few thousand dollars in an hour once. And I was like, 'Oh, that's bad, I shouldn't have done that'. But I was learning that you shouldn't lose money like that. I mean there is a lot of risk I think involved in a lot of the things we do, like I could have lost not just a few thousand dollars if I didn't turn that off, I could have literally lost hundreds of thousands of dollars over the course of the weekend. So, that can happen and I think with experience you get to know BF and BPM1, learn what are the problems, how do people do and assess that type of things and manage them." – BPM5*

*"As a team, we do everything we possibly can to move things forward, to succeed, to see results, to have things be positive, and to work the best we can...I don't want another job, I want to work here, for CF and CCF, doing what I am doing, because I love it." – CPM1 (got emotional and cried)*

*"I received part of ownership and a lot of autonomy from EF, I am motivated and feel that I am responsible for the success of the company...For sure I am psychologically attached to the company." – EPM*

## **Influence of External Significant Others**

External significant others started to make an impact from the second critical delegation point. That is, after employees were hired, angel investors, incubator managers and business mentors started to care and tried to add value to the company by offering consistent mentoring to improve the founding entrepreneurs' delegation skills.

*"I spend a lot of time coaching and teaching AF about delegation. For small companies, delegation is essential because you don't have a lot of resources, you have to move quickly and if you wait for all the information to be accumulated to the top, and then directed down, it takes too long. For us (investors), a successful investing is all about building structure in the hierarchy in which employees feel connected, feel respected, can make decisions quickly on their own without being punished and they can work ten times harder. The leader's job is to show the goal, paint the picture of the goal and not dictate individual behaviors. That is something I deliberately set in the culture of my portfolio companies." – VC*

*"Entrepreneurs must delegate in order to grow the business. I didn't pay attention to CF's delegation activities when the company was just she and CCF. A lot of advisors in our network is now coaching her on delegation and decision-making." – IM1*

It was important to note that few seemed to consider the context of each delegation event and thus exerted substantial pressure on the founding entrepreneurs.

*“I never invest in single entrepreneurs, because I don’t think they are good team players and delegators.” – IM2*

### **Ineffective Versus Effective Delegation**

As described earlier in the chapter, delegation led to conflicting results in this study. I further explored how the founder interviewees delegated to get a better understanding of it. Delegation in company D manifested ineffective delegation, meaning that “the delegated authority” was not really owned by the professional managers. Instead, the founder held ultimate authority, used it to renege on delegation and overturn decisions made by the professional managers, and threatened to fire them if they dared not to obey his commands.

In contrast, effective delegation was clearly identified in company B and E. EF, as an experienced delegator, defined delegation as the transfer of not only task responsibilities, but also execution autonomy from him to his professional managers. Although BF didn’t have any managerial experience prior to the current business, he was coached by BPM1, who is an experienced delegator, and delegated in the similar way. The delegation practice in these companies showed that effective delegation required that founders to delegate without reservation; it also required founders not to intervene when the professional managers exercised the authority that had been delegated to them.

*“When you assign a person in the position, he/she have been authorized to make decisions. The key is to put the right person in the right place and trust them without a shadow of doubt.” - EF*

*“They are given a series of high level tasks that has been delegated, and they have the autonomy to sort of execute it as they see fit, but because they have autonomy there needs to be that open communication back up to the higher level, just making sure that things are going well, and if things aren't going well, reporting in on that, offering alternative solutions to get things back on track.” – BF*

*“I told them (BF and BPM2) that we need to establish what our core values are; they didn't have any experience doing that. I said, we have to decide on these a few things so that everybody in the company are working on the same perspective when we grow. So, how do they make decisions? If they know these things, they will make good decisions. That was something that I implemented when I first join the company...We delegate responsibility and employees have the autonomy to go and do stuff. Everyone agree with the collective culture and follow the culture to delegate.” – BPM1*

Through effective delegation, the professional managers were supported to understand the entrepreneurial contexts, integrate into the start-up team, cultivate a shared vision and ownership, and eventually increased organizational capacity with collective effort. In company B and E, the professional managers had a huge amount of freedom to

participate in high-level decision-making discussions, test new ideas within the company and try different roles before figuring out where they could contribute the most.

*“Really it is up to individuals to set their goals and set their targets. BF and I never called them subordinates but the entire team, we are there, we work for all of these people. I am really excited about building a great team and growing it and being successful and driving value for the shareholders.” – BPM1*

*“It's very much the team finding how to get there and paving their own path to get there, really the team is empowered to make many decisions themselves. I think that's one thing that our people, at least in the beginning, was very challenged with, because it was a very much thrown at the deep end sort of find your own way around. But now, as the team has grown, there is a lot more of support to that structure, and so people coming in there are still thrown into the deep end but they have life rafts with them, they have life savers, they are not on their own.” – BF*

*“One of my major tasks is to make everyone believe that he/she contributes to part of the success of the company through delegating. Worker mentality doesn't fit the start-up environment because I need their passion, which is driven by the feeling of ownership. I definitely prefer to have a great team rather than a great idea. It is because no matter how great the idea is, it has to be pivoted due to the fast-changing market and technology advancement.” – EF*

### **Novice Delegators' “Ongoing Growth Pain”**

During the interviews, a deviation was captured between novice delegators' attitudes towards delegation and their actual delegation practices, illustrating a significant tension between the propensity to delegate in order to grow the business and the resistance to let go of control. To be specific, AF adopted a hands-off approach to delegate but wished to just give direct orders; CF had difficulties to provide a certain definition of delegation.

*"We play it much more on like go further, go as far as you think you should, and if it's too far we will tell you, but don't stay back, don't do less, don't think that you have less power than you do, because that just leads to a lot of questions and a lot of time of me being spent on clarifying, when in reality most of the decisions we are making, the damage that they are going to cause is very low, it's fine, we will live." – Delegation in company A according to AF*

*"If I can ask someone to do something and that process is as streamlined as possible, to me that's ideal." – AF's desirable way to delegate*

*"Delegation is something new to me, I had to learn how to delegate. I guess it is goal-oriented, here is what needs to be achieved, in this timeframe, and this is the tool kit, even if it is something simple, that's probably the best way I can do...I am learning how to use my team, probably I should try to be more direct, say 'just do this please'. I am not your best friend, I am your boss." – CF's contradictory understanding of delegation*

When I tried to understand the psychological reasons behind this tension by asking all of the founder interviewees whether they felt uncomfortable or not in delegation, their

responses were quite interesting. DF said that he didn't have any uncomfortable feeling because "everything is under my control because CEO owns all the decision-making authority in the company". EF looked very confused, required me to rephrase the question to help him understand and even asked back "why would I feel uncomfortable after delegating?" In contrast, AF and CF nodded right away, admitting that delegation was an "ongoing growth pain". To these novice delegators, delegating authority was difficult, uncomfortable and even scary because they had to let go of control. Control, according to Rudmin and Berry (1987), is a core feature of psychological ownership. Owning and exercising control create and maintain psychological ownership (Etzioni, 1991; Furby, 1980). Transferring control to others, to the contrary, triggers the negative side of possessiveness including the feeling of losing a part of the individual's sense of self, anxiety and territorial behaviors (Brown et al., 2005). In this study, all of these consequences were reported by the novice delegators who have high individual psychological ownership but poor delegation knowledge and skills to handle their mental stress in delegation.

*"I don't have a complete ownership of the company...I didn't feel comfortable with it...I think when it comes to my job, the hardest part has always been for me has been managing the psychological ownership, managing the stress, or whatever else comes with it. So, normally, as we scale up, I get uneasy, I need territory, then I get comfort with it just in time to scale up again, and get a little uneasy..." – AF*

*“Initially I did feel the loss of control after delegating...It was scary, it was totally scary to let it go when you are the one that has done so much and so long; sometime I also feel that a piece of me has gone after delegating, but I know delegation is inevitable. I need to understand how to control that, have not to take it personally. What they are doing is for the best of the company, for the vision. They are following the roadmap and my direction.” – CF*

BF seemed to have passed through the struggle and had no difficulty with delegation at the time of interview. Yet, he recalled some similar feelings when he took BPM1 and BPM2 as co-founders.

*“My previous companies that I've seen success grow and have sold, I realized the value, it was always just myself. So I was sort of dependent on myself, and in this new structure...I think at the beginning, I was probably reluctant to work in a co-founder setting...it's my vision and it's my direction...I did care on what others think but I didn't want them to interrupt...but I had to learn, as I'm sure did the others to a degree, that you need to make compromises and you need to have those healthy discussions and debates, because you are all partners.” – BF*

### **Unnecessary Mental Stress**

It is understandable that the founders cannot let go easily, since they feel ultimate responsibility for the success of the company. There are also legal requirements for reporting to outside shareholders, to financiers, and to other stakeholders. Prior studies indicate that high psychological ownership impels individuals to claim and protect their

territories (Brown & Robinson, 2011; Brown et al., 2005). In this study, I not only observed DF's resistance to delegate, but also witnessed AF and CF's struggles when they had to share control with others. However, these conflicts and mental stress might be unnecessary and avoidable. The co-founder interviewees figured out that they were not interested in and/or confident with taking on the full responsibility for business success soon after initiating the business, particularly when encountering managerial challenges.

*"I am a generalist, I'm really not good at doing stuff, and being a COO, or CEO, is very much being a specialist." – ACF1*

*"I like my specialization. I don't actually like some of the other stuff so in a way I am a little happy to delegate some of the other parts of the company." – ACF2*

*"It was an easy decision (to let CF lead). Our role specialization grew organically, I am happy with my role, the CEO position is not what I want." – CCF*

Similarly, except for those in company D where delegation was not effective, professional managers in this study respected the founders' ownership over the company. In company B and E where ownership was shared and leadership had been distributed, the professional managers knew clearly about their roles and autonomy boundaries.

*"As CEO, I am the face of the company...I very much feel a sense of ownership, I do own a part of the company, but not as much as BF does, because he does the majority of the hard work on it. He and I have talked about that. We want him to*

*eventually be able to run it and grow it pass where I could take it or maybe there is someone else to come in and run it. We have been very open about that.” –*

*BPM1*

*“To be honest with you, they put me in the leadership team with founders but I don’t feel I am also a founder; I am technically an employee. Even BF doesn’t see it that way, I see it that way internally. I think it is because BF started in and has put his personal money into the company, but I’ve never actually done that.” –*

*BPM3*

*“There was one point, BF left for a vacation for 2-3 weeks. I went and met every employee to collect feedback on the company vision. I didn’t do it in the right way because I forgot that BF was so attached to the idea of this business. That was the one time I’ve ever seen his feeling was hurt. I realized that I didn’t know where my role starts and ends. After that, I introduced ‘score card’ (a management tool) to define and clarify each leadership team member’s role.” –*

*BPM3*

*“I don't think that I'm qualify enough to make the final decisions. I think I work better at a collaborative level.” – BPM4*

*“It is EF to make important decisions and I am fine with it. I can’t say my ideas are better than his, because each has its own pros and cons and we are going through something we never experienced before.” – EPM*

Particularly, in company A and C where the founders were developing delegation knowledge and skills, their professional managers were thoughtful and tolerant to occasional territorial behaviors such as direct orders, interventions, idea override and selective neglect.

*“Whether AF wants to focus my team on more cross departmental things or keeps us on our core marketing and demand gen projects, I'm fine either way as long as I can still maintain that level of autonomy and can move projects forward....I think we are about five months right now of me in this new role, so there is still so much to explore with this current work structure of autonomy and budget management, that I wouldn't evoke to step outside that for another year.”*

– APM1

*“I think AF really wants to give the impression that he is the CEO and that he really knows where he is at or what he is doing...When I was his age I wouldn't have even been this close to where he is at right now, so I do respect him and would love to help him. When he asks me for my advice I gave it to him, but if he doesn't ask me I am not going to be...you know, I've said to him a couple of times, ‘look man, you need to really think about this’, and then I leave it, I am not going to nag him.”* – APM2

*“She (CF) gives me a lot of responsibility but take some decision-making power back, but I understand her uneasiness of ‘can she do it the way I do it?’, and I know it would change over time. I need to be patient, and that’s for the well-*

*being of myself, her and the whole company, I need to show results and she feel more comfortable.” – CPM1*

### **The Use of Interactive and Diagnostic Control Systems**

One of the initial assumptions was that trust might help reduce the founder’s mental stress in early delegation, thus I explored the role of trust during the interviews. To my surprise, my assumption was not supported by the interview data. At the first glance, novice delegators’ resistances to delegate seemed to come from the lack of trust on the professional managers’ ability to execute or the ability to deliver results. However, it didn’t make sense because most professional managers were hired by the founders through direct/indirect networking, which indicated that their competences were endorsed by people they trusted at the point of entry. Even though CPM2 was hired through public recruitment, CF said that “I trusted him when I hired him.” Hence, I explored deeper and found it was from the fear to accept flexibility on execution. In other words, when tasks were carried out in an uncontrolled way, for example, different from the past or out of sight, the founders started to panic for the uncertain results.

*“What is it that I keep thinking about? What is it that I keep being worried about? Is it that I do not trust the person who is doing it? No, ok, that’s not the problem. Is it the results are not going good? No, the results are actually ok. Normally it is because I have too many questions about what is happening. It is just lack of visibility, normally my biggest stressor.” – AF*

Therefore, these novice delegators needed visibility received from task performance to reduce the stress.

*“It (obtaining visibility) is just a nice way to calm me down, so I can be ‘Ok, good, it is happening, and I don't need to bother, move on’”. – AF*

*“I set top-level goals to CPM2 and he reports back to me. I check in with him and he tells me how things are going and what is happening.” – CF*

BF seemed not to be aware of his need of visibility during the interview, but BPM1 reported that he indeed often engaged in obtaining visibility.

*“He (BF) always wants to know what is going on, although they (employees) are authorized to do things in different ways and they have been delegated responsibilities.” – BPM1*

It was important to note that such visibility was distinct from managerial oversight, since the obtaining visibility still allowed variances in means and outcomes in decision making, but managerial oversight has to do with control over decisions and execution (Burns & Stalker, 1961; Ouchi, 1977). Indeed, none of my sample companies in this study was structurally and/or culturally bureaucratic, since these start-ups must be agile to the fast-changing business environment. However, the ambiguous boundary across positions led to a lack of visibility. To solve the dilemma, some founder interviewees introduced control systems into their companies. These control systems were distinct from decision-making support or information systems, because they were used by the founders to

monitor the professional managers' behavior and goal congruence, rather than support their own decision-making activities.

In company A, for example, interactive and diagnostic control systems were built into daily activities and operational processes, including reporting dashboards, consistent meetings, key performance indicators (KPIs) and project management applications such as SLACK. These control systems were also more or less adopted for the same purpose by other founder interviewees except for DF, who didn't really bear the mental stress of delegating authority. The use of these systems improved founder visibility and, thus ease their stress. However, implementing these systems increased operations cost and might signal founder territoriality, which occasionally demotivated the professional managers.

*“The way I have tried to make myself comfortable is typically around implementing systems. The simplest system is just a consistent meeting structure. I am not a massive fan of meetings, but these work...other systems are just around the idea of KPI...our reporting dashboards, sometimes it is very easy for me to just pull up a screen, and for whatever reason I am having a moment, I can just look at these dashboards and say ‘nothing is on fire’, or that thing that is on fire is being dealt with, I know who is taking care of that. We use so many digital tools, most of these data is very easy to report up into aggregate areas. It is making that it easier to get visibility for me and when having one of those moments and it is just a nice way to calm me down, so I can be ‘Ok, good, it is happening, and I don't need to bother, move on’”. – AF*

## The Use of Belief and Boundary Control Systems

All of the founder interviewees in this study knew clearly what should not be delegate. Entrepreneurship provides individuals with the freedom to pursue their own goals, dreams, and desires in venture creation and growth. Hence, entrepreneurial activities are infused with meaning because they are an expression of an individual's identity (e.g., Cardon et al., 2005; Hoang & Gimeno, 2010; Rouse, 2016; Shepherd & Haynie, 2009). It was not a surprise that no one delegated any professional manager the right to determine what was the company vision or direction, and how to get there.

*"(The company vision) it's my personal vision for how I think this problem in the industry gets tackled...I wouldn't delegate someone else's ability to tell me what the vision is. But no, it definitely would change to a point where I don't agree and then, unfortunately at that point I got to go." – AF*

*"I would never put that on somebody else's shoulders to determine the areas of business we will enter in. We (BF and BPM1) have a very good division of work. He handles a lot of the investor relationships whereas I focus on the team, what are the goals and how are we getting there...That's very much driven through myself and I would never delegate that. To me it's the essence of having a stable foundation." – BF*

*"Especially given the relationship between CF and CCF in this company, CF is and has to be territorial on the company vision and goals, because CCF has a very*

*strong personality. I feel like if she doesn't, CCF would lead the company to somewhere else.” – CPM1*

*“CF is very territorial when it comes to the vision and where the company is going.” – CPM2*

*“It is me to decide what is the company direction and whether or not to accept outside investment...as these decisions affect my economic self-interests, not the company's.” - DF*

*“I think we must be open-minded and embrace challenges from others. Ultimately I have right to veto any of the board's proposals, so the direction I set won't be changed.” – EF*

Interestingly, EF, as an experienced delegator, also deliberately held on to the decision-making rights on financing and hiring to further secure his control over the company direction.

*“A company is like a ship. The CEO of the company is the steersman who sets goals and develops strategies; while the control over financing and hiring secure the ship to sail to the anticipated direction.” - EF*

On one hand, in company B and E for example, controls were built into organizational cultures not just to guard against the possibilities that professional managers would engage in agency problems, but also to convince them to follow the founders' leadership

and, thus, optimized the utilization of their expert knowledge. These belief control systems included consistent social events and culture education.

*“When we constituted the merger of the company, we spent a lot of time working on the core values. I guess that makes up our culture not just the culture itself, but how we operate as a company...Under the culture, teams are empowered to make many decisions themselves, so I don't need to be looking over their shoulders, nor does BPM1, for what they are doing and what they are spending money on. That's why I would never delegate vision and strategy and BPM1 would never delegate culture.” – BF*

*“We decide the vision and strategy then delegate under our culture, giving them autonomy, responsibility, accountability for keeping that stuff going....All of the employees agree with the culture, they follow the culture to do things, they are responsible for it and they get a lot out of it.” – BPM1*

*“I think I need to make not just executives, but also every employee to believe that they are part of the company. Ultimately, I need to implant my thought and my vision into their minds and hearts. Culture building is my highest priority and I do it all by myself.” - EF*

On the other hand, boundary control systems seemed not to formally exist in these new ventures, for the purpose not to limit employee entrepreneurial initiatives.

*“...we call it (part of our culture) "draw the dinosaur" but it really means just do it...if you have an idea you should try it or if you see something missing you figure it out...” – BF*

*“I use rewards/punishments tools to manage employee behavior, instead of formal boundary control systems.” - EF*

All of the individual professional managers in this study had clear personal goals to achieve in the current position and company. To be specific, three (APM3, BPM2, CPM3) expected stable employment; five (APM2, BPM1, BPM5, DPM2, EPM) joined the company for personal financial success; two (APM1, BPM4) enjoyed the managerial positions, one (BPM3) sought career success and three (CPM1, CPM2, DPM1) were interested in achieving entrepreneurial success. It seemed important for founders to take the career expectations of their professional managers into consideration in delegation, since problems arise when those were at variance with the company vision and final goals and, thereby, caused agency problems that might impede the results of delegation.

Business model pivot was observed to cause talent disengagement. For example, BPM4 lost her passion when she no longer managed the sales team.

*“Last year the company decided to go to a different direction, in that case there is not real need for a manager...BF hired me to sale but told me ‘you can manage’. I didn't do this job to be a sales person, I would stay at my last job if I knew.” – BPM4 explained her resignation*

Conflicting vision was also identified to cause agency problems and even hostility. This was particularly obvious in company D where the founders seldom communicated the company vision openly, invited the professional managers to participate in high-level decision-making meetings or took their suggestions seriously.

*“The current company vision is absolutely my vision. However, if it became the vision I don’t agree, I don’t think I will work here.” – CPM1 discussed the importance of vision.*

*“You can put some emotion into your work, but then you also have to be realist and realize that you still have your core identity and the company is its own entity, right? So don't blur those two, even though that is very easy to...I found a stronger opportunity to grow my career.” – APM1 told me in the follow-up interview that he was no longer with company A*

*“DF doesn’t have any product vision or long-term plan; he doesn’t even enjoy being an entrepreneur. The only thing he cares about is his personal financial goals. I didn’t know him well so I didn’t realize that early enough. DPM2 and I joined to build a great company. Why should us take on the accountability for DF’s goal?” – DPM1 explained his resignation in the follow-up interview*

In contrast, what was impressive in the interviews was the power of the aligned company visions. I found two cases which indicated that a professional manager would never act as the proxy of the founder until his/her personal goal was aligned with the

company vision. Only after reaching that point, the professional manager would be willing to sacrifice their own benefit for the best of the company.

*“Even though I have tons of autonomy, I occasionally feel uncomfortable with that because I want to know if my decision is tied to everything. For the most part I bring it back to BF and other executives, this is what I think, here is what my suggestion is and I want you to know what the facts are...If I made a decision and it was not in line with the company vision...Let’s say there are two decisions to be made, one of them, as an employee, would really benefit me, there is another one that would really benefit the company, even though I don’t get much out of it, I will still choose this one. I really do want the best for the company, I want the best for the team. On the other hand, I also have no problem to say no when they made bad decisions. I want to make sure that I am not just taking that autonomy and not connecting it with other pieces.” – BPM3*

*“I’ve been offered a couple of positions as I have been here but I haven’t taken anything, because I see the opportunity in the company and how I do to make a difference to change it to be successful...That is because I share the same vision with the founding team. I have vision meetings with CF and CCF maybe once a month to discuss the vision of the company, where we see the company is going, just three of us. I even invested my own money in the company, so I am tied to the success of this company.” – CPM2*

## **Conclusion**

The three core categories that I had described in the chapter not only provided a description of the participants' delegation experiences and the contexts, but also illustrated the emerging theory behind the unique delegation events in new ventures. In the following chapter, I discussed the implication of this study for theory and industry, and further explored the link to the existing literatures on new venture growth, psychological ownership and territoriality, delegation, management control systems, agency/stewardship theory and entrepreneurial leadership.

## **Chapter 5: Discussion and Implications**

My dissertation research was driven by a desire to understand how founding entrepreneurs with high psychological ownership delegate authority when new venture survival and growth require so. I designed this study, using a grounded theory approach in the empirical context of five growing technology start-ups, to empirically investigate delegation issues from the founder interviewees' perspective, and then to discover what they did to resolve them (Schreiber, 2001). By so doing, I was able to fill the gap of understanding of new venture delegation in a number of research domains, namely founder delegation, new venture growth, psychological ownership and territoriality, management control systems, agency/stewardship theory and entrepreneurial leadership. In the following sections, I discussed the findings of this study and considered them further in relation to previous research. Then, I explained both the theoretical and the practical implications of this study. Finally, I ended with the limitations of this study and directions I proposed for future research.

### **Part 1: Psychological Ownership in New Venture Delegation**

New venture growth and psychological ownership literatures, as well as anecdotal evidence I experienced and examined, imply that founders, driven by high psychological ownership, may hold on to full supervisory control over the business and refuse to delegate, thus create a growth barrier. This study is among the first to directly examine the dynamics between founder's psychological ownership and early delegation activities that support new venture survival and growth. Empirically, my findings not only enrich

and expand the theoretical arguments proposed in the existing literature on psychological ownership in entrepreneurship (Arthurs & Busenitz, 2003; Townsend et al., 2009), but also add to the extant knowledge of founder delegation (founder departure and founder-CEO succession) developed by Daily and Dalton (1992), Willard et al. (1992), Wasserman (2003, 2008) and other organizational scholars. In the following, I further elaborate on my insights derived from the investigation.

### ***Critical delegation events in new ventures***

Research on early delegation has been close to nonexistent in the scholarship because founder-CEO succession, which usually occurs in the late period of the organizational life, is mistakenly regarded as the most critical delegation event. In deed, delegation plays an influential role in the development of start-ups from the very beginning. My findings suggest that a founder's delegation journey may start from venture team formation, passes through the relinquishment of a variety of functional powers to professional managers and, eventually, ends with founder departure. More importantly, I identify that the emergence of the "lead founder" within the venture team and delegation between the founder and his/her first professional managers, as two critical delegation events, may be crucial to new venture survival and growth. The key benefit of the success of these early delegation activities includes not only role specialization, but also the formation of decision-making and control mechanisms, which enable new ventures to act promptly and efficiently under high uncertain conditions (e.g., Busenitz, West, Shepherd, Nelson, Chandler, & Zacharakis, 2003). In addition, early delegation experience may construct the founder's knowledge and skills of delegation and, thus,

have a powerful “imprinting” effect on later delegation events such as succession and exit. This may be particularly significant to novice delegators who do not have much managerial experience prior to entrepreneurship.

### ***Founder’s psychological ownership***

I argue that founder’s high psychological ownership may have both direct and indirect influence on when and how to delegate. Founders with high individual psychological ownership may engage in control-oriented territorial behavior instead of delegation and, thus, deteriorate the businesses. This is consistent with Wasserman’s (2003, 2006) findings from later delegation events that the founder may trade off financial gain for control. Moreover, I find that high psychological ownership may create huge tension between the founder’s resistance to relinquish power and his/her desire to grow the business. Due to such tension, founders may bear heavy mental stress and create occasional conflicts that impede the effectiveness of delegation.

I further argue that these conflicts and mental stress are unnecessary since territory infringement may not actually happen. As self-determination theory implies, people reject responsibility when they don’t feel intrinsically motivated (Ryan & Deci, 2000). In this study, co-founders figured out that they were not interested in and/or confident with taking on the full responsibility for business success soon after initiating the business and turned to focus on their specializations. A few decided to stay out of the company as passive shareholders; many chose to take on functional roles. Similarly, it is very unlikely that professional managers intentionally arouse founders’ feeling of being

infringed as long as delegation is effective. Except for those in company D where delegation was not ineffective, professional managers in this study respected the founders' ownership over the company. When novice delegators engaged in territorial behaviors occasionally, their professional managers showed great understanding, tolerance and patience. These findings are in contrast to the extant knowledge of psychological ownership and territoriality in a teamwork context which suggests that in a high trust environment, people who observe or are affected by territorial behaviors may feel upset, betrayed, or surprised because they did not expect such behaviors to occur (Brown et al., 2014). Their findings may not apply to this study because the Brown et al. study was done in teams of equal status whereas I was studying a definite hierarchy between founders and professional managers. In addition, professional managers generally have richer delegation experiences and more sophisticated people management skills than ordinary employees have. Hence, they seldom act as passive receptors in delegation. In this study, the professional managers had got used to perform under hierarchical structures. In order to work efficiently, they made extra efforts to reduce the founders' feelings of being infringed (e.g., "I am supporter rather than an invader into your territory") and built their credibility in the assigned roles (e.g., "I can do this job as great as you can").

### ***Collective ownership within the venture team***

Pierce and Jussila (2010) define collective psychological ownership as "the collectively held sense (feeling) that this target of ownership of that target (or a piece of that target) is collective 'ours'". According to this definition, when collective psychological ownership

emerges, individuals in a team share a belief that the target belongs to the group. That is, all members are owners and no one holds strong individual psychological ownership over the target. However, Pierce and Jussila's (2010) theory may not apply to a prevalent situation in entrepreneurship under which an individual conceives an initial idea, creates a vision for his/her firm and influence others to buy into his/her dream in order attract employees and acquire necessary resources to advance it. 18 years ago, Ensley, Carland and Carland (2000) empirically confirmed that within an entrepreneurial team, there exists a lead entrepreneur who forms the first idea and holds significantly stronger entrepreneurial vision and self-confidence than other team members. Interestingly, the creativity literature also addresses that some self-focused people, driven by self-distinctiveness and self-enhancement, may view co-creation as a means to improve their ideas and obtain personal success (Rouse, 2018). However, how they seek help from others in the team is yet unknown. Here I argue that the individual psychological ownership of one team member in a venture team, most likely the idea originator, may remain strong in the collaboration with other team members to turn the idea into something valuable. In order to invite other team members to contribute, the idea originator may strategically choose to sacrifice partial equity ownership, share control with other team members and restrain him-/herself from engaging in territorial behaviors. Eventually, a sense of collective ownership is fostered to enhance the collaboration and team members' investment in the team's work.

As psychological ownership literature and research suggest, collective psychological ownership is associated with both positive and negative organizational effects (Pierce,

Jussila, & Cummings, 2009). However, the extant research exclusively emphasizes on its bright side and, thus, little is known about the dark side of collective psychological ownership. In this study, I discover that the emergence of collective psychological ownership in the early period of venture team life may cause delegation failure within the venture team by disturbing the centralization of the highest authority of the company to the “lead founder”. The absence of the “lead founder” as the CEO of the company may significantly complicate the decision-making process and impedes the company to respond promptly to other growth challenges. In addition, it may bring in a number of management problems, including increasing operational cost, ownership conflict and sinking employee morale. Hence, I argue that it may be imperative for someone to claim authority even in collective ownership environment such as the venture team. Hmieleski and Ensley (2007) find that high level of venture team members’ autonomous motivation and confidence may hinder firm performance under certain conditions and propose that in dynamic industry environments, start-ups with heterogeneous venture teams perform best when led by directive rather than empowered leaders. Similarly, Kang, Solomon and Choi (2015) argue that founder’s transactional leadership, meaning that leaders holds power and promote compliance of their followers through both extrinsic rewards and punishments, is more effective in start-ups than in large and mature organizations. My findings resonate with and corroborate these studies and further provide explanations from the psychological perspective.

In addition, I argue that collective psychological ownership may be deemed to be fragile because in entrepreneurial contexts that are full of risks and uncertainties, these management problems are too much to afford. On the one hand, when the idea originator realizes that the venture team is no longer reliable, it is often seen that he/she stands out and takes on full accountability. This further affirms that the idea originator may hold stronger individual psychological ownership than other venture team members and the emergence of collective psychological ownership serve as the result of his/her help seeking behaviors. On the other hand, the other venture team members either choose to disconnect individual identity with the team's or transfer it to functional roles. Their psychological ownership over the venture may fade gradually.

## **Part 2: New Venture Delegation and Firm Performance**

As discussed in the "Literature Review" chapter, some of the oldest, most important and most difficult issues in organizational growth research involve when and how founders delegate authority. Compared to its significance, however, research that directly investigates founder delegation in new ventures and its relationship with firm performance is disproportionately scant and narrowly focused. To be specific, the extant delegation research either investigates manager delegation in established organizations or focuses on entrepreneurial succession/exit. With only a handful of exceptions (e.g., Ardichvili, Harmon, Cardozo, Reynolds, & Williams, 1998), little has been done to examine new venture delegation. To my knowledge, this is the first study to document early delegation in new ventures and its influence on firm performance. My findings not only portray a comprehensive look of new venture delegation, but also discover its

impact on the development of decisions-making and control mechanisms that support rapid growth by leveraging founder attention and providing the infrastructure to scale up the business model. In the following sections, I present the findings regarding new venture delegation and its relationship with firm performance, and discuss them further in relation to previous research, namely founder delegation, new venture growth, psychological ownership and territoriality, management control systems, agency/stewardship theory and entrepreneurial leadership.

***Since when delegation becomes a growth challenge?***

I argue against the traditional knowledge in organizational growth and entrepreneurship literatures that the founder's fear and problems with delegation may have a detrimental influence on growth only when the organization is maturing through professionalization. To the contrary, as explained in part 1, delegation may play an influential role in the development and performance of start-ups much earlier. When start-ups are founded by teams rather than single entrepreneurs, delegation may occur within the venture team and before any professional manager is hired. These findings are important to the organizational growth literature, since they further empirically support the recent argument that the predictable framework of organizational growth, in which growth is viewed as a deterministic, unidirectional, linear and sequential path and an organization has to overcome specific growth challenges to move from one stage to another, is no longer relevant to organization (e.g., Levie & Lichtenstein, 2010; Phelps et al., 2007). Instead, the conceptualization of firm growth through the notion of the absorptive capacity/tipping points in the dynamic growth model proposed by Phelps and colleagues

(2007) may be more reliable. According to it, as ventures grow, the founders encounter a series of problems, which at critical or threshold level that they call “tipping points”, and must develop the capability to find new knowledge suited to successfully addressed if growth is to continue. With regard to delegation, in particular, this study showed that the lack of the “lead founder” seemed to act as a tipping point challenge and founding entrepreneurs had to learn how delegate in an effective way.

### ***What determine the occurrence of new venture delegation?***

Traditional knowledge of delegation in organizational growth and entrepreneurship literatures focuses exclusively on single entrepreneurs and suggests that the occurrence of delegation in start-ups depends on the founder’s recognition of the necessity of delegation and his/her willingness to distribute power for growth. Over years, a lot of attentions have been put on the linkage between entrepreneurs’ growth aspirations and the growth their firms can realize (e.g., Baum & Locke, 2004; Box, White, & Barr, 1993; Chandler & Hanks, 1994; Cliff, 1998; Wiklund, Davidsson, & Delmar, 2003). However, the shortage of research that explores the psychological reasons behind entrepreneurs’ limited desire to grow the businesses, the difficulties they experience in early delegation activities and their delegation strategies is surprising. More importantly, scholars tend to apply the logic of manager delegation, holding the underlying assumption that the delegator’s act is constrained by the established organizational structures and norms, in their investigation of new venture delegation. As a consequence, most examine the phenomenon at the interpersonal level only. Whereas, the application of the logic of manager delegation in new venture delegation is problematic, since it is very likely that

founders have great freedom to create the decision-making and control mechanisms of the new venture in favor of their ways to delegate (or not to).

Not until recently, Foss et al.'s (2007) propose a theory of delegation in entrepreneurship based on the judgment-based view of entrepreneurship, which builds on Knight's idea of entrepreneurship as judgmental decision-making under uncertainty (Knight, 1921). In their theoretical framework, entrepreneurs empower employees to act as "proxy entrepreneurs". Delegation does no fatal harm to business owners because the decision rights transferred from owners to their employees are controlled - owners not only obtain the ultimate rights to hire and fire employees, but also can design specific control systems to monitor employees' execution. Although scholars have made progress by considering the phenomenon at multiple levels, this framework is established on the assumption that entrepreneurs are capable and willing to make "rational" judgment regarding delegation to maximize their financial gains, which has been proved not always true. A classic example is that Wasserman (2003, 2008) find that some entrepreneurs trade off financial gain versus decision-making control over their ventures.

Although prior research contributes to the development of our understanding of new venture delegation, we still lack conclusive and detailed knowledge about what determine its occurrence. In this study, I carefully examine the early delegation activities in growing start-ups and identify a set of contingent factors at multiple levels of the venture that tend to influence the founder's delegation of authority within the venture team and to their first professional managers. These factors include founder's reason to

become an entrepreneur, venture team dynamics (if any), founder's prior delegation and ongoing experience, founder's psychological ownership, the matching of required knowledge/skills and professional managers' expertise, nature of the task, the development of decision-making and control systems, as well as the pressure from external significant stakeholders.

Recent research has examined a few of these factors independently. For example, research on venture team dynamics recognizes that the heterogeneity of the venture team members and their collaboration can generate synergistic gains that improve new venture performance (e.g., Colombo & Grilli, 2005; Ensley, Carland, & Carland, 1998; Zimmerman & Zeitz, 2002) through the collective effort of a team of founders; while suspicion, mistrust, friction, anger and tension within the venture team is negatively related to firm performance (Ensley & Pearce, 2001; Vanaelst, Clarysse, Wright, Lockett, Moray, & S'Jegers, 2006). Leadership scholars also note that an important reason of founder's reluctance to delegate is the absence of entrepreneurial peers or role models with whom to observe the benefits of distributed leadership and to learn how to delegate effectively in contexts very similar to their own (Kempster & Cope, 2010; Leitch, McMullan, & Harrison, 2009; Robinson, 2006, 2007; Thorpe, Cope, Ram, & Pedler, 2009). Here I argue that typically, there may not just one single cause in any delegation case in this study. Instead, a snowball effect is observed, meaning that one factor may lead to subsequent factors. For example, delegation within the venture team not only directly constructs a founder's knowledge and skills of delegation, but also determine

the emergence of formal decision-making procedures and, thus, indirectly affects his/her way to delegate by either encouraging or limiting specific territorial behaviours.

***Is delegation always beneficial?***

A strong belief exists in a number of research domains, including organizational growth, entrepreneurship, organizational design and HRM, that delegation is always beneficial.

In addition, there is a trend promoted by entrepreneurship educators, shareholders and business mentors, to attract external, independent people to run the business, thereby contribute additional resources, expertise, oversight and a "big picture" perspective.

However, this study discovers conflicting results of delegation. Particularly, it reveals that out of the founder's overconfidence and overprotectiveness, delegation may become ineffective and cause severe management problems that eventually threaten new venture survival and growth. As this study showed, ineffective delegation in Company D caused fierce conflicts between DF and his frustrated professional managers and led to new venture failure, even though the company was playing in a promising market.

Several papers, most theoretical, have briefly discussed the cost of delegation but insist that advantages outweigh disadvantages. Jensen and Meckling (1976, 1992) view delegation as a trade-off between improving decision quality by utilizing an individual employee's expert knowledge and the manager's loss of control over task execution that potentially results in agency costs. For example, an employee may delay the execution of a task, execute it to a reduced quality, or fail to complete it when the employee and his/her manager's goals are incongruent. However, Jensen et al. (1976, 1992) suggest,

“ignoring agency problems, assigning decisions rights to individuals who have the decision-relevant knowledge and abilities increases efficiency”. Similarly, Sliwka (2001) points out the risk of low decision quality and increasing employee negotiation power in delegation, but concludes that “...in a world where no performance-contingent contract can be written, delegation may be the only way to motivate the agent to effort”. Taking a micro-economic perspective, Foss, Foss and Klein (2007) argue that owners delegate decision rights to employees to preserve entrepreneurship as companies grow. As it happens, employees are likely to engage in destructive entrepreneurial activities in the company. However, as non-owners, their activities are constrained by the firm’ organizational structure.

It perhaps is Stea and colleagues (2015) who first question the traditional knowledge that delegation is always beneficial. In a theoretical work, they emphasize on the credibility of delegation, meaning that “employees must trust that managers do not renege on the delegated discretion in order to realize immediate gains from intensive control or the routinizing and planning of employee activities”, and argue that “organizations that want to foster value creation via delegation of discretion need to take measures to make delegation credible.” Managerial intervention or even the perception of being controlled, instead, demotivated employees and may cause serious organizational harm. In addition, they point out that credible delegation is particularly important for knowledge-intensive organizations operating in uncertain environments, because it increases the organization’s responsiveness to fast-changing business environments by reducing information transfer cost, and because knowledgeable

employees are expected to perform tasks that are very sensitive to motivation. My study, using technology start-ups as sample companies, expands Stea et al.'s (2015) opinion in entrepreneurial contexts and corroborates their arguments by providing empirical evidence.

***Why some founding entrepreneurs can do a better job than their peers?***

It was clearly seen in this study that some founder interviewees did a better job in early delegation than others. Through the cross-case comparison, several differences in their delegation practices were captured. Below I explain them in details.

First, I argue that delegation success is more likely to achieve when the task to delegate is irrelevant to company vision and strategic planning. That is, founders should set clear boundary of employee autonomy, since irreconcilable conflict that causes delegation failure is highly likely to occur when there are disagreements regarding company vision and strategic planning in early delegation. According to my interview data, none of the founder interviewees was willing to let others to determine what was the company vision or direction and how to get there, although not everyone successfully persuaded their employees to follow their leaderships. In company D, particularly, the founder insisted in his direction when the professional managers attempted to participate in the high-level decision discussion. Eventually, the frustrated professional managers had to fight back and chose to quit. Ardichvili, Harmon, Cardozo, Reynolds and Williams (1998), in their investigation of delegation timing and sequence in 576 US start-ups over a 10-year period, find that strategic planning functions are the least likely to be delegated and

link the phenomenon with the founders' interest in determining the future directions of their businesses. I argue against it and suggest that it may not be founder's interest, but his/her high psychological ownership that stops the founder from delegation company vision and strategic planning.

Second, I argue that founders with rich managerial experience prior to entrepreneurship are more likely to succeed. Put differently, "leadership crisis" may not occur in start-ups founded by experienced delegators since high psychological ownership doesn't decrease their psychological well-beings at work. Prior studies have indicated that some founder-managed firms can perform as good as or even better than professionally managed firms because of founder ability to relinquish some control of the firm (Willard et al., 1992; Daily & Dalton, 1992). Not until recently, however, the psychological state of these successful founders attracts academic attentions. Baron, Franklin and Hmieleski (2016) find, in a survey of 2,000 founders in the United States, that surviving founding entrepreneurs report moderate or even low level of stress. My study provides additional empirical support to their argument. According to my interview data, EF, as an experienced delegator, not only owned the power to delegate, but also held the right to veto others' decisions at the board level. Maintaining a balanced top-down control and bottom-up empowerment, he experienced significantly lower mental stress comparing to other founder interviewees. More importantly, Baron and colleagues (2016) suggest that the more founding entrepreneurs understand their capabilities and the source of the stress, the better they can manage it. This finding supports my earlier argument that early delegation activities may be particularly important for novice delegators, since

what they learn from this experience exerts a long-term influence on them and their ventures.

Third, the early adoption of control systems may increase the likelihood of delegation success. I argue against the traditional knowledge that control systems are adopted when the organization is moving through its growth stage to become mature. To the contrary, some control systems were adopted early to improve founder's delegation experience in this study. It is interesting that according to life cycle theorists, the implementation of control systems comes after the delegation between the founder and professional managers is successful. For example, in Greiner's (1972) 5-phase model, the success of the "delegation" phase requires a decentralized organizational structure in which managers with great delegated authority are motivated to expand and scale up the business. A problem evolves since managers may emphasize too much on the needs of their local units. To move forward to the "coordination" phase, the organization has to install formal systems for top executives to supervise managers' actions. Flamholtz (1995) suggests that by the time an organization has reached \$10 million in sales (it may occur sooner or later), the sheer size of the organization requires informal processes to be formalized and not until that time, senior executives don't realize that the firm must be transformed to a different type of organization. Similarly, Churchill and Lewis (1983) note that after the owner delegates to others to improve the managerial effectiveness of a fast growing and increasingly complex enterprise, he/she starts to develop the sophistication of information, planning and control systems. However, in this study, I

observed that some control systems, more advanced than basic operations management tools, were adopted at very early developmental stages of the firm.

Consistent with life cycle literature, the literature on the emergence of control systems in entrepreneurship suggests that formal control systems are implemented to improve collaboration among organizational members (Davila, 2005; Davila & Foster, 2005, 2007; Davila, Foster, & Li, 2009; Moores & Yuen, 2001), and thus facilitate venture growth and professionalization. In this study, however, I found that some founders implemented control systems into the organization not for such purpose. To be specific, I observed that novice delegators like AF attempted to obtain adequate visibility over task execution by using interactive and diagnostic control systems and, thus, improved their delegation experience. The deeper and wider the control systems were adopted in the company, the higher degree of the autonomy professional managers could obtain and the lower level of the founder's mental stress. It is important to note that the dramatically decreasing cost of Internet-based technologies in recent year creates this new function of control systems.

Experienced delegators like EF, in contrast, dedicated to implementing beliefs systems to create an aligned vision. As I discussed earlier in part 2, efforts to explain the cost of delegation use agency theory (e.g., Jensen & Meckling, 1976), which believes that there is goal incongruence between the principle (entrepreneur) and the agent (professional managers), as their theoretical foundation. However, in this study, goals between the two were not incongruent in all of the cases. The importance of aligned visions can be explained with stewardship theory, which defines "situations in which managers are not

motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals" (Davis, Schoorman, & Donaldson, 1997, p. 21).

According to it, professional managers can "turn off" self-interest when the organizational and personal goals are aligned, thus their prevailing concern or interest is the success of the venture and agency problems in delegation are mitigated. My findings in company B and E support the above assumption and suggest stewardship theory as an effective lens through which we can further probe the relationship between delegation success and the implementation of control systems.

In addition, I argue that founders who have delegation coaches are more likely to succeed. In this study, BPM1, who used to be a management coach, not only guided BF to delegate in an effective way with his professional managers, but also assisted him to establish an infrastructure that secured delegation success throughout the company. I further argue that professional managers with rich people management experience may not be viewed as passive receptors in delegation. Instead, they can act as the facilitators, catalysts, role models or even coaches who may facilitate delegation success. Delegation requires time and skills from founders to create a shared vision and empower employees to achieve it, who at the same time have to resist the temptation to take back what they give away. In technology start-ups, in particular, founders used to work independently as scientists, engineers, coders and alike, the delegation journey to scale up their new ventures may be paved with struggles and self-control endeavor. By utilizing their sophisticated people management skills, mindful professional managers may bring benign and productive delegation experience to founders and their new ventures.

## Theoretical Implications

Entrepreneurs have radically transformed the economy of the world (Timmons, 1999). Stories about rapidly growing and high-performance start-ups encourage the creation of more and more new ventures. For example, according to *The 2017 Kauffman Index of Startup Activity*, roughly 540,000 Americans launch new businesses each month during the year, keeping with an upward trend in recent years. Despite the popularity of entrepreneurship, most of these start-ups fail.

Among all known reasons why start-ups fail, an unquestionably critical factor is delegation. New venture growth and psychological ownership literatures, as well as anecdotal evidence I experienced and examined, imply that founders, driven by high psychological ownership, may hold on to full supervisory control over the business and refuse to delegate, thus create a growth barrier. However, the existing delegation research in entrepreneurship largely concentrates on later events in the organizational life cycle such as founder departure or founder-CEO succession (e.g., Daily & Dalton, 1992; Rubenson & Gupta, 1996; Wasserman, 2003, 2008; Willard, Krueger, & Feeser, 1992). Moreover, the existing research focuses on single entrepreneurs; however, many new ventures are created by teams and decisions around delegation of authority are critical, even amongst the founding entrepreneurs within the venture team.

This study is among the first to directly examine early delegation activities that support new venture survival and growth. It has the potential to make a number of significant and multi-disciplinary contributions. First, it fills in the gap of knowledge in new venture

growth literature, the school of dynamic growth models in particular, where empirical evidence that addresses people management challenges at critical transition points is rare and needed (Phelps et al., 2007), by elucidating the occurrence of new venture delegation. Second, it contributes to psychological ownership and territoriality research being one of the first of its kind to empirically explore psychological ownership over dynamic objects like new ventures, as well as the impact of psychological ownership and the territorial behavior associated with it on delegation in entrepreneurship. This study extends our understanding of psychological ownership and territoriality and facilitates future research on many important organizational phenomena related to psychological issues in the entrepreneurial contexts. Third, it enriches founder delegation research by expanding its focus onto the critical delegation events before entrepreneurial succession/exit, since the experience that founders gain through early delegation activities significantly influences their departure decisions, which is recognized as the most critical event in most firms (Hofer & Charan, 1984; carroll, 1984). In addition, I identify the application of the theories regarding management control systems, as well as agency/stewardship theory, in early delegation in the context of entrepreneurship. Methodologically, as well, this dissertation research exhibits a diligent effort to conceptualize entrepreneurship from an experiential perspective (Morris et al., 2012) and answer the call for qualitative research to investigate new areas in entrepreneurship (Suddaby et al., 2015).

### **Practical Implications**

My study provides important implications for entrepreneurs, venture teams, entrepreneurship educators, angel investors, incubators and business mentors. First, according to my findings, founder's high psychological ownership begins to exert an impact on new venture survival and growth from as early as the time of venture team creation. Founders need to not only know that new venture survival and growth requires delegation, but also understand that maintaining a balanced feeling of psychological ownership over their ventures is crucial to delegation success. More importantly, to novice delegators, in particular, early delegation experience has an "imprinting" effect on future delegation practice.

Second, my findings that contribute to the understanding of venture team dynamics can enhance ventures' chances of success. Founders should be aware that a collective ownership within the venture team may delay the emergence of the "lead founder", and thus impedes entrepreneurial firm's decision-making effectiveness and its responsiveness to business environment.

To entrepreneurship educators, investors, incubators and business mentors, it is important to acknowledge that delegation can not be always beneficial. In reality, obtaining the benefits from effective delegation is contingent to a number of factors. In mentoring programs, for example, they should be mindful of their power over founders, as well as the contexts of delegation.

### **Limitations and Future Research**

This study has a few limitations. First, the findings of this study were primarily based on interviewees' retrospective self-reports only. Although such approach is widely used to collect data in qualitative research, it is associated with possible hindsight bias and attribution bias (Huber & Power, 1985). To enhance the data accuracy, I followed Huber and Power's (1985) suggestions by asking probing questions and conducting follow-up interviews to make sure interviewees understood the questions and their answers were complete. I also used information from other sources such as venture capitalists, incubator offices, company websites and business journal reports for validating interviewees' narratives.

Second, as I argued earlier, delegation is more like a process than an event. However, the findings of this study were extracted from cross-sectional rather than longitudinal data. Therefore, it could not answer the questions regarding the dynamics in the process of delegation, such as what need to be delegated at different phases of delegation, when and where they are delegated, what are the main challenges at different phases and how to overcome them, what are the contingency factors associated with critical delegation events and their interactions, how the founder of the new venture develops his/her mastery of delegation, and what are the tactics that secure effective delegation. A longitudinal study that follows founders during the development and professionalization of the firm is necessary to examine the full dynamics in the process of delegation.

Third, my sample only contains technology start-ups in which most of the venture team members were not experienced entrepreneurs or delegators. Although the choice of this

context suited my research purpose and the struggle of this type of founders was highly representative, future studies on growth challenges need to evaluate whether delegation is also painful to founders with sophisticating delegation skills or not.

Forth, given the specific sample size in this study and the research design which focuses on the role of psychological ownership in early delegation practice, I was not able to identify the impact of industrial, geographical, institutional and cultural factors on delegation success (failure) in early stage ventures. Although the decision of delegation is made by individual founders, the dynamics in the process and the consequences of delegation are multi-level. In the future, scholars may conduct comparative studies with larger samples to further build the links.

Also, psychological ownership researchers have only recently begun investigating the emergence of collective ownership (e.g., Pierce & Jussila, 2010). Based on my initial effort, more studies are needed to investigate its destructive power to entrepreneurial decision making. In addition, it would be interesting to explore when and how the demise of individual psychological ownership in collective team settings occurs. In addition, the use of MCS to facilitate successful delegation in young firms is observed in this study. To my knowledge, little has been done to investigate founders' motive to implement control systems, which is a critical design attribution of MCS. To enrich our understanding of the emergence of MCS, future research needs to be done to explore its reasons-for-adoption in new ventures by employing psychological theories.

## REFERENCES

Acs, Z. J. and Armington, C. (2006). *Entrepreneurship, geography and American economic growth*. New York: Cambridge University Press.

Adizes, I. (1979). Organizational passages – diagnosing and treating lifecycle problems of organizations. *Organizational Dynamics*, 8, 3–25.

Abetti, P. A. (2000). Accelerated growth: helping companies get and stay on the fast track. *International Journal of Manufacturing Technology and Management*, 3, 15–30.

Aghion, P. and Tirole, J. (1997). Formal and real authority in organizations. *J. Political Econom.* 105(1): 1–29.

Aldrich, H. E. and Ruef, M. (2006). *Organizations Evolving* (2nd ed.). London: Sage Publications.

Altman, I. (1975). *The environment and social behavior: Privacy, personal space, territory, crowding*. Monterey, Calif: Brooks/Cole Pub. Co.

Ardichvili, A., Harmon, B., Cardozo, R. N., Reynolds, P. D. and Williams, M. L. (1998). The new venture growth: Functional differentiation and the need for human resource development interventions. *Human Resource Development Quarterly*, 9(1), 55-70.

Ardrey, R. (1966). *The territorial imperative*. Collins.

Arthurs, J. D. and Busenitz, L. W. (2003). The boundaries and limitations of agency theory and stewardship theory in the venture Capitalist/Entrepreneur relationship.

*Entrepreneurship Theory and Practice*, 28(2), 145-162.

- Arthurs, J. D., Townsend, D. M., Busenitz, L. W., Liu, K. and Hoskisson, R. E. (2007). Founders, Governance, and Firm Valuation: Does the Market Perceive Psychological Ownership?
- Bandura, A. (2001). Social cognitive theory: An agentic perspective. *Annual review of psychology*, 52(1), 1-26.
- Baron, R. A. (2007). Behavioral and cognitive factors in entrepreneurship: Entrepreneurs as the active element in new venture creation. *Strategic Entrepreneurship Journal*, 1(1-2), 167-182.
- Baron, R. A., Franklin, R. J. and Hmieleski, K. M. (2016). Why entrepreneurs often experience low, not high, level of stress: The joint effect of selection and psychological capital. *Journal of management*, 42(3), 742-768.
- Barringer, B. R., Jones, F. F. and Neubaum, D. O. (2005). A quantitative content analysis of the characteristics of rapid-growth firms and their founders. *Journal of Business Venturing*, 20(5), 663-687.
- Bates, T. (1990). Entrepreneur human capital inputs and small business longevity. *The review of Economics and Statistics*, 551-559.
- Baum, J. R. and Locke, E. A. (2004). The relationship of entrepreneurial traits, skill, and motivation to subsequent venture growth. *Journal of Applied Psychology*, 89: 587-598.
- Becker, F. D. and Mayo, C. (1971). Delineating personal distance and territoriality. *Environment and Behavior*.

- Beckman, C. M. (2006). The influence of founding team company affiliations on firm behavior. *Academy of Management Journal*, **49**: 741-758.
- Beggan, J. K. (1992). On the social nature of nonsocial perception: The mere ownership effect. *Journal of Personality and Social Psychology*, *62*(2), 229.
- Belk, R. W. (1988). Possessions and the extended self. *Journal of Consumer Research*, *15*, 139 –168.
- Bell, R. L. and Bodie, N. D. (2012). Delegation, Authority and Responsibility: Removing the Rhetorical Obstructions in the Way of an Old Paradigm. *Journal of Leadership, Accountability and Ethics*, *9*(2), 94 – 108.
- Bénabou, R. and Tirole, J. (2003). Intrinsic and extrinsic motivation. *Review of Economic studies*, *70*, 489-520.
- Bentz, V. M. and Shapiro, J. (1998). Mindful inquiry in social science. *London, England: Sage. Computer-mediated communication in distance education. American Journal of Distance Education*, *9*(2), 7-26.
- Birks, M., Chapman, Y. and Francis, K. (2008). Memoing in qualitative research: Probing data and processes. *Journal of Research in Nursing*, *13*(1), 68-75.
- Birley, S. and Westhead, P. (1994). A taxonomy of business start-up reasons and their impact on firm growth and size. *Journal of Business Venturing*, *9*(1), 7-31.
- Blau P. M. (1970). A formal theory of differentiation in organizations. *American Sociological Review*, *35*(2), 201-218

- Blau P. M. (1972). Interdependence and hierarchy in organizations. *Social Science Research*, 1(1), 1-24
- Box, T. M., White, M. A. and Barr, S. H. (1993). A contingency model of new manufacturing performance. *Entrepreneurship Theory & Practice*, 18(2), 31-45.
- Braun, V. and Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative research in psychology*, 3(2), 77-101.
- Brewer, J. D. (2000). *Ethnography*. Buckingham: Open University Press.
- Brown, G. (2009). Claiming a corner at work: Measuring employee territoriality in their workspaces. *Journal of Environmental Psychology*, 29(1), 44-52.
- Brown, G. and Baer, M. (2015). Protecting the Turf: The Effect of Territorial Marking on Others' Creativity. *The Journal of Applied Psychology*, 100(6), 1785-1797.
- Brown, G., Crossley, C. and Robinson, S. L. (2014). Psychological ownership, territorial behavior, and being perceived as a team contributor: The critical role of trust in the work environment. *Personnel Psychology*, 67(2), 463-485.
- Brown, G., Lawrence, T. B. and Robinson, S. L. (2005). Territoriality in organizations. *Academy of Management Review*, 30(3), 577-594.
- Brown, G. and Robinson, S. L. (2011). Reactions to territorial infringement. *Organization Science*, 22(1), 210-224.

Bruno, A. V., McQuarrie, E. F. and Torgrimson, C. G. (1992). The evolution of new technology ventures over 20 years: patterns of failure, merger, and survival. *Journal of business venturing*, 7(4), 291-302.

Bruns, W. J. and Waterhouse, J. H. (1975). Budgetary control and organization structure. *Journal of accounting research*, 177-203.

Buchele, R. B. (1967). *Business policy in growing firms: A manual for evaluation*. San Francisco: Chandler Pub. Co.

Burns, T. E. and Stalker, G. M. (1961). The management of innovation.

Busenitz, L. W., West, G. P., Shepherd, D., Nelson, T., Chandler, G. N. and Zacharakis, A. (2003). Entrepreneurship research in emergence: Past trends and future directions. *Journal of Management*, 29(3), 285-308.

Butler, Jr, J. K. (1991). Toward understanding and measuring conditions of trust: Evolution of a conditions of trust in inventory. *Journal of Management*, 17(3), 643-663.

Burgess, R. G. (1982). *Field Research: A sourcebook and field manual*. London: Allen and Unwin.

Busenitz, L. W. and Barney, J. B. (1997). Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making. *Journal of business venturing*, 12(1), 9-30.

- Cardon, M. S., Zietsma, C., Saporito, P., Matherne, B. P. and Davis, C. (2005). A tale of passion: New insights into entrepreneurship from a parenthood metaphor. *Journal of Business Venturing*, 20(1), 23-45.
- Carroll, G. R. (1984). Dynamics of publisher succession in newspaper organizations. *Admin. Sci. Quart.* 29, 93-113.
- Carter, N. M., Gartner, W. B., Shaver, K. G. and Gatewood, E. J. (2003). The career reasons of nascent entrepreneurs. *Journal of Business Venturing*, 18(1), 13-39.
- Casson, M. C. (1982). *The entrepreneur: An economic theory*. Oxford: Martin Robertson.
- Chandler, G. N. and Hanks, S. H. (1994). Founder competence, the environment and venture performance. *Entrepreneurship Theory & Practice*, 18(3): 77-89.
- Chase, S. E. (2005). *Narrative Inquiry: Multiple Lenses, Approaches, Voices*. Teoksessa
- Denzin, K. N. and Lincoln, Y. S. (2005) The SAGE Handbook of Qualitative Research Third Edition, 651-679.
- Charmaz, K. (1990). 'Discovering' chronic illness: using grounded theory. *Social science & medicine*, 30(11), 1161-1172.
- Charmaz, K. (2006). *Constructing grounded theory: A practical guide through qualitative analysis* (Introducing Qualitative Methods Series).
- Chen, C. C., Greene, P. G. and Crick, A. (1998). Does entrepreneurial self-efficacy distinguish entrepreneurs from managers? *Journal of business venturing*, 13(4), 295-316.

Christensen, R. C. (1953). *Management succession in small and growing enterprises*. Boston: Division of Research. Graduate School of Business Administration. Harvard University.

Churchill, N. and Lewis, V. (1983). The five stages of small business growth. *Harvard Business Review*, 61, 30–50.

Clandinin, D. J. and Connelly, F. M. (2000). *Narrative inquiry: Experience and story in qualitative research*.

Cliff, J. E. (1998). Does one size fit all? Exploring the relationship between attitudes toward growth, gender and business size. *Journal of Business venturing*, 13, 523-542.

Clifford, D. K. and Cavanaugh, R. E. (1985). *The Winning Performance*.

Coase, R. H. (1937). 'The nature of the firm' in *The theory of the firm: Critical perspectives in business and management*, Vol. II. (1999) Nicolai J. Foss (ed.). London: Routledge.

Colombo, M. G. and Grilli, L. (2005). Founders' human capital and the growth of new technology-based firms: A competence-based view. *Research policy*, 34(6), 795-816.

Conger, J. A. and Kanungo, R. N. (1998). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13(3): 471-482.

Cook, J. and Wall, T. (1980). New work attitude measures of trust, organizational commitment and personal need non-fulfilment. *Journal of Occupational and Organizational Psychology*, 53(1), 39-52.

Cooper, A. C., Woo, C. Y. and Dunkelberg, W. C. (1988). Entrepreneurs' perceived chances for success. *Journal of business venturing*, 3(2), 97-108.

Cope, J. (2005). Researching Entrepreneurship through Phenomenological Inquiry Philosophical and Methodological Issues. *International Small Business Journal*, 23(2), 163-189.

Corbin, J. and Strauss, A. (2008). Basics of qualitative research: Techniques and procedures for developing grounded theory.

Corbin, J. and Strauss, A. (1990). Grounded theory research: Procedures, cannons, and evaluative criteria. *Qualitative sociology*, 13(1), 3-21.

Cova, B. and Svanfeldt, C. (1993). Societal innovations and the postmodern aestheticization of everyday life. *International Journal of Research in Marketing*, 10(3), 297-310.

Creswell, J. W. (2007) *Qualitative Inquiry and Research Design: Choosing among five approaches*. Sage: Thousand.

Creswell, J. W. (2013). *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage publications.

Creswell, J. W. and Miller, D. L. (2000). Determining validity in qualitative inquiry. *Theory into practice*, 39(3), 124-130.

Daily, C. M. and Dalton, D. R. (1992). The relationship between governance structure and corporate performance in entrepreneurial firms. *Journal of Business Venturing*, 7(5), 375-386.

Davidsson, P. (1989). Entrepreneurship—and after? A study of growth willingness in small firms. *Journal of business venturing*, 4(3), 211-226.

Davila, A. (2005). An exploratory study on the emergence of management control systems: Formalizing human resources in small growing firms. *Accounting, Organizations and Society*, 30(3), 223-248.

Davila, A. and Foster, G. (2005). Management accounting systems adoption decisions: evidence and performance implications from early-stage/startup companies. *The Accounting Review*, 80(4), 1039-1068.

Davila, A. and Foster, G. (2007). Management control systems in early-stage startup companies. *The Accounting Review*, 82(4), 907-937.

Davila, A., Foster, G. and Li, M. (2009). Reasons for management control systems adoption: Insights from product development systems choice by early-stage entrepreneurial companies. *Accounting, Organizations and Society*, 34(3), 322-347.

Davis, J. H., Schoorman, F. D. and Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22(1), 20-47.

de Jong, R. D., Bouhuys, S. A., and Barnhoorn, J. C. (1999). Personality, self-efficacy and functioning in management teams: A contribution to validation. *International Journal of Selection and Assessment*, Vol. 7, pp. 46-49.

Deci, E. L. and Ryan, R. M. (2000). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry*, 11(4), 227-268.

de Laine, M. (2000). *Fieldwork Participation and Practice. Ethics and Dilemmas in Qualitative Research*. London: Sage Publications.

Denscombe, M. (1998). *The Good Research Guide for Small Scale Social Research Projects*. Buckingham: Open University Press.

Denzin, N.K. and Lincoln, Y. S. (1994). *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage, Chapter 1: 1–17.

Denzin, N. K. and Lincoln, Y. S. (2005). *The Sage book of qualitative research*.

de Stobbeleir, K. E. M., Ashford, S. J. and Buyens, D. (2011). Self-regulation of creativity at work: The role of feedback-seeking behavior in creative performance. *Academy of Management Journal*, 54, 811– 831.

Dessein, W. (2002). Authority and communication in organizations. *Rev. Econom. Stud.* 69(4):811–838.

DeTienne, D. R. (2010). Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development. *Journal of Business Venturing*, 25(2), 203-215.

DeTienne, D., and Cardon, M. (2010). Impact of founder experience on exit intentions. *Small Business Economics*, 38(4), 351-374.

DeTienne, D. R., Shepherd, D. A. and De Castro, J. O. (2008). The fallacy of “only the strong survive”: The effects of extrinsic motivation on the persistence decisions for under-performing firms. *Journal of Business Venturing*, 23(5), 528-546.

De Vries, M. K. (1989). “Can you survive an entrepreneur?” in Kao, J.J. (Ed.), *Entrepreneurship, Creativity and Organization*, Prentice-Hall, Englewood Cliffs, NJ.

Dirks, K. T., Cummings, L. L. and Pierce, J. L. (1996). Psychological ownership in organizations: Conditions under which individuals promote and resist change. In R. W. Woodman & W. A. Pasmore (Eds.), *Research in organizational change and development* (Vol. 9, pp. 1–23). Greenwich, CT: JAI Press.

Dirks K. T. and Ferrin D. L. (2001). The role of trust in organizational settings. *Organization Science*, 12, 450–467.

Dittmar, H. (1992). *The Social Psychology of Material Possessions. To Have Is To Be*. Harvester Wheatsheaf: New York.

Dobrajska, M., Billinger, S. and Karim, S. (2015). Delegation within hierarchies: How information processing and knowledge characteristics influence the allocation of formal and real decision authority. *Organization Science*, 26(3), 687-704.

Dobrev, S. D. and Barnett, W. P. (2005). Organizational roles and transition to entrepreneurship. *The Academy of Management Journal*, 48(3), 433-449.

- Dodd, S. D. (2002). Metaphors and meaning: a grounded cultural model of us entrepreneurship. *Journal of Business Venturing*, 17(5), 519–535.
- Dodge, H. R., Fullerton, S. and Robbins, J. E. (1994). The stage of the organizational life-cycle and competition as mediators of problem perception for small businesses. *Strategic Management Journal*, 15, 121–134.
- Dougherty, D. (2002). *Grounded theory research methods*. In: Baum, J.A.C. (ed), *The Blackwell Companion to Organizations*. Padstow, UK: Blackwell, pp. 849–66.
- Drucker, Peter F. (1985). *Innovation and Entrepreneurship*. New York: Harper & Row.
- Duncan, N. G. (1981). Home ownership and social theory. In J. S. Duncan (Ed.), *Housing and identity: Cross-cultural perspectives* (pp. 98 –134). London: Croom Helm.
- Edmondson, A. C. and McManus, S. E. (2007). Methodological fit in management field research. *The Academy of Management Review*, 32(4), 1155-1179.
- Edney, J. J. (1974). Human territoriality. *Psychological Bulletin*, 81(12), 959.
- Edwards, R. (1979). *Contested Terrain: The Transformation of the Workplace in the Twentieth Century*. Basic Books, New York, NY.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14, 532–50.
- Eisenhardt, K. M. and Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of management journal*, 50(1), 25-32.

Ensley, M. D., Carland, J. W. and Carland, J. C. (1998). The effect of entrepreneurial team skill heterogeneity and functional diversity on new venture performance. *Journal of Business and Entrepreneurship*, 10(1), 1.

Ensley, M. D., Carland, J. W. and Carland, J. C. (2000). Investigating the existence of the lead entrepreneur. *Journal of Small Business Management*, 38(4), 59.

Ensley M. D. and Pearce, C. L. (2001). Shared cognition in top management teams: Implications for new venture performance. *Journal of Organizational Behavior*, 22(2), 145-160.

Etzioni, A. (1991). The socio-economics of property. *Journal of Social Behavior and Personality*, 6(6), 465.

Fattoum, A. and Delmar, F. (2012). Founder Status, Defensive Mechanisms and IPO Underpricing. *Frontiers of Entrepreneurship Research*, 32(5), 1.

Fendt, J. and Sachs, W. (2008). Grounded theory method in management research: Users' perspectives. *Organizational Research Methods*, 11(3), 430-455.

Flamholtz, E. (1986). How to make the transition from an entrepreneurship to a professionally managed firm (1st -- ed.). San Francisco: Jossey-Bass.

Flamholtz, E. (1995). Managing organizational transitions: implications for corporate and human resource management. *European Management Journal*, 13(1), 39-51.

Forbes, D. P. (2005). Are some entrepreneurs more overconfident than others? *Journal of Business Venturing*, 20(5), 623-640.

Foss, K., Foss, N. J. and Klein, P. G. (2007). Original and derived judgment: An entrepreneurial theory of economic organization. *Organization Studies*, 28(12), 1893-1912.

Foss, K., Foss, N. J. and Vázquez, X. H. (2006;2005;). 'tying the manager's hands': Constraining opportunistic managerial intervention. *Cambridge Journal of Economics*, 30(5), 797-818.

Foss, N. J. (1993). 'Theories of the firm: Contractual and competence perspectives'. *Journal of Evolutionary Economics* 3: 127–144.

Foss, N. J., and Klein, P. G. (2005). 'Entrepreneurship and the economic theory of the firm: Any gains from trade?' in *Handbook of entrepreneurship: Disciplinary perspectives*. Rajshree Agarwal, Sharon A. Alvarez, and Olav Sorenson (eds). Norwell, MA: Kluwer.

Furby, L. (1978). Possession in humans: An exploratory study of its meaning and motivation. *Social Behavior and Personality: an international journal*, 6(1), 49-65.

Furby, L. (1980). The origins and early development of possessive behavior. *Political Psychology*, 2(1), 30-42.

Gagné, M. and Deci, E. L. (2005). Self-determination theory and work motivation. *Journal of Organizational Behavior*, 26, 331-362.

Galbraith, J. (1982). The stages of growth. *Journal of Business Strategy*, 3, 70–79.

Garcia-Gutierrez, I. and Martinez-Borreguero, F. J. (2016). The innovation pivot framework: Fostering business model innovation in startups. A new tool helps

entrepreneurs design business models by identifying the sources of competitive advantage embedded in an innovation. *Research-Technology Management*, 59(5), 48.

Gartner, W. B. and Birley, S. (2002). Introduction to the special issue on qualitative methods in entrepreneurship research. *Journal of Business Venturing*, 17(5), 387-395.

Gatewood, E. (1993). The expectancies in public sector venture assistance. *Entrepreneurship Theory and Practice*, 17, 91-91.

Gatewood, E. J., Shaver, K. G., Powers, J. B. and Gartner, W. B. (2002). Entrepreneurial expectancy, task effort, and performance\*. *Entrepreneurship theory and practice*, 27(2), 187-206.

Gersick, C. (1988). Time and transition in work teams: Toward a new model of group development. *Academy of Management Journal*, 31, 9-41.

Gillham, B. (2000). *Case study research methods*. London: Continuum.

Gimeno, J., Folta, T. B., Cooper, A. C. and Woo, C. Y. (1997). Survival of the fittest? Entrepreneurial human capital and the persistence of underperforming firms. *Administrative science quarterly*, 750-783.

Glaser, B. G. (1992). *Basics of grounded theory analysis: Emergence vs forcing*. Sociology press.

Glaser, B. G. (1978). *Theoretical sensitivity: Advances in the methodology of grounded theory*. Sociology Pr.

Glaser, B. G. and Strauss, A. L. (1967) *The Discovery of Grounded theory: Strategies for qualitative research*. Chicago, IL: Aldine.

Granovetter, M. (1984). Small is bountiful: Labor markets and establishment size. *American Sociological Review*, 323-334.

Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic Management J.*, 17(S2), 109-122.

Greiner, L. E. (1972). Evolution and revolution as organizations grow. *Harvard Business Review*, 37-46.

Guba, E. G. and Lincoln, Y. S. (1994). Competing paradigms in qualitative research. *Handbook of qualitative research*, 2, 163-194.

Hallberg, L. R. (2006). The “core category” of grounded theory: Making constant comparisons. *International journal of qualitative studies on health and well-being*, 1(3), 141-148.

Hambrick, D. C. and Crozier, L. M. (1985). Stumblers and stars in the management of rapid growth. *Journal of Business Venturing*, 1(1), 31-45.

Hammond, M., Howarth, J. and Keat, R. (1991). *Understanding Phenomenology*. Oxford: Basil Blackwell.

Handler, W. C. (1990). Succession in family firms: A mutual role adjustment between entrepreneur and next-generation family members. *Entrepreneurship Theory and Practice*, 15(1), 37-52.

- Handler, W. C. and Kram, K. E. (1988). Succession in family firms: The problem of resistance. *Family Business Review*, 1(4), 361-381.
- Harris, M. and Raviv, A. (2006). A theory of board control and size. *The Review of Financial Studies*, 21(4), 1797-1832.
- Harris, S. and Sutton, R. (1986). Functions of parting ceremonies in dying organizations. *Academy of Management Journal*, 29, 5-30.
- Hart, O. (1995). *Firms, contracts and financial structure*. Oxford: Clarendon Press.
- Harter, S. (1998). *The development of self-representations*.
- Harter, S. L. (2001). Constructivist psychology of child abuse and implications for psychotherapy. *The Humanistic Psychologist*, 29(1-3), 40-69.
- Hayward, M. L., Shepherd, D. A. and Griffin, D. (2006). A hubris theory of entrepreneurship. *Management Science*, 52(2), 160-172.
- Heidegger, M. (1967). *Being and time* (J. Macquarrie & E. Robinson, Trans.). Oxford, England: Basil Blackwell. (Original work published 1927).
- Hershon, S. A. (1975). *The problems of management succession in family businesses*. Ph.D, dissertation. Harvard University.
- Hindle, K. (2004). Choosing qualitative methods for entrepreneurial cognition research: A canonical development approach. *Entrepreneurship Theory and Practice*, 28(6), 575–607.

Hmieleski, K. M. and Ensley, M. D. (2007). A contextual examination of new venture performance: entrepreneur leadership behavior, top management team heterogeneity, and environmental dynamism. *Journal of Organizational Behavior*, **28**(7), 865-889.

Hoang, H. and Gimeno, J. (2010). Becoming a founder: How founder role identity affects entrepreneurial transitions and persistence in founding. *Journal of Business Venturing*, **25**(1), 41-53.

Hofer, C. W. and Charan. R. (1984). The transition to professional management: Mission impossible? *Amer J. Small Bus.* **9**(1) 1-11.

Holmström, B. (1979). 'Moral hazard and observability'. *Bell Journal of Economics* **10**: 74–91.

Hsu, D. K. (2013). 'This is my venture!' The effect of psychological ownership on intention to reenter entrepreneurship. *Journal of Small Business & Entrepreneurship*, **26**(4), 387-402.

Huber, G. P. and Power, D. J. (1985). Retrospective reports of strategic-level managers: Guidelines for increasing their accuracy. *Strategic management journal*, **6**(2), 171-180.

Ikävalko, M., Pihkala, T. and Kraus, S. (2010). The Role of Owner-Managers' Psychological Ownership in SME Strategic Behaviour. *Journal of Small Business & Entrepreneurship*, **23**(3), 461-479.

Isaacs, S. (1933). *Social development in young children*. London: Routledge & Kegan Paul.

- Isabella, L. A. (1990). Evolving interpretations as a change unfolds: How managers construe key organizational events. *Academy of Management Journals*, 33(1), 7-41.
- James, W. (1890). 1950. *The principles of psychology*.
- Janesick, V. J. (2000). The choreography of qualitative research design. *Handbook of qualitative research*, 379-399.
- Jensen, M. C. and Meckling, W. H. (1976). Agency Costs and the Theory of the Firm. *Journal of Financial Economics*, 3(4), 305-360.
- Jensen, M. C. and Meckling, W. H. (1992) Specific and general knowledge, and organizational structure. Werin L, Hijkander H, eds. *Contract Economics* (Basil Blackwell, Cambridge, MA), 251–274.
- Johnson-George, C. and Swap, W. C. (1982). Measurement of specific interpersonal trust: Construction and validation of a scale to assess trust in a specific other. *Journal of personality and social psychology*, 43(6), 1306.
- Jong, A. d., Song, M., and Zong, L. Z. (2011): How Lead Founder Personality Affects New Venture Performance: The Mediating Role of Team Conflict. *Journal of Management*, Vol. 37 (No. 5), pp. 1-30.
- Kamm, J. B., Shuman, J. C., Seeger, J. A. and Nurick, A. J. (1990). Entrepreneurial teams in new venture creation: A research agenda. *Entrepreneurship Theory and Practice*, 14(4), 7-17.

Kang, J. H., Solomon, G. T. and Choi, D. Y. (2015). CEOs' leadership styles and managers' innovative behaviour: Investigation of intervening effects in an entrepreneurial context. *Journal of Management Studies*, 52(4), 531-554.

Kazanjian, R. K. (1988). Relation of dominant problems to stages of growth in technology-based new ventures. *Academy of management journal*, 31(2), 257-279.

Kempster, S. and Cope, J. (2010). Learning to lead in the entrepreneurial context. *International Journal of Entrepreneurial Behavior & Research*, 16(1), 5-34.

Kim, K. Y. and Patel, P. C. (2017). Employee ownership and firm performance: A variance decomposition analysis of European firms. *Journal of Business Research*, 70, 248-254.

Kirzner, I. M. (1973). *Entrepreneurship and competition*. Chicago: University of Chicago Press.

Kline, L. and France, C. J. (1899). The psychology of mine. *Pedagogical Seminary & Genetic Psychology*, 6, 421-470.

Klotz, A. C. and Neubaum, D. O. (2016). Article commentary: Research on the dark side of personality traits in entrepreneurship: Observations from an organizational behavior perspective. *Entrepreneurship Theory and Practice*, 40(1), 7-17.

Knapp, M. L. (1978). *Non-verbal communication in human interaction*. New York: Holt, Rinehart and Winston.

Knight, F. H. (1921). *Risk, uncertainty, and profit*. New York: August M. Kelley.

- Krueger, D. A. and Feeser, H. R. (1992). In order to grow, must the founder go: A comparison of performance between founder and non-founder managed high-growth manufacturing firms. *Journal of Business Venturing*, 7(3), 181-194.
- Kuhn's, T. (1962). The structure of scientific revolutions. *University of Chicago*.
- Kunnanatt, J. T. (2004). Emotional intelligence: The new science of interpersonal effectiveness. *human resource development quarterly*, 15(4), 489-495.
- Langlois, R. N., and Cosgel, M. (1993). 'Frank Knight on risk, uncertainty, and the firm: A new interpretation'. *Economic Inquiry* 31: 456–465.
- Lansberg, I. (1988). The succession conspiracy. *Family Business Review*, 1(2), 119-143,
- LaPiere, R. T. (1934). Attitudes vs. actions. *Social forces*, 13(2), 230-237.
- Leana, C. R. (1987). Power relinquishment versus power sharing: Theoretical clarification and empirical comparison of delegation and participation. *Journal of Applied Psychology*, 72(2), 228.
- Lechler, T. (2001). Social interaction: A determinant of entrepreneurial team venture success. *Small Business Economics*, 16: 263-278.
- Lee, T. W., Mitchell, T. R. and Sablynski, C. J. (1999). Qualitative research in organizational and vocational psychology, 1979–1999. *Journal of vocational behavior*, 55(2), 161-187.
- Leitch, C.M., McMullan, C. and Harrison, R. (2009). Leadership development in SMEs: an action learning approach. *Action Learning: Research and Practice*, 6, pp. 243–263.

LeVasseur, J. J. (2003). The problem of bracketing in phenomenology. *Qualitative health research, 13*(3), 408-420.

Levie, J. and Lichtenstein, B. B. (2010). A terminal assessment of stages theory: Introducing a dynamic states approach to entrepreneurship. *Entrepreneurship Theory and practice, 34*(2), 317-350.

Lewis, J. D. and Weigert, A. (1985). Trust as a social reality. *Social Forces, 63*(4), 967-985.

Lewis, V. L. and Churchill, N. C. (1983). The five stages of small business growth. *Harvard business review, 61*(3), 30-50.

Lichtenstein, B. M. B. and Brush, C. G. (2001) How do 'resource bundles' develop and change in new ventures? A dynamic model and longitudinal exploration. *Entrepreneurship Theory and Practice, 25*: 37–58.

Lincoln, Y. S. and Guba, E. G. (1985). Establishing trustworthiness. *Naturalistic inquiry, 1985*, 289-331.

Locke, K. (2001). *Grounded theory in management research*. Sage.

Lyman, S. M. and Scott, M. B. (1967). Territoriality: a neglected sociological dimension. *Social Problems, 15*, 236–249.

Lyons, P. R. (2016). Making the case for manager delegation of authority. *Human Resource Management International Digest, 24*(5), 1-3.

Macpherson, A. (2005). Learning how to grow: resolving the crisis of knowing. *Technovation, 25*(10), 1129-1140.

Mäkelä and Turcan (2007). *Building grounded theory in entrepreneurship research. Handbook of Qualitative Research Methods in Entrepreneurship*. Edward Elgar Publishing, 122-143.

Martin, P. Y. and Turner, B. A. (1986). Grounded theory and organizational research. *The Journal of Applied Behavioral Science*, 22(2), 141-157.

Mazzarol, t. (2003). A model of small business HR growth management. *International Journal of Entrepreneurial Behavior & Research*, 9(1), 27-49.

McCarthy, Anne M., Krueger, D.A., and Schoenecker, T.S. (1990). Changes in the time allocation patterns of entrepreneurs. *Entrepreneurship Theory & Practice*, 15, 7-18.

McKelvie, A., Wiklund, J., IHH, ESOL (Entrepreneurship, Strategy, Organization, Leadership), Högskolan i Jönköping, IHH, F., & Internationella Handelshögskolan. (2010). Advancing firm growth research: A focus on growth mode instead of growth rate. *Entrepreneurship Theory and Practice*, 34(2), 261-288.

Miller, D. and Friesen, P. H. (1984). A longitudinal study of the corporate life cycle. *Management science*, 30(10), 1161-1183.

Mintzberg, H. (1983). *Structures in Fives*. Prentice-Hall, Englewood Cliffs, NJ.

Morris, M. H., Kuratko, D. F., Schindehutte, M. and Spivack, A. J. (2012). Framing the entrepreneurial experience. *Entrepreneurship Theory and Practice*, 36(1), 11-40.

Mishra, A. K. (1996). Organizational responses to crisis. *Trust in organizations: Frontiers of theory and research*, 261.

- Morse, J. M., Barrett, M., Mayan, M., Olson, K. and Spiers, J. (2008). Verification strategies for establishing reliability and validity in qualitative research. *International journal of qualitative methods*, 1(2), 13-22.
- Morse, J. and Richards, L. (2002). *Read me first for a user's guide to qualitative research*. CA, US: Sage Publications Thousand Oaks.
- Moores, K. and Yuen, S. (2001). Management accounting systems and organizational configuration: a life-cycle perspective. *Accounting, organizations and society*, 26(4-5), 351-389
- Moustakas, C. (1994). *Phenomenological research methods*. Sage Publications.
- Neergaard, H. and Ulhøi, J. P. (Eds.). (2007). *Handbook of qualitative research methods in entrepreneurship*. Edward Elgar Publishing.
- Nuttin, J. M. (1987). Affective consequences of mere ownership: The name letter effect in twelve European languages. *European Journal of Social Psychology*, 17(4), 381-402.
- Olson, J. M., Roese, N. J. and Zanna, M. P. (1996). *Expectancies*.
- O'Reilly, K., Paper, D. and Marx, S. (2012). Demystifying grounded theory for business research. *Organizational Research Methods*, 15(2), 247-262.
- Ouchi, W. G. (1977). The relationship between organizational structure and organizational control. *Administrative science quarterly*, 95-113.
- Pataconi, A. (2009). Coordination and delay in hierarchies. *The RAND Journal of Economics*, 40(1), 190-208.

- Patton, M. Q. (2002). *Qualitative research and evaluation methods (3<sup>rd</sup> ed.)*. London: Sage.
- Perren, L. and Grant, P. (2001). Management and leadership in UK SMEs: Witness testimonies from the world of entrepreneurs and SME managers.
- Perren, L. and Ram, M. (2004) Case-study method in small business and entrepreneurial research: Mapping boundaries and perspectives. *International Small Business Journal*, 22(1): 83–101.
- Perrow, C. (1967). A framework for the comparative analysis of organizations. *American sociological review*, 194-208.
- Pettigrew, A. M. (1990). Longitudinal field research on change: Theory and practice. *Organization Science*, 1(3), 267-292.
- Phelps, R., Adams, R. and Bessant, J. (2007). Life cycles of growing organizations: A review with implications for knowledge and learning. *International Journal of Management Reviews*, 9(1), 1-30.
- Pierce, J. L. and Jussila, I. (2010). Collective psychological ownership within the work and organizational context: Construct introduction and elaboration. *Journal of Organizational Behavior*, 31(6), 810-834.
- Pierce, J. L., Jussila, I. and Cummings, A. (2009). Psychological ownership within the job design context: Revision of the job characteristics model. *Journal of Organizational Behavior*, 30(4), 477-496.

- Pierce, J. L., Kostova, T. and Dirks, K. T. (2001). Towards a theory of psychological ownership in organizations. *Academy of Management Review*, 26, 298–310.
- Pierce, J. L., Kostova, T. and Dirks, K. T. (2003). The state of psychological ownership: Integrating and extending a century of research. *Review of general psychology*, 7(1), 84.
- Pierce, J. L., Rubenfeld, s. A. and Morgan, S. (1991). Employee ownership: A conceptual model of process and effects. *Academy of Management Review*, 16, 121–144.
- Pinnegar, S. and Daynes. J. G. (2007). Locating narrative inquiry historically: Thematics in the turn to narrative. *Handbook of Narrative Inquiry Methodologies*. Thousand Oaks, CA: Sage Publications.
- Porteous, J. D. (1976). Home: The territorial core. *Geographical Review*, 66, 383–390.
- Pratt, M. G. and Dutton, J. E. (1998). *Owning up or opting out: The role of identities and ambivalence in issue ownership* (Working paper). Champaign: University of Illinois at Urbana–Champaign.
- Psathas, G. (1995). *Conversation analysis: The study of talk-in-interaction* (Vol. 35). Sage.
- Quinn, R. E. and Cameron, K. (1983). Organizational life cycles and shifting criteria of effectiveness: Some preliminary evidence. *Management science*, 29(1), 33-51.
- Radner, R. (1993). The organization of decentralized information processing. *Econometrica*, 61(5), 1109-1146.
- Rauch, A. and Frese, M. (2007). Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owners' personality

traits, business creation, and success. *European Journal of Work and Organizational Psychology*, 16(4), 353-385.

Riessman, C. K. (2008). *Narrative methods for the human sciences*. Newbury Park, CA: Sage Publications.

Rempel, J. K., Holmes, J. G. and Zanna, M. P. (1985). Trust in close relationships. *Journal of personality of social psychology*, 49(1), 95.

Rennie, D. L. (2006). The grounded theory method: Application of a variant of its procedure of constant comparative analysis to psychotherapy research. In *Qualitative research methods for psychologists*. (pp. 59-78).

Reynolds, P. D. and White, S. B. (1997). *The entrepreneurial process: Economic growth, men, women, and minorities*. Praeger Pub Text.

Roberts, J. (2004). *The Modern Firm*. Oxford University Press, London, UK.

Robinson, S. (2006). Learning to lead: developing SME leadership support for business development. In *Proceedings of the 27th ISBE National Small Firms Policy and Research Conference*, Cardiff, November.

Robinson, S. (2007). Relational learning: towards a model of owner-manager development. In *proceedings of the HRD Conference*, London, April.

Rochberg-Halton, E. (1980). Cultural signs and urban adaptation: The meaning of cherished household possessions (Doctoral dissertation, University of Chicago).

*Dissertation Abstracts International*, 40 (08), 4754A–4755A.

Rouse, E. D. (2016). Beginning's end: How founders psychologically disengage from their organizations. *Academy of Management Journal*, 59(5), 1605-1629.

Rouse, E. D. Where you end and I begin: Understanding intimate co-creation. *Academy of Management Review*, in press.

Rubenson, G. C. and Gupta, A. K. (1996). The initial succession: A contingency model of founder tenure. *Entrepreneurship Theory and Practice*, 21, 21-36.

Rudmin, F. W. and Berry, J. W. (1987). Semantics of ownership: A free-recall study of property. *The Psychological Record*, 37(2), 257-268.

Rutherford, M. W., Buller, P. F. and McMullen, P. R. (2003). Human resource management problems over the life-cycle of small to medium-sized firms. *Human Resource Management*, 42, 321-335.

Ryan, R. M. and Deci, E. L. (2000). The darker and brighter sides of human existence: Basic psychological needs as a unifying concept. *Psychological Inquiry*, 11(4), 319-338.

Sandberg, W. R. (1992). Strategic management's potential contributions to a theory of entrepreneurship. *Entrepreneurship Theory and Practice*, 16(3), 73-90.

Sartre, J. P. (1969). *Being and nothingness: A phenomenological essay on ontology*. New York: Philosophical Library. (Original work published 1943)

Schindehutte, M., Morris, M. and Allen, J. (2006). Beyond achievement: Entrepreneurship as extreme experience. *Small Business Economics*, 27(4/5), 349-368.

Schreiber, R. S. (2001). The “how to” of grounded theory: Avoiding the pitfalls. In R. S. Schreiber & P. N. Stern (Eds.), *Using Grounded Theory in Nursing* (pp.55-83). New York, NY: Springer.

Scitovszky, T. D. (1943). "A note on profit maximization and its implications." *Review of Economic Studies* **11**(1): 57-60.

Scott, M. and Bruce, R. (1987). Five stages of growth in small business. *Long Range Planning*, 20, 45 –52.

Shane, S., Kolveraid, L. and Westhead, P. (1991). An exploratory examination of the reasons leading to new firm formation across country and gender. *Journal of Business Venturing* **6**(6): 431– 446.

Shepherd, D. and Haynie, J. M. (2009). Family business, identity conflict, and an expedited entrepreneurial process: A process of resolving identity conflict. *Entrepreneurship theory and practice*, 33(6), 1245-1264.

Shim, S., Eastlick, M. A. and Lotz, S. (2000). Examination of US Hispanic-owned, small retail and service businesses: an organizational life cycle approach. *Journal of Retailing and Consumer Services*, 7(1), 19-32.

Silverman, D. (2000). *Analyzing talk and text*. Handbook of qualitative research, 2, 821-834.

Simons, R. (1994). How managers use innovative control systems to drive strategic renewal. *Strategic Management Journal*, 15, 169-189.

- Simons, R. (1995a). *Levers of Control*. Harvard University Press, Boston.
- Simons, R. (1995b). Control in an age of empowerment. *Harvard Business Review*, 80-88.
- Sliwka, D. (2001). On the costs and benefits of delegation in organizations. *Journal of Institutional and Theoretical Economics*, 157(4): 568-590.
- Simon, H. (1991). Organizations and Markets. *The Journal of Economic Perspectives*, 5(2), 25-44.
- Smith, K. G., Mitchell, T. R. and Summer, C. E. (1985). Top level management priorities in different stages of the organizational life cycle. *Academy of management Journal*, 28(4), 799-820.
- Sommer, R. (1974). *Tight spaces: Hard architecture and how to humanize it*. Englewood Cliffs, NJ: Prentice-Hall.
- Spradley, J. (1979). *Participant observation*. New York: Holt Rinehart & Winston.
- Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal*, 38(5), 1442-1465.
- Stake, R. E. (2005). *Qualitative case studies*. In N. K. Denzin and Y. S. Lincoln (Eds.) *Sage Handbook of Qualitative Research* (3rd ed) (p.443-466). Thousand Oaks: Sage.
- Stea, D., Foss, K. and Foss, N. J. (2015). A neglected role for organizational design: supporting the credibility of delegation in organizations. *Journal of Organizational Design*, 4(3), 3-17.

- Stevenson, H. H. and Carlos Jarrillo-Mossi, J. (1986). preserving entrepreneurship as companies grow. *Journal of Business Strategy*, **7**(1), 10-23.
- Storey, D. J. and Tether, B. S. (1998). New technology-based firms in the European Union: an introduction. *Research policy*, **26**(9), 933-946.
- Strauss, A. (1987). *Qualitative Analysis for Social Scientists*. New York: Cambridge University Press.
- Strauss, A. and Corbin, J. (1990). *Basics of Qualitative Research: Grounded theory procedures and techniques*. Newbury Park, CA: Sage.
- Strauss, A. and Corbin, J. (1994). *Grounded theory methodology: An overview*. In Denzin, N. K. and Lincoln, Y. S. (eds), *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage, pp. 273–85.
- Strauss, A. and Corbin, J. (1998). *Basics of Qualitative Research: Techniques and procedures for developing grounded theory*. Thousand Oaks, CA: Sage.
- Suddaby, R. (2006). From the editors: What grounded theory is not. *Academy of management journal*, **49**(4), 633-642.
- Suddaby, R., Bruton, G. D. and Si, S. X. (2015). Entrepreneurship through a qualitative lens: Insights on the construction and/or discovery of entrepreneurial opportunity. *Journal of Business venturing*, **30**(1), 1-10.
- Sundstrom, E. and Sundstrom, M. G. (1986). *Work places: The psychology of the physical environment in offices and factories*. New York: Cambridge University Press.

- Tashakori, M, (1980). *Management succession: From the owner-founder to the professional manager*. New York: Praeger.
- Terpstra, D.E. and Olson, P. D. (1993). Entrepreneurial Start-up and Growth: A Classification of Problems. *Entrepreneurship: Theory & Practice*, 17(3), 5–19.
- Thorpe, R., Cope, J., Ram, M. and Pedler, M. (2009). Leadership development in small and medium-sized enterprises: the case for action learning. *Action Learning: Research and Practice*, 6, pp. 201–208.
- Timmons, J. A. (1999), *New Venture Creation: Entrepreneurship for the 21st Century*, 5th ed., Irwin McGraw-Hill, Boston, MA.
- Thomas, K. and Velthouse, B. (1990). Cognitive elements of empowerment: An interpretive model and intrinsic task motivation. *Academy of Management Review*, 15(4), 666-681.
- Townsend, D. M., DeTienne, D., Yitshaki, R. and Arthurs, J. D. (2009). The psychological ownership of entrepreneurial organizations: theoretical and model development. *Frontiers of Entrepreneurship Research*, 29(6), 3.
- Townsend, D. M. and Busenitz, L. W. (2008). Factor payments, resource-based bargaining, and the creation of firm wealth in technology-based ventures. *Strategic Entrepreneurship Journal*, 2(4), 339-355.

- Vanaelst, I., Clarysse, B., Wright, M., Lockett, A., Moray, N. and S'Jegers, R. (2006). Entrepreneurial team development in academic spinouts: An examination of team heterogeneity. *Entrepreneurship Theory and Practice*, 30(2), 249-271.
- Van-Dijk, D. and Kluger, A. N. (2004). Feedback sign effect on motivation: Is it moderated by regulatory focus? *Applied Psychology*, 53(1), 113-135.
- Van Maanen, M. (1990). Researching lived experiences. New York: State University of New York Press.
- Von Hayek, F. A. (1945). 'The use of knowledge in society', in Von Hayek (1948). *Individualism and economic order*. Chicago: University of Chicago Press.
- Von Mises, L. (1949). *Human action*. New Haven: Yale University Press.
- Vroom V. H. (1964). *Work and Motivation*. John Wiley & Sons: New York, NY.
- Wasserman, N. (2003). Founder-CEO succession and the paradox of entrepreneurial success. *Organization Science*, 14(2), 149-172.
- Wasserman, N. (2006). Stewards, agents, and the founder discount: Executive compensation in new ventures. *Academy of Management Journal*, 49(5), 960-976.
- Wasserman, N. (2008). The founder's dilemma. *Harvard Business Review*, 86(2), 102-109.
- Watt, D. (2007). On Becoming a Qualitative Researcher: The Value of Reflexivity. *Qualitative Report*, 12(1), 82-101.

Weinstein, N. and Ryan, R. M. (2010). When helping helps: Autonomous motivation for prosocial behavior and its influence on well-being for the helper and recipient. *Journal of Personality and Social Psychology*, 98(2), 222-244.

Wennekers, S. and Thurik, R. (1999). Linking entrepreneurship and economic growth. *Small business economics*, 13(1), 27-56.

Wernerfelt, B. (2007). Delegation, committees, and managers. *Journal of Economics & Management Strategy*, 16(1), 35-51.

West, G. P. (2007). Collective cognition: When entrepreneurial teams, not individuals, make decisions. *Entrepreneurship Theory and Practice*, 31, 77-102.

White, R. W. (1959). Motivation reconsidered: the concept of competence. *Psychological review*, 66(5), 297.

Wicker, A. (1985). Getting out of our conceptual ruts: Strategies for expanding conceptual frameworks. *American Psychologist*, 40(10), 1094.

Wigren, C. (2007). 15 Assessing the quality of qualitative research in entrepreneurship. *Handbook of qualitative research methods in entrepreneurship*, 383.

Wiklund, J., Davidsson, P. and Delmar, F. (2003). What do they think and feel about growth? An expectancy-value approach to small business managers' attitudes towards growth. *Entrepreneurship Theory & Practice*, 26: 247-270.

- Wiklund, J. and Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation and the performance of small and medium-sized businesses. *Strategic Management Journal*, 24(13), 1307–1314.
- Wilfling, S. (2012). *For Whom the Bell Tolls-Personality and various motives of entrepreneurial exit*.
- Willard, G. E., Krueger, D. A. and Feeser, H. R. (1992). In order to grow, must the founder go: A comparison of performance between founder and non-founder managed high-growth manufacturing firms. *Journal of Business Venturing*, 7(3), 181-194.
- Williamson, O. E. (1996). *The mechanisms of governance*. Oxford: Oxford University Press.
- Wilson, E. J. and Vlosky, R. P. (1997). Partnering relationship activities: building theory from case study research. *Journal of Business Research*, 39(1), 59-70.
- Wollman, N., Kelly, B. M. and Bordens, K. S. (1994). Environmental and intrapersonal predictors of reactions to potential territorial intrusions in the workplace. *Environment and Behavior*, 26, 179–194.
- Wynarczyk, P., Storey, R., Short, A. and Keasey, K. (1993). Managerial Labour markets in Small Firms.
- Yin, R. K. (1994). *Case Study Research: Design and methods*. Thousand Oaks, CA: Sage.
- Yukl, G. A. (2013). *Leadership in Organizations* (8th ed.). Boston, MA: Pearson.

Yukl, G. A. and Becker, W. S. (2006). Effective empowerment in organizations.

*Organization Management Journal*, 3(3), 210-231.

Zimmerman, M. A. and Zeitz, G. J. (2002). Beyond survival: Achieving new venture

growth by building legitimacy. *Academy of management review*, 27(3), 414-431.

## Appendix A: Informed Consent Forms

### Letter of information for implied consent

知情同意书

### Entrepreneurial Delegation

创业式授权

You are invited to participate in a research entitled Entrepreneurial Delegation that is being conducted by Ms. Helena Zhu. Helena Zhu is a PhD candidate in University of Victoria, Canada and her contact is [REDACTED]

您被邀请参与一项如题由 Ms. Helena Zhu 发起的研究。Ms. Helena Zhu 是加拿大维多利亚大学戈斯塔伍森商学院的博士生，如有任何疑问，您可以通过手机或邮件联系她，她的联系方式是 [REDACTED]

### Purpose and Objectives

## 研究目标

The purpose of this research is to understand the process of entrepreneurial delegation. I hope my research findings will provide insight for understanding how firm founders delegate effectively to their first professional managers for venture growth, and thus be of reference value to current and future entrepreneurs.

此项研究旨在理解创业式授权的过程。我希望研究结果能帮助了解创业者如何有效授权给他的第一批外聘职业经理人，从而为现在及未来的创业者提供参考。

## Participants Selection

### 入选标准

I have identified three groups of participants as the target of my research, and would like to ask for your consent to be one of my respondents. The target participants include the following groups: 1) founder-entrepreneurs and their co-founders (if any) in small- and medium-sized technology entrepreneurial firms in several incubators that provide incentives and services specifically to encourage entrepreneurial pursuits; 2) the first one or a few professional managers (such as Chief Finance Officer, Chief Operating Officer and Chief Executive Officer) in each firm; 3) external investors in the technology sector.

我选择 3 组人群作为研究对象，希望您能够同意参与此项研究。此 3 组人群分别为：1) 位于孵化器内的科技创业企业的创始人或者创始团队；2) 该创业企业的首批外聘职业经理人；3) 科技领域的外部投资人。

What is involved?

如何参与？

Your involvement in the research process would be a face-to-face interview, which should take around two hours with the investigator. I will ask you about your delegation experience. With your permission, this interview will be recorded in an audio format so that I can transcribe it and create an accurate record of your answers. As well, I plan to take notes during the interview in order to have a complete record of the interaction.

您的参与形式为一对一面谈，时长约为 2 小时。在面谈中，我将询问您的创业式授权经历。为了方便我完整的记录谈话内容，此面谈将被录音。同时，我也会做现场笔录。

Voluntary Participation

自愿参与

Your participation in this research should be completely voluntary. You may withdraw your participation at any time and I will exclude any information you have provided from

my data set. Research findings will be used in an aggregated manner in academic papers (for congress presentations, and for possible publication in academic journals) only.

您的参与是完全自愿的。您可以随时退出此项研究，我会排除所有您已经提供的数据。研究结果经整理后仅用于学术文章（如：论文、学术会议交流、杂志发稿等）。

### Anonymity

匿名

I will assure yours and your company's anonymity in my report of research findings, and protect any confidential data you might have disclosed to me during the interview process but not wished to be reported.

我向您保证您和您的公司所有信息在研究报告中均为匿名。如果您不希望公开在面谈中提供的部分信息，我将对其完全保密。

### Confidentiality

保密

Your confidentiality and the confidentiality of the data will be protected by limited access to raw data by the investigator who will take part in the interviewing process and

data transcription. Raw data will be anonymized and aggregated before being presented in research papers.

研究者在数据采集和处理的过程中，将对您及您公司的所有信息完全保密。在研究报告发布之前，数据将被整理。

### Dissemination of Results

#### 结果传播

It is anticipated that the results of this research will be shared with others in the following ways: a summary report of key findings to participants; my dissertation; and academic papers for journal publication.

预计研究结果将以如下形式传播：发给受访者的研究结果报告，我的论文，以及投给杂志的学术文章。

### Disposal of Data

#### 数据处理

All raw data collected will be stored electronically and controlled by the investigator.

Non-anonymous data will be destroyed five years after the close of this research project.

所有数据将由研究者管理及储存。匿名数据将在本研究项目完成 5 年后删除。

## Contact

### 联系

You may contact Ms. Helena Zhu, for any issue related to this research. Her contact information can be found at the beginning of this letter.

如有任何疑问，您可联系研究者 Ms. Helena Zhu。她的联系方式列在这封信件的开头。

In addition, you may verify the ethical approval of this research, or raise any concerns you might have, by contacting the Human Research Ethics Office at the University of Victoria (250-472-4545 or [ethics@uvic.ca](mailto:ethics@uvic.ca)).

另外，如您想验证此项研究的伦理审核结果，或者提出任何疑问，您也可以联系维多利亚大学人类研究伦理办公室 (250-472-4545 或者 [ethics@uvic.ca](mailto:ethics@uvic.ca))。

By completing the interview, YOUR FREE AND INFORMED CONSENT IS IMPLIED and indicates that you understand the above conditions of participation in this research and that you have had the opportunity to have your questions answered by the investigator.

完成面谈将被视为您已知情同意，这意味着您了解以上参与此项研究的条款，并获得机会向研究者提出疑问。

Please retain a copy of this letter for your reference

请留存复印件供参考

## Appendix B: Invitation Letter

### Invitation letter

### 邀请信

Dear Sir or Madam,

尊敬的先生 / 女士：

I am a PhD candidate in the Faculty of Business at the University of Victoria, Canada. I am writing to invite you to participate in a research investigation I am undertaking to comprehend the process of entrepreneurial delegation. I hope my research findings will provide insight for understanding how a founder delegates effectively to his/her first professional managers for venture growth, and thus be of value to current and future entrepreneurs.

我是加拿大维多利亚大学商学院的一名博士生。这封邮件的目的是邀请您参与一项由我发起的旨在理解创业式授权过程的学术研究。我希望研究结果能帮助了解创业者如何有效授权给他的首批外聘职业经理人，从而为现在及未来的创业者提供参考。

I have identified three groups of participants as the target of my research, and would like to ask for your consent to be one of my respondents. The target participants include the following groups: 1) founder-entrepreneurs and their co-founders (if any) in small- and medium-sized technology entrepreneurial firms in several incubators that provide incentives and services specifically to encourage entrepreneurial pursuits; 2) the first one or a few professional managers (such as Chief Finance Officer, Chief Operating Officer and Chief Executive Officer) in each firm; 3) external investors in the technology sector.

我选择 3 组人群作为研究对象，希望您能够同意参与此项研究。此 3 组人群分别为：1) 位于孵化器内的科技创业企业的创始人或者创始团队；2) 该创业企业的首批外聘职业经理人；3) 科技领域的外部投资人。

Your involvement in the research process would be a face-to-face interview, which should take around two hours with me. I will ask you about your delegation experience. With your permission, this interview will be recorded in an audio format so that I can transcribe it and create an accurate record of your answers. As well, I plan to take notes during the interview in order to have a complete record of the interaction.

您的参与形式为一对一面谈，时长约为 2 小时。在面谈中，我将询问您的创业式授权经历。为了方便我完整的记录谈话内容，此面谈将被录音。同时，我也会做现场笔录。

Participants in group 1 please permit me to read internal data related to delegation and venture growth, and allow me to observe executive meetings as many as possible. By so doing, I will be able to develop a deep understanding of the particular delegation model in your organization.

第 1 组的受访者请允许我阅读与授权和增长有关的公司内部资料，并尽可能多的旁听管理层会议，从而让我对您公司的授权模式有深刻的理解。

Your participation in this research is completely voluntary. Research findings will be used in an aggregated manner in academic papers (for my dissertation, congress presentations, and for possible publication in academic journals) only. I will insure your and your company's anonymity in my report of research findings, and protect any confidential data you might have disclosed to us during the interview process but not wished to be reported.

您的参与是完全自愿的。研究结果经整理后仅用于学术文章（如：论文、学术会议交流、杂志发稿等）。我向您保证您和您的公司所有信息在研究报告中均为匿名。如果您不希望公开在面谈中提供的部分信息，我将对其完全保密。

If you are interested in participating in the interview and/ or have questions about the research, please contact me at [REDACTED].

如您有兴趣参与和 / 或有任何关于此项研究的疑问，请与我联系，我的联系方式为

████████████████████。

Your initial content for the interview can be indicated through your email reply to my invitation. I will present you with the consent form in person before the start of the interview.

回复本邮件将被视为您已接受面谈邀请，我将在面谈开始前为您提供知情同意书。

I would like to express my great appreciation for your support in my research.

非常感谢您对此项研究的支持。

Sincerely,

您真诚的，

Helena Zhu

## Appendix C: Semi-Structured Interview Guide

### **Part 1: Consent Notice:**

By participating in this interview, YOUR INFORMED CONSENT IS IMPLIED and indicates that you understand the above conditions of participation in this study and that you have had the opportunity to have your questions answered by the investigator.

### **Part 2: Interview Guide:**

#### **Question list (founders):**

- 1) Why did you choose to become an entrepreneur?
- 2) Could you please provide me a brief introduction of you and the other co-founders (if any)? How did you know your co-founders? Has this collaboration changed your relationships with them? If so, why?
- 3) Do you prefer to work alone or in a team?
- 4) Did you have any prior delegation experience (delegate to others or being delegated)? If yes, please elaborate.
- 5) In order to have an overall view of your current entrepreneurial experience, could you please introduce the development of your company in a chronological order from business idea generation?
- 6) Do you think you (not at all, partially or entirely) own the business ideas and/or the venture? Why?

- 7) How and why the venture team selected you to be the CEO? Was there any conflict during the selection? What did you do to get over it?
- 8) Could you please let me know your organizational structure? How it came into being?
- 9) What is the decision-making procedure in your company? Are you involved in all decisions? Is there any type of decisions you are not involved in? If so, why?
- 10) What is the organizational culture or team chemistry? How it came into being?
- 11) Has the company hired any manager/executive since the business started? Who decided to hire? How did you feel about the idea of hiring from external?
- 12) Do you agree that delegation is imperative and beneficial? Why?
- 13) What is your definition of effective or successful delegation?
- 14) In order to have an overall view of the process of delegation, could you please tell me your delegation with your core professional managers in details?
- 15) What have been and/or will be delegated to the professional managers? What you don't delegate? Why?
- 16) How did you know these professional managers? Has delegation changed your relationships with them? If so, why?
- 17) Is delegation successful in your company? What are the biggest challenges to these professional managers in doing their jobs?
- 18) What are the main challenges in the delegation process to you, and how did you get over them? Tell me some cases to help me understand.
- 19) After delegating did you feel more or less control? Did delegating affect your

connection to the company? After delegating did you know less info about the company?

20) Do you use any management control tactics/tools to facilitate delegation? If so, what are they and how do you use them?

21) How do you motivate managers/executives? Are you willing to offer them company shares/voting rights that may affect your freedom to make important decisions?

22) Do you delegate in the same way to all of your managers, no matter they were promoted from inside or hired from outside? If not, why?

23) Do you believe that your co-founders and employees share your vision for the company? Yes or no, why?

24) Do they think they are also attached to the company?

25) How has the company been performing? After delegating, do you feel that your company became more productive and pleasant to stay as an inter-dependent workplace?

**Question list (co-founders):**

26) Could you please provide me a brief introduction of you and other venture team members? How did you know the founder interviewee? Has this collaboration changed your relationships with him/her? If so, why?

27) Did you have any prior delegation experience (delegate to others or being delegated)? If yes, please elaborate.

28) In order to have an overall view of your current entrepreneurial experience, could you please briefly introduce the development of the company in a chronological

order from business idea generation?

29) Do you think you own or are attached to the business ideas and/or this company?

30) How and why the venture team selected the founder interviewee to be the CEO?

Was there any conflict during the selection? What is your takeaway?

31) Does the venture team have a group identification? If not, why?

32) Could you please let me know your organizational structure? How it came into being?

33) What is the decision-making procedure in your company? Are you involved in all decisions? Is there any type of decisions you are not involved in? If so, why?

34) What is the organizational culture or team chemistry? How it came into being?

35) What is your definition of effective or successful delegation?

36)

37) Is delegation successful in your company? What are the biggest challenges the professional managers face in terms of doing their jobs, according to your opinion? Tell me some cases to help me understand.

38) Is the founder interviewee territorial? If so, does that affect firm performance?

39) How has the company been performing? After delegating, do you agree that the company became more productive and pleasant to stay as an inter-dependent workplace?

40) Under what circumstances would you consider leaving the company?

**Question list (professional managers):**

41) Could you please provide me a brief introduction of you, your education background

and prior work experience?

42) Do you have any personal tie with the founder-CEO or any co-founder? Has this work changed your relationships with him/her? If so, why?

43) Did you have any prior delegation experience (delegate to others or being delegated)? If yes, please elaborate.

44) Why joined this company? What were the job description and your expectations on the position/company before joining? Has anything changed?

45) What is the degree (1-7, none to very high) of autonomy you have in this company? Please elaborate.

46) How's your performance so far? Do you think you can do better if being fully delegated?

47) Do you think that the founder-CEO is good at delegation? Please explain.

48) What is effective or successful delegation, according to your opinion?

49) Do you agree that the delegation between you and the founder-CEO is effective? Why/why not? Please elaborate.

50) What are the main challenges in the delegation process and how do you get over them? Tell me some cases to help me understand. In particular, what did you/do you do to obtain adequate delegation?

51) Are you aware that whether or not the founder-CEO delegates in the same way to all of the managers, no matter they are promoted from inside or hired from outside? If not, do you know why?

52) Is the founder-CEO territorial? Does it affect your work? Please elaborate.

53) Do you think you are psychologically tied to this company? Is there any overlap between company and your personal goal? Do you share the company vision with the founder-CEO? Yes or no, why?

54) Under what circumstances would you consider leaving the company?

**Question list (the investor and incubator managers):**

55) Could you please provide me a brief introduction of you, your education background and prior work experience?

56) How long have you been in the investment industry? What is your work?

57) What is your opinion on the importance of delegation to new ventures?

58) What would you do if a founding entrepreneur is unwilling to delegate?

59) How do you help the founder interviewees to delegate?

Appendix D: Ethical approval certificates

### Certificate of Approval

PRINCIPAL INVESTIGATOR: <b>Honglan (Helena) Zhu</b> UVic STATUS: <b>Ph.D. Student</b> UVic DEPARTMENT: <b>BUSI</b> SUPERVISOR: <b>Dr. Graham Brown</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><b>ETHICS PROTOCOL NUMBER</b></td> <td style="padding: 2px;"><b>15-460</b></td> </tr> <tr> <td colspan="2" style="padding: 2px;"><small>Minimal Risk Review - Delegated</small></td> </tr> <tr> <td style="padding: 2px;">ORIGINAL APPROVAL DATE:</td> <td style="padding: 2px;">23-Dec-15</td> </tr> <tr> <td style="padding: 2px;">APPROVED ON:</td> <td style="padding: 2px;">23-Dec-15</td> </tr> <tr> <td style="padding: 2px;">APPROVAL EXPIRY DATE:</td> <td style="padding: 2px;">22-Dec-16</td> </tr> </table>	<b>ETHICS PROTOCOL NUMBER</b>	<b>15-460</b>	<small>Minimal Risk Review - Delegated</small>		ORIGINAL APPROVAL DATE:	23-Dec-15	APPROVED ON:	23-Dec-15	APPROVAL EXPIRY DATE:	22-Dec-16
<b>ETHICS PROTOCOL NUMBER</b>	<b>15-460</b>										
<small>Minimal Risk Review - Delegated</small>											
ORIGINAL APPROVAL DATE:	23-Dec-15										
APPROVED ON:	23-Dec-15										
APPROVAL EXPIRY DATE:	22-Dec-16										
PROJECT TITLE <b>Territoriality in Entrepreneurial Delegation</b>  RESEARCH TEAM MEMBER <b>None</b>  DECLARED PROJECT FUNDING: <b>None</b>											
<b>CONDITIONS OF APPROVAL</b>											
This Certificate of Approval is valid for the above term provided there is no change in the protocol.  <b>Modifications</b> To make any changes to the approved research procedures in your study, please submit a "Request for Modification" form. You must receive ethics approval before proceeding with your modified protocol.  <b>Renewals</b> Your ethics approval must be current for the period during which you are recruiting participants or collecting data. To renew your protocol, please submit a "Request for Renewal" form before the expiry date on your certificate. You will be sent an emailed reminder prompting you to renew your protocol about six weeks before your expiry date.  <b>Project Closures</b> When you have completed all data collection activities and will have no further contact with participants, please notify the Human Research Ethics Board by submitting a "Notice of Project Completion" form.											
<b>Certification</b>											
This certifies that the UVic Human Research Ethics Board has examined this research protocol and concluded that, in all respects, the proposed research meets the appropriate standards of ethics as outlined by the University of Victoria Research Regulations Involving Human Participants.  <div style="text-align: center;">                       Associate Vice-President Research Operations                 </div>											

Certificate Issued On: 23-Dec-15

15-460 Zhu, Honglan (Helena)

## Modification of an Approved Protocol

PRINCIPAL INVESTIGATOR: <b>Honglan (Helena) Zhu</b> UVic STATUS: <b>Ph.D. Student</b> UVic DEPARTMENT: <b>BUSI</b> SUPERVISOR: <b>Dr. Graham Brown</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><b>ETHICS PROTOCOL NUMBER</b></td> <td style="padding: 2px;"><b>15-460</b></td> </tr> <tr> <td style="padding: 2px;"><small>Minimal Risk Review - Delegated</small></td> <td></td> </tr> <tr> <td style="padding: 2px;">ORIGINAL APPROVAL DATE:</td> <td style="padding: 2px;">23-Dec-15</td> </tr> <tr> <td style="padding: 2px;">MODIFIED ON:</td> <td style="padding: 2px;">07-Oct-16</td> </tr> <tr> <td style="padding: 2px;">APPROVAL EXPIRY DATE:</td> <td style="padding: 2px;">22-Dec-16</td> </tr> </table>	<b>ETHICS PROTOCOL NUMBER</b>	<b>15-460</b>	<small>Minimal Risk Review - Delegated</small>		ORIGINAL APPROVAL DATE:	23-Dec-15	MODIFIED ON:	07-Oct-16	APPROVAL EXPIRY DATE:	22-Dec-16
<b>ETHICS PROTOCOL NUMBER</b>	<b>15-460</b>										
<small>Minimal Risk Review - Delegated</small>											
ORIGINAL APPROVAL DATE:	23-Dec-15										
MODIFIED ON:	07-Oct-16										
APPROVAL EXPIRY DATE:	22-Dec-16										
PROJECT TITLE: <b>Territoriality in Entrepreneurial Delegation</b>  RESEARCH TEAM MEMBER: <b>None</b>  DECLARED PROJECT FUNDING: <b>None</b>											
<b>CONDITIONS OF APPROVAL</b>											
<p>This Certificate of Approval is valid for the above term provided there is no change in the protocol.</p> <p><b>Modifications</b> To make any changes to the approved research procedures in your study, please submit a "Request for Modification" form. You must receive ethics approval before proceeding with your modified protocol.</p> <p><b>Renewals</b> Your ethics approval must be current for the period during which you are recruiting participants or collecting data. To renew your protocol, please submit a "Request for Renewal" form before the expiry date on your certificate. You will be sent an emailed reminder prompting you to renew your protocol about six weeks before your expiry date.</p> <p><b>Project Closures</b> When you have completed all data collection activities and will have no further contact with participants, please notify the Human Research Ethics Board by submitting a "Notice of Project Completion" form.</p>											
<b>Certification</b>											
This certifies that the UVic Human Research Ethics Board has examined this research protocol and concluded that, in all respects, the proposed research meets the appropriate standards of ethics as outlined by the University of Victoria Research Regulations Involving Human Participants.											
<div style="background-color: black; width: 200px; height: 40px; margin: 0 auto;"></div> _____ Associate Vice-President Research Operations											

15-460 Zhu, Honglan (Helena)

Certificate Issued On: 11-Oct-16