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CLASHES AMONG FOUNDING PARTNERS: HOW ENTREPRENEURS OVERCOME CONFLICTS?

1 Gilberto Sarfati Gilberto Sarfati

2 Thomaz Martins de Aquino

³ Gabriel Akel Abrahão

Abstract

Objective: Conflicts have negative impacts on organizational performance and can lead to company mortality. The GVentures Accelerator, from the School of Business Administration of São Paulo (FGV EAESP) identified that several startups that failed during and after the acceleration process had conflicts among the founding partners. This work aims to understand why some entrepreneurial teams in a pre-seed stage are able to overcome conflicts while others are not

Methodology: We conducted a case study of 9 accelerated startups using in-depth interviews with 20 founding partners, and the interviews were followed by the codification and analysis of the cases with support from the manager responsible for the accelerator.

Results: The research concludes that operational conflicts that escalate to affective conflicts due to disagreements in the process of giving and receiving feedback and/or mistrust between partners can lead to the dissolution of a company. On the other hand, founding members, even if they experience affective conflicts, are able to overcome the problems using the strategies of taking a step aside, giving in and putting their egos aside. It was also identified that the acceleration process tends to exacerbate the operational conflicts between founding partners.

Theoretical/methodological contributions: The research contributes to the literature about founding teams by pointing out that operational conflict does not necessarily lead to the dissolution of the organization or closing the business, but operational conflicts that intensify to affective conflicts due to disagreements in the process of giving and receiving feedback and/or distrust among partners can lead to the dissolution of the organization

Relevance/originality: Founding teams are the backbone of any company. In spite of several articles discussing team conflict little is known about why some entrepreneurial team are able to overcome conflicts while other not. Moreover, also little is known about the role accelerators play in these conflicts.

Social/management contribution: The conclusions about the strategies for managing founding team conflicts: taking a step aside, giving in and putting their egos aside; may be very useful for both entrepreneurs and accelerators' management team in dealing with conflicts among founders.

Keywords: Founding partners. Operational conflict. Affective conflict. Startups. Accelerator.

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¹ Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas – FGV/EAESP, São Paulo, (Brasil). E-mail: gilberto.sarfati@fgv.br Orcid id: <https://orcid.org/0000-0003-0772-5197>

² Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas – FGV/EAESP, São Paulo, (Brasil). E-mail: thomaz.martins@fgv.br Orcid id: <https://orcid.org/0000-0002-9433-1382>

³ Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas – FGV/EAESP, São Paulo, (Brasil). E-mail: abrahao.akel@gmail.com Orcid id: <https://orcid.org/0000-0002-6324-645X>



Confrontos entre os Sócios Fundadores: Como os Empreendedores Superam os Conflitos?

Resumo

Objetivo: entender por que algumas equipes empreendedoras, em um estágio *pre-seed*, são capazes de superar conflitos, enquanto outras não são. Os conflitos têm impactos negativos no desempenho organizacional e podem levar à mortalidade da empresa. A Aceleradora GVentures, da Escola de Administração de Empresas de São Paulo (FGV EAESP), identificou várias *startups*, que tiveram conflitos entre os sócios-fundadores, e falharam durante e após o processo de aceleração.

Metodologia: estudo de caso com nove *startups* aceleradas, utilizando entrevistas em profundidade, com 20 parceiros fundadores, seguidas pela codificação e análise dos casos, com o apoio do gestor responsável pela aceleradora.

Resultados: a pesquisa conclui que conflitos operacionais, evoluídos para conflitos afetivos, devido a divergências no processo de dar e de receber feedback, e/ou a desconfiança entre os parceiros, podem levar à dissolução de uma empresa. Por outro lado, os membros fundadores, mesmo que experimentem conflitos afetivos, são capazes de superar os problemas, usando a estratégia de dar um passo para o lado, ceder e colocar seus egos de lado. Foi identificado, também, que o processo de aceleração tende a exacerbar os conflitos operacionais entre os parceiros fundadores.

Contribuições teóricas/metodológicas: a pesquisa contribui com a literatura sobre equipes fundadoras, apontando que conflitos operacionais não levam, necessariamente, à dissolução da organização ou ao fechamento do negócio; mas conflitos operacionais, que se intensificam e evoluem para conflitos afetivos, devido às divergências no processo de dar e receber feedback, e/ou a desconfiança entre os parceiros pode levar à dissolução da organização.

Relevância/originalidade: as equipes fundadoras são a espinha dorsal de qualquer empresa. Apesar de vários artigos discutindo conflitos de equipe, pouco se sabe sobre o porquê algumas equipes empreendedoras são capazes de superar conflitos, e outras, não; e sobre o papel das aceleradoras nesses conflitos.

Contribuição social/gerencial: as conclusões sobre as estratégias para gerenciar conflitos da equipe fundadora – dar um passo para o lado, ceder e colocar seus egos de lado – pode ser muito útil à equipe de empreendedores e aceleradoras, ao lidar com conflitos entre fundadores.

Palavras-chave: Sócios-fundadores. Conflito operacional. Conflito afetivo. *Startups*. Aceleradora.



Enfrentamientos entre Socios Fundadores: ¿Cómo los Empresarios Superan los Conflictos?

Resumen

Objetivo: Los conflictos tienen impactos negativos en el desempeño organizacional y pueden conducir a la mortalidad de la empresa. La aceleradora GVentures, de la Escuela de Administración de Empresas de São Paulo (FGV EAESP) identificó que varios startups que fallaron durante y después del proceso de aceleración tuvieron conflictos entre los socios fundadores. Este trabajo tiene como objetivo comprender por qué algunos equipos empresariales en una etapa previa a la semilla pueden superar conflictos mientras que otros no

Metodología: Realizamos un estudio de caso de 9 startups aceleradas utilizando entrevistas en profundidad con 20 socios fundadores, y las entrevistas fueron seguidas por la codificación y el análisis de los casos con el apoyo del gerente responsable de la aceleradora.

Resultados: La investigación concluye que los conflictos operativos que se intensifican a conflictos afectivos debido a desacuerdos en el proceso de dar y recibir retroalimentación y/o desconfianza entre los socios pueden conducir a la disolución de una empresa. Por otro lado, los miembros fundadores, incluso si experimentan conflictos afectivos, pueden superar los problemas utilizando las estrategias de dar un paso al costado, ceder y dejar a un lado sus egos. También se identificó que el proceso de aceleración tiende a exacerbar los conflictos operativos entre los socios fundadores.

Contribuciones teóricas / metodológicas: la investigación contribuye a la literatura sobre la fundación de equipos al señalar que los conflictos operativos no necesariamente conducen a la disolución de la organización o al cierre del negocio, sino a conflictos operativos que se intensifican a conflictos afectivos debido a desacuerdos en el proceso de dar y recibir retroalimentación y/o desconfianza entre los socios puede conducir a la disolución de la organización

Relevancia/originalidad: los equipos fundadores son la columna vertebral de cualquier empresa. A pesar de varios artículos que discuten los conflictos de equipo, se sabe poco acerca de por qué un equipo empresarial puede superar conflictos mientras que otros no. Además, también se sabe poco sobre el papel que juegan los aceleradores en estos conflictos.

Contribución social / gerencial: Las conclusiones sobre las estrategias para manejar los conflictos del equipo fundador: dar un paso al costado, ceder y dejar de lado sus egos; puede ser muy útil tanto para los empresarios como para el equipo de gestión de aceleradoras al tratar conflictos entre fundadores.

Palabras clave: Socios fundadores. Conflicto operacional. Conflicto afectivo. Startups. Acelerador.



1. INTRODUCTION

Most companies are founded by teams and not by individuals (Klotz et al, 2014; Gartner et al., 1994). This human capital is strongly related to the performance of the new ventures (Unger et al., 2011). Therefore, under the circumstances, contingencies and specific natures of these new ventures, the characteristics of entrepreneurial teams can be useful ways to partially predict the results of the enterprises (Jin et al., 2017).

The literature presents some characteristics that positively influence the performance of the founding teams: the heterogeneity of the founding team's skills (Souitaris & Maestro, 2010; Jin et al., 2017), the convergence of the objectives between team members and their business (Park & Deshon, 2010; Dierdorff, Bell & Belohlav, 2011), and trust among the founding team members (Porter & Lilly, 1996; De Dreu & Weingart, 2003).

According to Clark (2005), a team is an interdependent group of individuals, each having a different set of skills, but who collectively have all the skills necessary to achieve the team's goals. Thus, the existence of a founding team makes sense when members perform different roles or bring different skills to the table to achieve a certain common goal. This common goal, in turn, must be aligned with personal objectives (Dierdorff, et al., 2011; Kleingled et al., 2011).

In addition to internal factors, entrepreneurial teams are often confronted with uncertain, ambiguous and unstable environments (Jung et al., 2017). The interpretation of market signals and other environmental factors can vary significantly among individuals, paving the way for decision-making conflicts (Sapienza & Gupta, 1994). While a small conflict can be beneficial, positive effects may rapidly disintegrate as the conflict becomes more intense, the cognitive burden increases, information processing is affected, and team performance suffers (De Dreu & Weingart, 2003).

This research aims to understand why some entrepreneurial teams, from the GVentures Accelerator, are able to manage conflicts while others are not. GVentures is a University based business accelerator supporting startups in pre-seed stage. Since the accelerator work with companies in a very early stage that are still validating their business model, they may be more sensitive to conflict among founding partners in comparison to companies in late stages.



Accelerators help entrepreneurs by providing "formal education" and allowing the development of a network of contacts (Cohen & Hochberg, 2014). Accelerators can support entrepreneurs in building a suitable team to succeed. Since accelerators are a recent phenomenon (Cohen & Hochberg, 2014), there are few studies about their influences on conflicts. Since teams that experience lower levels of conflict create more valuable ventures (Jung et al., 2017), it is important to conduct studies on how conflicts occur in accelerated companies.

The article reviews the literature on the conflicts of teams and accelerators, and this review is followed by 20 in-depth interviews with the founding partners of 9 startups accelerated by the GVentures Accelerator. The interviews were coded using the Atlas.TI software, analyzed on a case-by-case basis with the support of the accelerator manager and finally extrapolated to reach the results of the study.

The research contributes to the literature about founding teams by pointing out that operational conflict does not necessarily lead to the dissolution of the organization or closing the business, but operational conflicts that intensify to affective conflicts due to disagreements in the process of giving and receiving feedback and/or distrust among partners can lead to the dissolution of the organization.

2.LITERATURE REVIEW

2.1TEAM CONFLICT

Conflict, according to March and Simon (1981, p.160), is "a collapse in normal decision-making mechanisms, due to which an individual or group experiences difficulties in choosing an alternative of action". They classify conflicts as individual (internal), organizational (between individuals or groups participating in an organization) and intraorganizational (between organizations or groups).

Organizational conflicts have negative impacts on organizational performance (Kollmann et al., 2017). George et al. (2016) argues that there are at least three types of conflict: affective (involving personal issues), task (conflict over ideas and differences of opinion about tasks) and processes (disagreement on how to accomplish a task).

Affective conflict results in tension and friction among decision-makers, leading to a direct negative effect on the team's performance (Steffens et al., 2012). Conflicts over task are related to differences in views and opinions about tasks. In addition,



process conflict refers to differences in perceptions on how future tasks should be performed and distributed (George et al., 2016).

Khan et al. (2015) indicates that, in business creation, innovative entrepreneurial teams do not benefit from task conflicts. Examples of task conflicts are conflicts over the distribution of resources, procedures, policies, judgments and interpretation of facts (De Dreu & Weingart, 2003)

Although affective conflict usually decreases satisfaction and interferes with performance, task conflict can be beneficial for performance in nonroutine activities (Jehn, 1997). Nonroutine tasks are typically complex tasks without standard solutions, thus requiring some consideration from the team, as well as new ventures. Conflict can promote the learning and development of new and sometimes highly creative insights, leading the group to become more innovative (De Dreu & West, 2001).

Studies on conflict suggest that affective conflicts can trigger task conflicts in the form of an attempt by one member of the group to hinder or sabotage the life of another (Jehn, 1995; Simons & Peterson, 2000). In this context, group members can use emotionally harsh language (Pelled, 1996) and intimidation tactics. According to Simons and Peterson (2000), participants may feel humiliated, offended or even brutalized by the debate tactics of other members of the group. Hurt feelings that result from a poorly managed or expressed task conflict can easily result in relationship conflicts.

Situations with task and affective conflicts can create conflict escalation (Greer, Jehn, & Mannix, 2008; Wit, Greer & Jehn 2012). Holland & Shepherd, 2013 indicates that entrepreneurs are highly vulnerable to escalation of commitment which is the commitment for a course of action even if there are negative consequences (Brockner, 1992) McMullen & Kier (2016) suggests that the opportunity seeking mindset of entrepreneurs further hinder their ability to perceive the risk of a crisis situation increasing the need for self-regulation. For Huang, Souitaris and Barsade, (2019) team engagement moderates escalation of commitment. On other words, founders' emotional commitment to their endeavor could help to de-escalate conflict escalation.

Glasl (2009) describes a nine stages model of conflict escalation, the first three phase (hardening, debate and polemics and, actions instead of words) are classified as win-win since the problems can be solved in an integrative solution. The following three phases (images and coalitions, loss of face and strategies of threat) are win-lose situations, or distributive situations meaning that someone will have lose or give up;



finally, the last three stages (limited destructive blows, fragmentation of the enemy and together in the abyss) are lose-lose situations meaning that all parts lose from the total conflict escalation. Großmann and Schlippe (2015) apply a similar escalation model concluding that family business failure is also characterized by different stages of escalation. Conflict omnipresent and the parts being incompetent to deal with the conflict are the last phases of the escalation. The literature highlights the diversity existing among founding teams as positive. The heterogeneous characteristics of the team increase the team's options when making strategic choices. New ventures generally operate in uncertain and dynamic environments in which the heterogeneity of team members may be more beneficial.

Stewart (2006), for example, found that heterogeneity is more desirable for teams involved in creative and nonroutine tasks. Heterogeneous teams have a more diverse set of resources to deal with ambiguous and nonroutine problems, resulting in higher quality and more innovative results (Van Knippenberg & Schippers, 2007).

On the other hand, there is the possibility of social categorization, which assumes that team members can classify the other members as their peers or not. These categorizations can lead to conflicts that, in turn, weaken the team's performance (Van Knippenberg & Schippers, 2007). The categorization of teams, results in greater cohesion of the group, lower turnover and higher performance in more homogeneous teams (Jin et al., 2017); however, it also leads teams being less likely to achieve long-term performance (Steffens et al., 2012).

The literature points out that the team's confidence is inversely related to the level of conflict (De Dreu & Weingart, 2003); this relation is a possible way to ensure the positive effects of heterogeneity without generating great conflict since it has a moderating effect on the impact of the task conflict on affective conflict (Simons & Peterson, 2000). Task conflicts increase negative perceptions of relationship conflict under conditions of low confidence but not under conditions of high confidence.

Porter and Lilly (1996), found that trust decreases the level of conflict within groups. When members of one group do not trust each other, they probably interpret conflicts negatively (Simons & Peterson, 2000). If members trust each other, they will be more likely to accept disagreements and less likely to misinterpret task conflict behaviors (Mishra, 1996).



2.2 ACCELERATORS

According to Miller and Bound (2011), accelerators help shorten the time that a startup needs to understand its market, validate its business model, raise investor capital, create networks with strategic partners, and make its first sales. However, the existing literature on acceleration remains scarce and limited (Birdsall et al., 2013) since it is a recent phenomenon (Cohen & Hochberg, 2014).

Accelerators emerged in the mid-2000s as a response to the shortcomings of business incubation models, which focus primarily on providing office space and internal business support services (Bruneel et al., 2012). Another reason for the emergence of accelerators is linked to the reduced amount of venture capital financing available after the burst of the Internet bubble in early 2000 (Radojevich-Kelley & Hoffman, 2012).

Cohen and Hochberg (2014) argue that accelerators help enterprises define and build their initial products, identify promising customer segments, and protect resources, including capital and employees. They can provide small amounts of seed capital, workspaces, and contacts. Hallen et al. (2014) claim that accelerators provide "formal education" and help founders develop knowledge in important areas, which are often different from their origin and therefore support a more complete understanding of the challenges that companies can face.

Accelerators offer startups a "network of contacts", generating opportunities to meet potential mentors, learn directly from other founders, and build relationships with investors and customers. That is, the acceleration model emphasizes development and aims to transform startups into businesses ready to receive investment by offering intensive services, guidance sessions, networking opportunities, and environments of peer support and entrepreneurial culture (Christiansen, 2009).

As accelerators grow in popularity, many entrepreneurs and organizations are attracted to the idea of starting acceleration programs. For example, universities see it as a way to promote student entrepreneurship, companies perceive as a way to exploit innovations and start-up talent and development agencies see it as a way to create jobs (Pauwels et al., 2016).

3. METHODOLOGY

The objective of this research is to understand why some founding teams are able to manage their conflicts while others are not in startups accelerated by the



GVentures Accelerator. A qualitative research of multiple cases has been carried out. Multiple cases result in more robust conclusions than unique cases because the propositions are based on deeper, more varied empirical evidence (Eisenhardt & Graebner, 2007).

The research question was brought to the researchers by GVentures' managers. Given the lack of reasonable academic explanations for the differences on how founding teams deal with conflict, we conducted this research also seeking to understand also how the accelerator affects conflicts among founding partners.

Case studies do not have an ideal number of cases; however, a number between 4 and 10 cases has already been proven to result in good relevance (Eisenhardt, 1989). Cases were selected due to its relevance for the phenomenon studied and for being typical on the accelerator's experience (Gerring, 2006). This study was conducted using 9 startups that had conflicts during the acceleration program, as seen in Table 1.

Table 1 - Cases studied

Case	Sector	Partners	Interviewed	Status
Case 1	Fintech	4 partners from 22 to 25 years	Founders A, B, C and D	Continues operating, but one founder left the company
Case 2	Social App	4 Partners from 19 to 21 years	Founders E and F	One of the founders left the company, and then the startup closed
Case 3	RH tech	2 Partners from 20 to 22 years	Founders G and H	One of the founders left the company, and then the startup closed
Case 4	Product Sales	2 Partners from 28 to 30 years	Founders I and J	Continues operating sister partners
Case 5	Impact Business	2 Partners from 21 to 22 years	Founders K and L	Continues operating
Case 6	Service Platform	2 Partners from 22 to 26 years	Founders M and N	Continue operating. Received investment
Case 7	Service Platform	3 Partners from 22 to 24 years	Founders O and P	Continues operating Received investment
Case 8	Service Platform	2 Partners from 27 to 30 years	Founders Q and R	One of the founders left the company, and then the startup closed
Case 9	Service Platform	3 Partners from 23 to 24 years	Founders S and T	Startup closed

Source: research data

3.2 DATA COLLECTION

The founding partners were interviewed between March and November of 2019, resulting in a total of 20 in depth semi-structured interviews. Each interview was



conducted in person, had an average duration of 40 minutes, and was recorded and transcribed. Ethical procedures with respect to data confidentiality were guaranteed.

We first asked respondents to talk freely about the conflicts in their businesses. Only after broad questions did we ask questions based on the theoretical framework (Figure 1). Protocols included nondirective and directive questions to reduce bias (Eisenhardt, 1989).

First, they provide evidence for the activities and processes reported in the interviews. Second, since most respondents shared stories based on their memories, documents such as email exchanges and WhatsApp conversations were used to complement the lack of information and correct incorrect information. Those files were accessed and discussed during the interview and also analyzed during the process of codification.

Construct	References
Task conflict	George et al. (2016); Steffens et al., (2012) From dreu; weingart (2003); Khan et al. (2015)
Affective conflict	George et al. (2016); Dreu e Weingart (2003) Simons and Peterson (2000); Pelled (1996)
Team heterogeneity	Steffens et al. (2012); Stewart (2006); Van Knippenberg e Schippers (2007)
Trust between partners	Dreu e Weingart (2003); Simons e Peterson (2000); Porter e Lilly (1996)

Figure 1 - Theoretical framework

Source: literature review

3.3 CASE ANALYSES

A thematic content analysis was performed to analyze interviews and entrepreneurs' communication files. We systematically classified themes looking for meanings and patterns (Hsie & Shannon, 2005). During this phase, the researchers asked the entrepreneurs to share examples for the categorization that was created.

A categorization was performed for each of the 9 cases, based on the literature on conflicts and used the Atlas.TI software for coding. The research focused on operational and affective conflicts. This categorization used raw data, such as interviews and documents, to interpret how the conflicts arose and the impacts of the accelerator. Each case was validated with the accelerator manager.

A cross-case analysis was performed to find any differences and similarities between cases, as indicated by Eisenhardt (1989), to avoid the formation of



reductionist frameworks and result in a more sophisticated understanding. Finally, extrapolation from comparisons allowed second-order encodings that helped to answer the research question. Cases were also classified according to the three stages of conflict escalation from Glasl (2009).

3.4 GVENTURES ACCELERATOR CHARACTERIZATION

The GVentures Accelerator is an early stage accelerator that was founded in 2015 by the School of Business Administration of São Paulo and the Getulio Vargas Foundation (FGV). The accelerator has already carried out 7 acceleration batches with a total of 28 startups accelerated and more than 50 founders enrolled. The startups follow a program related to deepening their understanding of customer problems, redesigning solutions, and acquiring and activating customers. Finally, a pitch is presented in a program closing event (Demo Day).

4.RESULTS AND DISCUSSION

4.1 FACTORS THAT AFFECT THE CONFLICTS

Through second-order coding, it was possible to identify the factors that affected the conflicts among the founding partners of the startups of this study (Table 3).

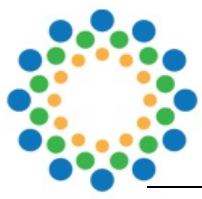


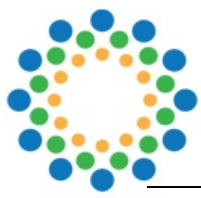
Table 3 - Constructs and results

Factors (2nd Order)	Concepts (1st order)	Representative Quotes
Divergent Characteristics of the Team	<ul style="list-style-type: none"> - Different technical backgrounds - Different execution profiles - Similar behavioral profiles 	<p>"I'm already more creative. I'm [...] from school, and she has a more strategic vision." Founder J, Case 4</p> <p>"Each had his opinion of how things should be executed. I was more planner, and he was more of the execution." Founder H, Case 3.</p> <p>"Completely different. I think it was more of a synergy... I have a more analytical profile, more focused; he has a more expressive profile." Founder P, Case 7</p>
Disagreement in the feedback process	<ul style="list-style-type: none"> - Immaturity when dealing with feedback - Force your opinion on others - Immaturity when dealing with one's own ego 	<p>"There was no personal criticism. It was always related to work. He lacked flexibility to deal with feedback. He turned work criticism into something personal." Founder D, Case 1.</p> <p>"I wanted to impose my opinion on him, and that was what sparked the conflict." Founder N, Case 6</p> <p>"He makes me understand that I had [an] ego problem" Founder M, Case 6</p> <p>"It lacked maturity from both to deal with it." Founder A, Case 1</p>
Misalignment between Partners	<ul style="list-style-type: none"> - Misaligned purposes - Lack of alignment of responsibilities and deliveries - Divergence of moments of life 	<p>"He said a few times that he thinks that he works more than anyone in the company" Founder B, Case 1</p> <p>"There was a time when in the company that we tried to manage everything together, but it didn't work and we started to discuss about roles and limits." Founder M, Case 6</p> <p>"We were in different points of life... the fact that I left a company to open a startup means a lot to me, but I think he wanted something else." Partner I, Case 3</p> <p>"For me, it has never been a long-term goal; it has always been an opportunity to develop a project and sell. I believe that was also the case for Founder O, but he is willing to make a long shot." Founder P, Case 7</p>
Distrust between partners	<ul style="list-style-type: none"> - Mistrust about the commitment of the other - Mistrust about the other's ability to carry out their activities 	<p>"In fact, he broke our confidence. Not in his ability to work, but in him as a partner. I can't count on him." Founder D, Case 1</p> <p>"[The] Founder showed mistrust in his ability to perform. That affected the relationship among us." Founder B, Case 1</p> <p>"The guy was not able to transmit confidence to us, although we believed in his ability." Founder S, Case 9</p>
External Pressures	<ul style="list-style-type: none"> - Accelerator pressure - Market fit problems - Investor pressure 	<p>"We had a big problem with suppliers [...]. We pushed a lot, and he was not able to deal with the pressure anymore." Founder C, Case 1</p> <p>"We realized that we had other people's money. That added up pressure. We realized that we couldn't fail." Founder E, Case 2</p>
Internal Pressures	<ul style="list-style-type: none"> - Business stress - Insecurity about the operation 	<p>"The challenge of a startup is that you don't know exactly what you're doing. That generates fear, generates stress." Founder J, Case 4</p> <p>"I feared. I asked myself, did I make the right choice?" Founder I, Case 4</p> <p>"To start a new business is very stressful ... it's very frustrating to tell you the truth." Partner G, Case 3</p>



Affective conflicts	<ul style="list-style-type: none">- Disrespect between partners- Personal attacks	"Personal offense and increased tone ended up establishing a negative environment " Partner A, Case 1. "I was angry. I cursed him" Founder M, Case 6
Operational Conflicts	<ul style="list-style-type: none">- Divergences over activities to be carried out- Divergences in functions to be performed- Divergences about business future	"We had a lot of divergence, mainly for new features and how to promote the application" Founder E, Case 2 "We were in a decision process if we were going to continue with the company. We were not sure if [it] was better to give up, to change [the] company's name with the same idea or to start a new business. We didn't know what we wanted to do." Founder F, Case 2

Source: Research data



We identified and focused in two types of conflicts: operational and affective. These conflicts are affected by three dimensions: the environment, the partner profile and the partners' relationship. The environment dimension is formed by external pressures created by other actors such as clients and investors and internal pressures created by the startup's own structure (design of the operation, dimensioning of tasks, management of new employees, etc.). Internal and external pressures, in the observed cases, lead to operational conflicts.

The founding partners' profile dimension highlights that divergent characteristics among partners can increase the operational conflict. If one of the founding partners has low maturity when dealing with feedback, operational conflict also becomes affective conflict. In the partners' relationship dimension, a misalignment, whether over tasks or objectives, can lead to increased operational conflicts. Operational conflicts can escalate to affective if there is a disagreement in the feedback process and/or distrust among founders.

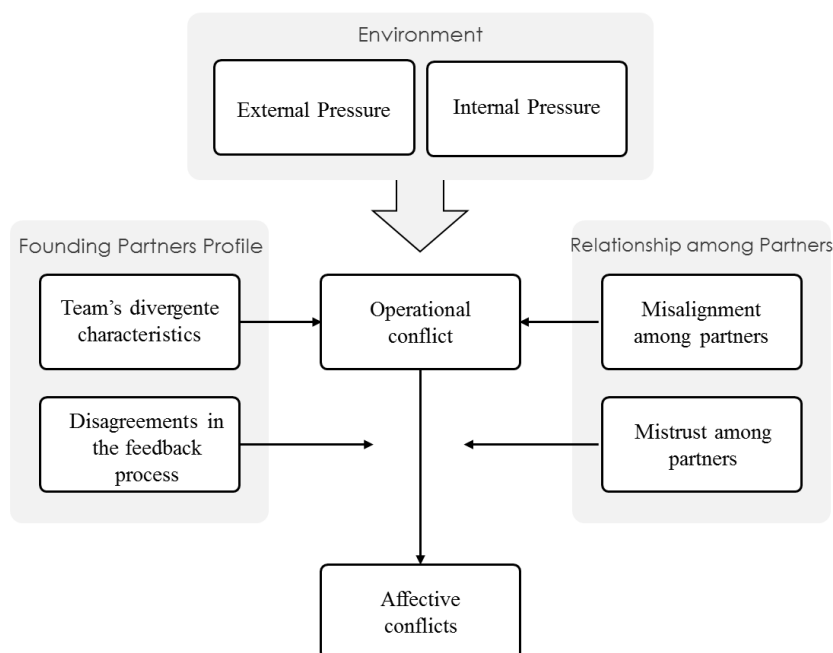


Figure 1 - Explanatory model for conflict generation

Source: prepared by the authors

4.2 ENVIRONMENT

External pressures are inherent to any starting business. The interviews have shown three types of external pressure: pressure from accelerator demands, market fit problems and pressure from investors for results.



External factors directly impact operational conflict: "when this pressure arose, things have gotten much worse; for me, it is noticeable [...] now that the pressure has increased, this problem has exploded" (Founder B, Case 1).

Internal pressures arise as a conflict-generating factor due to the stress generated by business challenges, often because of entrepreneurs' insecurity: "taking risk gives fear and it generates stress, and when you are afraid money does not enter, the things do not come out [...]" (Partner J, Case 4).

4.3 MISALIGNMENT AMONG FOUNDING PARTNERS

Sometimes partners' responsibilities are not clearly defined, leading to decision-making conflicts. As quoted by one of the founders, "[...] the biggest conflict is that by being a Startup, missions are not well defined." (Partner I, Case 4). Each partner believes that an activity should be done in a certain way, and the operational conflict becomes something common: "The conflict actually came because we did not have a very clear routine about what to do." (Founder S, Case 9).

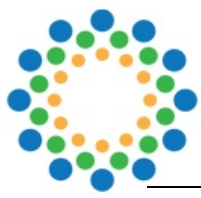
When asked about what generated conflicts in the operation, startup founders also pointed to different purposes and moments of life: "Moments of life different from each other, [...] it was what I wanted, but he wanted something else" (Founder G, Case 3) and "Everyone was fighting for their own idea." (Founder H, Case 2).

4.4 FOUNDERS' DIVERGENT PERSONAL AND PROFESSIONAL CHARACTERISTICS

Professional and individual characteristics lead to different sets of priorities. For example, "each had their opinion of how things should be performed. I was more planner, and he was more of the execution." (Founder F, Case 3) Furthermore, in this case, "Disagreements started because I don't like this model... I value control, predictability and process. Founder R does not." (Founder Q, Case 8).

Affective conflicts appeared primarily as personal attacks and disrespect in relation to other founders. The use of emotionally harsh language (Pelled, 1996) marked some startups that had these conflicts: "I cursed him" (Founder F, Case 6).

As the literature indicates, affective conflict has a direct negative effect on the team's performance (Steffens et al., 2012), as it is a factor that influences the end of the organization. As cited by one of the interviewed partners, "we fought in a way that



I began to think that maybe it was not possible, that we did not have maturity to work together" (Partner I, Case 4).

Operational conflicts become affective through two factors: mistrust among partners in their ability or commitment to the company and disagreements in the feedback process.

4.5 MISTRUST AMONG FOUNDING PARTNERS

Startups declare that the relationship among partners becomes more difficult when there is a mistrust: "what happens is that he has already demonstrated some mistrust about the work of others, so this greatly affects the relationship" (Founder B, Case 1). This mistrust results in some cases of personal conflicts and intrigue: "There was an operational mistake and Founder S thought it was intentional, anyway... Founder S was kind of suspicious of Founder 3 (not interviewed)" (Founder T, Case 9).

4.6 DISAGREEMENTS IN THE FEEDBACK PROCESS

Constant feedback among the founding partners may be natural in startups. Nevertheless, some founders are not able to handle feedback, interpreting it as a personal attack: "I took it personally; I thought he wanted to take my place. To take my space." (Founder N, Case 6).

Negative emotions sometimes erupt in this process: "He feels attacked, so he will disrespect, will say something to try to defend himself" (Founder B, Case1). Some entrepreneurs may exhibit a lack of maturity in the face of criticism "He lacks emotional intelligence, [...] mocks us and laughs at whatever others [are] talking about. I give feedback, and he does not accept" (Founder B, Case 1).

4.7 RISK FACTORS IN THE PARTNERSHIP AND BUSINESS SUCCESS

Using interview and communication data we analyzed and coded all cases. As Table 4 below shows we have found evidences of operational conflict all cases studied.. These conflicts happened in the initial growth process and the absorption of the first employees. Operational conflicts were not decisive in the deterioration of relations among founding partners.



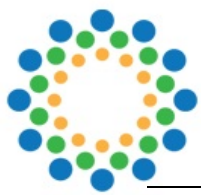
Case	Operational	Affective	Distrust among partners	Feedback disagreements	Glasl's (2009) stages of escalation of conflict
Case 1	X	X	X	X	Threat strategies
Case 2	X	X		X	Loss of face
Case 3	X	X		X	Loss of face
Case 4	X	X		X	Actions instead of words
Case 5	X				Debate
Case 6	X	X		X	Actions instead of words
Case 7	X				Actions instead of words
Case 8	X	X		X	Threat strategies
Case 9	X	X	X	X	Threat strategies

Figure 4 - Summary of the effects found
Source: research data

Operational conflicts can become affective, as identified in all cases but 5 and 7. Both cases are from companies that continue to operate. Case 7 received an investment round. The absence of affective conflicts does not mean the absence of harsh discussions and even fights. In a conflict process, partners can exhibit negative emotions such as anger, but in Cases 5 and 7, the founders actively listened to criticism and did not get angry. These cases also suggest that evidence-based arguments contributed to the operational conflict not evolving into affective conflict.

Affective conflicts should be understood as the escalation of the disagreements among partners. In all cases in which there was escalation towards affective conflict, disagreements were also observed in the process of giving and receiving feedback. In other words, disagreements in the feedback process in these cases contributed to operational conflict evolving into affective conflict.

On the other hand, affective conflicts do not necessarily lead to a company's failure or the failure of the corporate relations among the founding partners, as observed in cases 4 and 6. In addition, in cases 2, 3 and 8, the escalation of conflicts



led to one of the founders leaving the startup and was followed by the company's closure. What differentiated the first group from the second?

The interviews reveal that three communication strategies contributed to explaining the differences between groups: stepping aside, giving in and putting their egos aside. In Case 4, for example, is a startup founded by two sisters. Family ties have contributed to operational conflicts rapidly evolving into affective conflicts.

Occasionally, founders avoided the escalation of the discussion by a taking step aside, that is, physically moving away from the other partner for a while (sometimes a few hours or even days) to reflect on the criticism. The physical removal from the conflict helped to bring perspective and resume the dialogue with cooled tempers.

Giving in was another common strategy that was observed. In the face of external/internal pressure and operational conflict, one of the partners realizes that it is more appropriate to give in and accept the proposal or vision of the other partner.

Finally, cases 5 and 7 along with 4 and 6 cited the term 'put the ego aside'. The question of ego here is interpreted as a communication obstacle when a partner understands that he has the appropriate answer to a problem faced by the company. The person seeks to prove that he/she is right or correct. However, recognizing that solving the problem is more important than being right, founders say that putting their ego aside is fundamental for finding a solution together.

In cases 1, 2, 8 and 9, the question of the ego also emerged as one of the explanations for operational and affective conflicts, but the founders were not able to put aside their personal preferences.

In some cases, such as 1, 2 and 6, insults among the founders were mentioned. Verbal abuse can be interpreted as a symptom of an affective conflict but not the final reason for the failure of a company. The mechanisms mentioned above contributed to, for example, the increase in the maturity of the corporate relationship of Case 6.

Cases 1 and 9, in addition to operational conflicts, affective conflicts and disagreements in the feedback process, experienced mistrust among the founders. In Case 1, the company remains in operation, but two partners have left the startup after severe conflicts. In Case 9, one of the founding partners wanted to leave the company. The other two founders got frustrated. After a new competitor entered in the market, the remaining founders decided to close the startup.



Cases 4 and 6 show that it is possible to overcome operational and affective conflicts; however, cases 1 and 9 seem to show that distrust among partners is toxic to the relationship among the founding partners. When conflicts evolve to mistrust in the competencies and attitudes of partners, there seems to be a strong tendency for one of the founding partners to leave the company. Companies are business relationships based on trust. If there is no longer trust among founding partners, the company's structure will be affected.

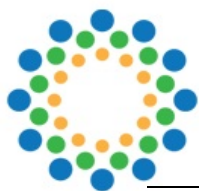
All founding teams that were able to manage their conflicts didn't move beyond stage I on Glasl (2009) stages of conflict model. On the other hand, all conflicts in which one the founders left the company and/or the company shutdown the operations the conflict escalated to stage II. Findings are consistent with the model that forecasts that conflicts on stage I can be managed by the parts while conflicts on stage II requires external intervention (mediator).

4.8 INFLUENCE OF GVENTURES ACCELERATOR ON FOUNDING PARTNERS' CONFLICTS

The founders identified that the acceleration program increased external pressure and improved the alignment among partners.

Factors (2nd Order)	Concepts (1st order)	Representative Quotes
Accelerator's impact	External Pressure	"With the acceleration, we started to have some form of external pressure. This generated friction with Partner A." Founder C, Case 1 "[...] Each Fonder had to deal with their own responsibilities plus accelerator demands. I think that our problems started there." Founder D, Case 1
	Improvement in Founders' alignment	"The first steps of acceleration had a very positive effect on the team. We all had a clear common goal." Founder D, Case 1 "The acceleration program helped us to get less distracted. I remember that right when we started to fight a lot, we got into the acceleration program. I said to her, 'let's deliver what they are asking and we fight later'". Founder I, Case 4 "Acceleration gave us direction and will to move forward." Founder F, Case 2 "We had a mentor. We had to understand that we had to present something." Founder K, Case 5

Figure 5 - Data Supporting the Influence of GVentures on Founders' Conflicts
Source: research data



The accelerator program created a high-pressure environment, leading to an increase in operational conflicts. Operational conflicts are probably inevitable. The acceleration process occurs over a short period of 4 months. Program sets several targets and checkpoints. Sometimes entrepreneurs find themselves obligated to give weekly responses to the demands of the acceleration process, which means much stress. It is possible that conflicts would still arise outside of the accelerator environment, but without the time requirements and the mentors' and accelerator managers' pressures, it is possible that the intensity and number of conflicts would be lower.

On the other hand, the structured acceleration process aims to accelerate the company's growth. Interviews also show that the accelerator helps founders to discuss their common objectives, to find their business focus, to align their business views and to better align their activities and objectives through a process of several meetings during the acceleration period. It is clear that the effectiveness of the accelerator work depends heavily on how the relationship between the founding partners evolves when facing conflicts.

5. CONCLUSIONS

This research sought to understand why some entrepreneurial teams are able to overcome operational and affective conflicts while others are not. Operational conflicts were present in all cases analyzed nevertheless they were perceived as part of the growing process of the startups (Jehn, 1997; De Dreu & Weingart, 2003). On the other hand, affective conflicts were perceived as a negative escalation of conflict (Greer, Jehn & Manix, 2008).

The research presents two theoretical contributions to the literature on the conflict among partners. We point out that operational conflict is not a problem that necessarily leads to the dissolution of the founders' relationship or the business closing. However, operational conflicts that escalate due to disagreements in the process of giving and receiving feedback and/or mistrust among partners become affective conflicts which may lead to the deterioration of the founders' relationship. Additionally, not every affective conflict resulted in the dissolution of the corporate relationship. The most common methods for overcoming conflicts observed among the founding partners of the cases in this research were to take a step aside, give in and put the ego aside.

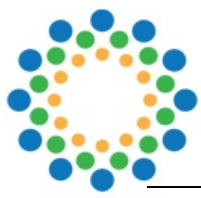


These findings are complementary to a recent study (Kozusznik, Aaldering, & Euwema, 2020) that shows that teams that engage in problem-solving can de-escalate conflicts. It is also complementary to Huag, Souitaris and Barsade (2019) that observed team engagement as moderator of conflict escalation. Those three strategies could be the first step to actively seek solutions to problems because they can reduce the emotional stress of dealing with the problems.

Ventures in which at least one of the founding partners didn't actively listen ended up resulting either in the departure of one of the entrepreneurs or the failure of the enterprise. We suggest that future studies deepen the relationship between founding partners and the active listening process. Castro, Kluger and Itzchakov (2016) mention that although this is a difficult construct to define, it is a process that includes attention, understanding the relationship, acceptance, empathy, the absence of judgment in the process of asking questions, and answers with small vocalizations and head nods. Itzchakov et al. (2018) also identify that active listening can positively affect the attitude and emotions of the speaker. Therefore, it makes sense to understand how active listening affects the affective conflict among founding partners.

This research also contributes to the literature on accelerators by identifying that the acceleration process intensifies the external pressure, which, in turn, intensifies the operational conflicts of early-stage companies. On the other hand, the process of mentoring and talks with the managers reduce misalignments between partners, which also reduce operational conflicts. As a managerial implication, since all conflicts that ended up in one of the founders leaving the company or the complete shutdown of the operations moved to stage II of conflict escalation on Glasl's (2009) model, results suggest that the accelerator could have played a more active role on mediating conflicts among founding partners. At stage II conflicts won't de-escalate without external intervention. This is an important finding since that suggests that early stage investors could and should play an active role on de-escalation of conflicts.

We also suggest that future research should longitudinally follow the acceleration process of a large group of startups to deepen our understanding of the effects on operational and affective conflicts. Additionally, we expect that active listening from mentors and managers may be a positive factor in the engagement of startup founders when dealing with operational conflicts in the acceleration process.



This research also contributes to both the accelerator management practice and to the relationships among the founding partners of early-stage companies. Accelerators must realize that they play an active role in the operational conflicts of accelerated companies. Therefore, they should seek to play an active role in building an agenda that promotes dialogue among founders and between them and their mentors and accelerator managers.

For the founding partners of early-stage ventures, this research contributes to the importance of knowing how to take a step aside, give in and place one's ego aside, in addition to finding evidence-based arguments that are mechanisms that can reduce the probability of conflict escalation that can lead to a company's failure.

As for limitations of this study, we only researched early stage startups in the pre-seed phase accelerated by a single accelerator. In future research, we recommend investigating if the findings are also valid for companies outside of accelerators and for later stage companies.

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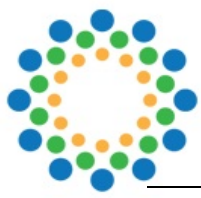
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