

Press release

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Entrepreneurs perform better if able to choose ideas OR team members – but not both

Entrepreneurial teams perform better if able to choose their own team members or their own ideas, finds new research from ESMT Berlin. However, this benefit to performance disappears if given autonomy to choose both.

Scholars suggest autonomy can lead to better entrepreneurial team performance, but there are different types of autonomy. Viktoria Boss and Christoph Ihl, both from Hamburg University of Technology, and Linus Dahlander and Rajshri Jayaraman, both from ESMT, investigated how two types of autonomy affect the performance of entrepreneurial teams: choosing project ideas to work on and choosing team members to work with.

The researchers ran a field experiment involving 939 students on a startup entrepreneurship course in which students are organized into teams to develop and pitch business ideas. Individuals were assigned to one of four scenarios: 1) choosing their team members and idea, 2) choosing their team members, 3) choosing their idea, or 4) choosing neither their team nor idea.

In teams, students developed an entrepreneurial pitch deck, a presentation aimed at hypothetical venture capitalists to secure funding. Pitch decks were assessed on six criteria: novelty, feasibility, market potential, the likelihood of success, likelihood of invitation for follow-up, and investment amount.

Results show that teams with autonomy to choose ideas or team members outperform teams without the autonomy to choose either. However, the effect of choosing ideas is significantly stronger than the effect of choosing teams. Also, these benefits were not seen for teams granted full autonomy over choosing both ideas and teams.

Professor Dahlander says, “Choosing ideas or teams can lead to a better match of ideas with team members’ interests and prior network contacts among team members, respectively. Also, granting autonomy increases feelings of confidence which can have a motivational effect. However, if confidence rises above a critical threshold, teams can experience overconfidence and exhibit complacency and lack of focus. This points to the possibility that those who chose both teams and ideas experienced too much confidence too soon, reducing subsequent effort.”

These findings are important to the professionalization of entrepreneurship, particularly incubator and accelerator programs, most of which give aspiring entrepreneurs a choice on both ideas and team members. These results suggest granting autonomy solely over choosing ideas would lead to the highest performance outcome.

These findings were published in the journal [Organization Science](#). The authors also wrote an article for [Harvard Business Review](#) on this research topic.

About ESMT Berlin

ESMT Berlin is the highest ranked business school in Germany and top 10 in Europe. Founded by 25 leading global companies, ESMT offers master's, MBA, and PhD programs, as well as executive education on its campus in Berlin, in locations around the world, online, and in online blended format. Focusing on leadership, innovation, and analytics, its diverse faculty publishes outstanding research in top academic journals. Additionally, the international business school provides an interdisciplinary platform for discourse between politics, business, and academia. ESMT is a non-profit private institution of higher education, accredited by AACSB, AMBA, EQUIS, and FIBAA, and is committed to diversity, equity, and inclusion across all its activities and communities. www.esmt.berlin

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