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Cofounder Selection & Satisfaction: How Entrepreneurial Cofounders Come Together and Succeed Together

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Abstract

As many new ventures are created by teams, not solo founders, choosing a cofounder is an important decision for entrepreneurs. The individuals who mutually select into the founding team not only define and develop the concept, imprint the venture, and influence its chances of success, but also impact each other's satisfaction and willingness to persevere. Yet despite these relationships' crucial implications, the literature offers only scattered insights into how and why cofounders come together and succeed together.

With this dissertation, I advance theoretical understanding of what goes into forming and maintaining a quality cofounder relationship—a key resource that can neither be bought nor strategically acquired. The dissertation comprises three essays, including four convergent studies that each mobilize different forms of data, methods, and analysis. Essay 1 offers a systematic review of relevant literature, revealing that cofounder selection is a multilevel, dynamic phenomenon subject to many interrelationships. Drawing on systems theory, I organize findings based on four distinct initiation points, offering propositions about what predicts successful selection within each. Essay 2 examines how entrepreneurs' selection priorities can influence cofounder satisfaction. After abductively deriving six key cofounder fit criteria, I test the model using fuzzy set qualitative comparative analysis, showing that there is not one necessary criterion, but certain configurations consistently yield high cofounder satisfaction. Finally, Essay 3 develops and tests a multilevel, relational theory of cofounder selection, which highlights that the benefits of choosing a high-familiarity cofounder depend on founders' perceptions of psychological safety and equity justice with their cofounder over time.

As a cohesive set, these essays offer three overarching theoretical contributions to research on entrepreneurial team formation: i) establishing a systems view, which posits there are various ways in which cofounders come together amid a constellation of interrelated influences, advancing the field beyond assumptions of a linear, one-best-way approach to team formation; ii) developing dyadic reciprocity as a critical driver of selection and satisfaction, and illustrating methodological approaches to account for it; and iii) connecting

selection decisions to key relationship dynamics, offering insight into the mechanisms by which cofounder relationships remain successful (or not) over time.

Keywords

Entrepreneurship, Entrepreneurial Teams, Entrepreneurial Team Formation, Cofounder Selection, Systems Theory

Summary for Lay Audience

Choosing a cofounder is a high-stakes decision for entrepreneurs and their ventures. The individuals who mutually select into the founding team steer the opportunity, deeply imprint the organization, and affect the venture's chance for success, as well as influencing each other's satisfaction and willingness to persevere. Despite the importance of these relationships, research offers only a fragmented understanding of their formation and success. This dissertation seeks to address this gap in three essays. First, in Essay 1, I collect and review what is known about cofounder selection. Synthesizing more than 30 years of the literature reveals a complex system of interrelated inputs and starting conditions that influence cofounder selection, which is a two-sided decision between individuals. In Essay 2 I dive deeper into which selection criteria are consistently associated with cofounder satisfaction. Here I find that entrepreneurs prioritize different dimensions of *fit*—including skills fit, resources, personal fit, familiarity, venture fit, and work fit—and certain tradeoffs emerge in the face of constraints. Further, interviews reveal that entrepreneurs' perceptions that their cofounder respects and trusts them as much as they respect and trust their cofounder (reciprocity) drives selection decisions and subsequent satisfaction, though these perceptions can limit their ability to choose someone with optimal qualifications and resources. Finally, Essay 3 explores how prioritizing familiarity in a cofounder affects the relationship between cofounders over time. I find that the relationship dynamics between cofounders, specifically their perceptions of psychological safety (safety to admit mistakes and have difficult conversations with a cofounder) and equity justice (feeling their equity allocation is fair) contribute to cofounder satisfaction. I also find support that these dynamics help explain the relationship between seeking a familiar cofounder and satisfaction. Additionally, I find some evidence of reciprocity among cofounders, which suggests that individuals within entrepreneurial teams have mutual influence over each other in some important ways previously unaccounted for in entrepreneurial teams research.

Co-Authorship Statement

I collaborated on Essay 1 (Chapter 2) with Dr. Denis Grégoire (HEC Montréal), Dr. Darren Meister (Ivey Business School, Western University), and PhD candidate Naryoung Yu (Ivey Business School, Western University). I was the creator of and primary contributor to this essay and assumed responsibility for overseeing and designing the project, searching for and selecting relevant articles, reviewing all articles, creating a coding scheme, conducting various analyses, and writing the manuscript. Dr. Meister contributed by providing guidance on the research process and offering high-level edits on the final drafts. Dr. Gregoire contributed by offering guidance on the research process and editing and refining the drafts. Naryoung Yu contributed as a paid research assistant, reviewing the papers, learning the coding scheme, and conducting independent coding to compare our results. She also offered high-level edits on final drafts.

For Essay 2 (Chapter 3), I collaborated with Dr. Denis Grégoire (HEC Montréal) and Dr. Darren Meister (Ivey Business School, Western University). The idea for this essay came out of exploratory, semi-structured interviews that I conducted in partnership with Dr. Meister with entrepreneurs in a competitive accelerator program, to which we were granted access by Dr. Grégoire. I also gathered exploratory survey data and conducted a second set of interviews on my own, with Dr. Grégoire again helping to facilitate access. I served as the principal contributor, responsible for creating the survey, cleaning, coding, and analyzing the survey data and interviews, and writing the manuscript. Dr. Grégoire contributed by editing and refining drafts. Dr. Meister also provided the funding for the research and travel costs.

Finally, I collaborated on Essay 3 (Chapter 4) with Dr. Denis Grégoire (HEC Montréal) and Dr. Darren Meister (Ivey Business School, Western University). I developed the concept and theoretical model, designed the survey instruments, collected, cleaned, and analyzed the data, interpreted the results, and wrote the manuscript. Dr. Grégoire contributed by facilitating access to the entrepreneurs included in this research through various communications with program leadership, helping to refine and test the survey instruments, and providing feedback on various drafts. Dr. Meister provided the funding for the research and travel costs.

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"The #1 cause of early death for startups is cofounder blowups. But for some reason, a lot of people treat choosing their cofounder with even less importance than hiring. Don't do this! This is one of the most important decisions you'll make in the life of your startup, and you need to treat it as such."

—Sam Altman, President of Y Combinator (2014)

Chapter 1

1 Introduction

1.1 Research Motivation

Imagine an aspiring entrepreneur is struck by the idea of a lifetime—one that could make them very rich and perhaps change the world for the better. But they recognize that they need help to make this vision a reality; they need a cofounder. How should they go about selecting a person for this unique role? A cofounder refers to an individual considered fundamental to the joint creation and development of a new venture, and who has some shared equity ownership and decision-making authority (Knight et al., 2020). Unlike early employees or "joiners" of an established start-up (Roach & Sauermann, 2015), cofounders voluntarily sign on to the task of creating a company that does not yet exist (Stinchcombe, 1965), and thus there is typically no established job description, compensation, or benefits package, and certainly no predecessor to provide training for the role. Moreover, chances are high that committing time and effort to a nascent venture in exchange for equity will never amount to any payoff, as failure is common (Mahmood, 2000). Thus, enlisting the right cofounder can be a difficult challenge for nascent entrepreneurs.

These challenges are further amplified by how high-stakes cofounder decisions can be for the venture. Research shows that the founders shape the venture idea (Shane, 2000) and have a strong imprinting effect on the burgeoning company (Eisenhardt & Schoonhoven, 1990; Hannan & Freeman, 1984; Leung et al., 2013; Stinchcombe, 1965). A large body of work has also demonstrated that the founding team's composition can profoundly impact the venture's performance (Bolzani et al., 2019; Jin et al., 2017; Klotz et al., 2014; Misganaw, 2018). Indeed, problems among the team are commonly cited as the reason for venture failure (Eisenhardt, 2013; Gorman & Sahlman, 1989; "The Top 20 Reasons Startups Fail," 2019; Wasserman, 2012).

Considering how influential a cofounder can be, how *should* our hypothetical entrepreneur go about selecting someone for this role? And what goes into maintaining a

"successful" cofounder relationship? Defining "success" may not be as easy as it seems. Bird (1989, p. 207) identified the fuzziness in academic understanding of partnership success, noting it could be defined by the length of the relationship, an amicable ending, organizational growth, the satisfaction of the individuals, or by outsiders' views of their legitimacy. She concludes that "most likely, a successful partnership is one that fulfills some combination of these criteria."

If organizational growth is the objective, research suggests that seeking strong human capital and diverse experience should be prioritized (Jin et al., 2017). However, there are many mixed findings in this regard (Klotz et al., 2014; Zhou & Rosini, 2015), owing to sampling problems (Forbes et al., 2006; Yang & Aldrich, 2012), potential spuriousness of relationships, and the often overlooked role of context (Das et al., 2021; Shah et al., 2019).

If length of the relationship is a concern, studies on factors associated with member exit may be relevant (Cachon, 1990; Chandler et al., 2005; Forbes et al., 2006; Ucbasaran et al., 2003; Vanaelst et al., 2006; Wasserman, 2012). Empirical studies reveal mixed findings, however; choosing a family member may minimize team turnover (Cachon, 1990; Ucbasaran et al., 2003) or increase it (Wasserman, 2012). Why this may be so, or whether an exit is even a negative outcome for the venture, remains unclear (Gregori & Parastuty, 2020). Though equivocal, this work highlights that dynamism, or changes in team membership, is common among entrepreneurial teams (Clarysse & Moray, 2004; Vanaelst et al., 2006; Yusubova et al., 2020; Zellmer-Bruhn et al., 2021). Thus, selecting cofounders may not be a one-time decision but an ongoing challenge.

All in all, past research indicates that choosing a cofounder is an important consideration for an entrepreneur, one that is rife with challenges, and success may depend on what outcomes the entrepreneur is pursuing. Curiously, extant studies have focused predominately on team- or venture-level outcomes, such as membership change and performance—but these tell us little about how entrepreneurs navigate the challenges of coming together in the first place. With this dissertation, I seek to address this gap. Using a multi-method approach in four studies, I examine cofounder selection approaches and

outcomes of entrepreneurs affiliated with a competitive, high-tech accelerator and found-development program in North America. This sampling frame enables clear theoretical focus, as the accelerator requires early-stage, team-based ventures for which entrepreneurs had recently selected cofounders, and methodological rigor, as the entrepreneurs are all founding tech-focused, growth-oriented ventures, subject to similar resources and regional and market influences, offering reasonable homogeneity. Finally, this sampling approach also offers specific, practical implications for high-tech, growth-oriented entrepreneurs seeking cofounders, and a large and growing number of accelerators and institutions supporting this type of team-based entrepreneurship. In subsequent sections of this introductory chapter, I highlight the extant research on the start of startups, often labeled as "entrepreneurial team formation," lay out the dissertation's central research questions and structure, and outline its key contributions.

1.1.1 Extant Research on Entrepreneurial Team Formation

Early work on entrepreneurial team formation found that entrepreneurs commonly cofound their ventures with a strong-tie connection, like a family member or friend (Aldrich & Kim, 2007; Brannon et al., 2013; Ruef et al., 2003; Wasserman, 2012). Yet, studies have also suggested that this approach, sometimes called an "interpersonal attraction" strategy (Aldrich & Kim, 2007; Forbes et al., 2006; Lazar et al., 2019, 2022), comes at the cost of competence on the team and subsequent performance (Aldrich & Kim, 2007; Ruef et al., 2003; Zhang, 2010). Scholars have begun taking a closer look at the implications of such decisions among early-stage entrepreneurial teams, often contrasting an interpersonal attraction strategy with a "resource-seeking" strategy of recruiting diverse or complementary skills (Lazar et al., 2022; Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021). Findings suggest a performance benefit for teams that exhibit a hybrid strategy of both approaches (Lazar et al., 2022). But while Lazar et al. (2022) find that this dual strategy improves venture performance by way of transactive memory systems within the team, they also note that this approach is rare and may be difficult to achieve.

As a body of work seeking to understand the dynamics and implications of cofounder selection, however, quantitative research on team formation decisions suffers from

several key limitations. First, studies rarely capture the intentionality or instrumentality of these cofounding decisions. Many researchers tend to infer a team formation strategy from externally observable characteristics of the team, such as previous relationships and diversity of functional backgrounds. Second, most studies assume a team formation strategy whereby a lead entrepreneur instrumentally recruits a team using a blanket approach to selection. In reality however, cofounder selection is a mutual decision between individuals. Thus, the selection decision may vary between individuals in the team, with each dyad forming based on both individual's unique intentions and circumstances (Bliese, 2000; Patzelt et al., 2020). Third, assuming an instrumental lead entrepreneur loses important contextual information. For instance, because ventures are often co-created, mutual self-selection can occur as a function of developing the idea together (Forsström-Tuominen et al., 2017; Tryba & Fletcher, 2020), or may be born of structural constraints in the early stages of a venture (Aldrich & Kim, 2007; Leung et al., 2006). Fourth, most research assumes selection criteria fall neatly into the dichotomized categories of interpersonal attraction versus resource-seeking, or both. Yet, there may be a more complex mix of criteria, motivations, and contextual contingencies that play a role. For instance, a passion for the venture idea (Forsström-Tuominen et al., 2017; Kamm & Nurick, 1993) and the individual's life circumstances (Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021) may influence their decision to self-select into a cofounder relationship. In short, entrepreneurs' approach to cofounder selection may be subject to a system of influences not well-represented or integrated by existing research.

Beyond these limitations, team formation's role in typical measures of venture performance (profit, or return on investment) may only be meaningful over an extended period of time (Kamm et al., 1990; Ruef et al., 2003). Recent longitudinal comparative case studies show that, even among high-legitimacy lead entrepreneurs in spinouts who could cherry-pick top talent using dual strategies, there is still high variance among the team's ability to successfully launch (Shah et al., 2019; Zellmer-Bruhn et al., 2021). This means that many teams disband prior to having any meaningful venture metrics, thus research focused on performance may miss important findings from teams that don't survive the tumultuous early days (Forbes et al., 2006; Yang & Aldrich, 2012). I argue

that, perhaps a more relevant outcome of selection in the pre-launch phase is how the cofounders work together, and their satisfaction with the working relationship.

1.1.2 Exploring Links Between Cofounder Selection and Relational Dynamics

Research has identified key dynamics between cofounders that can profoundly impact a venture's trajectory. Lechler (2001) found strong correlations between social interaction factors (communication, coordination, mutual support, conflict resolution, and cohesion) and satisfaction and performance. Several studies have found overwhelmingly negative implications of relationship conflict in entrepreneurial teams (Breugst & Shepherd, 2017; Ensley & Pearce, 2001; Khan, Breitenecker, & Schwarz, 2015; Vanaelst et al., 2006). Not all conflict proves detrimental, however, as some studies show the benefits of cognitive conflict for strategic decision-making (Ensley & Pearce, 2001), business plan quality (Kollmann et al., 2019), and performance (de Jong et al., 2013; Ensley & Pearce, 2001). Eisenhardt (2013, p. 805) notes the benefits of cofounders who are "highly conflictual, and still get along." Finally, because equity share, representing a founder's percentage of ownership of the venture, is often the only form of compensation a founder receives for their efforts, its distribution is considered "a critical issue to be resolved" (Balkin & Swift, 2006, p. 4). Founders' perceptions of a fair distribution of equity— hereafter referred to as perceived equity justice—has been shown to trigger negative or positive interaction spirals and impact team satisfaction (Breugst et al., 2015).

The above studies show that relational dynamics among the team can be make-or-break factors for entrepreneurs and their ventures as they navigate the extreme novelty of startup creation together (Blatt, 2009; Stinchcombe, 1965). But little research has addressed how entrepreneurs' selection approaches can influence these dynamics and the entrepreneurs' ongoing satisfaction with the cofounder relationship. While the team-performance link is well established, research has barely pierced the surface to understand the unique relationships within the team and their role in maintaining each entrepreneur's motivation to continue along the difficult path. As such, scholars have called for more research on how cofounders balance the simultaneous goals of getting ahead and getting along when forming teams (Blatt, 2009; Patzelt et al., 2020).

Psychological safety (Edmondson, 1999) represents one such compelling yet understudied dynamic between cofounders (Klotz et al., 2014). Defined as "a shared belief that the team is safe for interpersonal risk taking" (Edmondson, 1999, p. 350), psychological safety addresses a mutual trust and respect that may enable cofounders to persist through conflict and setbacks on their way to success (Newman et al., 2017). This emergent climate is unique to their working relationship and may heavily influence their satisfaction. Similarly, perceived equity justice, or perceptions of fairness regarding equity allocations, signifies whether cofounders have successfully navigated difficult conversations around ownership expectations. How cofounders came together can have a strong bearing on these dynamics. Thus, understanding how different selection approaches may impact psychological safety and perceived equity justice among cofounders and how they relate to cofounder satisfaction may offer unique insights into effective cofounder selection for the success of the relationship *and* the venture.

1.1.3 The Theoretical Landscape

From a theoretical standpoint, scholars have also lamented the absence of an integrative theory that captures the complexity and behavioral side of entrepreneurial team formation (Das et al., 2021; Lazar et al., 2019; Schjoedt et al., 2013). Research seeking to explain varying aspects of why founders come together has drawn on ontologically diverse lenses employed from sociology, economics, and psychology. Indeed, Lazar et al. (2019) state, "[W]e lack an understanding of whether these theories provide competing or complementary explanations of the phenomenon" (p. 4). Harper (2008) put forth an economic explanation of founding team emergence based on bounded uncertainty and aligned economic interests, but as noted by Schjoedt et al., "[t]here is still much we do not know, and there has been a lack of concerted effort to develop a theory that applies to the specific circumstances and contingencies facing entrepreneurial or family business teams" (2013, p. 3).

I argue that going down a level of analysis to the individual and dyadic pairs within the team, while also considering the larger system they exist within, may offer unique theoretical insight into how teams emerge and evolve. Entrepreneurial teams are comprised of individuals nested in dyadic pairs, and, if there are more than two members,

of dyads nested in the team (Hox et al., 2018). Each of these levels of analysis is important, as they represent their own unique relational effects (Snijders & Kenny, 1999). This is especially true in the case of cofounders, as both evidence and theory point to high levels of interdependence and reciprocity between them (Breugst et al., 2020; Harper, 2008; Kagan et al., 2020; Yang et al., 2020), and relationships between members can be highly variable, ranging from highly familiar individuals to relative strangers (Aldrich & Kim, 2007; Ruef, 2010; Ruef et al., 2003). Finally, cofounder dyads are important to the understanding of entrepreneurial teams, as they commonly represent the whole of the team (Ruef et al., 2003; Steffens et al., 2012).

Through it has significantly advanced our understanding of entrepreneurial teams and how they form, past research only sheds a patchy light on how cofounders come together and stay together. Extant findings are mostly focused on venture performance, which is not always meaningful in the early, pre-launch stages of new venture creation (Foo et al., 2006). More generally, we lack understanding of how varying selection decisions may impact dynamics on the team, such as psychological safety and perceived equity justice, and important relational outcomes, like cofounder satisfaction, which may be an important intermediary outcome contributing to venture performance. Further, scholars have almost exclusively studied this phenomenon at the team or venture level, overlooking both the important role of the cofounder dyad and the multilevel nature of team formation, which represents a shift from individual to dyad, to team, and ultimately to venture.

In addition to addressing the knowledge gaps and methodological issues summarized in the previous paragraphs, I seek to contribute to theory on the predictors of a quality cofounder relationship, advancing academic understanding of the fundamental unit of all founding teams: the enigmatic cofounder partnership. If a venture is seen as an entrepreneur's "baby," as is commonly described (Cardon et al., 2005), then cofounders can be seen as co-parents. It is therefore unsurprising that cofounding a venture is often likened to a marriage of a professional nature (Timmons, 1979; Wasserman, 2012). Such partnerships provide both the DNA and the structural integrity of the new venture to be

built. Thus, a quality cofounder relationship can form an essential strategic resource but, much like the love and commitment of a spouse, it is not easily bought or hired.

1.2 Research Questions and Structure of the Thesis

Despite how important cofounder relationships can be in the creation of new ventures, past research has only made superficial inroads into how entrepreneurs select one another in the face of difficult tradeoffs and maintain a quality cofounder relationship through the many challenges they will face. This thesis aims to contribute new theory and evidence to this discussion in three essays, which form Chapters 2, 3, and 4, with a conclusion in Chapter 5.

In Chapter 2, I ask the research question: *How does cofounder selection take place and what factors influence it?* To answer this question, I conduct a systematic review and critical analysis of current research on cofounder selection, going back more than 30 years to the first scholarly effort on this front, a decision-making model of team formation developed by Kamm and colleagues (Kamm et al., 1990; Kamm & Nurick, 1993). My analyses reveal a highly complex and dynamic system of interrelated inputs. I first identify opportunities to integrate diverse theoretical lenses used among the findings, which help explain isolated relationships within the larger system. Focusing on the cofounder selection process, which involves the individuals in relationship with each other and the business concept, I identify four unique initiation points of selection that influence the process and its evolution. Based on this synthesis of knowledge and theory, I present propositions predicting how selection may unfold differently from each starting point. Recognizing that these initiation points may evolve into each other, I conclude that selection is not a one-and-done decision, but a recursive process of evaluating expectations against reality through feedback loops along four dimensions: individual to individual fit (cofounder fit), individual to venture fit (venture fit), individual's motivations to outcome fit (motivation-outcome fit), and venture to environment fit (environmental fit). This framework forms the foundation upon which I contribute a systems view of cofounder selection. The review concludes by identifying important gaps in the literature and offers an agenda for the most pressing research directions ahead.

Building on this work, in Chapter 3, I focus on one of these key fit dimensions – cofounder fit – and ask the research question: *What are the key cofounder selection criteria entrepreneurs seek in a cofounder and how do different combinations of prioritized criteria affect cofounder satisfaction?* I draw on a systems view of fit to understand how entrepreneurs may prioritize certain criteria to find sufficient fit in the face of tradeoffs or other contextual influences, and how their decisions may relate to subsequent cofounder satisfaction. Based on existing findings examined in Chapter 2, as well as qualitative interviews with cofounders, I abductively derive a model of six fit criteria that an entrepreneur may consider when selecting a cofounder and which should contribute to satisfaction. This broadens the existing, limited view in the literature that entrepreneurs must choose between the interpersonal attraction and resource-seeking approaches to cofounder selection or, in rare cases, choose a blend of both. The exploratory model suggests a system of interrelated (sometimes competing, sometimes synergistic) considerations. To test this systems view, I employ fuzzy set qualitative comparative analysis (fsQCA) using rich, qualitative interviews with entrepreneurs who had recently selected cofounders to determine the configurations of selection criteria that are consistently associated with high satisfaction.

The results reveal five different selection "recipes" that are consistently associated with high cofounder satisfaction. These findings support a systems view in that they indicate there is no "one right way" to choose a cofounder; rather, by prioritizing certain combinations of criteria, entrepreneurs may be able to find sufficient fit for their unique constraints and personal and venture needs to achieve cofounder satisfaction. Interestingly, the highly satisfied cofounders in the sample rarely prioritized human capital resources of network connections, education, legitimacy, and financial contributions. Through a qualitative approach, I offer new insight into why these entrepreneurs rarely sought human capital, driven by tradeoffs and the need for reciprocal trust and respect that limited their ability to seek better resources than they themselves had to offer. My findings suggest a more relational view of cofounder selection and indicate a boundary condition to resource-seeking theories, in that entrepreneurs may be limited in their ability to secure cofounders with resources beyond what they themselves possess.

In Chapter 4, I zoom in on one particularly influential selection criterion: familiarity with a cofounder, asking the research question: *How does prioritizing familiarity in a cofounder contribute to relational dynamics of psychological safety and perceived equity justice, and ultimately, to the cofounders' satisfaction over time?* Building on interpersonal attraction theories to explain how this approach to selection impacts satisfaction, I develop a relational theory of cofounder selection, positing that prioritizing familiarity does not cause satisfaction with a cofounder along the uncertain path of launching a venture; however, the relational capital that comes with prioritizing familiarity may benefit psychological safety and perceptions of equity justice among cofounders, which in turn explains satisfaction. I test this new theoretical model using data collected at three time points over six months from cofounders participating in a highly competitive founder development program in North America. In line with interpersonal attraction theories' predictions of reciprocity, I employ the actor-partner interdependence mediation model (APIMeM) to account for the mutual influence among dyadic cofounder pairs. Interestingly, however, current analyses offer mixed support for the impact of reciprocity among dyadic partners. I conclude the chapter by discussing why this may be the case, which in turn allow me to suggest potentially interesting avenues for future research.

The thesis concludes with Chapter 5, in which I summarize and discuss the dissertation's key findings and theoretical contributions, offering implications for practice and the study of entrepreneurial teams.

1.3 Contributions to Theory

Through answering this dissertation's research questions on cofounder selection and satisfaction, I contribute to theory in several ways. First, I contribute an integrative systems view of cofounder selection, identifying a constellation of influences, differing priorities or circumstances of which yield systemically different approaches to this two-sided, dynamic process. A systems view accounts for the complexity of cofounder selection, which involves multiple perspectives and levels of analysis between individuals, dyads, the team, and the venture. Additionally, it addresses the shortcomings and fragmentation of extant theories of entrepreneurial team formation, demonstrating

that they are not necessarily in competition, but simply predict different outcomes at different levels of analysis and address isolated relationships within the system. By zooming out to a system-level view, I identify where in the process extant theories offer insight and provide new predictions regarding four systematically different starting points of selection. Unlike more reductionist theories that seek to establish isolated, cause-and-effect relationships, a systems view predicts equifinality, or that there are multiple paths entrepreneurs may take to selection, based on what they prioritize and their individual and venture-level goals.

Second, by zooming in on selection decisions that take place within the larger system of influences, I draw attention to a previously overlooked, yet fundamental levels of analysis in entrepreneurial teams: dyads. The formation of cofounder dyads is often an inciting and imprinting step in new venture creation, though is not well illuminated by extant theory and research that predominately focuses on how an existing team's composition and processes affect venture performance. Focusing on dyads contributes to the field a more relational view of entrepreneurial teams, bringing to light that cofounders are subject to relational norms, like reciprocity and interdependence, which are powerful drivers of selection and satisfaction with the relationship, over and above resource needs.

Third, I contribute to the field a new research question about relationship quality, changing the conversation from venture-level performance and taking a more relational view of entrepreneurial teams. In so doing, I introduce a new dyad-referent construct, *cofounder satisfaction*, which I theorize is an important relational outcome of selection, because venture creation often depends on the formation of viable cofounder relationships.

Fourth, in examining cofounder fit, I build on systems view, demonstrating that there are equifinal paths to satisfaction based on entrepreneurs' unique prioritization of certain selection criteria in the face of constraints. This finding challenges the "one-best-way" conception of team formation established in extant literature, again showing that there are different approaches for different circumstances.

Finally, to better understand the mechanisms by which cofounder relationships remain successful (or not) over time, I import established constructs of psychological safety and organizational justice into this unique context and examine them dyadically. In so doing, I contribute novel theory connecting selection decisions to key relationship dynamics, specifically finding that the powerful draw of familiarity in cofounder is only as successful as the founders' ability to develop a climate of psychological safety and justice between them.

1.4 Contributions to Practice

For practice, the dissertation's findings offer useful insight for entrepreneurs, educators, and institutions pursuing or supporting team-based entrepreneurship. Chapter 2 suggests the importance of an entrepreneur's unique position in the system when they initiate selection – do they have a business concept? What are their motivations and goals for the venture? What do they bring to the table? These "starting conditions" regarding the individuals, the business concept, the context, and the outcomes of interest can constrain or enable the process and their likelihood of successful selection. Awareness of this can perhaps guide an entrepreneur to change their priorities to better match their circumstances or vice versa. Further, the updated theoretical framework is a useful tool for cofounders and coaches to evaluate the ongoing viability of the cofounder relationships within the team with respect to cofounder fit, venture fit, motivation-outcome fit, and environmental fit, some combination of which is essential to cofounder perseverance over time. These four fit dimensions offer a useful predictive tool to anticipate necessary changes—whether that be changes to the business concept, the individuals, or their environment—to maintain fit. In sum, cofounder selection is not a one-and-done decision, but a continuous choice to persist, make changes or select out as they gather new information.

Second, in focusing on cofounder fit, Chapter 3 offers five successful recipes of prioritized criteria consistently associated with satisfaction, which entrepreneurs may consult as a menu of sorts when seeking a cofounder. The findings suggest that entrepreneurs likely can't "have it all" due to constraints and tradeoffs, yet over-indexing on one fit dimension, particularly skills or resources, can be a recipe for dissatisfaction.

Accelerators, incubators, educational programs and institutions supporting team-based entrepreneurship may seek to integrate the conceptual model and its lessons of competing selection priorities into workshops and curricula to help guide entrepreneurs forming teams.

Finally, Chapter 4 demonstrates that, though familiarity is often highly prioritized as a selection criterion, its value depends on whether the entrepreneur can maintain a sense of fairness and psychological safety with their cofounder over time. This means that entrepreneurs do not have to limit their candidate pool to members of their immediate network so long as they can find a cofounder with whom they can freely address, resolve and learn from difficult issues and challenges. Investors may also evaluate perceptions of psychological safety and equity justice among cofounders as signals of relationship viability instead of assuming it based on familiarity.

Overall, through this thesis I apply a stronger magnifying glass to the inner workings of entrepreneurial teams, examining the lower levels of analysis to connect individual-level selection decisions to dyadic-level relationship dynamics and the quality of cofounder relationships, which together represent driving forces behind collaborative venture creation.

Chapter 2

2 Cofounding the Future: A Systematic Review and Development of a Systems Theory of Cofounder Selection

2.1 Introduction

The topic of entrepreneurial teams has received considerable scholarly attention in the last few decades. Yet curiously, the bulk of existing work has focused on *established* teams—and on the compositional characteristics and processes associated with their success (e.g., Ben-Hafaiedh, 2017; Bolzani et al., 2019; Jin et al., 2017; Klotz et al., 2014; Knight et al., 2020; Misganaw, 2018). More recently scholars have turned their attention to entrepreneurial team formation, acknowledging that cofounders' early, endogenous decisions to form a team together not only lay the foundation of a team's subsequent composition (Lazar et al., 2019, 2022; Shah et al., 2019; Zellmer-Bruhn et al., 2021), but also may have lasting impacts on the venture's trajectory (Beckman & Burton, 2008; Eisenhardt, 2013; Leung et al., 2013).

Despite important research advances on this topic, several scholarly challenges have emerged. Among the most salient, many studies portray formation as a team-level phenomenon (Lazar et al., 2019), which abstracts away a complex, two-sided decision between *individuals*, each of whom has unique characteristics, interests, and motivations (Patzelt et al., 2020; Ye et al., 2021; Zellmer-Bruhn et al., 2021). Yet, this research largely neglects the need for reciprocal agreement or "fit" among potential partners in order to form a team and create a venture (Leung et al., 2006; Ye et al., 2021). Put simply, one cannot select a cofounder without also being selected.

Past research also suffers from conflicting theoretical explanations on how teams form (Forbes et al., 2006; Lazar et al., 2019; Shah et al., 2019). The commonly applied *resource-seeking view* touts the benefits of diversity and resource endowments, assuming that entrepreneurs instrumentally choose cofounders to maximize their venture's performance. However, research has documented that members of founding teams frequently exhibit high levels of similarity, pointing to the powerful drive of

homophily and interpersonal attraction (Aldrich & Kim, 2007; Parker, 2009; Ruef et al., 2003; Steffens et al., 2012). This inconsistency has prompted calls for theoretical advancements that integrate these lenses drawn from ontologically diverse origins of economics and social psychology (Iacobucci & Rosa, 2010; Lazar et al., 2019). Scholars have also called for theory that addresses contingencies that may influence decision-making (Das et al., 2021; Schjoedt et al., 2013) and accounts for unique contextual circumstances that play a role in team formation (Shah et al., 2019). Finally, extant research has largely failed to theorize the constraints that entrepreneurs face when trying to form their team, despite evidence that suggests that entrepreneurs sometimes fail to recruit cofounders (Basu & Virick, 2015; Haneberg, 2019; Scheidgen, 2019; Shah et al., 2019; Ye et al., 2021) and that exits or changes in the team are common (Chandler et al., 2005; Clarysse & Moray, 2004; Ucbasaran et al., 2003; Vanaelst et al., 2006; Yusubova et al., 2020).

To facilitate research that builds on the most advanced knowledge to tackle these important challenges and advance academic understanding of this complex process, I conduct a systematic review and analysis of management science's research on cofounder selection, returning to the first decision-making model of entrepreneurial team formation by Kamm et al. (1990), arguably the first scholarly effort on this front. In the subsequent section, I define the core concepts, briefly summarize the Kamm et al. (1990) decision-making model, and introduce a systems theory perspective, which together form the foundations for this review of the cofounder selection literature.

2.1.1 Theoretical Background

An entrepreneurial team is "a group of two or more people who work together interdependently to discover, evaluate, and exploit opportunities to create new products or services and who collectively have some ownership of equity, some autonomy of decision-making, and some entitativity" (Knight et al., 2020, p. 255). In line with this definition, a cofounder refers to an individual member of an entrepreneurial team, typically one who is considered fundamental to the creation of the venture and has some equity stake in and decision-making authority over the venture. How cofounders come

together to form an entrepreneurial team has become a topic of increasing interest since the publication of the Kamm et al. (1990) decision-making model (and its 1993 update).

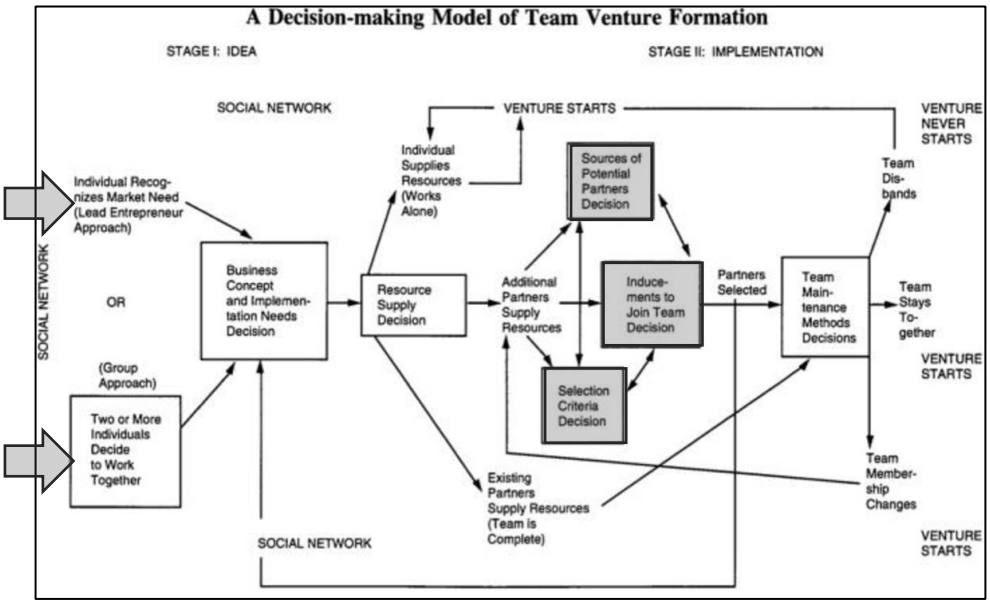


Figure 1: Original Model of Team Venture Formation (Kamm et al., 1990; Kamm & Nurick, 1993)

Kamm and colleagues first draw attention to two possible initiation points from which the process unfolds: (1) a single lead entrepreneur who identifies a market need or (2) two or more individuals who decide to work together and then develop a business concept (see Figure 1). In both cases, the next step concerns the development of a "business concept," from which cofounder considerations and selection then proceed. The model depicts selection decisions as a function of three interrelated considerations (shown in gray): (1) *criteria* (what an entrepreneur or group is looking for in a cofounder), (2) *sources* (where they'll look), and (3) *inducements* (what they can offer to induce commitment). Assuming that selection is successful, the cofounders' efforts move into team maintenance and venture launch. The model acknowledges that the team may disband, persevere, or change over time. In the latter case, the selection process repeats.

Though the authors describe it as "stage-based," updating the model to reflect the current state of the literature reveals a highly complex and dynamic system of interrelated inputs, and the linear assumptions of a stage-based model do not hold. Evidence across the

literature points instead to a systems lens, recognizing that there are systematically different selection approaches for different situations (Denicolai et al., 2015; Healey et al., 2021; Held et al., 2018; Scheidgen, 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021). Selection is situated within a larger system and depends on features of the individuals (both parties considering each other), the context, the business concept, and the goals they seek to achieve, all of which represent new inputs in the model. Selection may also spring from co-creation, in which individuals form an idea together, as a previously unidentified initiation point. Evidence of existing teams adding a new founder supports that the process of formation is dynamic, subject to recursive relationships (Cardon et al., 2017; Yusubova et al., 2020), which researchers have also suggested defy a linear, stage-based view (Clarysse & Moray, 2004; Held et al., 2018).

While Kamm and Nurick (1993) do not evoke systems theory in their pioneering work, the interrelationships and loops in their model indeed form a system, an entity that consists of interrelated, interdependent parts (Bertalanffy Von, 1968). Systems theory has been applied to many areas of management research (Kast & Rosenzweig, 1972; Shin & Konrad, 2017; Whittle et al., 2023) and to family and spousal dynamics (Bowen, 1978; Gottman et al., 2002). Building on these observations, I argue that systems theory offers an integrative lens to analyze the literature and help unpack the constellation of interrelated influences and two-sided considerations comprising cofounder selection, for several reasons.

First, systems theory allows for examining how smaller sub-systems (in this case, individuals in relationship with each other and a business concept) self-organize within higher-level systems (in this case, the venture, the context, and the market environment). In addition to having sub-systems and components, systems are defined by serving a function or purpose, such as stability (Forrester, 1968). In this case, cofounder selection is driven by the pursuit of various sub-goals related to launching a venture and its survival, determined by the individuals, the business concept, and the context. Finally, dynamic systems continuously produce a series of transitory states or outcomes that prompt feedback loops, ultimately influencing changes to the inputs in service of the system's purpose (Forrester, 1968). In this case, feedback may come from external

stakeholders (customers or investors) regarding the business concept, or internally, from the individuals themselves about whether the experience matches their expectations, and serves as a signal to affect future behavior, which may result in changes to the business concept or membership of the team over time. While the larger system (environment, context) may influence the sub-system (individuals and business concept), so too does the sub-system affect the larger system over time.

Thus, a systems view accounts for the complexity of cofounder selection, which involves multiple perspectives and levels of analysis between individuals, dyads, the team, and the venture. It addresses the constellation of inputs that influence the process, and the interrelationships among them, differing priorities or circumstances of which yield systemically different approaches to this two-sided, dynamic process. The feedback loops characteristic of systems and featured in the Kamm et al. (1990) model help explain the common occurrence of membership change in entrepreneurial teams (Chandler et al., 2005; Clarysse & Moray, 2004; Ucbasaran et al., 2003; Vanaelst et al., 2006; Yusubova et al., 2020), as new information incites individuals to persist, make changes, or select out.

2.1.2 An Integrative Review

Using the Kamm and Nurick (1993) model as a foundation for the review and guided by systems theory, I examine more than 30 years of research findings centered on cofounder selection to explain the systematically different ways in which entrepreneurs prioritize certain sources, criteria, and inducements to select one another.

The review offers four main contributions. First, I contribute updated models that reflect the larger system of inputs into selection identified in the review, including characteristics of the individuals, the business concept, the context, and the prioritized outcomes of interest, and four systematically different initiation points of selection. For

each, I synthesize past findings into a series of stylized propositions.[1] Together the models and propositions offer a more comprehensive representation of selection as a function of interrelated elements, influenced by different circumstances and constraints at the start of the process, and reflect how changes occur dynamically within the system. Second, based on the findings developed through the review, I contribute a systems view of cofounder selection, integrating theoretical lenses such as interpersonal attraction, resource-seeking, human capital, network theory, institutional theory, and effectuation. In doing so, I highlight that these theoretical lenses do not necessarily compete with one another, but explain different, isolated relationships within the larger system and predict different outcomes at different levels of analysis. Third, I build on these synthesized insights to offer a theoretical framework of cofounder selection that reflects its two-sided nature between individuals and addresses continuous fit considerations. Fourth, I identify important gaps, future research directions, and methodological considerations in this fertile area.

2.2 Methods

2.2.1 Sampling Frame and Procedures

To identify relevant journal articles that substantively address cofounder selection, I first conducted a series of keyword searches on the ABI/INFORM Collection and EBSCO Business Source Complete databases. I used the entrepreneurial team keywords used in Knight et al. (2020, p. 10), augmented with variations of the term “cofounder” because I am also striving to capture individual-level decisions to join a team. The inclusion criteria required that one of the following keywords appeared in an article’s title, abstract, or keyword fields: “entrepreneurial team*” OR “new venture team*” OR “startup team*” OR “start-up team*” OR “cofounding team*” OR “founding team” OR “founder team” OR “cofounder*” OR “co-founder*”. The inclusion criteria also required that “formation” OR “select* OR “choose*” OR “recruit*” appeared in the article title,

[1] Stylized propositions are in the manner of what Geroski (1995) offered in his review of economic research on new venture entry.

abstract, or keywords. To bolster the consistency of the search's results, I set the search conditions to only include peer-reviewed papers, written in English and published since 1990, the publication year of Kamm et al.'s (1990) "research model and agenda" article. I also narrowed the search to only retain articles published in journals related to topics of business, economics, entrepreneurship, innovation, psychology, and strategic management and closed the search on January 1, 2022.[2] This resulted in 254 candidate articles.

Second, to complement these database searches, I mobilized a forward-citation search process similar to Knight et al. (2020, p. 233) in which I employed Google Scholar to identify all articles that cited the original Kamm et al. (1990) paper as of January 1, 2022. This process yielded an additional 700 candidate articles. After combining the lists and removing duplicates, these searches yielded 906 candidate articles for screening.

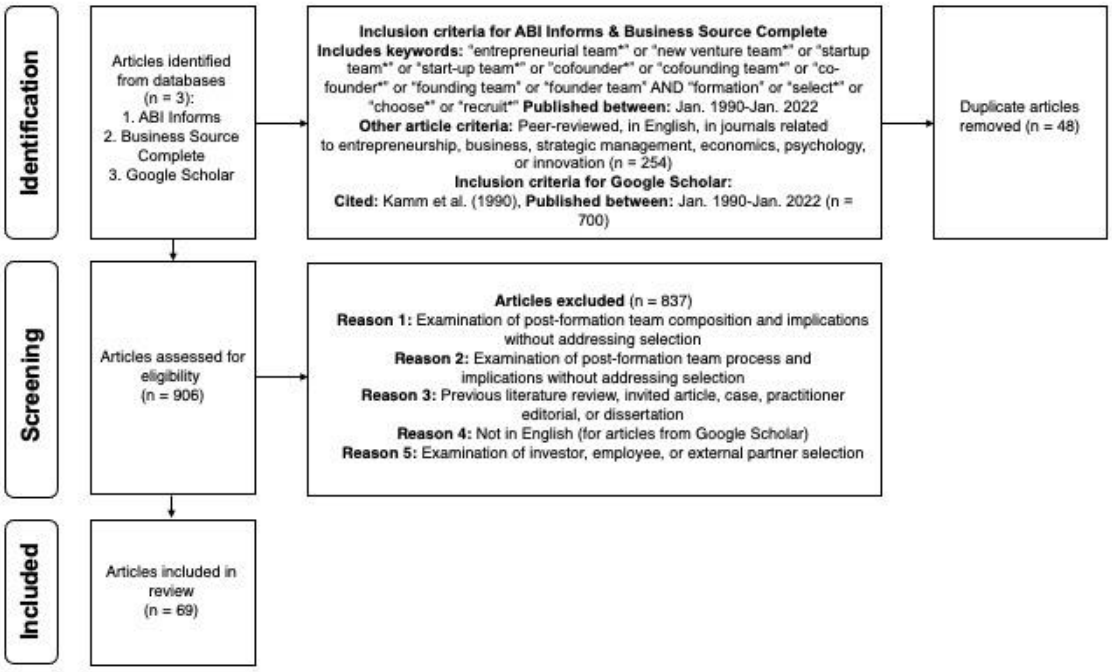


Figure 2: Systematic Review Process

[2] Three papers that were released online prior to January 1, 2022 were included, though they were officially published later in 2022.

I manually reviewed each candidate article to ensure that it addressed some facet of the selection of individuals given a founder or cofounder title, which, as noted, typically includes some level of ownership equity and decision-making authority (Knight et al., 2020). I included articles that both examined the formation of the original founding team and/or instances of a new cofounder being selected by an existing or "incipient" founding team (Lazar et al., 2019). I excluded articles that addressed the hiring of non-founders, early employees, or "joiners" (Roach & Sauermann, 2015), which has been examined by other reviews (Cardon & Stevens, 2004; Van Lancker et al., 2022). Consistent with prior reviews, I also excluded articles that were invited, editor notes, book chapters, teaching cases, dissertations, or practitioner editorials. Most excluded articles concern dynamics or outcomes of existing teams, with no mention of how the cofounders came together. This screening process resulted in 69 articles specifically exploring cofounder selection. Figure 2 depicts the multistage data collection process that I followed, drawing attention to the reasons why I retained some candidate articles as critically relevant for the systematic review, and why I discarded others as not relevant.

2.2.2 Analysis

I next undertook a three-step process for categorizing and coding the 69 articles. Again consistent with recent reviews (de Mol et al., 2015; Lazar et al., 2019), I documented each article's descriptive features and findings relevant to cofounder selection (see Appendix A). Second, I mapped out the relevant findings of each study with respect to the original Kamm et al. (1990) decision-making framework's selection elements of criteria, sources, and inducements, including antecedents, outcomes, or other identified elements, to create an updated model reflective of the literature's current state. As new elements and interrelationships emerged, I grouped the findings into three higher-order categories: (1) starting conditions, or factors shown to influence or incite the cofounder selection process; (2) the cofounder selection process, or how selection decisions are made; and (3) outputs, or the key outcomes of interest that the selection process is shown to influence. Several subordinate themes emerged within each of these broad categories, leading to the coding scheme shown in Table 1.

Table 1: Coding Scheme

Starting Conditions	Cofounder Selection Process	Outputs
Variables shown to influence/predict cofounder selection	*How candidates are identified, and mutual selection decision is made*	*Outcome variables under study*
a. **Context** – *The circumstances that form the setting* i. Market/Environment ii. Location iii. Setting a. Privileged witnesses/helper b. **Individual** - *Characteristics of the individuals involved* i. Experience –*Knowledge or skills acquired* ii. Personality – *Traits, preferences, or aversions* iii. Motivations – *Reasons for pursuing entrepreneurship* a. Intrinsic – *Driven by internal, personal fulfillment* b. Extrinsic – *Driven by external, tangible rewards* iv. Demographics – *Socioeconomic information/characteristics* c. **Business concept** – *Characteristics of the venture idea* i. Opportunity complexity – *Factors that increase difficulty* a. Industry ii. Opportunity potential – *Factors that inform venture viability* a. Venture stage iii. Internal fit assessment /Resource needs – *Factors that inform if they are the right person to execute this idea and identification of critical resource gaps* d. **Team** – *Characteristics of the existing team (if considering another cofounder)* i. Size ii. Composition iii. Internal fit assessment /Resource needs – *Factors that inform if they are the right group to execute this idea and identification of critical resource gaps*	a. **Initiation** – *Who initiates/how selection is initiated* i. **Lead entrepreneur** – *One person drives selection* ii. **Co-creation** – *Two or more people have the idea concurrently* iii. **Group-first –** *They decide to cofound initially without an idea* iv. **New member –** *An existing team seeks another cofounder* b. **Sources** – *Where one may decide to look for a potential cofounder* **i. Strong ties –** *Friends, family, spouse* **ii. Through networks –** *Acquaintances* **iii. Through referral** **iv. Impersonal search** **v. Other** **c. Criteria** – *What an entrepreneur/existing team is looking for in a cofounder* **i. Interpersonal attraction** – *Based on liking/similarity* **ii. Resource seeking** – *Filling a resource gap* **iii. Venture fit –** *Alignment and interest in the business concept/goals* **iv. Other** **d. Inducements** – *Why and how the cofounders may be motivated to commit to each other* **i. Extrinsic** – *Driven by external, tangible consequences* **ii. Intrinsic** – *Driven by internal rewards of personal fulfillment* **iii. Formal –** *Factors related to drafting a formal contract* **iv. Other** e. **Detractors –** *Reasons that may deter a person from cofounding* **i. Opportunity costs**	**a. Individual** – *Related to a single entrepreneur* **b. Dyad –** *Specifically about a pair* **c. Team –** *About a group of 2 or more* **d. Venture –** *About the venture they create* **e. Other**

Using this coding structure, two members of the research team independently coded each article. We compared our coding to ensure adequate inter-rater reliability across categories (92% agreement; Kappa = 0.82), discussed discrepancies, and adjusted accordingly upon reaching consensus. In the third and final stage, I critically compared the different descriptive features and findings within and across articles to understand the state of the literature. Through this process, I recognized that prior research pointed to a systems view and depended heavily on the starting conditions and constraints at the time of selection. The literature could be profitably analyzed in terms of four distinct initiation points that emerged, which have distinctive starting conditions. These initiation points include the two originally identified in Kamm et al. (1990)—namely, selection by a lead entrepreneur or by a group deciding to work together (which I call "group-first")—to which I add co-creation (when cofounders discover a business idea together) and selection by an existing team adding a new member.

2.3 Results

In this section, I first summarize the corpus, identifying key theoretical foundations and outcomes of interest. Second, I present and define the new inputs to selection identified through my analyses and relevant theoretical lenses that explain relationships among them. Finally, I present findings around the four different initiation points of selection that emerged through the review, offering propositions regarding how selection unfolds from each.

2.3.1 Summarizing the Corpus

The included body of work reflects a wide variety of epistemologies, methodological approaches, theoretical lenses, and variables of interest. Of the 69 articles, 10 (14%) are conceptual or theoretical papers, offering propositions without empirical validation. The remaining 59 (86%) are empirical papers, with 24 (35%) using qualitative methods, seven (10%) employing mixed methods, and 28 papers relying on quantitative analysis. Three studies use economic or computational modeling (Healey et al., 2021; Parker, 2009; Vereshchagina, 2019), and four feature lab or field experiments (Boss et al., 2021; Kagan et al., 2020; Lazar et al., 2022; Rosendahl Huber et al., 2020). Acknowledging the

temporal dynamics of entrepreneurial team formation, Kamm et al. (1990) recommend that research on this topic be longitudinal. In this regard, 22 articles (41%) analyze some level of change over time, including six (9%) that use longitudinal data from the Panel Study of Entrepreneurial Dynamics (PSED). Sample sizes range from one case (Bodolica & Spraggon, 2015; Shaw et al., 2017; Vanaelst et al., 2006) to more than 60,000 entrepreneurs (Mejdalani & Gonçalves, 2022; Pinzón et al., 2022).

2.3.2 Theoretical Foundations

Examining the theoretical foundations of cofounder selection, I found that 59 articles collectively mobilized 30 different theories (see Table 2). This diversity in perspectives supports observations that the field is fractured in its theoretical explanations of how cofounders come together (Aldrich & Kim, 2007; Forbes et al., 2006; Lazar et al., 2019). Additionally, I find that there is growing confusion in the way these theories are operationalized. For instance, an "interpersonal attraction" strategy has been conceived of and measured as familiarity, or having strong-tie relationships on the team (Lazar et al., 2022; Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021), which may or may not be born of attraction. Studies also feature a proliferating number of dimensions of homophily, including similarity in gender, race, and functional experience (Ruef et al., 2003), over-optimism (Parker, 2009), "identity homophily" (Powell & Baker, 2017), "knowledge proximity" (Healey et al., 2021), and network centrality (Mejdalani & Gonçalves, 2022). Despite overlaps between them, homophily, interpersonal attraction, and familiarity are all slightly different constructs, with differing effects on performance (Boss et al., 2021). Scholars note that these varying dimensions are inferential and describe homophily as an outcome (Boss et al., 2021; Shah et al., 2019), with little connection to the cognitive decision-making strategies of the entrepreneurs involved.

Table 2: Theories Used in Studies of Cofounder Selection

Theory	# of papers	% of total (69)	Authors

1. Human capital/Upper echelons	16	23%	(Basu & Virick, 2015; Chandler et al., 2005; Clarysse & Moray, 2004; Denicolai et al., 2015; Forbes et al., 2006; Garrone et al., 2018; Hormiga & Hancock, 2017; Iacobucci & Rosa, 2010; Kaiser & Müller, 2015; Kotha & George, 2012; Mejdalani & Gonçalves, 2022; Pinzón et al., 2022; Ucbasaran et al., 2003; Vanaelst et al., 2006; Xiao et al., 2020)
2. Interpersonal attraction/ Homophily	14	20%	(Boss et al., 2021; Cardon et al., 2017; Edmond & Brannon, 2016; Forbes et al., 2006; Hart, 2014; Healey et al., 2021; Kamm & Nurick, 1993; Lazar et al., 2022; Parker, 2009; Ruef et al., 2003; Shah et al., 2019; Thevenard-Puthod, 2022; Zellmer-Bruhn et al., 2021)
3. Resource-seeking/Heterophily	10	14%	(Edmond & Brannon, 2016; Forbes et al., 2006; Godwin et al., 2006; Healey et al., 2021; Lazar et al., 2022; Loane et al., 2007; Shah et al., 2019; Thevenard-Puthod, 2022; Yusubova et al., 2020; Zellmer-Bruhn et al., 2021)
4. Network	10	14%	(Aldrich & Kim, 2007; D'hont et al., 2016; Godwin et al., 2006; Kotha & George, 2012; Leung et al., 2006; Neergaard & Madsen, 2004; Parker, 2009; Ruef et al., 2003; Shaw et al., 2017; Zhang, 2010)
5. None mentioned	10	14%	(Cachon, 1990; Ensley et al., 1999; Francis & Sandberg, 2000; Kamm et al., 1990; Kuckertz, 2021; Kumar & Jabir, 2010; Lundqvist, 2014; Matlay & Westhead, 2005; Nuñez, 2015; Vyakarnam et al., 1999)
6. Social/cultural capital	6	9%	(Basu & Virick, 2015; Discua Cruz et al., 2013; Forbes et al., 2006; Lim & Suh, 2019; Neergaard & Madsen, 2004; Shaw et al., 2017)
7. Dual formation strategy	5	7%	(Healey et al., 2021; Lazar et al., 2022; Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021)
8. Effectuation	4	6%	(Bodolica & Spraggon, 2015; Haneberg, 2019; Leung et al., 2006; Tryba & Fletcher, 2020)
9. Institutional	3	4%	(Godwin et al., 2006; Packalen, 2015; Scheidgen, 2019)
10. Social identity theory	2	3%	(Mupfasoni et al., 2019; Powell & Baker, 2017)
11. Jack of all trades	2	3%	(Rosendahl Huber et al., 2020; Xiao et al., 2020)
12. Agency/contracting	2	3%	(Hellmann & Wasserman, 2017; Kagan et al., 2020)
13. Attachment	1	1%	(Zelekha et al., 2018)
14. Collective action	1	1%	(Yang et al., 2020)
15. Collective identity	1	1%	(Cardon et al., 2017)
16. Economic matching	1	1%	(Vereshchagina, 2019)
17. Growth of the firm	1	1%	(Brinckmann & Hoegl, 2011)
18. Identity elasticity	1	1%	(Cardon et al., 2017)
19. Interactive team reasoning	1	1%	(Harper, 2008)
20. Limited domain	1	1%	(Mitteness et al., 2013)
21. Market-process theory	1	1%	(Harper, 2008)

22. Motivation theory	1	1%	(Balkin & Swift, 2006)
23. Needs complementarity	1	1%	(Cardon et al., 2017)
24. Nonpecuniary motivations	1	1%	(Shah et al., 2019)
25. Organizational justice	1	1%	(Balkin & Swift, 2006)
26. Person-environment fit	1	1%	(Leung et al., 2006)
27. Self-organizing punctuated equilibria	1	1%	(Clarysse & Moray, 2004)
28. Social exchange	1	1%	(Vissa, 2012)
29. Joint action	1	1%	(Harper, 2008)
30. Social resources	1	1%	(Mejdalani & Gonçalves, 2022)

Similarly, resource-seeking has been conceived of and measured as having diverse experience or professional backgrounds on the team (Healey et al., 2021; Lazar et al., 2022; Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021); however, this assumes that the resources needed by *all* ventures are a diversity of professional backgrounds, which may or may not be the case. Functional diversity, complementarity, and a resource-seeking strategy are also slightly different constructs and may not capture the resource needs considered important to the entrepreneur for their venture.

Table 3 summarizes the explanations, intended units of analysis, and outcomes of interest for the six theories represented by at least five articles. From this, I observe that while cofounder selection takes place among individuals deciding reciprocally to form cofounder ties, most theoretical perspectives are interpreted at levels of analysis above that of the individual and dyad. In principle, studies employing interpersonal attraction/homophily (14 studies) and network theory (10 studies) should be formally articulated at the dyadic level. However, in practice, they are commonly aggregated at the team level. For example, several studies examine the performance implications of taking an interpersonal attraction strategy (choosing highly familiar cofounders) versus a resource-seeking strategy (choosing functional diversity), but measurement is of the larger team rather than the dyads within (Healey et al., 2021; Kaiser & Müller, 2015; Lazar et al., 2022; Ruef et al., 2003; Vanaelst et al., 2006). This approach fails to acknowledge that interpersonal attraction predicts dyadic tie formation, not performance.

Further, combining these lenses into a "dual formation strategy" also does not account for the differing outcomes that they predict.

Table 3: Theoretical Mapping

Theoretical lens (by order of prevalence)	# of articles (% of total)	Explanation	Intended units of analysis	Typical outcome of interest
Human capital/Upper Echelons	16 (23%)	A team's accumulated human capital affects firm performance	Team-Venture	Venture performance
Interpersonal attraction/Homophily	14 (20%)	Individuals are attracted to similar, familiar others	Individual-Dyad	Tie formation
Resource-seeking/Heterophily	10 (14%)	Teams that have diverse skill sets have a competitive advantage	Team-Venture	Venture performance
Network theory	10 (14%)	The network structures within which individuals exist predict to whom they have access, and thus will form ties	Individual-Dyad	Tie formation; Strength of ties
Social/cultural capital	6 (9%)	Social relationships, networks and cultural competence bring resources	Individual-Team	Team formation; composition of social capital
Dual formation strategy	5 (7%)	Teams that exhibit both diverse skill sets and familiarity have a competitive advantage	Team-Venture	Venture performance

Table 4 reports the distribution of the corpus' 69 articles in terms of levels of analysis and outcomes of interest. Consistent with my prior observations, the table shows that the predominant focus is at the team level (65%), with only five papers (7% of the sample) analyzing or measuring tie formation at the dyadic level. The breakdown suggests that cofounder selection has multilevel implications, including individual-, dyad-, team-, and venture-level outcomes. Studies listed in more than one level demonstrate that outcomes at lower levels (individual, team) can predict outcomes at higher (venture) levels of analysis.

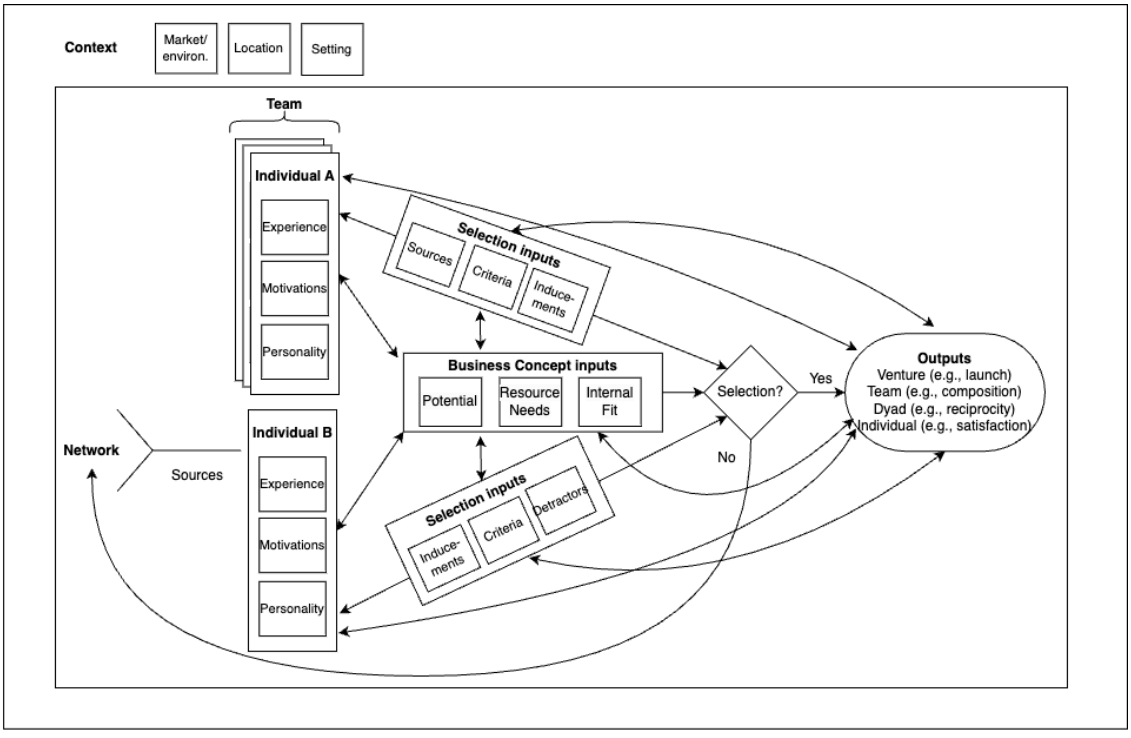
Table 4: Units of Analysis and Dependent Variables

Unit of analysis	# of articles (% of total)	Dependent variables/Outcomes of interest	Authors
Individual	24 (35%)	Decision to seek/ability to secure cofounders or go solo (13)	(Basu & Virick, 2015; Denicolai et al., 2015; Edmond & Brannon, 2016; Hormiga & Hancock, 2017; Kuckertz, 2021; Kumar & Jabir, 2010; Lim & Suh, 2019; Nuñez, 2015; Pinzón et al., 2022; Ruef et al., 2003; Xiao et al., 2020; Ye et al., 2021; Zelekha et al., 2018)
		Effort contribution (3)	(Kagan et al., 2020; Parker, 2009; Yang et al., 2020)
		Member satisfaction (2)	(Boss et al., 2021; Shah et al., 2019)
		Founder equity retained (2)	(Balkin & Swift, 2006; Kotha & George, 2012)
		Continued involvement (1)	(Powell & Baker, 2017)
		Financial contribution (1)	(Yang et al., 2020)
		Selection source decision (1)	(Zhang, 2010)
		Reliance on referrals (1)	(Vissa, 2012)
Dyad	5 (7%)	Selection/Tie formation (5)	(Bodolica & Spraggon, 2015; Mejdalani & Gonçalves, 2022; Parker, 2009; Vereshchagina, 2019; Vissa, 2012)
Team	45 (65%)	Team formation or completeness (16)	(Aldrich & Kim, 2007; Discua Cruz et al., 2013; Forsström-Tuominen et al., 2017; Francis & Sandberg, 2000; Harper, 2008; Held et al., 2018; Iacobucci & Rosa, 2010; Kamm et al., 1990; Kamm & Nurick, 1993; Matlay & Westhead, 2005; Mupfasoni et al., 2019; Powell & Baker, 2017; Scheidgen, 2019; Shah et al., 2019; Thevenard-Puthod, 2022; Zellmer-Bruhn et al., 2021)
		Membership change (entry/exit) (13)	(Boss et al., 2021; Brinckmann & Hoegl, 2011; Cardon et al., 2017; Chandler et al., 2005; Clarysse & Moray, 2004; Forbes et al., 2006; Kaiser & Müller, 2015; Loane et al., 2007; Matlay & Westhead, 2005; Scheidgen, 2019; Ucbasaran et al., 2003; Vanaelst et al., 2006; Yusubova et al., 2020)
		Team composition (diversity/homophily, equity distribution) (13)	(Balkin & Swift, 2006; Cachon, 1990; Cardon et al., 2017; Denicolai et al., 2015; Ensley et al., 2000; Garrone et al., 2018; Hart, 2014; Kaiser & Müller, 2015; Leung et al., 2006; Mupfasoni et al., 2019; Packalen, 2015; Ruef et al., 2003; Shaw et al., 2017)
		Team conflict (3)	(Francis & Sandberg, 2000; Scheidgen, 2019; Thevenard-Puthod, 2022)
		Team decision-making style (2)	(D'hont et al., 2016; Tryba & Fletcher, 2020)
		Team size (2)	(Neergaard & Madsen, 2004; Ruef et al., 2003)
		Transactive memory systems (2)	(Forbes et al., 2006; Lazar et al., 2022)

		Failure to recruit new member (1)	(Haneberg, 2019)
		Team persistence (2)	(Cachon, 1990; Kamm & Nurick, 1993)
		Team effectiveness (3)	(Cardon et al., 2017; Forbes et al., 2006; Francis & Sandberg, 2000)
Venture	22 (33%)	Venture Performance (14)	(Boss et al., 2021; Cardon et al., 2017; Chandler et al., 2005; Francis & Sandberg, 2000; Hart, 2014; Healey et al., 2021; Kagan et al., 2020; Kumar & Jabir, 2010; Lazar et al., 2022; Lim & Suh, 2019; Lundqvist, 2014; Parker, 2009; Rosendahl Huber et al., 2020; Shah et al., 2019)
		Investor funding raised (2)	(Hellmann & Wasserman, 2017; Packalen, 2015; Vanaelst et al., 2006)
		Firm emergence (1)	(Nuñez, 2015)
		Venture legitimacy (2)	(Godwin et al., 2006; Mitteness et al., 2013; Shaw et al., 2017)
		Venture survival (2)	(Francis & Sandberg, 2000; Haneberg, 2019)

2.3.3 Cofounder Selection Inputs

This review identifies many new considerations that (could) play a role in cofounder selection, and the relationships among these bring added connectivity and complexity to the original model. Figure 3 summarizes the inputs and their interrelationships identified



Note: Rectangles represent inputs, and the sub-inputs within them are interrelated. Diamonds represent decision points. The rounded rectangle represents multilevel outputs, which can also be thought of as expected outcomes of interest. Bidirectional arrows represent interrelationships or feedback loops back into the system.

Figure 3: Updated Model of Cofounder Selection

in the literature including sources, criteria, inducements, and detractors (selection inputs) as well as the context, the business concept, characteristics of individuals (which include all parties involved), and characteristics of an existing team, which I briefly describe below.

2.3.3.1 New Dimension to Sources, Criteria, and Inducements

Articles in the sample add depth to the three interrelated inputs of the selection process identified in the original model, namely sources (where entrepreneurs seek cofounders), criteria (what they are looking for), and inducements (how they will attract a candidate) (Kamm & Nurick, 1993).

2.3.3.1.1 Sources

I find that 51% of articles address some aspect of sources and describe them as ranging from strong to weak ties, often drawing on network theory to explain how an entrepreneur's network position and constraints can influence the sources from which they draw (Aldrich & Kim, 2007; Zhang, 2010). Evidence suggests strong ties are the most common source employed (Aldrich & Kim, 2007; Leung et al., 2006; Ruef et al., 2003; Zellmer-Bruhn et al., 2021; Zhang, 2010). In a large, representative sample from the PSED, Ruef et al. (2003) reported that more than half of the founding teams comprised spousal partners, 18% had non-spousal family members, and 15% had prior coworkers.

Certain antecedents, contextual influences, and contingencies can influence what sources entrepreneurs utilize. For instance, academic spinout contexts commonly rely on referrals to cofounders from coaches or technology transfer offices (Clarysse & Moray, 2004; Lundqvist, 2014; Vanaelst et al., 2006), which connect them with the human, technological, or financial resources needed for the venture (Vanaelst et al., 2006). However, using these referrals may depend on the lead entrepreneur's goals for the venture (Zellmer-Bruhn et al., 2021). Likewise, corporate spinouts often rely on connections through the parent company (Iacobucci & Rosa, 2010; Loane et al., 2007; Matlay & Westhead, 2005; Shah et al., 2019; Ye et al., 2021), but this may depend on the criticality and availability of the resources needed to launch (Ye et al., 2021). Finally, if

cofounders come together in an educational or program setting, the sources may be be limited to other participants (Boss et al., 2021; Rosendahl Huber et al., 2020; Xiao et al., 2020) and/or assigned (Boss et al., 2021; Lazar et al., 2022; Rosendahl Huber et al., 2020).

In terms of what certain sources predict, strong-tie sources are linked with various forms of homophily in terms of ethnicity, functional experience, gender, and task preference (Boss et al., 2021; Hart, 2014; Ruef et al., 2003). Drawing from family has implications for criteria prioritized, such as stewardship and commitment over skills, and is associated with lower turnover (Cachon, 1990; Discua Cruz et al., 2013; Ucbasaran et al., 2003), lower equity (by 7.1%) for the lead entrepreneur (Kotha & George, 2012) and a higher likelihood of equal equity splits (Hellmann & Wasserman, 2017). Articles in the review reveal mixed findings regarding how selecting among strong-tie sources influenced venture performance. While some evidence suggests negative effects (Lazar et al., 2022), other studies argue the benefits of such an approach (Francis & Sandberg, 2000) and still others demonstrate no effects (Lim & Suh, 2019) or suggest that it depends on the goals of the entrepreneurs for their venture (D'hont et al., 2016; Zellmer-Bruhn et al., 2021).

2.3.3.1.2 Selection Criteria

Selection criteria are noted in 59% of studies, most of which could be categorized by a contrast in the literature between resource-seeking (diversity) and interpersonal attraction (familiarity or similarity) strategies (Kamm & Nurick, 1993). Kamm and Nurick (1993) describe a resource-based approach to cofounder selection as prioritizing "balance in functional expertise" as the key criterion. There was strong support in the review for the use of resource-driven criteria, described in similar terms, including "skill complementarity" (Cachon, 1990; Cardon et al., 2017; D'hont et al., 2016; Hart, 2014; Mupfasoni et al., 2019; Tryba & Fletcher, 2020; Zellmer-Bruhn et al., 2021), "skill heterogeneity" (Clarysse & Moray, 2004; Kaiser & Müller, 2015; Ucbasaran et al., 2003; Vanaelst et al., 2006), "skill diversity" (Aldrich & Kim, 2007; Forsström-Tuominen et al., 2017; Ruef et al., 2003), and/or "filling a gap" (Francis & Sandberg, 2000). Loane et al. (2007) touch on all of these with their description of criteria related to "diversity of skills, networks, capabilities and knowledge to add a missing resource to the firm's

resource base" (2007, p. 499). In some cases, there was a need for specific expertise in the industry or with growth (Balkin & Swift, 2006; Matlay & Westhead, 2005; Vyakarnam et al., 1999), complementary networks (Shaw et al., 2017), and legitimacy-building prestige (Mitteness et al., 2013; Vyakarnam et al., 1999). Several studies cite the need for financial contributions from founders (Francis & Sandberg, 2000; Vereshchagina, 2019; Vyakarnam et al., 1999; Yang et al., 2020).

Kamm and Nurick (1993) describe interpersonal attraction criteria as prioritizing chemistry or an enjoyment of working with someone, noting that "people are drawn to others who have similar beliefs and interests" (p. 21). In the review, this was commonly described as "shared values" (Discua Cruz et al., 2013; Forbes et al., 2006; Leung et al., 2006; Mupfasoni et al., 2019; Shah et al., 2019; Tryba & Fletcher, 2020; Vyakarnam et al., 1999; Zellmer-Bruhn et al., 2021). This idea is also described in various other ways including "identity homophily" (Powell & Baker, 2017), an individual's need for equivalent optimism (Parker, 2009), and "common prior experiences, education, fundamental values, soft skills, and personality traits" (Tryba & Fletcher, 2020, p. 674). Another criterion associated with interpersonal attraction emerging from the review is that of "trust" (D'hont et al., 2016; Discua Cruz et al., 2013; Francis & Sandberg, 2000; Leung et al., 2006; Ruef et al., 2003; Tryba & Fletcher, 2020; Vyakarnam et al., 1999). Harper (2008) describes this in economic terms as the "degree of game harmony" between cofounders. As with the strong ties mentioned in the sources section, scholars often link trust as a criterion with homophily (Aldrich & Kim, 2007; Ruef et al., 2003). Indeed, among the various overlapping concepts of homophily, strong ties, and interpersonal attraction, trust may well underpin them all. Leung et al. (2006) note, "Judgment of both trustworthiness and attitude required fine-grained information transfer, which is best achieved through the utilization of strong ties" (p. 680).

There are many criteria identified in the review that do not fall neatly into resource-seeking nor interpersonal attraction categories. These tend to reflect a fit between the candidate and the venture and alignment with its intended direction, thus I label them "Venture Fit." Kamm and Nurick (1993) describe this as a "mutuality of team members' compelling interests" (p. 22). Leung et al. (2006) mention "shared personal aspirations"

(p. 676) and "identification with the company's vision" (p. 677) as key fit criteria in both the startup and growth phases. They also note that the environmental fit considerations may demand a person who fits the venture's need for convenience, speed, availability, and low cost in hiring. Other criteria identified under this category include entrepreneurial passion (Cardon et al., 2017; Xiao et al., 2020), interest in the specific business concept or industry (Loane et al., 2007; Shah et al., 2019; Shaw et al., 2017; Ye et al., 2021), alignment in motivations toward entrepreneurship and outcomes of interest (Powell & Baker, 2017; Tryba & Fletcher, 2020; Zellmer-Bruhn et al., 2021), and comfort in a self-managed, entrepreneurial setting (Forsström-Tuominen et al., 2017; Ye et al., 2021).

As for implications of selection criteria, Tryba and Fletcher (2020) concluded that studied firms that focused on interpersonal attraction criteria were more focused on personal satisfaction and self-fulfillment, while those that prioritized complementarity were geared toward venture growth. Lazar et al. (2022) found that combining these approaches was associated with improved transactive memory systems and venture performance, though doing so was rare. There was also support for the venture performance benefits of using both types of criteria in disk-drive spinouts (Shah et al., 2019) and among academic spinouts (Zellmer-Bruhn et al., 2021), though these two studies show that seeking both is not a guarantee of success.

2.3.3.1.3 Inducements

Inducements are noted in 29% of articles and fall into categories of extrinsic versus intrinsic motivations toward partnering (addressing the perspective of a candidate), and (presumably dyadic) decision-making around equity distributions and formal contracts. A key extrinsic inducement identified in the review is ownership shares in the company (Balkin & Swift, 2006; Iacobucci & Rosa, 2010; Kotha & George, 2012; Shah et al., 2019; Yang et al., 2020). Equity was a key tool among habitual entrepreneurs launching spinoff businesses (Iacobucci & Rosa, 2010) and resource-constrained tech ventures (Balkin & Swift, 2006). As noted, sources can have a bearing on inducements, as Kotha and George (2012) found that drawing from sources of friends and family in the early stage of development resulted in the lead entrepreneur retaining less ownership. A

handful of studies cited the following as inducements: the financial upside of launching a firm in a fertile industry (Loane et al., 2007; Matlay & Westhead, 2005; Shah et al., 2019), the reputation of the lead entrepreneur (Shah et al., 2019), and the need to create employment opportunities in the face of layoffs (Cachon, 1990) or limited career potential (Zellmer-Bruhn et al., 2021).

In terms of intrinsic motivations, D'hont et al., (2016) found that some cases of teams that involved friends were driven solely by the desire to work with friends. Among disk-drive spinout entrepreneurs, both lead and recruited cofounders were intrinsically inspired to create a better organization with low levels of bureaucracy, where new ideas could be debated, and where talented people felt respected (Shah et al., 2019). A few articles examined the creation of a formal partnership agreement as a means of inducement. They found that reciprocity of financial contributions among cofounders was a powerful driver of commitment (Vereshchagina, 2019; Yang et al., 2020), particularly prior to signing a formal agreement (Yang et al., 2020). Timing of the contract and perceptions of trustworthiness and of partner contributions are important factors that may induce effort among cofounders, and can have implications for venture performance (Kagan et al., 2020). Again identifying a relationship between sources and inducements, Francis and Sandberg (2000) proposed that founding teams with friends could rely less on formal contracts, though D'hont et al., (2016) found that teams of friends often created formal agreements to keep the friendship and business delineated in order to protect the friendship.

Finally, 9% of articles identify detractors to selection, which are important considerations for a candidate who is being recruited. Detractors include an assessment of opportunity costs, how embedded the candidate is in their current role, and whether they can return to it if needed (Shah et al., 2019; Ye et al., 2021). The original model did not account for the candidate and their unique considerations. Figure 4 provides a closer look at the selection inputs identified in the review for a lead entrepreneur and a candidate. The figure indicates the interrelationships that exist between inputs, as well as distinctions between a lead entrepreneur and a potential candidate, namely that a candidate does not have any

say over sources to draw from as they are being recruited by the lead, and will consider the detractors to cofounding as well as the inducements.

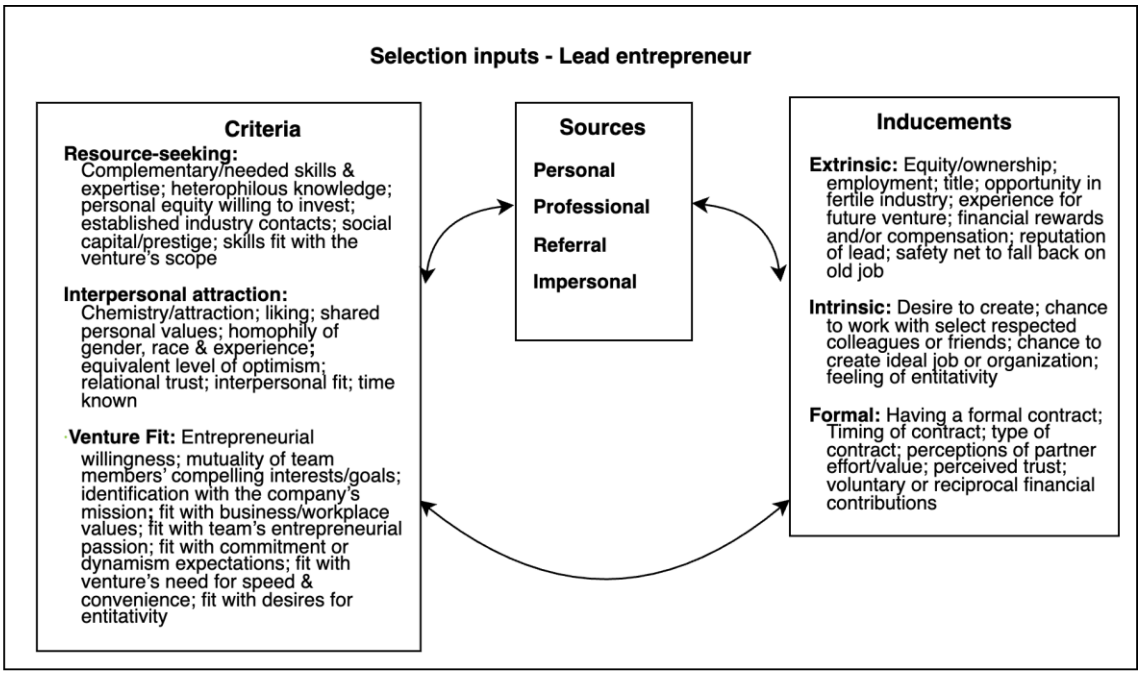


Figure 4: Selection Inputs Identified in the Review

2.3.3.2 The Important Role of Context

Kamm et al. (1990) note that social network plays a role, but 51% of articles identify broader contextual influences, suggesting that context plays a significant role in selection. This includes market and environmental forces, which can incite (Bodolica & Spraggon, 2015; Chandler et al., 2005; Harper, 2008; Matlay & Westhead, 2005; Mupfasoni et al., 2019; Shah et al., 2019) or deter (Held et al., 2018; Kuckertz, 2021) cofounder selection. Location, including cultural and regional norms, can influence whether entrepreneurs seek cofounders (Pinzón et al., 2022), the selection criteria they prioritize (Discua Cruz et al., 2013; Godwin et al., 2006; Packalen, 2015; Scheidgen, 2019), and from which sources they draw (Aldrich & Kim, 2007; Discua Cruz et al., 2013). Regions can also guide the business concepts that entrepreneurs identify (Aldrich & Kim, 2007; Basu & Virick, 2015; Bodolica & Spraggon, 2015; Mupfasoni et al., 2019). A notable exception is virtual founding teams, which are not geographically bound (Matlay & Westhead, 2005).

Most importantly, the literature reflects various systematic differences in the way selection takes place in different settings (see Table 5). I find that different settings of work spinouts, academic spinouts, family businesses, competitive accelerators, and educational courses bring different types of individuals and business concepts (Loane et al., 2007; Scheidgen, 2019). Settings also bring structural differences in the levels of autonomy the individuals have over selection (Boss et al., 2021; Rosendahl Huber et al., 2020), resource availability (Haneberg, 2019), involvement of coaches or technology transfer offices (Vanaelst et al., 2006; Zellmer-Bruhn et al., 2021), and outcomes of interest that entrepreneurs may prioritize (Zellmer-Bruhn et al., 2021). As indicated in Figure 3, contextual differences influence all aspects of the system, including the sources that would-be cofounders draw from, the number of candidates available, the criteria and inducements prioritized, and the chances of selection. Theoretically, I note that authors use institutional theory to explain the distinctive, enduring patterns or “blueprints” (Scheidgen, 2019) of cofounder selection in different settings (Packalen, 2015; Pinzón et al., 2022; Scheidgen, 2019).

Table 5: Contextual Settings of Cofounder Selection

Setting	# of articles (% of total)	Authors	Unique influences
Family business/succession	8 (12%)	(Cachon, 1990; Denicolai et al., 2015; Discua Cruz et al., 2013; Hellmann & Wasserman, 2017; Lim & Suh, 2019; Nuñez, 2015; Thevenard-Puthod, 2022; Ucbasaran et al., 2003)	Sources often limited to family, thus limiting criteria and influencing equity distributions. Business concept and outcomes of interest may be less focused on growth and more on stability.
Academic spinout	7 (10%)	(Clarysse & Moray, 2004; Forbes et al., 2006; Lundqvist, 2014; Mejdalani & Gonçalves, 2022; Scheidgen, 2019; Vanaelst et al., 2006; Zellmer-Bruhn et al., 2021)	Potential for involvement of technology transfer office (TTO) and coaches, who may serve to broaden the sources of selection through referrals, but also limit autonomy of selection criteria. Individuals involved in academic spinouts tend to have high levels of education, legitimacy, and develop high-complexity business concepts. These factors shape their criteria and sources. They also typically have an academic career to fall back on, influencing their motivations and detractors.
Educational program or course	6 (9%)	(Boss et al., 2021; Haneberg, 2019; Lazar et al., 2022; Rosendahl Huber et al., 2020; Xiao et al., 2020; Zelekha et al., 2018)	Sources are often limited to the program or course and selection may be controlled in other ways, thus limiting autonomy of selection criteria. The outcomes of interest may be more focused on learning or achieving a suitable grade than on venture growth, thus influencing the business concept and lowering the relevance of inducements.

Work spinout	5 (8%)	(Forsström-Tuominen et al., 2017; Iacobucci & Rosa, 2010; Loane et al., 2007; Shah et al., 2019; Ye et al., 2021)	Coworkers within the parent firm are often the source drawn from, and business concepts are often related to that of the parent firm. The individuals involved in a work spinout tend to have strong expertise in the industry of the venture and motivated by both extrinsic and intrinsic goals, which shapes their selection criteria. Having an industry job to fall back on limits detractors.
Competitive accelerator/incubator	2 (3%)	(Lundqvist, 2014; Yusubova et al., 2020)	Sources may be limited to participants in the program, and the program may have admissions requirements that influence the selection criteria. The outcome of interest for the venture may initially be to get into the program, and outcomes may be dictated by the program.

2.3.3.3 Individual characteristics and differing perspectives

Articles in the review distinguish between differing perspectives within the selection process, from the point of view of a lead entrepreneur, a candidate, an existing team seeking a new member, and individuals engaging in a group-first or co-creation approach—findings of which are detailed in subsequent sections on initiation points. I find 57% of the articles draw attention to the influence of individual-level inputs on selection processes, including inputs like the level and type of prior experience that an individual brings, their motivations (specifically, whether they are intrinsically or extrinsically motivated), and their personality and demographic characteristics. Though individual-level inputs were largely absent in the original model of team venture formation, my analysis shows that these factors influence the business concept pursued, the selection process (sources, criteria, inducements, and detractors), and the outcomes of interest. I note that authors who examine individual inputs tend to use human capital theory, connecting an entrepreneur's experience and education with how and whether they secure a cofounder and subsequent performance outcomes.

2.3.3.4 Inextricable Links Between the Business Concept and Cofounder Selection

I find that 58% of articles in the review identify crucial dimensions of the business concept that influence selection—its potential and complexity, internal fit, and resource needs. Importantly, the stage of the venture's development also influences selection, a distinction that I develop further in subsequent sections on the four different initiation points. Findings suggest that an individual's assessment of the above inputs interrelates with their motivations and outcomes of interest, both of which guide decisions about sources, criteria, and inducements in the selection process. Several articles draw on effectuation theory to explain this process of decision-making in cases where the business concept development and cofounder selection process co-evolve (Bodolica & Spraggon, 2015; Haneberg, 2019; Tryba & Fletcher, 2020).

2.3.3.5 Characteristics of an Existing Team Influence New Member Entry

I find that 23% of articles identify team-level influences in cases when an existing team is selecting a new member. Findings suggest that the team, its size, its composition, and its fit with the resource needs of the business concept relative to its current stage, all influence the selection process and subsequent outcomes. Articles that examine team evolution over time indicate that the compositional traits of a cofounding team are both an output of selection and an input into subsequent selection decisions for adding a new member (Clarysse & Moray, 2004; Haneberg, 2019; Vanaelst et al., 2006; Yusubova et al., 2020). Team composition theory (which posits that the aggregate characteristics and attributes of individuals within a team can influence team performance and outcomes) and upper echelons theory (which posits that a firm's top managers' characteristics influence that firm's performance) are commonly employed in these studies to explain how a team's accumulated human capital can influence performance.

Figure 5 shows the connections between the theoretical lenses I have identified. My synthesis suggests that all these theories have a place in explaining cofounder selection, but they simply address isolated relationships between inputs within the cofounder selection process, predicting different outcomes at different levels of analysis.

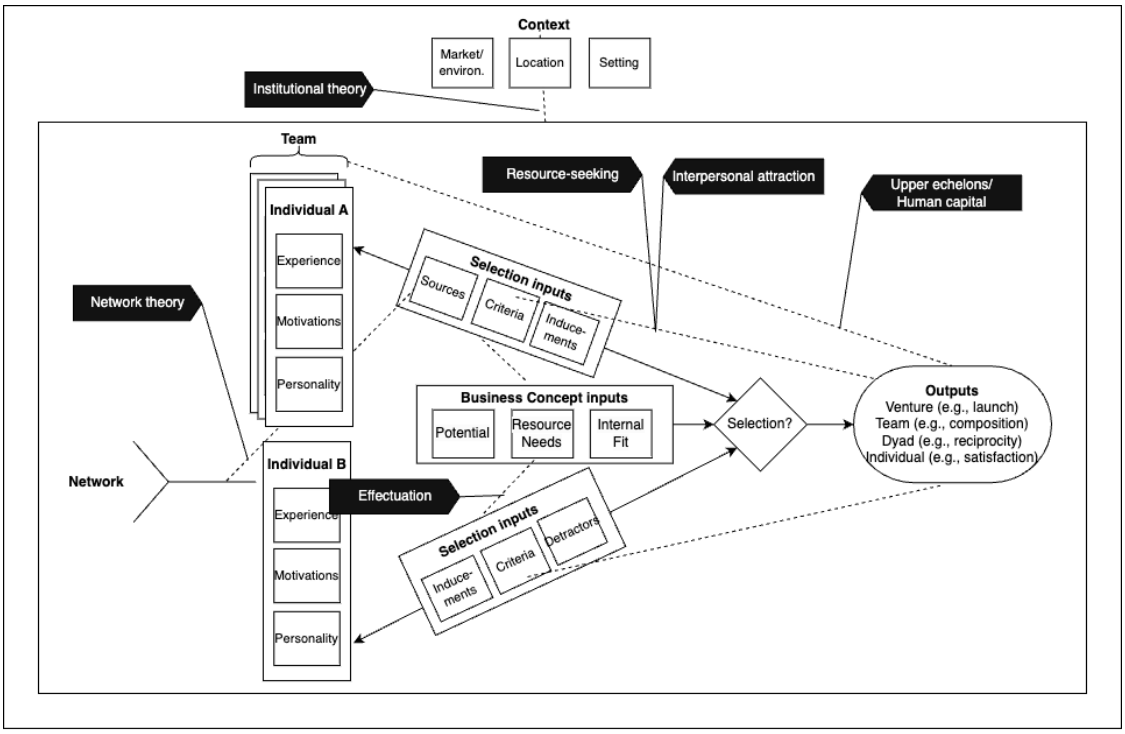


Figure 5: Updated Model with Theoretical Integration

2.3.4 Selection Initiation Points

To offer new insight about the above inputs, I organize findings around the four systematically different initiation points of cofounder selection that this research identified. I label them (1) lead entrepreneur, (2) existing team, (3) group-first, and (4) co-creation, focusing on the sub-system of the individuals and the business concept. For each, initiation point, I detail their unique starting conditions, and offer a model and propositions that explain how the involved individuals will naturally come to prioritize certain selection inputs of sources, criteria, and inducements within them, and how this may relate to mutual selection.

2.3.4.1 Lead Entrepreneur

A lead entrepreneur is an individual who "may get an inspiration for a new venture by recognizing a market's unmet need" (Kamm & Nurick, 1993, p. 18). Most articles reviewed either assume or explicitly identify a lead entrepreneur approach (Aldrich & Kim, 2007; Basu & Virick, 2015; Cachon, 1990; Denicolai et al., 2015; Edmond & Brannon, 2016; Ensley et al., 1999; Godwin et al., 2006; Hart, 2014; Healey et al., 2021; Hormiga & Hancock, 2017; Kotha & George, 2012; Kumar & Jabir, 2010; Lazar et al., 2022; Leung et al., 2006; Matlay & Westhead, 2005; Mejdalani & Gonçalves, 2022; Mitteness et al., 2013; Nuñez, 2015; Parker, 2009; Pinzón et al., 2022; Shah et al., 2019; Shaw et al., 2017; Thevenard-Puthod, 2022; Vanaelst et al., 2006; Vissa, 2012; Xiao et al., 2020; Yang et al., 2020; Ye et al., 2021; Zelekha et al., 2018; Zellmer-Bruhn et al., 2021). Analyzing the literature, I find various references to the term "formation strategies," which implies that a lead entrepreneur takes an intentional and instrumental approach to selecting cofounders (Healey et al., 2021; Lazar et al., 2022; Shah et al., 2019; Zellmer-Bruhn et al., 2021) in light of critical resource needs (Ye et al., 2021). For instance, Cachon (1990) inferred that cofounder selection only became necessary once an entrepreneur recognized a promising opportunity within a field of interest. Healey et al. (2021) conceive of lead entrepreneurs as "a vital information aggregation role" (2021, p. 9) for evaluating opportunities.

Extant findings suggest there are certain starting conditions that we can assume for selection initiated by a lead entrepreneur, which affect the process. First, a lead entrepreneur has a somewhat developed business concept in mind, enough to have determined sufficient interest to seek a cofounder (Cachon, 1990; Scheidgen, 2019). Second, armed with some semblance of an idea, the lead possesses a level of understanding of the venture's potential, complexity, and resource needs with which to develop some aspirational outcomes for pursuing it, and thus can give some consideration to selection criteria, where to source candidates, and inducements necessary for a cofounder who can help achieve these outcomes (Healey et al., 2021; Lazar et al., 2022; Ye et al., 2021). With these starting conditions in mind, I formulate propositions

regarding the selection process from the perspective of (1) a lead entrepreneur, (2) a candidate, and (3) mutual selection between the lead and the candidate.

2.3.4.1.1 Proposition Development: Lead Entrepreneur

Prior experience. Research suggests that having prior entrepreneurial experience is linked to whether or not lead entrepreneurs seek and secure cofounders (Basu & Virick, 2015; Lim & Suh, 2019; Pinzón et al., 2022), as is breadth of professional experience (Xiao et al., 2020). The same applies to social capital, as having more active network engagement (Basu & Virick, 2015; Vissa, 2012) and a more central position (a wider reach) in a network (Mejdalani & Gonçalves, 2022) brings higher chances of successful selection. In terms of sources, reputational capital allows lead entrepreneurs to filter top talent from within their current organization (Shah et al., 2019) or to draw from a broadened pool of candidates, including those who self-nominate (Aldrich & Kim, 2007; Forbes et al., 2006), while a lack of reputation causes reliance on stronger ties (Leung et al., 2006; Zhang, 2010).

Prior experience and reputation also influence the number of criteria sought and the ability to be selective (Edmond & Brannon, 2016; Shah et al., 2019; Zellmer-Bruhn et al., 2021). Entrepreneurs with social capital deficiencies may seek prestige (Mitteness et al., 2013) or to complement their social capital with cofounders with differentiated networks of influence (Shaw et al., 2017). Experience also impacts inducements. Lead entrepreneurs with prior entrepreneurial experience and specific human capital in the venture's industry were able to retain more equity (Kotha & George, 2012). Additionally, level of education plays a role in seeking cofounders, sources, and criteria, as entrepreneurs with more education were more likely to seek cofounders (Denicolai et al., 2015; Pinzón et al., 2022) and to select from non-family sources (Denicolai et al., 2015; Lim & Suh, 2019). As educational levels increased, individuals became more selective (Edmond & Brannon, 2016).

Consequently, I propose the following, organized (like all 15 propositions in this chapter) into a table format for optimal clarity:

Proposition 1a1	Sources	Criteria	Inducements	Outcomes
The higher a lead entrepreneur's (a) professional experience (b) social capital, and (c) education, the higher...	… the number of candidates available to consider.	… the number of criteria prioritized.	… the percentage of equity retained.	… the likelihood of successfully securing a cofounder.

Demographics. Findings in the review suggest that gender and ethnicity impact the selection process, particularly for women and minority lead entrepreneurs. Women are more likely to found solo ventures than men (Lim & Suh, 2019; Ruef et al., 2003) and when seeking cofounders, are more likely to draw from sources of family members (stronger ties) and less likely to choose former coworkers or weaker ties (Lim & Suh, 2019; Ruef et al., 2003). These effects are stronger in the absence of social or cultural capital for women (Lim & Suh, 2019), which establishes an interrelationship between prior experience and demographics. Importantly, gender-influenced selection decisions have clear implications for venture outcomes. Women who launch either a solo or a family business have significantly lower performance than male-led and non-family businesses (Lim & Suh, 2019). Scholars also theorize that women who seek male cofounders in a male-dominated industry will achieve greater legitimacy (Godwin et al., 2006).

In terms of race, White entrepreneurs are more likely to secure cofounders, compared to Black and Hispanic entrepreneurs, who more commonly found solo ventures (Lim & Suh, 2019; Ruef et al., 2003). Race also dictates sources and criteria. Black entrepreneurs are less likely to select family members than other race categories (Lim & Suh, 2019). U.S.-based entrepreneurs in ethnic minority groups are 46 times more likely to seek founders of similar ethnic backgrounds than is predicted by chance (Ruef et al., 2003). Hart (2014) notes that these effects are amplified by the cultural distance between the U.S. and a foreign-born entrepreneur's home country.

Building on these observations, I propose that:

Proposition 1a2	Sources	Criteria	Inducements	Outcomes
A lead entrepreneur's (a) gender being female and (b) ethnicity being a minority will negatively relate to…	…the number of candidates they will have available to consider.	… the number of criteria prioritized when selecting.	[No findings]	… success in securing a cofounder.

Motivations. The review findings also suggest that a lead entrepreneur's motivations for pursuing entrepreneurship, specifically intrinsic versus extrinsic motivations, can heavily influence the business concept idea pursued and the cofounder selection process. For instance, opportunistic motivations (Pinzón et al., 2022), a desire for financial returns (D'hont et al., 2016; Zelekha et al., 2018), a desire for authority over others (Zelekha et al., 2018), and necessity-driven motivations (Hormiga & Hancock, 2017; Zelekha et al., 2018) were all associated with the decision to seek cofounders and a willingness to look outside close personal connections (D'hont et al., 2016; Zelekha et al., 2018). Extrinsically motivated entrepreneurs pursued more growth or profit-focused business concepts (D'hont et al., 2016; Iacobucci & Rosa, 2005; Shah et al., 2019; Ye et al., 2021) and prioritized resource-seeking criteria (Ye et al., 2021). However, entrepreneurs driven by instrinsic motivations—such as entrepreneurial passion (Cardon et al., 2017; Xiao et al., 2020), independence (Ye et al., 2021; Zelekha et al., 2018), a desire to work with friends (D'hont et al., 2016; Scheidgen, 2019; Ye et al., 2021), change the world (Zelekha et al., 2018), build a better work environment (Forsström-Tuominen et al., 2017; Shah et al., 2019), or be part of a cohesive, collective entity (Zellmer-Bruhn et al., 2021)—tend to look among closer ties, prioritize similarity or interpersonal-attraction criteria, and take a more affect-based approach to business decisions (D'hont et al., 2016).

Consequently, I propose that:

Proposition 1a3	**Sources**	**Criteria**	**Inducements**	**Outcomes**
A lead entrepreneur who is more intrinsically (extrinsically) motivated to pursue entrepreneurship will be more likely to…	… select a stronger (weaker) tie.	… prioritize interpersonal attraction (resource-seeking) criteria.	… retain a lower (higher) percentage of equity.	… prioritize individual and relational (venture performance-related) outcomes.

Personality. Articles in the review offered evidence that individual traits and differences impact cofounder selection decisions. These include traits that deter social connections, such as high attachment avoidance (Zelekha et al., 2018), separation logics (D'hont et al., 2016), and betrayal aversion (Kagan et al., 2020). In general, these were associated with "going solo" or seeking more distant connections rather than close friends as cofounders, and suboptimal contracting decisions. Traits favoring social connections, such as healthy attachment (Zelekha et al., 2018), fusion logics (D'hont et al., 2016),

over-optimism (Parker, 2009), inequality aversion (Hellmann & Wasserman, 2017), loneliness aversion (Forsström-Tuominen et al., 2017), and having stronger social competence (Hormiga & Hancock, 2017), were generally associated with seeking and securing cofounders, prioritizing similarity and interpersonal criteria, and equal equity splits.

Consequently, I propose that:

Proposition 1a4	**Sources**	**Criteria**	**Inducements**	**Outcomes**
A lead entrepreneur with personality traits that favor (deter) social connection will be more likely to…	…select a stronger (weaker) tie.	…prioritize interpersonal attraction (resource-seeking) criteria.	…retain a lower (higher) percentage of equity.	…succeed in securing a cofounder.

2.3.4.1.2 Proposition Development: Lead Entrepreneur - Business Concept

To the extent that lead entrepreneurs have information about the business concepts that they seek to pursue, findings suggest that their perceptions of three factors influence how they select cofounders: (1) the concept's complexity and potential, (2) their own resource fit with the venture's needs, and (3) the availability and criticality of the missing resource.

2.3.4.1.2.1 Complexity and potential

Lead entrepreneurs who perceived their venture to be high-growth tended to source potential cofounders from professional contacts, while more lifestyle or "gig" ventures tended to favor sources associated with strong ties (Matlay & Westhead, 2005; Neergaard & Madsen, 2004; Zellmer-Bruhn et al., 2021). In terms of criteria, more knowledge-intensive industrial sectors drove entrepreneurs to seek resources, such as higher levels of skill and gender diversity (Garrone et al., 2018; Kaiser & Müller, 2015; Ruef et al., 2003) and financial contributions (Kumar & Jabir, 2010), over interpersonal needs. Highly complex or innovative venture ideas tend to prompt entrepreneurs to prioritize selection criteria of complementary skills (Ensley et al., 1999; Garrone et al., 2018) and functional and managerial talent (Balkin & Swift, 2006; Denicolai et al., 2015; Mejdalani & Gonçalves, 2022; Vyakarnam et al., 1999). Held et al. (2018), found that, unlike imitative

ventures, innovative business concepts were associated with full-time founder commitment; this supports the contention that technical ventures make equity and compensation inducements salient (Balkin & Swift, 2006), though there is no direct evidence suggesting in which direction complexity may impact inducements.

Consequently, I propose that:

Proposition 1b1	**Sources**	**Criteria**	**Inducements**	**Outcomes**
The higher (lower) a lead entrepreneur perceives the complexity/innovativeness of the idea, the more likely they will…	… select a weaker (stronger) tie.	… prioritize resource-seeking (interpersonal attraction) criteria.	[No findings]	… prioritize venture performance-related outcomes. … fail to secure a cofounder.

2.3.4.1.2.2 Resource needs and internal fit assessment

Studies show that the nature of the resource needs of the business concept influence cofounder selection differently, whether based on financial needs and risk-sharing (Francis & Sandberg, 2000; Kumar & Jabir, 2010; Vereshchagina, 2019; Yang et al., 2020), managerial experience (Clarysse & Moray, 2004; Forbes et al., 2006; Lundqvist, 2014; Vanaelst et al., 2006), or having more work than can be accomplished alone (Forbes et al., 2006; Forsström-Tuominen et al., 2017; Ucbasaran et al., 2003). The criticality and availability of needed resources systematically determined whether the entrepreneur could rely on interpersonal attraction criteria among close ties or needed to take a more resource-driven approach among more distant ties (Haneberg, 2019; Ye et al., 2021). Moreover, the scope and time duration of resource needs shaped the sources drawn from entrepreneurs' selection criteria (Zellmer-Bruhn et al., 2021). Entrepreneurs' willingness to expend resources to learn to do it themselves made their cofounder selection approach less impactful to performance (Healey et al., 2021). No studies addressed how resource needs may influence inducements, though I expect higher need will demand higher equity offerings. Finally, in some cases of high resource needs, entrepreneurs could not secure cofounders (Shah et al., 2019; Ye et al., 2021).

Consequently, I propose that:

Proposition 1b2	**Sources**	**Criteria**	**Inducements**	**Outcomes**

The higher (lower) a lead entrepreneur perceives (a) the size of the gap between their existing resources and those needed to launch the business concept, and (b) the criticality and availability of the missing resource needs, the more likely they will…	…select a weaker (stronger) tie.	…prioritize resource-seeking (interpersonal attraction) criteria.	[No findings]	…fail to secure a cofounder.

2.3.4.1.3 Proposition Development: Candidate

Though not directly addressed in the original model, the viewpoint of a candidate, who must mutually agree to cofound for tie formation to occur, is illuminated in some studies. For example, Leung et al. (2006, p. 669) note, "From the potential recruit's perspective, committing one's career to a relatively young and small firm can be a high-risk undertaking due to the relatively high mortality rate of firms at their early and adolescence stages." Candidates have a different set of considerations when deciding to partner (Shah et al., 2019; Ye et al., 2021). This includes an assessment of their own entrepreneurial willingness (Ye et al., 2021), the lead's reputation (Shah et al., 2019), whether they perceive a fit with the lead (Ye et al., 2021), the feasibility of the venture (Ye et al., 2021), and opportunity costs (Ye et al., 2021), which include embeddedness in their current job (Vanaelst et al., 2006; Ye et al., 2021), desire for or dependence on a regular salary (Haneberg, 2019; Mupfasoni et al., 2019; Yusubova et al., 2020), and job insecurity if they wanted to return to paid employment (Shah et al., 2019; Zellmer-Bruhn et al., 2021).

As for the lead entrepreneur perspective discussed above, extant findings for a cofounder candidate suggest certain starting conditions that impact the selection process. First, as noted, sources are not part of a candidate's selection decision because they are being recruited and thus have only the lead entrepreneur to consider. Second, the candidate is not instrumentally involved in the initial development of the business concept (or it would be a co-creation situation, see section 2.3.4.4), and therefore must also assess their interest in the business concept. Third, a candidate's selection decisions may not be based on distinct criteria for a cofounder, but instead based on an assessment of fit with the presented business concept, the lead entrepreneur, and the entrepreneurial environment

(Ye et al., 2021), replacing criteria. Fourth, their decision involves a calculation of the detractors for partnering (Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021).

With these conditions in mind, I develop three related propositions regarding the selection decision-making of the candidate. The first two describe the candidate's assessment of the lead entrepreneur (2a1) and potential detractors (2a2), and the third describes a candidate's assessment of fit with the business concept (2b).

Proposition 2a1	**Sources**	**Criteria**	**Inducements**	**Outcomes**
The higher (lower) a candidate perceives…	N/A	… (a) the lead's social capital, (b) a fit between them and the lead entrepreneur, and (c) a fit between their inducements to join and the lead entrepreneur's motivations to pursue entrepreneurship...		… the more (less) likely they will agree to partner.
Proposition 2a2		**Detractors**		
The higher (lower) a candidate perceives…	N/A	... their (a) embeddedness in their current job, (b) salary needs, and (c) job insecurity...		… the less (more) likely they will agree to partner.
Proposition 2b	**Sources**	**Criteria**	**Inducements**	**Outcomes**
The higher (lower) a candidate perceives…	N/A	… (a) a fit between the venture's potential and their outcomes of interest, and (b) a fit between their interests, experience, and resources and those required to launch the business concept...		… the more (less) likely they will agree to partner.

2.3.4.1.4 Proposition Development: Dyad

Reciprocity or similarity between dyadic ties and teams was a consistent theme in the included studies. Evidence suggests that entrepreneurs tend to select those with similar education (Kaiser & Müller, 2015; Mejdalani & Gonçalves, 2022) and functional experience (Bodolica & Spraggon, 2015; Ruef et al., 2003; Shaw et al., 2017). Vereshchagina (2019) found that entrepreneurs choose those who can contribute equally to the venture and cofounders who start unequally often move to equal financial contributions. Similarly, evidence suggests that initial displays of financial and effort contributions by a lead may induce higher commitment from cofounders, and the continuation of time and effort contributions (Kagan et al., 2020; Parker, 2009; Yang et al., 2020).

Consequently, I propose that:

Proposition 3	Sources	Criteria	Inducements	Outcomes
The higher (lower) the similarity between the lead and candidate's…	N/A	… (a) prior experience, (b) social capital, (c) education, and (d) financial resources and/or effort they're willing to commit...	… motivations toward entrepreneurship (lead) and inducements to join (candidate)...	… the higher (lower) the chances of tie formation.

Figure 6 shows selection initiated by a lead entrepreneur. The arrows that loop back illustrate that, as entrepreneurs gather new information through outputs, their experience, motivations, and outcomes of interest may change. They may also recognize the need for changes to the business concept, the team, and their engagement. Once selection takes place, a team is formed, adding members to the initial "individual" input in subsequent loops.

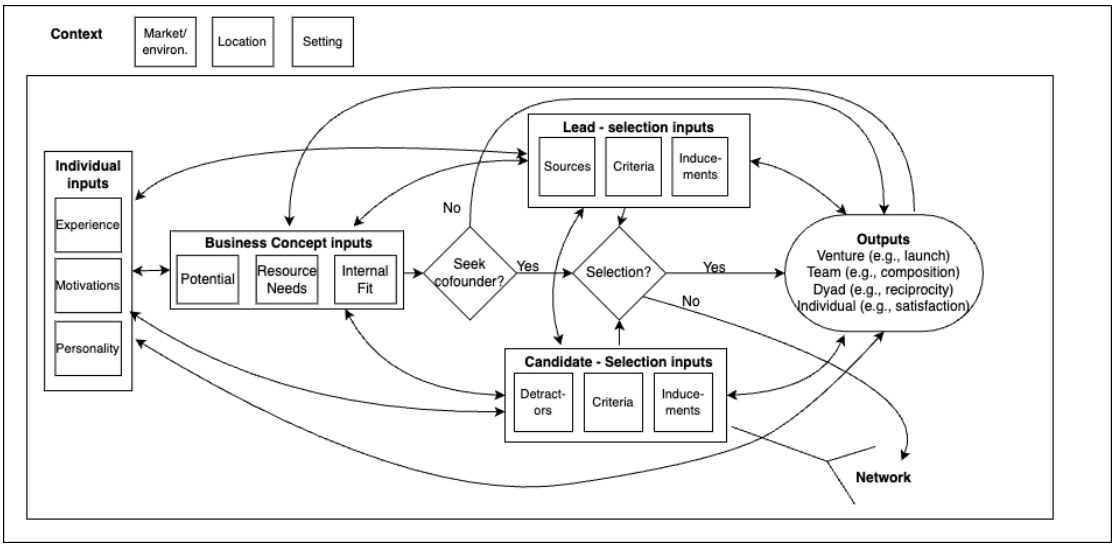


Figure 6: Selection initiated by a lead entrepreneur or existing team

2.3.4.2 Existing team

Several studies in the corpus analyzed the addition of a new cofounder within an existing team (Brinckmann & Hoegl, 2011; Chandler et al., 2005; Clarysse & Moray, 2004; Forbes et al., 2006; Haneberg, 2019; Kaiser & Müller, 2015; Ucbasaran et al., 2003; Vanaelst et al., 2006). Findings within this subset of articles show team member addition typically coincides with shifts, shocks, or key learnings in venture development (Clarysse & Moray, 2004; Forbes et al., 2006; Haneberg, 2019; Loane et al., 2007; Vanaelst et al., 2006; Yusubova et al., 2020), indicating that teams commonly seek an additional

cofounder for specific skills and expertise to help with executing the next phase of venture development.

Extant findings suggest certain starting conditions we can assume for adding a cofounder to an existing team, which influence the way that selection takes place. First, teams adding a member have a more established business concept that has been refined through previous feedback and development. Thus, they have informational benefits regarding the business concept, its existing traction, future potential, and the most pressing resources needed. Second, existing members have already been through cofounder selection process(es) to arrive at their initial team. Hence, they have a shared history as cofounders, a team culture, norms, equity agreements, and a sense of being a coherent, collaborative unit (i.e., entitativity; Knight et al., 2020). This represents a very different set of starting conditions compared to initiating a venture and recruiting members of a founding team from scratch. Finally, selection is subject to consensus among the individual team members and the candidate.

2.3.4.2.1 Proposition Development: Existing team

Findings reveal that *compositional* dimensions of an existing team, such as size (Chandler et al., 2005; Ucbasaran et al., 2003), functional diversity (Chandler et al., 2005; Kaiser & Müller, 2015; Vanaelst et al., 2006), entrepreneurial passion (Cardon et al., 2017), and social capital and team-work capabilities (Brinckmann & Hoegl, 2011; Forbes et al., 2006) among individuals within the team affect selection decisions, which subsequently change the team's composition. Cofounder selection initiated by an existing team is differentiated by these compositional effects and informational benefits afforded by feedback on the venture's needs (Clarysse & Moray, 2004; Kamm & Nurick, 1993; Loane et al., 2007; Vanaelst et al., 2006; Yusubova et al., 2020), and relational norms are established to a higher degree (Brinckmann & Hoegl, 2011). Unfortunately, the findings in the review regarding selection by an existing team are all at the team level, which offers little insight into how individual team members and the candidate may approach the decision. However, I expect that the propositions outlined in the lead entrepreneur section mirror those of an existing team, with the "lead entrepreneur" represented instead by the aggregation of existing team members. In this way, Figure 6 can also be used to

describe selection by an existing team, replacing the lead individual with the team, with the distinction that decisions are then subject to consensus between the team and the candidate.

2.3.4.3 Group-First

Group-first selection occurs when "two or more individuals may recognize an opportunity to work together, regardless of whether or not any of them have an idea for a particular new venture" (Kamm & Nurick, 1993, p. 18). Some studies highlight group-first selection (Boss et al., 2021; D'hont et al., 2016; Forsström-Tuominen et al., 2017; Francis & Sandberg, 2000; Healey et al., 2021; Iacobucci & Rosa, 2010; Loane et al., 2007; Mupfasoni et al., 2019; Scheidgen, 2019; Tryba & Fletcher, 2020). Kamm and Nurick's original model displays this approach with the group as an already established entity, without consideration of the selection process of the original members. These groups do not appear out of thin air, however, and findings suggest certain starting conditions we can assume for entrepreneurs who take a group-first approach, which impact the selection process.

First, an individual's decision to cofound in a group-first approach is not predicated on a specific business concept, and thus they have no established information regarding the venture's potential, complexity, and resource needs to guide selection. Second, joining such a group typically depends on having shared past experience with the candidates (Forsström-Tuominen et al., 2017; Tryba & Fletcher, 2020; Vanaelst et al., 2006), meaning that sources are bound to existing connections. Finally, and with the previous two assumptions in mind, the potential cofounders' initial selection decisions are not based on pre-established criteria or inducements related to the venture or resource needs, but instead on a perceived fit with the motivations of the individuals and the collective (Forsström-Tuominen et al., 2017; Harper, 2008; Powell & Baker, 2017; Tryba & Fletcher, 2020). With these starting conditions in mind, I make propositions regarding the individuals and dyadic selection decisions in a group-first approach.

2.3.4.3.1 Proposition Development: Group-First

Research indicates that group-first selection occurs through identifying shared motivations in one another, rather than stemming from the resource needs of an existing idea (Bodolica & Spraggon, 2015; D'hont et al., 2016; Francis & Sandberg, 2000; Mupfasoni et al., 2019; Powell & Baker, 2017; Tryba & Fletcher, 2020). Powell and Baker (2017) tracked the emergence of group-first founding teams motivated by social causes, finding that individuals assessed whether their personal identity fit the "collective identity prototype" and selected in and out based upon that assessment; they then developed their venture idea out of their collective motivations. Other studies identify shared motivations such as a mutual desire to work with friends (D'hont et al., 2016; Francis & Sandberg, 2000; Scheidgen, 2019), to build a meaningful work community together (Forsström-Tuominen et al., 2017), and to change the world for the better (Tryba & Fletcher, 2020). In some cases, a group-first scenario arose from a shared outcome of interest, such as securing financial interests (Tryba & Fletcher, 2020), a desire to be self-employed, or to run a profitable business (D'hont et al., 2016). Tryba and Fletcher (2020) describe a "shared moment of transition" in which this mutual recognition takes place, catalyzing selection and subsequently shaping their business concept.

Consequently, I propose at the individual (4a) and dyadic (4b) levels that:

Proposition 4a	**Sources**	**Criteria**	**Inducements**	**Outcomes**
The higher (lower) an individual in a group-first scenario perceives…	[Limited to existing ties]	… (a) a fit between their motivations toward entrepreneurship and the motivations of other members of the group, and (b) a fit between their prioritized outcomes of interest and those of other members of the group		… the more (less) likely they will agree to partner.
Proposition 4b	**Sources**	**Criteria**	**Inducements**	**Outcomes**
The higher the similarity (dispersion) between two members'…	[Limited to existing ties]	… (a) motivations toward entrepreneurship, and (b) prioritized outcomes of interest...		… the higher (lower) the chances of mutual selection.

Figure 7 shows the group-first sequence. As noted, sources are limited to existing ties and criteria and inducements are replaced by a recognition of shared motivations. Though not directly addressed in the included articles, detractors may also play a role in group-first selection, which I note as a future research direction.

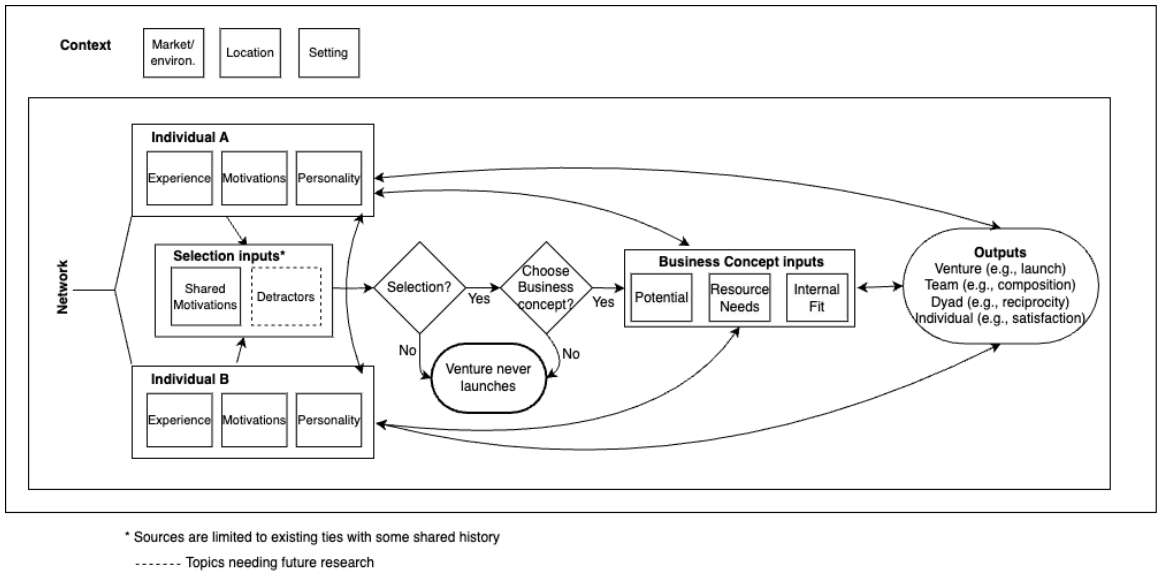


Figure 7: Group-First Selection

2.3.4.4 Co-creation

A small number of studies challenge the original model which presents the lead entrepreneur versus group approaches as mutually exclusive (Bodolica & Spraggon, 2015; Forsström-Tuominen et al., 2017; Harper, 2008; Mupfasoni et al., 2019; Tryba & Fletcher, 2020). These scholars acknowledge that the venture idea may come about in a "joint act of discovery" (Harper, 2008, p. 623). In these cases, cofounder selection and business concept identification occur concurrently (Forsström-Tuominen et al., 2017, p. 40), and selection is predicated upon perceptions of interdependence (Harper, 2008; Tryba & Fletcher, 2020) or a belief that one could not pursue the venture without the other.

Findings suggest that certain characteristics or starting conditions can be assumed for entrepreneurs who select cofounders by way of co-creation, which affect how the process occurs. First, the decision to cofound is predicated on the development of a shared

venture idea, such that the potential cofounders possess some information regarding the venture's potential, complexity, resource needs, and the relational dynamics between them, at least informally. Second, at initial selection, sources are limited to those with whom the idea was discovered, and the decision entails whether to formally partner in pursuit of this idea. Finally, because the potential cofounders did not necessarily have a choice of with whom to discover the idea, their initial selection decision is based less on pre-established criteria or inducements for a cofounder and more on a perceived fit between (a) themselves and the cofounder, (b) themselves and the business concept, and (c) the business concept's potential and their inducements to join.

2.3.4.4.1 Proposition Development: Co-creators

With the above starting conditions in mind, I make the following propositions regarding individuals and their co-creators in a co-creation selection approach (4a), followed by the individuals and the business concept (4b), and the dyads (4c):

Proposition 4a	**Sources**	**Criteria**	**Inducements**	**Outputs**
The higher (lower) a co-creator perceives…	[Limited to those with whom they've discovered the idea]	…(a) a fit between them and the discovery partner, and (b) dependence on the discovery partner to pursue the business concept...		… the more (less) likely they will agree to partner.
Proposition 4b	**Sources**	**Criteria**	**Inducements**	**Outputs**
The higher (lower) a co-creator perceives…	[Limited to those with whom they've discovered the idea]	N/A	…(a) a fit between their interests, experience, and resources and those required to launch the business concept, and (b) a fit between the venture's potential and their inducements to join...	… the more (less) likely they will agree to partner.
Proposition 4c	**Sources**	**Criteria**	**Inducements**	**Outcomes**
The higher the similarity (dispersion) between two co-creators'…	[Limited to those with whom they've discovered the idea]	… (a) perceived interest, experience, and resource fit with the venture, (b) perceived fit with the venture's potential and their inducements to join, (c) perceived fit with each other, and (d) perceived dependence on the cofounder to pursue the business concept...		…the higher (lower) the chances of tie formation.

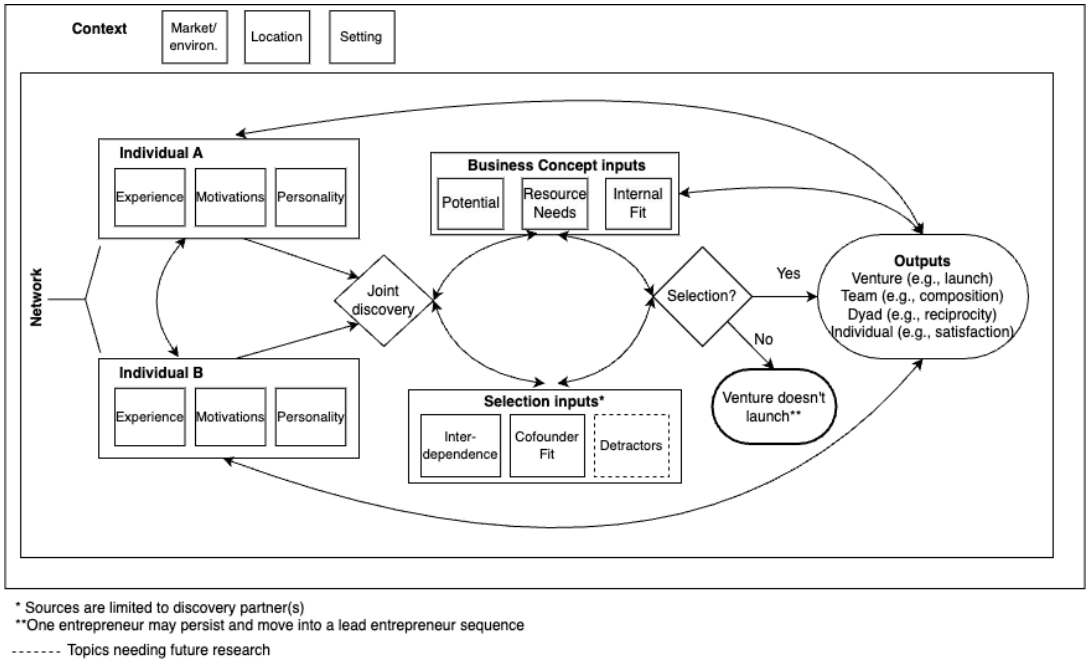


Figure 8: Co-creation

Figure 8 shows selection through co-creation. As noted, sources are limited to discovery partners and criteria and inducements are replaced by perceptions of fit and interdependence with the cofounder, and an internal fit with the business concept. As with other initiation points, detractors may also play a role, although they are not discussed in any included articles and thus represent areas requiring further research.

2.3.5 Connections Between Initiation Points

The above findings and propositions derived through the review highlight key distinctions between the starting conditions for the four different selection initiation points. Importantly, the dynamic nature of cofounder selection suggests that selection may not be a "one-and-done" process. As information is gathered, the starting conditions evolve, and an individual or team may move into subsequent selection processes. For instance, a venture could begin with a lead entrepreneur successfully finding a cofounder. The resulting pair might eventually decide to grow the team, thus moving into cofounder selection by an existing team. The resulting larger team then might completely abandon their business concept in light of negative market feedback and re-assess if they want to continue in a group-first selection process.

Similar among the initiation points is a need for individuals to assess various dimensions of fit that emerge from the propositions above; this includes decisions about whether there is a sufficient fit between (1) the individuals and each other, which I define as *cofounder fit*, (2) the individuals and the business concept, which I define as *venture fit*, (3) the venture's potential or performance and the individuals' motivations and outcomes of interest, which I call *motivation-outcome fit*, and finally, (4) the developing venture and their context, which I define as *environmental fit*. This updated system-level theoretical framework shown in Figures 9 reflects that, as the selection process unfolds and more information is gathered regarding the relationship and the venture, feedback loops may facilitate changes in fit, which determine whether the individuals continue to select in (persist), make changes, or select out.

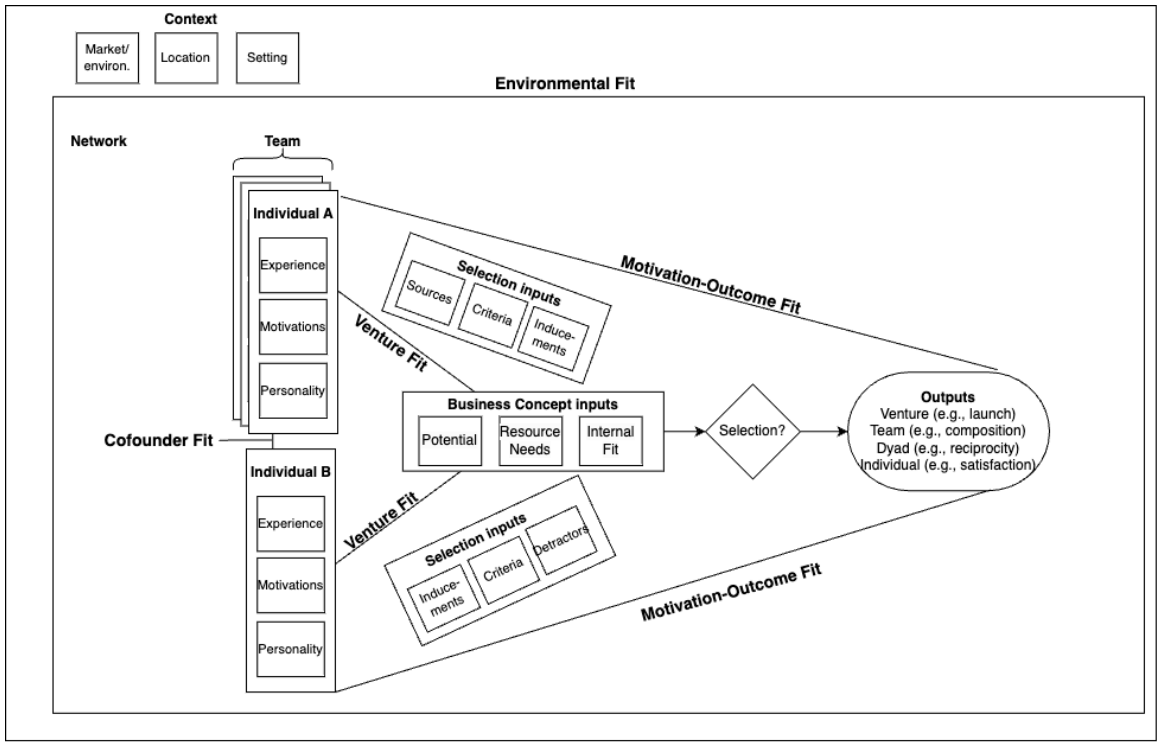


Figure 9: Cofounder Selection Fit Dimensions

2.4 Discussion

2.4.1 Toward a Systems View of Cofounder Selection

This systematic review offers new insights into what influences cofounder selection. More specifically, the propositions synthesized from extant studies of cofounder selection point to the importance of various fit dimensions between two individuals as they decide to transcend levels of analysis from "me" to "us" and ultimately, to "our venture." Building from this synthesis, I propose that cofounder selection is *a two-sided decision between individuals to join or form a startup team based on some level of cofounder fit, venture fit, motivation-outcome fit, and environmental fit, the combination of which must outweigh detractors*.

Though much extant research on entrepreneurial team formation examines team-level findings, my stylized propositions reflect the complex, multilevel nature of cofounder selection processes through which entrepreneurs take systematically different approaches to find "fit" in different circumstances (Denicolai et al., 2015; Healey et al., 2021; Held et al., 2018; Ye et al., 2021; Zellmer-Bruhn et al., 2021). This perspective runs counter to the dominant, linear, one-best-way view of how entrepreneurs come together. Rather, my synthesized findings and updated models suggest a systems view of cofounder selection, in that we cannot understand cofounder selection without considering aspects of interrelated inputs, such as the context, business concept, the individuals, and their outcomes of interest. Importantly, a systems view also addresses the reciprocal and dynamic nature of cofounder selection, considering all parties' decision-making, and feedback loops that affect changes over time. Further, a system-level view allows for integration of contrasting theoretical lenses employed in the literature, demonstrating that they explain different relationships between selection inputs and outcomes within the system.

From a research design standpoint, a systems view of cofounder selection helps move entrepreneurial team formation research beyond a focus on isolated relationships between inputs and outcomes at the team level, and theorizes instead a system-level process of finding and maintaining fit as individuals pursue various goals toward launching a

venture. I expect that fit will evolve over time as cofounders continuously gather new information through feedback loops that may facilitate changes to the venture and/or the founding team.

2.4.2 Gaps and Future Research Directions

This review highlights key differences between four selection initiation points and starting conditions, which guide (or constrain) the criteria, sources, and inducements that entrepreneurs prioritize in the process. A lack of findings regarding the individual or dyadic experience of adding a cofounder to an existing team suggests that research on team formation would benefit from a more multilevel look at this common situation. Additionally, I encourage future research to examine the implications of the different sets of starting conditions of selection for multilevel outcomes in real-world settings. Doing so requires leveraging research designs that allow for comparing the trajectories of entrepreneurs commencing selection from different starting points and following them longitudinally to capture longer-term effects. Consistent with the reciprocal and dyadic nature of cofounder selection decisions, I also encourage investigators to capture selection decisions from all parties, ideally in real time to prevent recall bias.

Methodologically, research embracing a systems view of cofounder selection will also require accounting for the many interacting factors identified in the review; this can be achieved through mathematical models (e.g., Gottman et al., 2002), hierarchical linear modeling (e.g., Bunderson & Boumgarden, 2010), and configurational methods, such as fsQCA (Ragin, 2000). While moderation models can be useful to test contingent relationships within the system (e.g., Eesley et al., 2014; Leung et al., 2006), it remains important to control for the other inputs, as well as how selection is initiated, and relational variance of individuals nested in cofounder pairs nested in teams (Snijders & Kenny, 1999).

2.4.3 Construct Conceptualization Issues and a Need to Capture Intention

As noted in the review, scholars have begun to analyze the implications of the selection "strategies" that entrepreneurs use (Healey et al., 2021; Lazar et al., 2022; Shah et al.,

2019). Typically, research portrays that these strategies are rooted in theoretical lenses of interpersonal attraction and resource-seeking, or a combination of the two. Yet, as described in the section on theoretical foundations, these theories predict different outcomes at different levels of analysis. Further, research tends to overlook that both parties have to select each other, and to infer selection strategies through proxy measures of externally visible cues of familiarity, similarity, or diversity dimensions operationalized at the team level. By contrast, my review and analyses point to the two-sided nature of cofounder selection, which involves a range of individual and dyadic fit considerations not limited to interpersonal attraction and resource-seeking. These considerations reflect a fit between the individuals, with the individuals' interest in the business concept, with their motivations toward entrepreneurship and outcomes of interest, and with the environment. With these challenges and opportunities in mind, I advocate for scholars to move beyond measuring formation strategies in this way and instead consider capturing each entrepreneur's selection criteria when selecting cofounders, including some level of intentionality behind their cognitive decision-making approach. This shift can be achieved by asking respondents what criteria they considered, and how important it was to them when deciding to cofound with this person. Future work may seek to validate the fit dimensions that I have proposed and offer a better understanding of an entrepreneur's perceived priorities and constraints when making selection decisions.

2.4.4 New Directions

As noted, very few articles in the review address the two-sided nature of cofounder decision-making and the perspective of the different candidates—and the few articles that do focus mostly on the cofounders who had agreed to partner (Shah et al., 2019; Ye et al., 2021). This scarcity leaves us with a very limited understanding of how candidates assess their own interrelated inputs into the selection decision and the detractors that may prevent them from partnering. Future studies could therefore examine differences in candidates who were and were *not* willing to partner.

The field would also benefit from the examination of outcomes of selection that fall between the extreme chasm of member entry and venture performance. This investigation

could include multilevel outcomes like cofounder satisfaction, team cohesion, and/or reaching key venture milestones. Many independent variables used to predict performance among studies of post-formation teams (e.g., trust, conflict, etc.) could serve as useful dependent variables in studies of selection and may be important mediators between selection and performance. Finally, few studies offer clarity around team member exit, and scholars have observed that conditions for exit are unclear when analyzed at a team level (Gregori & Parastuty, 2020). Applying this systems-level framework to the study of cofounder breakup or dissatisfaction at the dyadic level could offer a better understanding of the exits under duress and high practical relevance.

2.5 Conclusion

This review builds on decades of previous work on entrepreneurial teams by taking a fine-grained look at cofounder selection, a highly consequential decision for entrepreneurs in the formative stages of their venture's development (Beckman & Burton, 2008; Eisenhardt, 2013; Leung et al., 2013). By analyzing extant research through a systems lens, I identify the interrelated inputs that influence an entrepreneur's cofounder selection decisions and offer stylized propositions around four different initiation points of selection. Ultimately, I contribute a theoretical framework that takes a systems view of cofounder selection, which I hope will inspire future studies that not only address the limitations of prior work but also provide meaningful advances in our understanding of the formation and evolution of entrepreneurial teams.

Practically, this synthesis points to the importance of the starting conditions of selection, and the various influences and perspectives involved – be it a lead entrepreneur, a candidate, an existing team or two individuals who jointly discover an idea. The propositions for each of these different types of entrepreneurs offer predictions for what influences their chances of successful selection and their constraints, which may help guide an entrepreneur's priorities and success through the process. For instance, an entrepreneur who finds themselves in a "co-creation" situation may use the propositions to think critically about whether they and their potential cofounder have a sufficient fit with the business concept (venture fit), its potential (motivation-outcome fit), *and* with each other (cofounder fit) to move forward. Ultimately, they may find that being limited

to the individual(s) with whom they discovered the venture idea does not yield the ideal cofounder or is indeed a useful filtering mechanism. On the other hand, those who find themselves in a group-first situation may recognize that, in the absence of a business concept, they are giving precedence to cofounder fit over the other dimensions, and ultimately, they will need to find an idea that aligns with their shared motivations toward entrepreneurship.

Further, the four fit dimensions derived offer a useful framework for entrepreneurs to consider as they seek to maintain fit with a potential cofounder, a venture, and the environment. For instance, a lead entrepreneur may successfully find a cofounder who is a good fit for them, their business concept, and their outcomes of interest, but as they gather new information in pursuit of their goals, the lead entrepreneur may realize that they themselves are not well-equipped for this business concept (poor venture fit). Without making changes to the business concept, bolstering their abilities through training, or adding another cofounder to maintain fit, they may ultimately select out of the partnership. This example and many others like it demonstrate the predictive utility of such a framework for entrepreneurs, coaches and investors to anticipate when members of the team or the venture may be moving in or out of alignment, catalyzing changes such as a venture pivot or the addition or departure of a cofounder.

To conclude, I draw on the characterization of team entrepreneurship by Ensley et al. (1999) as “chaos multiplied many times by the inclusion of multiple entrepreneurs” (p. 276). Although it is certainly complex, a systems view of how cofounders come together into entrepreneurial teams offers some order to the anarchy. Importantly, by “order” I do not mean a linear, path-dependent process, but a set of interrelated components that form unique circumstances and feedback loops to inform how entrepreneurs navigate selection.

The changes between the original model by Kamm and colleagues and my reconceptualized version show that research has taken us a long way in 30 years. Many scholars have shed light on what has been called the “black box” of how cofounders come together (Forsström-Tuominen et al., 2017; Held et al., 2018; Klotz et al., 2014). However, there is much more room to explore in this fertile research area. In that same

article mentioned above, Ensley et al. (1999) concluded, “Team phenomenon in entrepreneurial organizations is complex. Therefore, let the exploration begin” (p. 283). Almost 25 years later, clearly there is still much to discover; therefore, let the exploration continue!

Chapter 3

3 Selecting Well: Advancing a Systems View of Cofounder Fit

3.1 Introduction

If there is one thing we can learn from research on entrepreneurial teams, it is that founders matter. Evidence systematically points to strong relationships between the teams' compositional characteristics and venture performance (Bolzani et al., 2019; Jin et al., 2017; Klotz et al., 2014; Misganaw, 2018). Because of this link, recent studies have turned to investigate what drives founders' decisions to enlist certain cofounders (Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021), showing that different approaches to team formation can have a profound impact on new ventures' early performance (Lazar et al., 2022).

To date, research has primarily advanced two somewhat competing explanations for what drives entrepreneurs' team formation strategies: (1) *interpersonal attraction theories*, which emphasize seeking chemistry in a cofounder through familiarity or "like-minded" similarities (Bird, 1989; Kamm & Nurick, 1993), and (2) *resource-seeking theories*, which emphasize seeking the skills and resources required for a venture to succeed (Chandler et al., 2005; Forbes et al., 2006; Timmons, 1979; Vanaelst et al., 2006). Scholars acknowledge that these two approaches are not necessarily mutually exclusive (Forbes et al., 2006; Forsström-Tuominen et al., 2017; Kamm & Nurick, 1993; Shah et al., 2019; Zellmer-Bruhn et al., 2021) and recent evidence suggests that, although rare, teams that combine these strategies in a hybrid approach have improved venture performance (Lazar et al., 2022).

Quantitative research on team formation strategies suffers from several limitations, however. First, studies have relied on externally observable characteristics of the team to infer a team formation strategy (Lazar et al., 2022; Ruef et al., 2003), offering little insight into entrepreneurs' cognitive decision-making about selection or how they may combine or prioritize certain criteria when seeking a cofounder. Second, the conception of a "formation strategy" implies that entrepreneurs have large pools of willing and

qualified candidates from which to choose, though in fact, entrepreneurs face many constraints when making cofounder decisions. Limited networks (Aldrich & Kim, 2007), liabilities of newness (Leung et al., 2006), extreme novelty (Blatt, 2009), and imperfect information common to nascent ventures (Clough & Vissa, 2018) may limit their consideration set and ability to meet all the criteria one would like in a cofounder (Schjoedt et al., 2013). Third, a team-level conception of formation abstracts away the two-sided nature of the decision, as each individual brings their own motivations and conception of fit for entering into such a partnership. Finally, research has narrowly focused on new venture performance as the outcome of interest, which assumes that entrepreneurs are rational actors who seek to maximize performance through their selection of cofounders. This focus on performance leaves us with little understanding of an important question and potential cognitive driver of selection decisions: What goes into a quality cofounder relationship?

The viability of a cofounder relationship is a vital consideration, as research has shown that satisfaction among entrepreneurial team members can make or break an entrepreneur's ability and willingness to persevere (Breugst et al., 2015; Foo et al., 2006) and the venture's potential for success (Breugst & Shepherd, 2017; Ivanova et al., 2022). Although the interpersonal attraction and resource-seeking framings may represent worthy criteria for entrepreneurs seeking cofounders, neither sufficiently explains what goes into a quality cofounder relationship. As Bird (1989, p. 219) notes, "Little advice can be found on how to structure synergy and build trust necessary to have an enduring partnership."

This chapter is a first step in addressing this gap and offering a more complete explanation of how entrepreneurs select for a quality cofounder relationship in the face of constraints and competing priorities. To achieve these aims, I employ an abductive approach (Kistruck & Slade Shantz, 2021) to better understand the cognitive drivers of individual cofounder selection decisions. My results reveal a much broader range of criteria that entrepreneurs may or may not consider beyond a falsely binary view of interpersonal attraction versus resource-seeking, forming six key cofounder fit dimensions associated with satisfaction: skills fit, resources, personal fit, familiarity,

work fit, and venture fit. These six dimensions offer a more nuanced understanding of cofounder selection and the multidimensional needs of a cofounder relationship.

Recognizing that entrepreneurial cofounders are unique relationships that form amid a complex system of simultaneous influences and constraints, I draw on a systems view of fit (Drazin & Van De Ven, 1985; Leung et al., 2006) to explain how entrepreneurs may prioritize certain combinations of must-have criteria to find a cofounder who sufficiently meets their unique personal, venture, and circumstantial needs to enter the relationship. Through fsQCA, test the conceptual model and theory, finding five different combinations of criteria that are systematically and consistently associated with satisfying cofounder relationships.

The studies in this chapter contribute the notion that there are equifinal paths to finding a satisfying fit with a cofounder, and suggest no single criterion is necessary nor sufficient for satisfaction, but certain "recipes" of criteria can yield high relationship quality. This discovery of complex causality advances the field beyond assumptions of a linear, one-best-way approach to team formation, and offers insight into the cognitive decision-making process of entrepreneurs selecting cofounders. Finally, through post-hoc qualitative analysis, I contribute new insight into the counterintuitive finding that highly satisfied cofounders rarely prioritize human capital resources. Interviews yield support for the explanation of tradeoffs in the face of constraints and reveal that relational norms of reciprocity are powerful drivers of selection and satisfaction of cofounders. Theoretically, these findings point to a boundary condition of resource-seeking theories, in that entrepreneurs may be limited in their ability to secure and maintain cofounders with resources beyond what they themselves possess, as selection must be mutual, suggesting a more relational view of team formation. In other words, resource-seeking theories may only apply when the entrepreneur themselves have high levels of resources to contribute to ensure the success of such a strategy.

3.2 Theoretical Background

3.2.1 Cofounder Selection Criteria

As previously defined, an entrepreneurial team is "a group of two or more people who work together interdependently to discover, evaluate, and exploit opportunities to create new products or services" (Knight et al., 2020), and thus comprises of one or more cofounder relationships. A cofounder refers to an individual considered fundamental to the joint creation and development of a new venture, and who has some equity ownership and decision-making authority. The formation of such a relationship is distinctly task-oriented (Bird, 1989) and often driven by a desire to pursue a specific venture vision (Preller et al., 2020); yet it also occurs endogenously and mutually (Lazar et al., 2019; Patzelt et al., 2020; Shah et al., 2019), much like romantic or friendship partnerships. Early work on team formation describes this formation as a decision based on three interrelated sets of considerations: (1) *criteria* (i.e., what are entrepreneurs looking for in a cofounder?); (2) *sources* (where can entrepreneurs search for potential cofounders?); and (3) *inducements* (what are entrepreneurs willing to offer to convince cofounders to join them?) (Kamm et al., 1990; Kamm & Nurick, 1993). Given my focus on criteria-related decisions, I summarize below the key tenets and findings from previous research on selection criteria, which have, as noted, largely focused on interpersonal attraction and resource-seeking considerations.

3.2.2 Interpersonal Attraction Theories

Interpersonal attraction theories explain the formation of dyadic interpersonal relationships. One of the earliest and most-cited is Byrne's (1971) similarity-attraction theory. Byrne argues that individuals are attracted to people with similar attitudes, interests, and other attributes to reinforce (and not disorient) their worldview. In the context of cofounder selection, interpersonal attraction theories predict that individuals will choose cofounders based on "chemistry" (Bird, 1989; Kamm & Nurick, 1993), "interpersonal fit" (Aldrich & Kim, 2007, p. 149), the need to "satisfy social-psychological goals" (Forbes et al., 2006, p. 232), or similarity, as in "birds of a feather flock together" (Lazar et al., 2019, p. 10).

Many studies of entrepreneurial team formation claim support to interpersonal attraction, with evidence that entrepreneurs commonly cofound with strong-tie relations, a decision presumed to form out of personal affinities (Brannon et al., 2013; Ruef, 2010; Ruef et al., 2003; Wasserman, 2012). Choosing a cofounder from outside one's network is rare (Aldrich & Kim, 2007; Leung et al., 2006; Zhang, 2010). In keeping with this tendency toward strong ties, entrepreneurial teams often exhibit startling levels of homophily in terms of gender, ethnicity, and functional expertise (Aldrich & Kim, 2007; Kaiser & Müller, 2015; Ruef et al., 2003). Yet, as Forbes et al. (2006) note, "These motivations based on similarity may or may not be aligned with the resource needs of the new venture" (p. 231).

3.2.2.1 Limitations

Though scholars commonly reference interpersonal attraction as an important factor explaining the formation of entrepreneurial teams, few studies directly measure the extent to which attraction drives entrepreneurs' selection decisions. Most studies proxy interpersonal attraction through various dimensions of similarity (Aldrich & Kim, 2007; Healey et al., 2021; Parker, 2009; Powell & Baker, 2017; Ruef et al., 2003) or familiarity (Lazar et al., 2022; Ruef et al., 2003; Shah et al., 2019; Zellmer-Bruhn et al., 2021), observed post-hoc. Although these proxies may be related to attraction, they are conceptually and definitionally different (Byrne, 1997; Montoya & Horton, 2014). For instance, seeking familiarity may be based on structural limitations of not having direct access to a large number of other candidates (Aldrich & Kim, 2007) more than attraction per se. Further, relying on externally observable team member characteristics to infer selection decisions fails to capture entrepreneurs' intentions and reasoning for these decisions (Shah et al., 2019; Zellmer-Bruhn et al., 2021)—we don't know if those decisions were strategic or born of necessity. This concern is particularly troublesome for testing interpersonal attraction, which is not readily observable.

Interpersonal attraction theories predict the formation of dyadic relationships, but their import for predicting the success of such relationships is more ambiguous. Indeed, Lazar et al.'s (2022) study suggests that favoring an interpersonal attraction approach to cofounder selection alone may be suboptimal for the venture, and founding team

homophily is associated with poorer performance (Hart, 2014; Parker, 2009; Ruef et al., 2003; Steffens et al., 2012). Building from these observations, I argue that interpersonal attraction and its underlying dimensions form important considerations guiding cofounder selection but will likely not be sufficient for a quality cofounder relationship alone.

3.2.3 Resource-Seeking Theories

The second dominant set of cofounder selection explanations is rooted in human capital theory, which predicts that firms or teams equipped with "superior" education, industry experience, and general ability will outperform the competition (Becker, 1994; Forbes et al., 2006). Resource-seeking theories are consistent with the upper echelons perspective (Hambrick & Mason, 1984), which posits that a firm's top management team members' characteristics influence that firm's performance, and a social capital view, which considers valuable network connections and the knowledge, information, and other resources that such connections can bring (Burt, 1992). Overall, these theories take the venture as the focal unit of analysis, predicting that maximizing human capital will increase venture performance.

Building on these conceptual roots, studies of founding teams have claimed support for resource-seeking theories, with evidence of motivation to increase team size (Chandler et al., 2005; Kaiser & Müller, 2015; Ucbasaran et al., 2003) and to enlist cofounders with relevant industry knowledge (Clarysse & Moray, 2004; Ensley et al., 1999; Lundqvist, 2014; Shah et al., 2019; Vanaelst et al., 2006; Vyakarnam et al., 1999; Zellmer-Bruhn et al., 2021), network connections (M.-H. Chen & Wang, 2008; Shaw et al., 2017), social and cultural capital (Discua Cruz et al., 2013; Iacobucci & Rosa, 2010), education (Kaiser & Müller, 2015; Packalen, 2015), and legitimacy (Godwin et al., 2006; Mitteness et al., 2013; Shaw et al., 2017). Meta-analyses suggest cumulative education, experience, and size of the team improve venture performance (Jin et al., 2017).

While these studies support a "more-is-better" approach to seeking resources, other studies have stressed the benefits of skill heterogeneity or complementarity among cofounders (Ensley et al., 1999; Forbes et al., 2006; Forsström-Tuominen et al., 2017;

Garrone et al., 2018; Lazar et al., 2022; Leung et al., 2006; Loane et al., 2007; Timmons, 1999; Ucbasaran et al., 2003; Vanaelst et al., 2006; Vyakarnam et al., 1999). Conceived of as seeking a variety of resources that address those missing from the firm's resource base (Loane et al., 2007, p. 499), the notion of complementarity implies focusing on differences in the cofounders' available resources and abilities in order to meet the specific needs of the venture, which is conceptually different from a maximization approach to seeking resources.

3.2.3.1 Limitations

Despite these findings, however, resource-seeking theories present important shortcomings to explain the formation of a quality cofounder relationship. First, and unlike interpersonal attraction theory, resource-seeking theories do not seek to explain the formation of cofounder relationship per se; they seek to explain venture performance. As a result, their relevance for cofounder selection rests on the assumption that rational individuals will seek cofounders who will help maximize their venture's performance. Yet this may or may not have been the driving force behind entrepreneurs' selection decisions (Shah et al., 2019), and nascent entrepreneurs do not always have the luxury of large pools of qualified candidates from which to draw (Aldrich & Kim, 2007). Additionally, few team formation studies distinguish between complementarity versus maximization strategies or capture their relational outcomes. For these reasons, I argue that resource-seeking may be insufficient for explaining the achievement of a quality cofounder relationship on its own.

3.2.4 Additional Criteria

Over and above the considerations suggested by the two dominant sets of theories described above, studies have highlighted other criteria that can motivate entrepreneurs' cofounding decisions and strongly influence success. Early work proposed that a "mutuality of team members' compelling interests" may be an important selection criterion (Kamm & Nurick, 1993, p. 22), and there is some evidentiary support that feelings of mutual ownership of an idea are a significant precursor to team formation (Forsström-Tuominen et al., 2017). Other proposed criteria include congruent

entrepreneurial passion (Cardon et al., 2017), personal alignment with the startup's mission (Discua Cruz et al., 2013; Powell & Baker, 2017; Tryba & Fletcher, 2020), compatible work ethic (Forsström-Tuominen et al., 2017; Shah et al., 2019), commitment (Mupfasoni et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021), and fit with the entrepreneur's objectives for venture commercialization (Boss et al., 2021; Zellmer-Bruhn et al., 2021). While these studies did not necessarily explore these criteria in combination or in association with satisfaction, they collectively point to a wider variety of considerations that may contribute to selecting a quality cofounder, a multidimensional role.

3.2.5 Combining Criteria

Only a few studies have investigated combinations of criteria when seeking cofounder candidates. For instance, Lazar et al. (2021) found promising evidence that, although the combination was rare, teams that exhibited both interpersonal attraction and resource-seeking considerations had stronger transactive memory systems and team performance. Qualitative studies by Shah et al. (2019), Ye et al. (2021), and Zellmer-Bruhn et al. (2021) also suggest that lead entrepreneurs have multiple criteria in mind when selecting, and those who prioritize both interpersonal attraction and resource-seeking criteria are better positioned for venture success. However, many study participants were not able to find cofounders who had both (Ye et al., 2021), and others reported experiencing cofounder break-ups and dissatisfaction (Shah et al., 2019; Zellmer-Bruhn et al., 2021). These findings indicate that certain combinations of criteria may be difficult to find in one person, especially when considering the many constraints that entrepreneurs face—not to mention that pursuing this dual strategy cannot guarantee relational success in and of itself.

The difficulty of simultaneously prioritizing interpersonal attraction and resources may lie not only in limited pools of available cofounders (Aldrich & Kim, 2007; Ruef et al., 2003; Ye et al., 2021), but also in their paradoxical nature. Blatt (2009) proposes that cofounders need to build relational capital and trust while also stewarding venture performance, but focusing too much on one can undermine the other. Scholars have further suggested that trust is so important that it causes entrepreneurs to discount

competence (Aldrich & Kim, 2007; Ruef et al., 2003). Accordingly, I advance that entrepreneurs may look to other considerations to help resolve the tradeoffs inherent in these somewhat competing criteria, seeking a sufficient fit that meets their unique personal, venture, and situational needs.

3.2.6 Implications for the Relationship

As noted, several studies of entrepreneurial team formation focus on venture performance. This is an important outcome; yet in the context of understanding early-stage cofounding decisions, it presents key limitations. First, entrepreneurs come to entrepreneurship with a myriad of objectives in mind, not all of which are necessarily performance driven (Benz & Frey, 2008; Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021). Research has shown that intrinsic motivations, including the opportunity to work with respected others, may also be a driving force for selection (Forsström-Tuominen et al., 2017; Kamm & Nurick, 1993; Shah et al., 2019; Ye et al., 2021). This heterogeneity of motivations implies that venture performance may not be a logical outcome of selection, nor comparable across various types of ventures. Second, performance may only be meaningful years down the road, and many other factors external to the cofounding team's direct influence may end up driving this performance (Foo et al., 2006).

For these reasons, I articulate my theoretical developments on the outcome of *cofounder satisfaction*. Scholars have established that satisfaction among the entrepreneurial team is significantly related to venture performance (Lechler, 2001), venture survival (Ivanova et al., 2022), perceptions of team viability (Foo et al., 2006), and a willingness to persevere together (Breugst et al., 2015; Williams Middleton & Nowell, 2018). Thus, I contend it is a critical outcome and one that may help explain future venture performance.

3.3 A Systems View of Cofounder Fit

The observations above indicate that, while interpersonal attraction and resource-seeking considerations are undoubtedly important when choosing cofounders, these lenses suffer from conceptual shortcomings rendering them inadequate to address the complexity of an entrepreneur's considerations when seeking a cofounder. Extant research suggests that a

more complex set of considerations underlie entrepreneurs' cofounder selection decisions (Discua Cruz et al., 2013; Forsström-Tuominen et al., 2017; Powell & Baker, 2017; Shah et al., 2019; Tryba & Fletcher, 2020; Zellmer-Bruhn et al., 2021). Further, entrepreneurs face constraints that may limit their ability to optimize all possible criteria, yet cofounder relationships continue to form and endure. To explain how entrepreneurs cognitively evaluate cofounders and combine criteria to achieve a satisfying cofounder relationships in the face of constraints (Leung et al., 2006), I build on theories of person-environment fit (Kristof-Brown et al., 2005) and a systems view of fit (Drazin & Van De Ven, 1985).

3.3.1 Person-Environment Fit

In broad terms, person-environment fit concerns the "compatibility between people and organizations" (Kristof, 1996, p. 1), and fit theory posits that individuals assess several criteria in a work environment, including their fit with their job, team, supervisor, and overall organization (Kristof-Brown et al., 2005). A large body of work has shown that higher levels of fit result in higher satisfaction, commitment, retention, and job performance (Kristof-Brown et al., 2005; Kristof-Brown & Guay, 2011; Oh et al., 2014). Based on these insights, I expect that finding multiple dimensions of fit in a cofounder will yield higher levels of satisfaction with the relationship.

3.3.2 A Systems View of Fit

While there may be multiple criteria by which entrepreneurs would like to optimize their venture with a prospective cofounder, scholars recognize that startups are subject to unique environmental constraints, including liabilities of newness and smallness (Hannan & Freeman, 1984; Leung et al., 2006; Stinchcombe, 1965) and low legitimacy (Williamson, 2000), which may limit their potential candidate pool and ability to find someone who meets all criteria. The notion of fit extends from contingency theory, which proposes that, in order to survive and thrive, an organization must achieve "fit" between its internal structure and its environment and objectives. A systems view of fit theorizes that many factors interact within a system: some may compete, while others form synergies, thus forming multiple paths to an intended outcome (i.e., "equifinality") (Drazin & Van De Ven, 1985). Drazin and Van De Ven (1985) define fit from this

equifinal perspective as “feasible sets of equally effective alternative designs, with each design internally consistent in its structural pattern and with each set matched to a configuration of contingencies facing the organization” (p. 520).

I apply a systems lens to the relationship between selection criteria and satisfaction among cofounders to examine how entrepreneurs combine criteria and how these criteria may interact to affect entrepreneurs’ subsequent relationship satisfaction. I do not expect that one criterion in isolation will determine or prove sufficient for satisfaction, in other words, there may not be one “best” way to select a cofounder. Rather, I predict that certain combinations of synergistic, must-have criteria will represent sufficient fit for different entrepreneurs to achieve satisfaction. Thus, I propose a systems view of cofounder fit, defining the system in this case as the various external and internal influences on cofounder selection, including an entrepreneur’s unique personal, venture, and circumstantial needs. This system enacts influence on the criteria that an entrepreneur prioritizes and their individual conception of “fit” necessary to enter a cofounder relationship with someone. Building on these preliminary insights, I broadly expect that certain combinations of criteria, or approaches to selection, can have important implications for the quality of entrepreneurial cofounder relationships and theorize equifinality—that is, that there are many various configurations that consistently lead to satisfaction.

Mindful that I am charting relatively new terrain in investigating the extent to which different configural patterns of selection criteria may guide entrepreneurs to find sufficient fit and satisfaction, I mobilize an abductive exploratory approach implemented through a mixed-method, two-study design.

3.4 Study 1

As previous work has focused on team-level formation strategies and their relationship with performance, largely neglecting individual intentions and criteria outside of the overarching categories of interpersonal attraction and resource-seeking, I designed Study 1 in partnership with my supervisor to explore the individual experience of choosing a cofounder. Focusing on criteria that contribute to successful selection and satisfaction, we

conducted explorative, semi-structured interviews, examining 30 cases of selection among 14 entrepreneurs who had selected cofounders within the past 2 years, representing theoretically useful cases (Eisenhardt, 1989). Though small, this sample size was sufficient to identify common selection criteria and themes (Guest et al., 2006) and derive a more complete model of the selection criteria that entrepreneurs consider.

3.4.1 Participants and Procedures

We identified entrepreneurs through a high-technology accelerator program operating in a mid-sized North American city that required teams. Table 6 reports the entrepreneurs' main demographic characteristics, noting moderate levels of heterogeneity in their age, education, venture business model, and industry. Yet, all were in the early stages of development of a high-tech venture, in a similar market environment, with access to similar resources. My supervisor and I conducted the semi-structured interviews in person to maximize ease of interaction and understanding, and together when possible to minimize investigator bias. We conducted interviews with each entrepreneur separately and assured confidentiality to prevent contamination across cofounders within a team. The interviews were audio-recorded with participants' permission, save for one with a participant who did not wish to be recorded. In this case, both investigators took detailed notes. We designed the semi-structured interview guide to document what criteria participants considered when choosing to work with their current cofounder(s) and their subsequent satisfaction. Our interview protocol included questions such as: "How did you decide that he or she was the right person to start this business with?"; "Were there other people you were considering? If no, why not?"; "Why did you choose your current cofounder over other "candidates?"; and "Were there any specific criteria or processes you used to choose your cofounder?" (please see Appendix B). In six cases, the entrepreneurs also discussed selection of previous cofounder relationships that had broken up. I conducted follow-up interviews with four of the participants and interviewed each team's venture manager to get an objective perspective. In total, we conducted 22 interviews, totaling 17 hours of recorded material.

Table 6: Study 1, Sample Summary

Venture	Sector	# Co-founders	Familiarity between founders	Sex	Age	Education	Role within the venture	Cases	Contextual factors
A	Mining	3	A1 – Romantic relationship with A2, met A3 through A2 for venture	F	25-35	MA	Marketing/PR	2	Couple lives together while A3 is remote. Couple have no children. A3 married with child.
			A2 – Lead entrepreneur	M	25-35	BSc	Technical developer	2	All first-time entrepreneurs.
			A3 – Professional relationship with A2, met A1 through A2 for venture	M	25-35	BSc	Technical developer	0	
B	Online training	3	B1 – Lead entrepreneur	M	35-45	BA	Sales/business development	3	All worked together at previous start-up B1 also founded. B1 had start-up success but a bad experience with past cofounder.
			B2 – Family with B1, plus professional relationship with B1 and B3 from first startup	M	25-35	BA	Operations	2	
			B3: Professional relationship with B1 & B2 from first startup	F	25-35	PhD	Developer	2	B1 & B3 have children.
C	Restaurant Mgmt	2	C1 – Stranger to C2, initiated meeting on LinkedIn	M	30-40	BSc	Developer/tech	2	Both had similar venture ideas, both are lead entrepreneurs.
			C2 – Stranger to C1, had been developing	M	30-40	High school	Sales/business development	1	C2 had previous start-up success but a bad

			similar idea independently						cofounder experience.
D	Online info security	3	D1 – Classmate of D2 through a casual course on the technology of their venture	M	25-35	MSc	CTO, AI, and computer science expert	2	D3 had invested heavily in the company already. High passion project for them all.
			D2 – Friends of D3 for 10+ years	F	35-45	MSc	Chief Knowledge Officer, Tech and industry expert	0	
			D3 – Lead entrepreneur	M	40-50	PhD	CEO, Industry/education expert	0	
E	Retail	2	E1 – Stranger to E2, met on accelerator's hub	M	25-35	BBA	Business development	3	Both are lead entrepreneurs. Both had previous start-up failures and bad cofounder experiences. E2 moved away from his wife and daughter in Brazil just to participate in the accelerator with E1.
			E2 – Stranger to E1, met on accelerator's hub	F	30-40	PhD	Technical developer	2	
F	Manufacturing	2	F1 – Professional relationship with F2, didn't know F3	M	25-35	BE	Tech developer/sales	2	Already removed F3 from the team – a very difficult experience.
			F2 – Lead entrepreneur	M	25-35	MEng	Tech/operations/sales	2	F2 had previous start-up failure and a bad cofounder experience.
			F3 – Former classmates of F2, didn't know F1	M	25-35	MEng	Business development	0	
G	Audio Hardware	2	G1 – Lead entrepreneur	M	50-60	High school	CEO/product development	3	G1 removed previous cofounder and

			G2 – Stranger to G1, met through referral	M	35-45	BS	Financial investor/experience in industry	0	had resulting legal issues. Met second cofounder in the same week as the first and was convinced by his financial commitment.
H	Healthcare	2	H1 – Lead entrepreneur	M	20-30	BS	Business/product development	2	All first-time founders. Many different instances of founders leaving and returning. High dissatisfaction between founders despite high-potential venture opportunity.
			H2 – Classmate/friend of H1, met H3 only through H1 for purpose of venture	M	20-30	BS	Tech/coder	0	
			H3 – Serendipitous meeting with H1, met H2 only through H1 for purpose of venture	M	20-30	BA	Designer	0	

3.4.2 Analysis

I examined the interview transcripts using a reflexive approach to content analysis, identifying theory-specific codes relating to interpersonal attraction and resource-seeking considerations, but also new codes that emerged from the data (Kreiner, 2015). Using NVivo (version 12) to implement these analyses, I noted both selection criteria and aspects of existing relationships that fostered positive working relationships, as well as "deal-breaker" criteria that came up in discussion of failed cofounder relationships. Through iteration, I first identified a set of 51 criteria mentioned, which I aggregated into 16 first-order codes that summarized the criteria that were important for quality cofounder relationships. Then, through a second pass of analysis, I aggregated these codes into six superordinate dimensions: skills fit, resources, personal fit, familiarity, work fit, and venture fit. These dimensions are described in more detail with respect to established criteria in subsequent sections.

3.4.3 Preliminary Insights

3.4.3.1 Resource-Seeking

Our interviews (select quotes from which appear in Figures 10 and 11) support the use of resource-seeking criteria in selection; however, they also point to important distinctions between seeking venture-specific skills and more broadly valued resources.

3.4.3.1.1 Skills Fit

Many participants noted that they sought out certain skills needed by the venture that they did not have themselves, did not enjoy doing, or could not do competently, which aligns with the well-documented resource-seeking criterion of skill heterogeneity or complementarity (see section 2.3.3.1.2 for studies that establish this in the review of selection literature). For instance, B3 noted, "[My cofounder and I] complement each other extremely well. He is going to start the idea and get us going. And I think I need that, but then after that, I make the project happen." E2 observed, "Smart is not enough. It can't just be lip service. The other person has to have skills you don't, and that you can't live without." F1 noted that a lack of complementarity led to the demise of a past cofounder relationship, which caused him to prioritize this dimension in his current cofounder (F2): "We had the enthusiasm, but ... the problem is we both were too similar…. [F2] and I are not similar in the sense that he has everything that I don't have."

There was also frequent mention of what may best be described as "cognitive trust" in the abilities of the chosen cofounder, either through direct experience or inferred through other means. Within research on interpersonal trust in work settings, two distinct dimensions of trust have emerged: one that is based on competence and one that is based on emotion (Cook & Wall, 1980; Jones & George, 2007; McAllister, 1995). These have been labeled in various ways, such as "confidence in actions" versus "faith in intentions" (Cook & Wall, 1980, p. 43), "cognitive" versus "affective" trust (McAllister, 1995), and "conditional" versus "unconditional" trust (Jones & George, 2007). Within the context of entrepreneurial team formation, Ruef et al. (2003) make this distinction as well, noting that "founders of organizations appear more concerned with trust and familiarity, at this early stage, than with functional competence, leading to a 'competence discount' in

founder recruitment" (p. 217). Participants in our sample consistently discussed the cognitive or conditional trust as an important consideration for the venture to get off the ground. Figure 10 offers some additional representative quotes regarding the importance of these underlying dimensions, which I categorize as "cognitive trust" and "complementarity." Both contribute to skills fit, in which entrepreneurs seek a cofounder who possesses the missing skills needed to execute upon the specific venture idea and a sufficient level of competence.

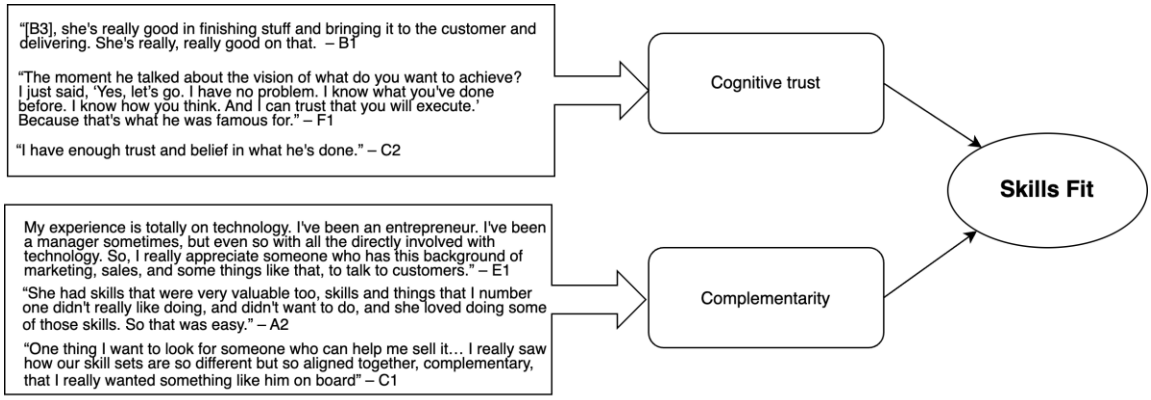


Figure 10: Representative Quotes for Skills Fit

3.4.3.1.2 Resources

Some entrepreneurs in the sample sought the types of human capital commonly described in the literature, such as education, network connections, legitimacy, and financial investments (Jin et al., 2017). Notably, however, far fewer participants mentioned these types of human capital factors versus skills fit factors, and they were perceived differently in two key ways. First, resources like financial contributions, past entrepreneurial experience, and elite education did not have the same level of specificity to the venture idea at hand as did skills fit, which addressed specific gaps in abilities needed for the venture (Newbert & Tornikoski, 2013; O. E. Williamson, 1981). Second, those who described human capital as important often referenced external validation from investors or accelerator coaches, while specific skills were examined from an internal perspective, seeking a match for their own deficiencies with respect to venture needs. Given this difference, I identified "resources" as a separate criterion that aligns well with

the maximization approach of human capital factors (i.e., financial, educational, network, and legitimacy resources), while skills fit is about filling a specific gap to complement the existing skills of the entrepreneur. Figure 11 offers some representative quotes regarding how entrepreneurs thought about human capital resources.

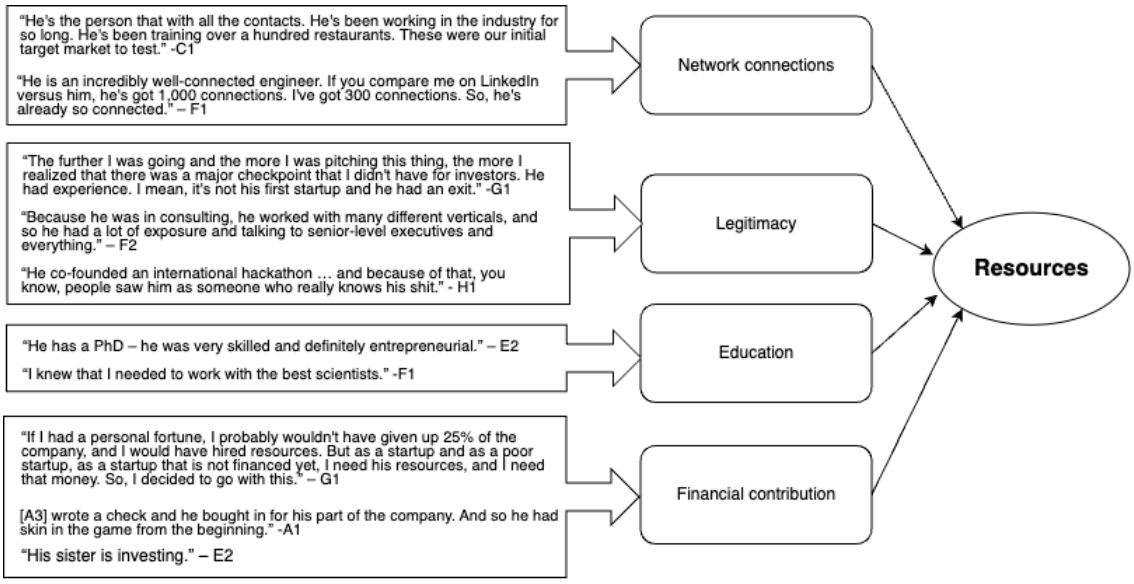


Figure 11: Representative Quotes for Resources

3.4.3.2 Interpersonal Attraction

Our interviews also support the use of interpersonal attraction criteria in selection—but again point to important distinctions.

3.4.3.2.1 Personal Fit

A prominent theme that emerged from the interviews was the affective dimension of trust noted above. McAllister (1995) describes affective trust as rooted in "emotional ties" (p. 26) that extend to caring about the welfare of a partner and a belief that these feelings are reciprocated. In the context of entrepreneurial teams, Blatt (2009) underscores the importance of this dimension to facilitate the freedom to express emotions and the social support necessary to face the extreme novelty and tensions of launching a venture.

Another related dimension that many entrepreneurs described was "shared values," or a similar set of beliefs. E2 shared, "I was looking for alignment in terms of values," which

to her meant similar views of what was an appropriate use of venture funds. This aligns well with Byrne's (1971) attitude similarity-attraction hypothesis, which posits that the more similar you perceive a person to be in their attitudes and values, the more attracted you are to them. With respect to working relationships, this factor is also often described as interpersonal fit or value congruence between individuals (Oh et al., 2014), which reduces uncertainty, promotes efficacy, and is linked with positive outcomes such as work satisfaction and commitment (Ostroff et al., 2005).

Finally, some participants noted pure enjoyment of their cofounder's company, citing terms like "vibe" and "fun" and recognizing that they could spend a lot of time with this person. I categorize these underlying dimensions of affective trust, shared values, and enjoyment of each other's company as "personal fit," which aligns with interpersonal attraction theory's predictions of liking formed out of similar attitudes and worldviews. Figure 12 offers some representative quotes regarding how entrepreneurs thought about the underlying dimensions of personal fit.

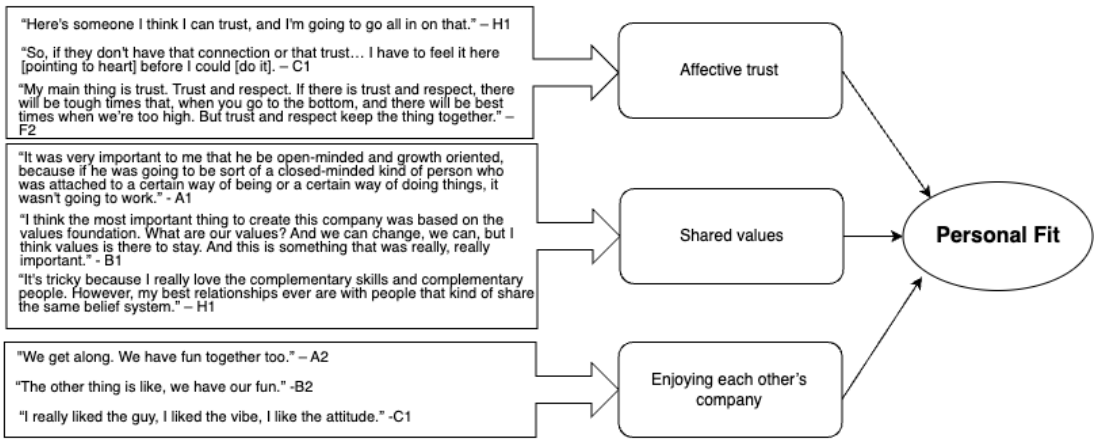


Figure 12: Representative Quotes for Personal Fit

3.4.3.2.2 Familiarity

As noted, familiarity has been used as a proxy for interpersonal attraction in several studies of entrepreneurial team formation. However, I found that the above personal fit factors were not unique to high-familiarity cofounders. In fact, several low-familiarity cofounders placed a strong emphasis on personal fit dimensions, gauged through their

initial conversations and incipient work together. For instance, C1 and C2 met as strangers on LinkedIn, but worked together informally to ensure they had a personal fit. C1 explained, “That was us going on road trips to talk to restaurants in person, spending a few hours just on a personal level in the car after the meetings, like going to a restaurant and talking about it. So, there was a lot of personal engagement, not just on the business level.”

Three teams had sought out strangers as cofounders, but most participants felt strongly that this was not something they would be comfortable doing. For example, after being burned by a low-familiarity cofounder, B1 said, “I found it too risky…. It’s a little bit like a match when you go on a date, you know?” He recruited his brother, not because of skills or resources needed for the venture (since he had no formalized venture idea yet), but because he wanted a known entity for the stability he felt it would bring. This vehement opposition to seeking out less familiar cofounders supports research that shows entrepreneurial teams are commonly formed among strong ties (Aldrich & Kim, 2007; Brannon et al., 2013; Ruef, 2010; Ruef et al., 2003; Wasserman, 2012).

Others strategically pursued non-familiar cofounders due to a negative experience with friends or family. Some, like D1, did not have any set strategy around familiarity, but found themselves cofounding with low-familiarity partners through discovering a similar passion for solving a social problem. In sum, I find that personal fit can exist independently of familiarity, and familiarity can be an influential and separate criterion that entrepreneurs consider. Moreover, because the decision to prioritize familiarity can pose severe limits on an entrepreneur’s consideration set, this also limits an entrepreneur’s ability to prioritize other criteria.

Evidence suggests that familiarity has an important influence on selection, though how it affects cofounder satisfaction is less understood. One could assume that high familiarity would improve satisfaction, as (in theory) cofounders know what they’re getting. However, mixed findings exist around the role of familiarity in team stability (Cachon, 1990; Wasserman, 2012) and venture performance (Ertug et al., 2020). Ergo, while research has shown that this criterion is an influential consideration, it is unclear how it

may relate to satisfaction. Figure 13 offers some representative quotes regarding how entrepreneurs thought about familiarity.

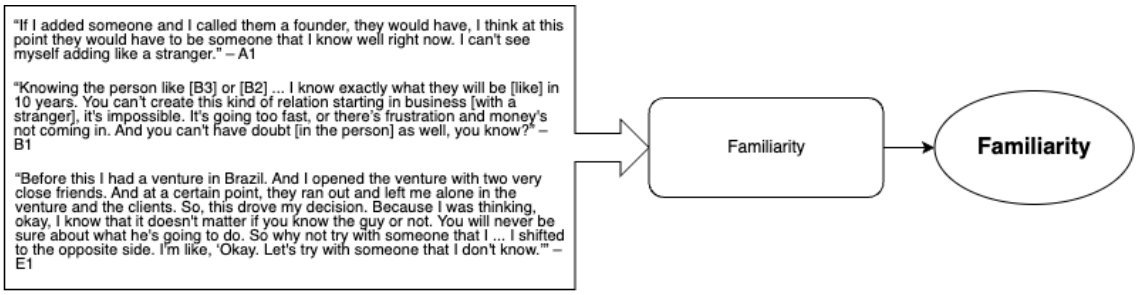


Figure 13: Representative Quotes for Familiarity

3.4.3.3 Other Criteria

Our interviews also illuminated additional recurring criteria that played an important role in the decision to cofound with someone.

3.4.3.3.1 Work Fit

Many participants mentioned that due to the professional nature of a cofounder relationship, work compatibility was as an important consideration. Participants emphasized that liking or affective feelings were not sufficient conditions for selection, as they may *like* many people, but would not consider cofounding a venture without some assurance they could also work well together. For instance, many participants described needing a certain level of work ethic to take on the task of launching a venture. Nearly all participants discussed the importance of communication, described in various ways, from "having fluid, free-flowing openness" (A2) to "being able to say what you want to say" (B2). Relatedly, participants also commonly mentioned the need for conflict resolution and the assurance that disagreements would move the venture forward in a professional manner. For example, A1 described, "[My cofounder and I] have been able to disagree very productively and come to consensus on a lot of different, difficult things." Conversely, not being able to have respectful conflict was cited as grounds for parting ways with a cofounder. Participant F2 recalled of a former cofounder's conflict style, "During that tough time when people are figuring things out, when things are hard, how you react tells me that it's not going to work together."

These findings align with a stream of literature that has examined conflict in entrepreneurial teams, with relational conflict significantly impeding venture performance (Chowdhury, 2005; Ensley & Hmieleski, 2005; Ensley & Pearce, 2001) and team satisfaction (Breugst & Shepherd, 2017; Chen et al., 2017). Chen, Yu-Yu, and Chang (2017) found that team cohesion was positively and significantly related to "entrepreneurial satisfaction," which was negatively related to both task and relational conflict. Communication and social integration have also been linked to team viability and team satisfaction (Foo et al., 2006). With these underlying dimensions of communication, respectful disagreement, and work ethic, I label this category of criteria "work fit," which focuses on the professional needs and expectations of the relationship, unlike personal fit, which focuses on the personal side. Figure 14 shows some representative quotes from entrepreneurs regarding this category.

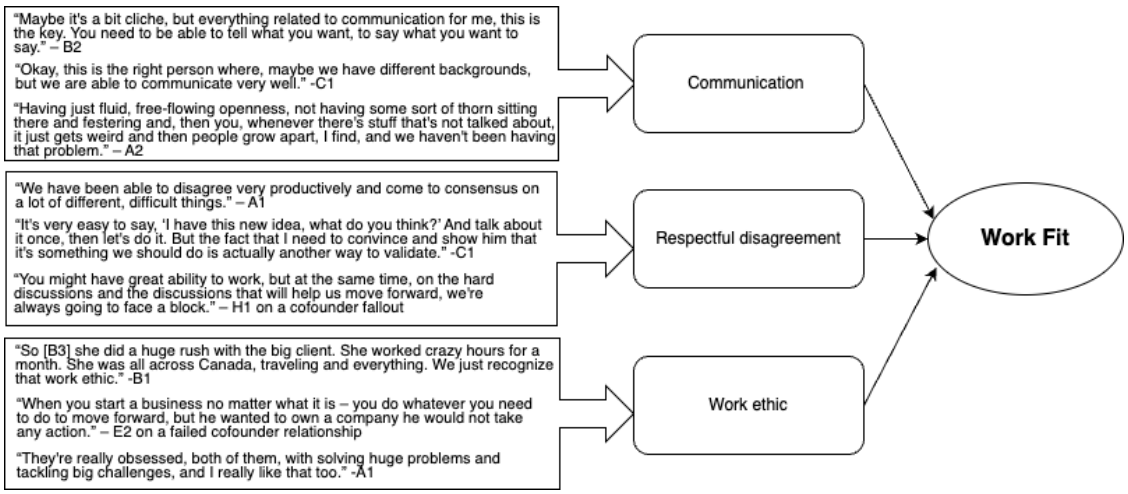


Figure 14: Representative Quotes for Work Fit

3.4.3.3.2 Venture Fit

With respect to the sixth and final criterion, participants often had specific venture ideas in mind when they sought out cofounders, and thus pursued those who had a sufficiently similar interest in and passion for the business concept—whether that was a certain problem space, industry, or societal challenge. D1 is a good example of someone who was incredibly passionate about solving the social problem upon which his venture was focused. He explained, "What really motivated me was, either way, we need to do

something." Related to passion was the important consideration of commitment, or whether the entrepreneur felt the potential cofounder could and would commit the necessary time to the venture and make certain sacrifices to enter the partnership. For instance, E2 considered several cofounders who expressed interest in the idea but passed on one who would not move for the venture and another who was interviewing for other full-time corporate jobs. She ultimately cofounded with someone who had strong interest in the idea and demonstrated commitment to it by moving from another country to work with her on it. Finally, a third underlying dimension of this category was alignment on venture goals; F1 reported that this was an important aspect that brought and kept him and his cofounder together, noting, "We both had the same vision."

I label this overarching dimension as "venture fit" (see Figure 15 for representative quotes about this category). This dimensions aligns with the previously mentioned research that touched on the importance of alignment with the startup's mission and between the cofounders' interests (Kamm & Nurick, 1993). Leung et al. (2006) describe this element as "shared personal aspirations" (p. 676) and "identification with the company's vision" (p. 677). Other scholars have also noted the importance of a passion for the idea and for team entrepreneurship (Cardon et al., 2017).

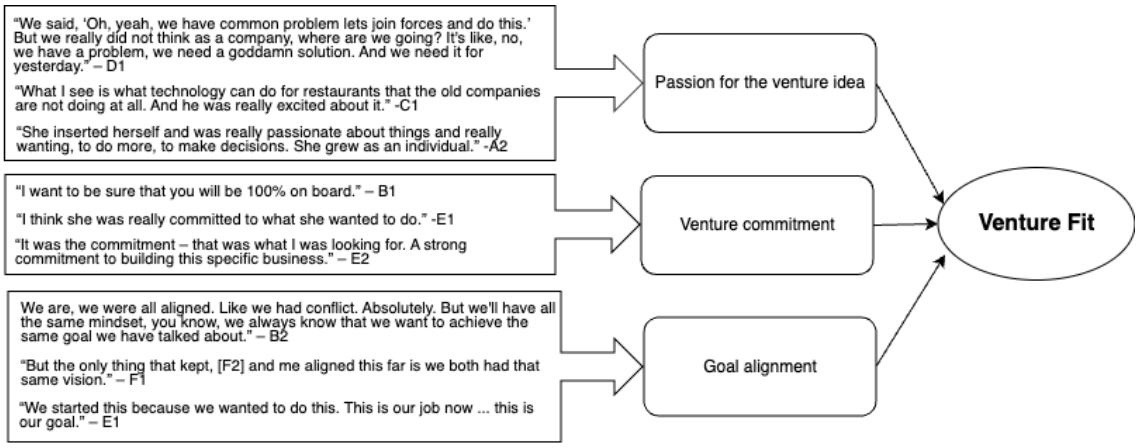


Figure 15: Representative Quotes for Venture Fit

3.4.3.4 Constraints and Tradeoffs

While the criteria cited by entrepreneurs in our sample paints a picture of an ideal cofounder selection approach, these entrepreneurs also highlighted various circumstances and constraints that significantly drove their decisions. These constraints related most to time, money, and network reach. In terms of time constraints, G1 had pressure from advisors and feedback from investors that he needed a team fast: “I had a bit of a gun on my head to build a team.” A3 had to decide if he wanted to join the team or take a competing job offer, as A2 described: “Even though we know in retrospect we gave [A3] a hell of a deal, which doesn't bother me at all, ... we needed to make a decision quick, and we did.”

Financial concerns were another recurring constraint. For instance, H1 said, “Look, when we have $100,000 in the bank account, hiring someone is not going to be an issue. Whereas now, I can find magical people but like, so what? I can't hire them.” Similarly, participants also gave credence to network constraints as limiting their options. C1 was a technical founder who had recently moved to the area and resorted to finding a cofounder on LinkedIn. He stated, “I moved to [the city], and I really knew no one in the industry." H1 felt he lacked the network for the software engineering skills he needed: “You know finding a software engineer when you're not a tech is not necessarily easy. There's a lot of demand.” G1 also felt the limitations of his network, noting:

> “I'm 58 years old, so my surrounding, my network ... did not permit me to call up the... I did call up some of my friends and say, ‘Here's this idea. You want to leave your job and come and join me?’ And people my age or a little younger or a little older, they're usually not at this place [to leave their job for a new business idea] in their lives.”

The existence of tradeoffs in the face of these constraints was evident in our interviews, as were certain combinations of prioritized criteria. For instance, for D1, passion for the venture idea and complementary skill sets were the driving criteria for his decision to cofound and proved sufficient for satisfaction, though he and his cofounder had low familiarity and limited knowledge of work fit, and neither brought externally valued

resources. H1 noted the tension he faced between diverse skills and shared values. He clicked immediately with his then cofounder, a friend he knew in his neighborhood, but realized they had very similar skill sets, and the partner's disinterest in the industry and lack of venture commitment ultimately caused dissatisfaction. In facing financial and network constraints, G1 selected a low-familiarity cofounder who could provide resource needs of funding, legitimacy, and network connections. He did not critically consider other criteria and ended up being highly dissatisfied with the relationship.

Based on these findings, Figure 16 displays the overall conceptual model with the six fit criteria contributing to cofounder satisfaction. As suggested by previous research (Lazar et al., 2022; Ruef et al., 2003) and validated through our interviews, skills fit and personal fit do indeed seem to exist as tradeoffs in the minds of entrepreneurs, as do familiarity and resources. I position the proposed tradeoffs opposite one another. In general, I expect that over-reliance on any one fit dimension will result in lower satisfaction, but some combination of these superordinate criteria—skills fit, resources, personal fit, familiarity, work fit, and venture fit—will yield satisfaction. In Study 2, I seek to explore which combinations are consistently associated with cofounder satisfaction.

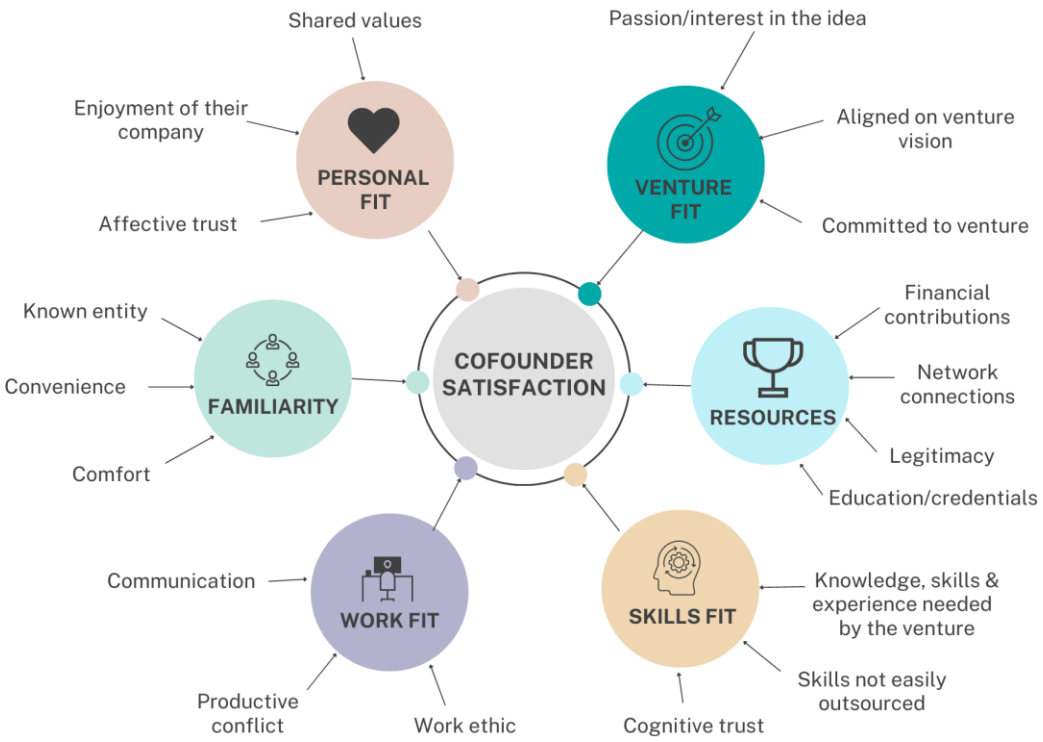


Figure 16: Cofounder Fit Conceptual Model

3.4.3.5 Content Validity

Prior to launching the data collection effort in Study 2, I sought to validate whether the underlying dimensions fit their superordinate categories. In this section, I discuss the process I followed to augment the validity of the findings. First, I designed relevant items to reflect the underlying dimensions of the derived categories, leveraging existing instruments when possible, and adapting them to address a cofounder evaluation (DeVellis, 2017).

In developing items to address the underlying dimensions of skills fit, including competence trust and complementary skills, I reviewed scales of person-job fit (Chuang et al., 2016) and cognitive trust (Costa & Anderson, 2011; McAllister, 1995; Zheng, 2012). For items to reflect the underlying dimensions of personal fit, including affective trust, enjoyment of one's company, and shared values, I explored items regarding affective trust (Costa & Anderson, 2011; McAllister, 1995; Zheng, 2012) and liking and

value congruence (Cable & DeRue, 2002). For the underlying dimensions of work fit, including work ethic, communication, and conflict resolution, I reviewed various measures of task and relational conflict (Breugst & Shepherd, 2017; Jehn & Mannix, 2001), as well as a measure of team social interaction (Lechler, 2001). For the underlying dimensions of venture fit, including interest in the idea, commitment, and goal alignment, I consulted the group atmosphere scale (Jehn et al., 2010). The final items are all listed in Table 7.

To assess whether the underlying dimensions fit their superordinate categories, I conducted a Q-sort exercise (DeVellis, 2017; Hinkin, 2009) with seven PhD-level students via kardsort.com, a free card-sorting tool (Nahm et al., 2002). I presented participants with brief instructions about the task, including definitions of the constructs: skills fit, resources, personal fit, work fit, and venture fit. I then presented the initial 15 items and asked them to drag and drop each to the construct they believed it best fit. Table 7 presents the items alongside the Q-sort results. Per Nahm et al. (2002), the overall hit ratio of 84% was sufficient for the subsequent study, in which I aggregate the underlying variables into the superordinate categories.

Table 7: Q-Sort Results, Study 2

Construct	Item	S	P	C	W	R	Total	%
Skills Fit (S)	I trust their ability to do the job well.	6			1		7	86
	They have knowledge, skills, and experience needed by the venture that I don't have nor can easily outsource.	4				3	7	57
Personal Fit (P)	I trust them on a personal level.		7				7	100
	We have similar values.		6		1		7	86
	I really enjoy spending time with them.		7				7	100
Venture Fit (V)	They are passionate about the venture idea.			7			7	100
	They are committed to the venture.			7			7	100

	We are aligned with the goals of the venture.		5	2		7	71
Work Fit (W)	I can communicate with them easily.			7		7	100
	We can disagree respectfully.			7		7	100
	They have the necessary work ethic to start this company.	3		4		7	57
Resources (R)	They can contribute a strong network of connections to the venture.				7	7	100
	They bring legitimacy to the venture.	2	1		4	7	57
	They have a high level of education.	4			3	7	43
	They can contribute financially to the venture.				7	7	100
					Overall hit ratio		83.8

3.5 Study 2

In Study 2, I sought to analyze possible configurations of the six dimensions of cofounder selection criteria associated with high cofounder satisfaction. I again used semi-structured interviews, this time collecting entrepreneurs' selection criteria prioritization by asking them for ratings of importance and gathering insight into *why* they approached their decision in this way and what, if any, contextual influences played a role.

3.5.1 Sample

With the above objectives in mind, I conducted Study 2's interviews with a second set of voluntary participants from high-technology accelerator programs in North America. The context provided theoretically useful cases (Eisenhardt, 1989), focusing on entrepreneurs who had recently formed venture teams and had spent at least six months working together in an intensive full-time program. The total sample comprises 18 entrepreneurs with cofounders representing 14 early-stage ventures. In four ventures I was able to interview both members of the founding team. The sampling frame readily included

entrepreneurs who had chosen cofounders with differing levels of familiarity and experience working together, as well as differing levels of satisfaction with their cofounders (see Tables 8 and 9).

Table 8: Description of Cases, Study 2

ID	Age	M /F	Venture sector	How they met cofounder	Months known at selection	Total founders	Edu-catio n	Contextual factors
I1	42	M	Clean Tech	Met I2 in master's program, now married	276	2	PhD	Had previously tried cofounding with a friend but was not happy with the relationship.
I2	41	F	Clean Tech	Met I1 in master's program, now married	276	2	PhD	Recruited by husband to be cofounder.
J1	58	M	Hardwar e Tech	Referred from potential investor	1	2	High schoo l	Sought cofounder for missing expertise and financial resources; they have since broken up.
K1	24	M	Consume r Retail	Referred from weak tie through university	1	3	BA	Recruited a cofounder to fill gap in technical expertise.
L1	38	M	Enterpris e Software	Long-time friend of L2	240	3	MA	He is the lead entrepreneur and CEO.
L2	35	M	Enterpris e Software	Long-time friend of L1	240	3	MA	He was recruited to be CTO by L1.
M1	26	F	Sports Tech	Brother	312	5	MBA	Brother is the lead entrepreneur, subject matter expert but is located out of the country. She is driving the business side.
M2	26	M	Sports Tech	Roommates and friends with M1	24	5	Some colleg e	He sought entry to join the team through his

								friend's girlfriend, who is also a friend and roommate.
N1	27	F	Mining, Oil, & Gas	Cohabitating boyfriend	60	2	MBA	She was recruited by him to pursue international commercialization.
O1	26	M	Manufacturing	Friend and classmate in university	72	2	MA	He is the lead entrepreneur; cofounder is the CTO.
P1	45	M	Human Resources	Was the former boss of P2 in large company	24	2	MA	He was interested to join P2 when she told him she wanted to leave and launch a business.
P2	30	F	Human Resources	Was the former subordinate of P1 in large company	30	2	MA	She told P1 she wanted to leave and launch a business; he was interested to join her.
Q1	36	M	Life Sciences	Met Q2 through referral of mutual friend	0.5	2	PhD	Became cofounders after first meeting in a coffee shop.
Q2	32	F	Life Sciences	Met Q1 through referral of mutual friend	0.5	2	PhD	Became cofounders after first meeting in a coffee shop.
R1	21	M	Virtual Reality Social Platform	Met through referral of existing cofounder	11	3	MBA	He is a close childhood friend of the other cofounder.
S1	27	M	Life Sciences	Research colleague of cofounder	48	3	PhD	All three cofounders were colleagues turned close friends.
T1	33	M	Marketing	Met through entrepreneurship conference	36	3	Some college	He is the lead entrepreneur and recruited this cofounder when a different candidate fell through.

U1	35	F	Life Sciences	Met through religious social group, new friends	6	2	PhD	She was the lead entrepreneur. He encouraged her to launch, but they have since broken up over personal differences.

Table 9: Summary Statistics, Study 2

Variable	Item	N	Mean	SD	Min	25%	75%	Max
Descriptive Statistics								
Age	How old are you?	18	33.44	9.096	21	26.2	37.5	58
Gender	What gender do you identify as? (Male = 1, Female = 2, Self-describe = 3)	18	1.333	0.485	1	1	2	2
Education	What is the highest level of school you have completed? (1 = Less than high school, 8 = MD)	18	5.667	1.283	3	5	7	7
Total founders	How many total founders are on your team (including you)?	18	2.5	1.043	1	2	3	5
Entrepreneurial experience	Aside from this venture, do you have previous entrepreneurial experience? (1 = Yes, 2 = No)	18	1.722	0.461	1	1.2	2	2
Venture progress	How well would you describe your venture's progress considering the stage of its development?	18	4.833	1.465	2	4	6	7
Variables Used in Study								
Cofounder satisfaction	On the whole, how satisfied are you with your cofounder? (Scale of 1-7)	18	5.5	1.978	1	5.2	7	7
Familiarity - objective (FO)	How well did you know them prior to starting the venture? (Scale of 1-5)	18	3.167	1.295	1	2.2	4	5
Familiarity (F)	They are a known entity, which brings a level of comfort and/or convenience. (7-point scale of importance)	18	3.55	2.064	1	2	5.75	7
Skills fit (S)	They have the knowledge, skills and experience needed by the venture that I don't have nor can easily outsource. A trust in their ability to do the job well. (7-point scale of importance)	18	5.5	1.724	2	5	7	7

Work fit (W)	Good communication; ability to disagree respectfully; compatible work ethic or work style. (7-point scale of importance)	18	4.5	1.948	1	3	5.8	7
Venture fit (V)	They are passionate about the venture idea; committed to the venture, and we are aligned with the goals of the venture. (7-point scale of importance)	18	4.889	2.055	2	3	7	7
Personal fit (P)	I enjoy spending time with them; we align in values; I trust them on a personal level. (7-point scale of importance)	18	6.111	1.367	3	5.2	7	7
Resources (R)	They can contribute financially to the venture; they bring a strong network of connections; they bring legitimacy; they have a high level of education. (7-point scale of importance)	18	3.5	2.007	1	2	5.5	7

3.5.2 Data Collection Procedures

I employed the semi-structured interview protocol shown in Appendix C. Because data collection took place after the onset of the COVID-19 pandemic, I conducted these interviews over a video-conferencing platform. If participants had more than one cofounder, I asked them to choose the one with whom they worked most closely. I reminded participants that their answers would be de-identified and confidential, then asked open-ended questions about how they met their cofounder(s), and whether they thought about the decision in terms of "must-haves versus nice-to-haves or tradeoffs you had to weigh." I then provided definitions of all six selection criteria and asked them to think back to the time of selection and rate how important each was to them when they decided to cofound with this person. Capturing this information in an interview allowed me to ask for further elaboration or clarification on each point as needed. After I collected criteria scores at the time of selection, I asked about their current satisfaction with the cofounder, the venture's progress, and other demographic-related questions.

3.5.3 Measures

3.5.3.1 Outcome Variable: Cofounder Satisfaction

Survey instruments already exist to capture entrepreneurs' overall satisfaction with their team (Breugst et al., 2015; Breugst & Shepherd, 2017; Foo et al., 2006; Jehn et al., 2010), but not specifically among dyadic cofounder relationships. When a validated scale does not exist to directly measure the construct of interest, scholars advise use of an adapted scale (DeVellis, 2017). Thus, I turned to relationship and marriage studies to identify more suitable instruments (Furman & Buhrmester, 2009; Schumm et al., 1986; Spanier, 1976). After considering various possibilities, I relied on wording from the Kansas Marital Satisfaction (KMS) scale (Schumm et al., 1986), which has the highest reliability of all marital satisfaction scales (Graham et al., 2011; T. Li et al., 2019). The single item asks, "On the whole, how satisfied are you with your cofounder?" with participants answering on a seven-point scale (1 = extremely dissatisfied; 7 = extremely satisfied).

Though performance was not part of the theoretical model, I also included a self-report of performance using a single item that asks, "How well would you describe your venture's progress considering the stage of its development?" with participants answering on a seven-point scale (1 = terrible; 7 = exceptional). I included this measure to see if it had any association with cofounder satisfaction, as previous studies have implied (Foo et al., 2006; Lechler, 2001).

3.5.3.2 Conditions: Cofounder Selection Criteria

To measure the extent to which participating cofounders considered the superordinate criteria identified in Study 1 in their cofounder selection choices, I shared the six dimensions, and then asked participants to rate how important each was to them when they made the decision to partner with their cofounder, using a seven-point scale from "extremely unimportant" to "extremely important." I also asked about participants' familiarity with the cofounder they were assessing using the following item: "How well did you know them prior to starting the venture?" This was measured on a five-point scale from "not at all" to "extremely well." I ultimately used this measure in the final analysis because it offered higher consistency and a clearer interpretation of the

implications of familiarity. Table 9 offers the item wording and summary statistics of the variables measured.

3.5.4 Analytical Approach

Since I seek to understand how different configurations of criteria relate to satisfaction, I employ fsQCA, which is a case-based method that takes a configural approach to an outcome, recognizing that there may be consistent combinations that lead to it (Ragin, 1987). In this vein, I follow recent work that has also relied on fsQCA to examine early-stage entrepreneurial decision-making (Howell & Bingham, 2021; Kask & Linton, 2013). Each case in the study is an individual entrepreneur's selection decision. As noted, the outcome is high cofounder satisfaction, and the variables of interest, often called "conditions," are the six selection criteria that participants rated. The foundation of fsQCA is set theory, which involves determining each case's relative levels of membership in a set. Once calibrated, data is analyzed using Boolean AND/OR logic to identify relevant associations between sets. Unlike correlational or regression analysis, which tests an independent variable's relationship with a dependent variable, holding all other variables constant, fsQCA assumes "complex causality," meaning that the conditions may interact or substitute for one another, and different combinations of factors may lead to the same outcome (i.e., equifinality; Legewie, 2013).

3.5.4.1 Calibration

I conducted the analysis using both the qualitative comparative analysis (QCA) package in R (Duşa, 2019) and the fsQCA software, version 3.1 (Ragin & Davey, 2016). Due to the ordinal nature of the criteria, measured on a scale of 1 to 7, I determined levels of membership using a "totally fuzzy and relative" or "TFR" method, which calculates membership using an empirical cumulative distribution function (Duşa, 2019). This resulted in a cutoff of 6 or above considered "highly prioritized" or must-have criteria, 4 to 5 considered "nice-to-have," and 3 or below as "not considered." I used the same method to calibrate satisfaction, with 6 or above considered "highly satisfied," 4 to 5 considered "neither satisfied nor dissatisfied," and 3 or below as "dissatisfied." For familiarity, measured on a scale of 1 to 5, I employed a cutoff of 2 or below as low

familiarity, and 4 and above as high familiarity. Table 10 reports the correlations for the calibrated data.

3.5.4.2 Analysis

The next step in fsQCA is to derive a "truth table," which is a table of all of the possible combinations of conditions (2^k combinations), filtering the data into their representative combinations and assessing the consistency of their association with the outcome (Legewie, 2013). To perform such analyses, I employed a consistency level of 0.75 and at least 1 case (n = 1) included in the combination, which is appropriate for this small-sized sample (Duşa, 2018). The final step, called Boolean minimization, reduces the configurations into meaningful solutions via the Quine-McCluskey algorithm (Schneider & Wagemann, 2010), using guiding and simplifying assumptions determined by the researcher. At this stage, I indicated my assumptions that skills fit, personal fit, work fit, and venture fit should contribute to the outcome when present. However, due to unclear results in Study 1 regarding resources and familiarity, I indicated that these two criteria may contribute when present or absent. This analysis yields a complex, intermediate, and parsimonious solution. Ragin (2008) recommends the use of the intermediate solution as the essential reference for the interpretation of QCA results.

3.6 Results

The summary descriptive statistics in Table 9 tell us what entrepreneurs in this sample typically looked for in a cofounder. The mean represents the average rating of importance and the results show that the most important criterion to participants was personal fit, followed by skills fit. Resources as a criterion was overall the lowest in importance. The average measure of objective familiarity was 3.11, indicating a mix of high and low familiarity among the participants.

The correlations in Table 10 give some insight into the relationships between the criteria and satisfaction, and potential tradeoffs between the criteria. Venture fit ($r = 0.53$, $p = 0.02$), work fit ($r = 0.48$, $p = 0.04$), and familiarity ($r = 0.42$, $p = 0.08$) are significantly positively correlated with satisfaction. There is a negative association between personal fit and skills fit ($r = -0.44$, $p = 0.06$), meaning that when personal fit is highly prioritized,

skills are often less prioritized and vice versa. Similarly, there is a significantly negative relationship between familiarity (rated) and skills fit (*r = -0.44, p = 0.06*), which shows they may also represent tradeoffs. There is a positive association between personal fit and familiarity (*r = 0.48, p = 0.04*), which suggests they are often present together. There is a positive and significant correlation between venture progress and satisfaction (*r = 0.50, p = 0.03*), and of the selection criteria, work fit (*r = 0.44, p = 0.06*) and venture fit (*r = 0.54, p = 0.02*) are also correlated with venture progress.

Table 10: Correlations of Calibrated Data, Study 2

	satis	vprog	S	P	V	W	R	F	FR
Satisfaction	1.00								
Venture progress	0.50*	1.00							
Skills fit	-0.14	0.01	1.00						
Personal fit	0.11	0.13	-0.44†	1.00					
Venture fit	0.53*	0.54*	0.12	0.41*†	1.00				
Work fit	0.48*	0.44†	0.02	-0.06	0.38	1.00			
Resources	-0.10	-0.26	0.17	-0.15	0.11	0.00	1.00		
Familiarity, objective	0.42†	-0.07	-0.09	0.48*	0.23	0.01	0.26	1.00	
Familiarity rated	0.13	-0.39	-0.44†	0.46†	-0.10	-0.31	0.25	0.73**	1.00

Note: *** p < 0.00; ** p < 0.01, * p < 0.05, † <0.10, S = Skills fit, P = Personal fit, W = Work fit, V= Venture fit, R = Resources, F = Familiarity, FR = Familiarity rated, satis = satisfaction, vprog = Venture progress

Table 11 reports the intermediate solutions derived from the fsQCA minimization process, showing the causal recipes (which are defined and explained in the following section, 3.6.1) associated with high cofounder satisfaction. The overall coverage and consistency are both 0.77, meeting Legewie's (2013) 0.75 cutoff as an indicator of sufficient model fit and thus showing that selection criteria are important determinants of satisfaction. The analysis yielded five causal pathways, described below. Table 12 shows consistency and coverage scores for each individual criterion and its relationship with the team satisfaction outcome. Anything above 0.9 is typically considered adequate to assume necessity (Legewie, 2013). On that basis, the results indicate that no single criterion met this standard, but several combinations of them proved sufficient.

Table 11: Intermediate Solution for the Outcome Satisfaction, Study 2

	Betting on the Relationship	Love the Idea and Them	Swift Synergy	I've Seen What They Can Do	Cohesive, Committed, and Comparable Cred
	A	**B**	**C**	**D**	**E**
Criteria					
Familiarity	●	●		●	
Personal fit	●	●	●		
Skills fit				●	●
Work fit			●	●	●
Venture fit		●	●		●
Resources	⊗		⊗	⊗	●
Cases (by number / total if n is large)	3	4	4	2	3
Consistency	0.91	0.82	0.83	0.96	0.84
Raw coverage	0.41	0.49	0.40	0.32	0.36
Unique coverage	0.055	0.07	0.09	0.02	0.06
Overall solution consistency	0.766764				
Overall solution coverage	0.769582				

Note: A condition not shown in a recipe can be interpreted as considered but not prioritized (a "nice-to-have"). Simplifying assumptions: skills fit (present), personal fit (present), work fit (present), venture fit (present).

Table 12: Analysis of Necessity Conditions for Satisfaction, Study 2

	Necessity	
	Consistency	**Coverage**
Skills fit	0.614	0.641
Personal fit	0.630	0.752
Work fit	0.764	0.745
Venture fit	0.774	0.808
Resources	0.628	0.505
Familiarity	0.738	0.682

3.6.1 Configurations Associated With High Satisfaction

3.6.1.1 “Betting on the Relationship”

The first causal recipe reflects the absence of resources while prioritizing familiarity and personal fit, yielding a consistency of 91% and unique coverage of 5%. I call this configuration “Betting on the Relationship.” This was the selection approach for P1, who cofounded with P2. They had worked together as supervisor/supervisee for several years, and P1 noted explicitly that neither of them had the applicable skills for their highly tech-based venture; they both had a similar human resources background and lacked technical skills. P1 emphasized many times, “The only thing I believe in is the attitude. If we have a good fit with our values, you are my guy, or my girl. That’s it. That’s the only thing.”

These two cofounders invested a great deal of time getting to know each other, meeting 11 times before they both decided to quit their jobs and pursue the company full-time. P1 recalled, “The conversation started with why she wakes up every day. Because for me, it's very important to address this question of, ‘Why?’ The why is really, really important for me.” He reported being highly satisfied with the cofounder relationship and the venture's progress, as they had won some lucrative contracts and investor backing: “We start[ed] from zero. No money. No people in technology. Two years after, you know, we [rose] $1.7 million.” When asked why the personal fit was so important to him, P1 said, “I [took] the time to know her, because I know that many companies fail not because they don't have a good vision, a good business model, but, you know, the cofounders’ relationship does not work.” Notably, these cofounders have gender and ethnicity differences, which neither mentioned as influencing their selection decisions.

3.6.1.2 “Love the Idea and Them”

The next recipe combines familiarity, personal fit, and venture fit while considering skills fit, resources, and work compatibility as nice-to-haves. This typology, “Love the Idea and Them,” involves cases of cofounders with close personal connections, including siblings, cohabitating friends, a cohabitating couple, and a spousal relationship. Each of these entrepreneurs joined someone who already had a well-established idea and was highly

enthusiastic about the idea's potential. It had a consistency of 82% and unique coverage of 7%.

M2 offers a useful example of this recipe. She had become very interested in entrepreneurship and met her cofounder, an entrepreneur who had been successful at a young age, when he was a speaker at her business school. They stayed in touch, and 2 years later, they started dating and moved in together. After doing some work with him on the idea, she joined him as a cofounder within 8 months of moving in. M2 said, "We both had a similar vision of the company, which was we both wanted it to have a social-environmental impact…. I also knew that it was literally an opportunity that would not re-present itself." She expressed awareness of the risks of mixing business with romance: "Any rational being is like, 'Launching a business with your significant other is so risky!'" However, she stated that her partner's commitment to the venture and the relationship were the predominant factors:

> A relationship with that level of intimacy has a lot of benefits in the sense that, you know, you have your communication going, you have your trust going. There are a lot of things that you're already working on or have worked on in order for it to work. And I think those elements are also important in a cofounding team.

Resources were not a must-have for M2, as she noted that at the time of her joining, her cofounder had no savings and no degrees. She explained, "An entrepreneur is supposed to be good at getting resources; you're supposed to be resourceful. So if we start without resources, it's not that big of a deal." Work compatibility was also a lower priority: "We weren't perfect on that. Just because he's never worked in a proper organization. So it was difficult at first actually, but important I knew that going in."

3.6.1.3 "Swift Synergy"

The third recipe is characterized by the absence of resources while prioritizing a combination of personal fit, work fit, and venture fit, yielding a consistency of 83% and unique coverage of 9%. I call this approach "Swift Synergy," as in all cases, the cofounders instantly enjoyed each other's company despite not necessarily knowing each

other well. Based on this connection, they then moved forward by working together before officially committing as cofounders. T1 most typified this approach. His partnership sprang from what he described as a platonic “work crush” with his cofounder, who was working on a separate startup when they first met. He reports they had instant chemistry and met a few times before this new friend began voluntarily working on his venture. T1 noted that without this personal fit, nothing else would have mattered: “His core values and that was like the most important thing. If that wasn't there, like whatever, [no matter] how good he is at whatever he's doing, there's no chance that it was gonna work with him, right?” A second, must-have criterion for progressing from casual friends to cofounders was the commitment to the venture and work compatibility, both of which T1 was able to validate through a trial period. “He was all in from day one. And he worked for three months for free,” he stated, underscoring that commitment to the venture was something he had learned to value through past experience: “If you're not committed, it's not going to work.” Finally, he noted that he did not consider resources: “That was not important at all. There [are] investors ... and accelerators for that.”

3.6.1.4 “I’ve Seen What They Can Do”

The fourth recipe prioritized familiarity, work fit, and skills fit, with the absence of resources. With a consistency of 96% and unique coverage of 2%, these cases relied on their cofounder’s demonstration of past professionalism and success. R1 typified this approach, as he worked with his cofounder in a research setting prior to launching. He reported, “I've been to her presentations, I've seen how hard she works in the lab. She doesn't just come to 9 to 5, you know, like we're working on papers all night sometimes. I think that was the main driving factor and knowing that I could not just trust her as a person, but also trust her work ethic.”

Familiarity also played an important role in this configuration, as R1 noted that he had a previous bad experience as part of a randomly assigned venture team in an incubator and had no interest in cofounding with a stranger again. He underscored, “Knowing the person was definitely something that was a big, big value for me. I think I knew it would have taken a lot of time to get to that level of trust and she’s one of the people in my life that I trust the most.” Yet, R1 said he was less concerned about her commitment to the

specific venture itself: “At the time, it was just an idea. We both had other full-time responsibilities. I think we didn't have much to lose by going through with this idea.” Nor did he think about resources, noting, “It was just too early to be thinking about those things.”

3.6.1.5 “Cohesive, Committed, and Comparable Cred”

The fifth and final recipe depicts a more venture-focused approach to selecting a cofounder, prioritizing skills fit, work fit, venture fit, and resources, while familiarity and personal fit are considered nice-to-haves. This approach, which I term “Cohesive, Committed, and Comparable Cred,” is the only recipe in which the resources criterion is actively prioritized. It had a consistency of 0.84 and unique coverage of 5%. All the cases in this recipe emphasized the need for strong credentials as a big part of their decision, with two of the selected cofounders having PhDs in the domain of the venture, and the other having extensive work experience and certifications. In all cases, the participant brought levels of credentials and expertise similar to what they sought in their cofounder.

Q1 typified this approach. As a PhD with significant industry experience and a complex venture idea, he sought a cofounder through matchmaking resources within the accelerator. He did not want another high-familiarity cofounder after a negative experience with a family member, saying, “That was actually a very clear sign that familiarity is not a good thing because if there are any problems ... with how the work is being done within the company, then it's very hard to separate that and have that not affect whatever relationship existed outside of that.” Q1 considered several candidates but ultimately selected Q2, to whom he was introduced through an acquaintance who knew Q2 would be interested in the idea based on her doctoral research in a highly related topic. They officially became cofounders after only two weeks of their first coffee shop meeting. Q1 reported, “We had a really good conversation. [Q2] was able to relate well to the biological side of things, but her expertise really is on the technical side, which was what the business needed, and it was a good fit.” He explained that the expertise and credibility of having a PhD in the domain of the venture were incredibly important due to customer and investor expectations, and they also helped resolve some uncertainty about not knowing Q2 well:

> It also speaks to where someone's mind is, especially… if it was a friend [I] had known for 15 years it probably wouldn't matter because I'd know truly how their thought process goes. But understanding that it was going to be a very short period of getting to know each other, this was more of a heuristic that would bring some comfort.

Finally, while Q1 only had a short time to assess the situation, he knew work and venture fit were crucial, and instinctively felt that Q2 had these:

> The thing that I really liked with [her] just right off the hop was how vocal she was. Because that had to be present. The cofounders both have to have equal voice, and it wasn't about who approached who, it was really about somebody who is also going to be present and take ownership.

Ultimately, both cofounders were highly satisfied with their relationship, and managers within the program reported that they consistently performed far beyond expectations.

Figure 17 shows the five successful configurations visually with prioritized fit dimensions shown in yellow and those that were not considered important greyed out. The figure reveals a spectrum of selection approaches, ranging from purely interpersonal ("Betting on the Relationship") to highly professional ("Cohesive, Committed, and Comparable Cred"). This range shows that different entrepreneurs have different ideas of a satisfactory "fit." Hence, while underlying facets of interpersonal attraction and resource-seeking may not be sufficient alone, when combined with other criteria for the venture and the working relationship, they can yield a viable partnership.

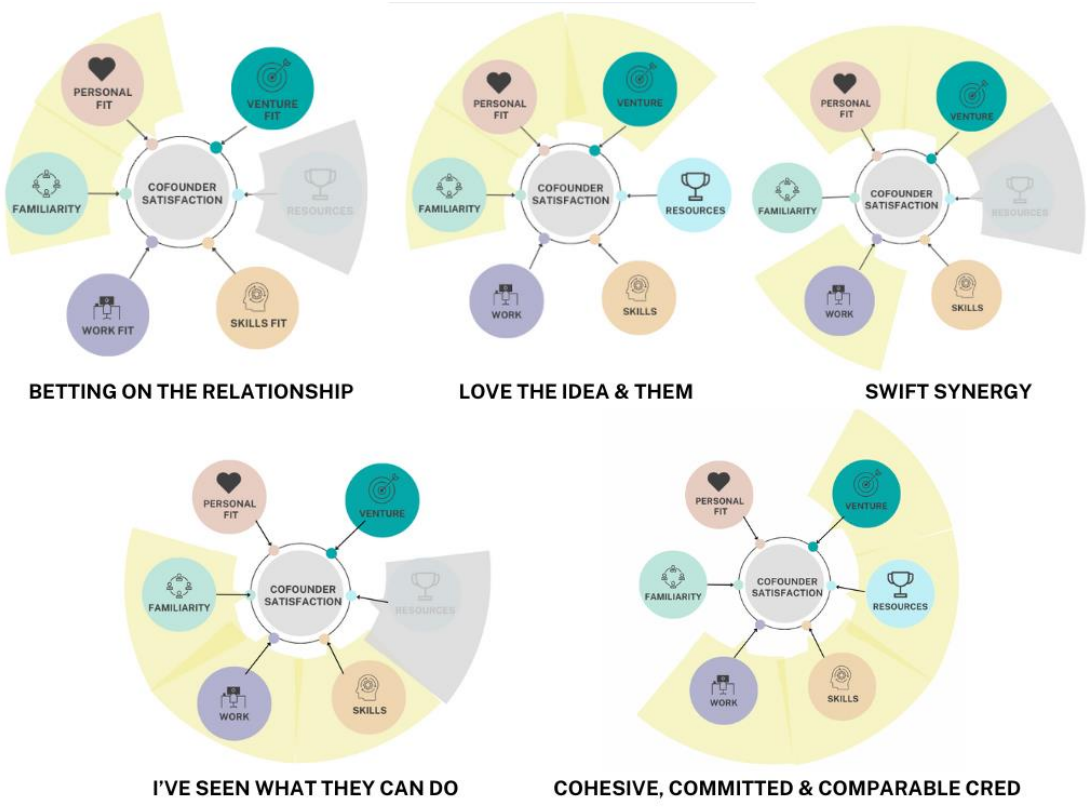


Figure 17: Fit Configurations Associated with High Cofounder Satisfaction

3.6.2 Configurations Associated with Dissatisfaction

Table 13 shows the combinations of criteria associated with dissatisfaction, showing four causal combinations. The overall coverage of the intermediate solution is 0.60, and the consistency is 0.77; this indicates some limitations of these conditions to predict dissatisfaction, though results show instead their absence is prevalent in the four recipes. The first of these recipes depicts a prioritization of only familiarity and resources, with no consideration of work fit. This approach was the case for I1, who enlisted his wife, I2, who had PhD-level expertise and brought a strong network of research connections. When it came to working together, I1 rated work fit as lower importance because he expected that they would have conflict, considering their family obligations and typical dynamics, and he accepted this tradeoff. Unfortunately, he was ultimately somewhat dissatisfied as there was more tension than expected, particularly regarding I2's constant

questioning of his decision-making as chief technology officer. Thus, I call this configuration "Too Close for Comfort."

The second and third recipes associated with dissatisfaction share similar cases and approaches—both K1, who recruited a cofounder with needed tech experience, and U1, who cofounded with a friend she perceived to have complementary business skills. Both moved quickly, without giving much thought to other considerations. As K1 noted, "Honestly, we needed [this cofounder] so much that none of these things were that important." I call these approaches "Over-indexing on Skills."

Finally, the fourth recipe is characterized by a prioritization of skills and resources, with no consideration of personal fit, venture fit, and work fit. This was a case for J1 who took on a low-familiarity cofounder who was willing to infuse $10,000 right off the bat, which served a timely need for the venture. Unfortunately, the new cofounder had a very different vision for the venture and working style, and J1 reported low satisfaction. Therefore, I call this recipe "Resources Can't Buy My Love."

Table 13: Intermediate Solution for Dissatisfaction, Study 2

	Too Close for Comfort	**Over-indexing on Skills**	**Over-indexing on Skills**	**Resources Can't Buy Me Love**
	A	**B**	**C**	**D**
Criteria				
Familiarity	●	⊗	⊗	
Personal fit			⊗	⊗
Skills fit		●	●	●
Work fit	⊗	⊗	⊗	⊗
Venture fit		⊗	⊗	⊗
Resources	●	⊗		●
Cases (by number / total if n is large)	2	2	2	2
Consistency	0.62	0.95	1.00	1.00
Raw coverage	0.28	0.28	0.26	0.12
Unique coverage	0.24	0.07	0.02	0.00

Overall solution consistency:	0.606024
Overall solution coverage:	0. 766551

Note: A condition not shown in a recipe can be interpreted as considered but not prioritized (a "nice-to-have"). Simplifying assumptions: skills fit (absent), personal fit (absent), work fit (absent), venture fit (absent).

3.6.3 Ex-post Qualitative Insights

By gathering data through qualitative interviews using a semi-structured interview guide, I was able to ask participants the same questions and compare across and within cases in the sample to identify any systematic variations. Doing so allowed me to assess whether my configural conception is an accurate representation of how entrepreneurs approach cofounder selection decisions, explore counterintuitive findings, and uncover mechanisms that underlie the findings.

3.6.3.1 Validating a Systems View

Prior to sharing the six criteria, I sought to test my assumptions by asking participants whether they thought about their cofounder selection decisions in terms of weighing criteria, with some "must-haves" and some "nice-to-haves." Table 14 shows the responses regarding this question. Overwhelmingly, participants agreed that this was an appropriate description of their decision-making process, with most participants readily able to provide the must-haves that they focused on. One key systematic difference emerged between those who were recruited or self-nominated as a cofounder versus a "lead entrepreneur" who initiated the selection process (Ensley et al., 2000; Kamm & Nurick, 1993). Non-lead cofounders are typically presented with both the early-stage venture idea and the prospect of cofounding with the lead entrepreneur—meaning that they have a consideration set of just one cofounder candidate for a particular idea. This also requires that they determine if this opportunity is the right fit for them and their life.

Table 14: Systematic Analysis of Quotes Regarding a Configural Approach, Lead Versus Non-lead

ID	Lead vs. Non-lead	Did you think of this decision in terms of tradeoffs or prioritizing certain criteria as must-haves and some nice-to-haves?
I1	Lead	"Definitely, definitely. Actually, if I want to categorize the priority that I selected, it was, I can categorize them into four main categories…."

L2	Lead	Yes, so of course. [L1] was the best candidate because we can actually communicate very well between us and we know each other's limits. But, full transparency, this is not my first start-up, so I joined another start-up before starting this one. I didn't have the idea of the first one that I joined, but I was going there to learn more than anything. One process that I learned that I apply with [L1] at the beginning, although he was, I would say he was he was challenging it, he was interested in and he was receptive to the idea, I still needed to know what he wants in terms of this partnership and the business.
O1	Lead	The answer is no. And that's why it was so great. It was such a clear split between our areas of expertise.
Q1	Lead	Yes, definitely. So must-haves were definitely the commitment level to the start-up. That was definitely a must-have. Technical expertise that was, that was a must-have. And then it was also the ability to function in a team. So those are must-haves. And then everything else, I know that if those things are there, we can work it out.
R1	Lead	The big thing was that I knew [my cofounder] has work ethic, like I've been to her presentations and I've seen like her papers and I know who's your supervisor and like how hard she works in the lab and she doesn't just come to do a 9 to 5, you know, like we're working on papers like all night sometimes and the, I think that was the main driving factor and knowing that I could like, not just trust her as like a person, but also trust her work ethic. I think that was, I think, I think that was the most important reason for me like I knew sure, there's probably other people with more experience in this in this field, or I could have talked to a professor, but I felt like we were both on the same page of things. I think that's, that was pretty important for me at the time.
T1	Lead	Well, of course, and there's things that I can I just like, his core values and that was like the most important thing. If that wasn't there like whatever, [no matter] how good he is and whatever he's doing, there's no chance that it was going to work with him, right?
T1	Lead	Yeah. Yeah, definitely.
P2	Lead	Yeah... our company and [P1] and I we're really not... we don't fit in the traditional model. Usually you would cofound with someone who has like industry expertise background and then the technical background. Whereas, we're both HR experts. So we really didn't [care about that].
K1	Non-lead	"I really liked the idea. I thought it was addressing something that's not there. And also it was super relevant to what I wanted to do."
R1	Non-lead	"In terms of trade-offs consciously I felt the trade-offs were more for in terms of how much this start-up was going to be a commitment, like I was already fine with going with [cofounder1], it was more like, will this take a lot of time? What are the dynamics, the dynamics between [cofounder1] and [cofounder2] and me and [cofounder2] and it was more like, will this be a huge drain on my own resources or can I like do this in a decisive way part time? It excited me the area, it seemed, we already had some traction. When I used VR, I was like, fully convinced by then, it was a revolutionary say technology. So that's where my thought process was."
N1	Non-lead	So yeah, oh my god, I definitely thought about it so much, but it was, it was very organic because in the process of thinking about it, we're also working a bit together to test out the waters. So yeah, a lot of the, let's say the things that I was maybe concerned about or like that were risky were de-risked by

		like reality and what was actually happening and how we were actually working together.
M1	Non-lead	"Yeah, so I think it's complicated, how it started, because I was volunteering for him and I was studying so I was like, send me all the documentation, because for my course at [redacted university], I need everything you have and I'll like try to go deep into that and try to find like insights for me to communicate for the project. It was really a learning curve and didn't know anything about it at the beginning. So, so I would say that like my motivation at the beginning as like, it's cliché, but like my brother to be proud of me, because this project was super important for him. And every time I was like, oh my god I don't want to f#@% it up, I wanted I want to do great. So that was my main motivation. So that's why I was doing like everything I could."
M2	Non-lead	"I know she had things that I didn't have from the get-go, like, just her social skills and like the connections she was able to do … I wanted the tech challenge, and eventually having this experience as a full-stack developer is a good thing to have on your CV."
I2	Non-lead	Actually, because you know I'm a PhD candidate at [redacted] and My PhD research is about the [redacted] and using a multi-simulation model developing a [redacted], which is very important and it has a very important impact on patient satisfaction. So, after I publish some journal papers, I feel that is a very good market working for [redacted] and especially right now, in turn, in this COVID-19 pandemic, you know, [redacted] are extremely important. Yeah, so, um, I found that it has a very good market but you know after he was separated from his cofounder, his previous cofounder, I found that he's alone. And I think he has a very brilliant idea and he needs help. So, I decided to, right now, I'm finishing my PhD writing my thesis and at the same time, help him to know work on [Company], do whatever I can do for him, and I'm sure after that, after I finished my PhD and I feel that [company] has good progress, maybe I think about my start-up down the line, but right now I prefer to help him instead of having another start-up.
P1	Non-lead	It may be surprising to you, but the only thing I believe in is the attitude. If you have the good attitude, and we have a good fit with our value, you are my guy or my girl. That's it. If you have a good attitude the skills will come after.
Q2	Non-lead	Uh huh, in general, for someone to work with a must-have that this person listens. Yeah, if the person doesn't listen, then I don't think we can go anywhere. In my experience, I've worked with people that are super competent technically, but it's extremely difficult to work with, right? And if you don't have the technical skills you can learn, but if you don't have the personality traits. It's really hard to work with them."

The interviews suggest that a necessary condition for a non-lead cofounder, prior to considering a cofounder evaluation, is an internal assessment of their own fit with the opportunity, the timing in their life, and whether the rewards of pursuing the venture outweigh the costs compared to alternatives. This was clear with K1, who, in addition to the quote above about liking the idea, also calculated the rewards and costs of alternative paths, in this case, an entry-level corporate job. K1 observed, "The only downside for me would be... not making money for however long I worked on this, and not sustaining

myself on my own. But the upside, was a huge experience." Life and career timing similarly factored in for recruited cofounder L2 who said, "I was at a point where... my career was kind of boring and stable. So, I needed something that was more exciting." N1 noted dissatisfaction with her current job but also a fit with her life stage: "There's also timing. The fact that I was in my mid-20s, I think that taking more risks younger in my 20s, more than in my 30s makes more sense." Figure 18 shows this internal fit assessment among non-lead cofounders.

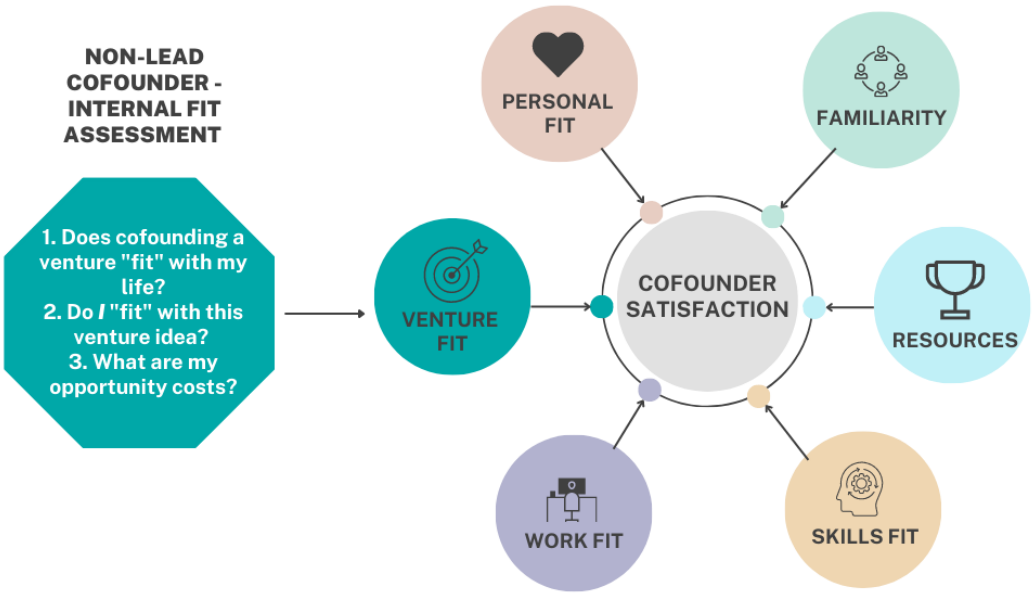


Figure 18: Non-lead Cofounder Internal Fit Assessment

3.6.3.2 Exploring Mechanisms and Counterintuitive Findings

Through a qualitative approach, I was also able to assemble insight into the mechanisms and seemingly counterintuitive findings of the study. It was surprising that overall, entrepreneurs placed a much lower priority on human capital resources, with three of the five recipes for satisfaction including no consideration of resources and one considering it a nice-to-have. Further, in inverting the analysis, I find that over-prioritizing skills fit and

resources is consistently associated with dissatisfaction. This result runs counter to much of the research on new venture teams, which implies that human capital should be prioritized because it yields venture performance (Jin et al., 2017). In analyzing the reasoning provided by entrepreneurs who did not prioritize resources, I found two potential mechanisms—tradeoffs and reciprocity—detailed in subsequent sections.

3.6.3.2.1.1 Tradeoffs

The quotes shown in Table 15 point to a recurring theme, that participants who did not prioritize resources or skills thought of them as something that could be compensated for by other fit dimensions. These participants did not view resources as a must-have starting point, but rather as an end goal that they hoped to reach together, particularly at this early stage of venture development. To borrow terminology from human resource management, they reconciled to "make" not "buy" resources in the face of constraints.

Similarly, participants expressed that skills could be learned; this was especially true of participants who highly prioritized a personal fit. For instance, when pressed to explain why skills fit was not as important to him, O1 emphasized, "If you have a good attitude, the skills will come after." Q2 noted, "If you don't have the technical skills you can learn, but if you don't have the personality traits, it's really hard to work with them." These findings validate a systems view concept of tradeoffs, in that a strong fit on other dimensions may compensate for a lack of skills fit and resources, which can be attained as needed or in other ways.

Table 15: Tradeoffs for Skills Fit and Resources, Study 2

ID	Substitute for Resources	Representative quotes
K1	Venture Fit	"Having a strong network, like making things happen, I knew that wasn't there. What I thought was, if we were to do a good job with the start-up, then we could still get those people's attention."

L1	Personal Fit & Familiarity	"With [him], [resources are] definitely unimportant. If we were to hire a third cofounder, resources would start to be more important. The question will start to be different. Then, my answers to all of the questions would be different. Because with us two, well first, because we already have a personal relationship. I know I can have this sense of trust in him to be able to do work or to be totally committed to the to the venture. But if I did not know the person, then I would start thinking about the skill set and the resources more than the personal relationship."
		"I value the personal relationship more than the skills. So, we would get training or we would figure it out, even if it was badly done. And we know today that we've done some of the things badly, but we would just do the grind and learn it. Just like I learned AI and he learned marketing."
N1	Venture Fit & Personal Fit	"An entrepreneur is supposed to be good at getting resources. You're supposed to be resourceful. So if we start without resources, it's not that big of a deal if you know that they'll be able to get resources and you'll be able to get resources."
		"But we had, you know, I think that one of the core elements of cofounders is trust."
P1	Personal Fit	"No for me. No. Definitely no. Again, again, for me, it's about the attitude that you show… because again, I know that many companies fails not because they don't have, you know, a good vision, a good business model. But, you know, the cofounders, the relationship does not work."
Q2	Work Fit & Venture Fit	"Extremely unimportant, because like, you can always find the connections together. If we started working together, we can always navigate through our circles and find the connections like, I wasn't looking for someone who's bringing resources to the table, but I'm more looking for someone that I can feel partnership with, and everything else we can do together. Even if we don't have money, we can find and get funding. Together we can get the resources."
T1	Personal Fit	"That was not important at all. There [are] investors ... and accelerators for that."
U1	Personal Fit & Venture Fit	"I knew that he doesn't have any. That was unimportant."
		"He was energetic, enthusiastic and that's the main thing. And he kept pushing me to do it. So that's why I really liked it. It's what motivated me at that point."

3.6.3.2.1.2 Reciprocity

As noted, only one recipe associated with high satisfaction, "Cohesive, Committed, and Comparable Cred," relied on resource prioritization, and in examining these cases, I note that each was an entrepreneur who themselves brought comparable resources. Analysis of

those who did not prioritize resources demonstrated that participants would often anchor their evaluation of their cofounder on their own internal resource assessment, in these cases, driving a lower prioritization of resources. For instance, when asked about his cofounder's resources, O1 described his own deficiencies, noting that this was not a problem for his cofounder. Similarly, M1 stated he had little resources to bring, suggesting that he could not expect more of his cofounder. Many participants used "we" when answering questions, despite being asked to directly evaluate their cofounder. As an example, when S1 was asked about the importance of resources his cofounder brought, he discussed what they saw in each other. Similarly, R1 explained that he and his cofounder had similar standing when it came to resource contributions, and they trusted each other. Quotes in Table 16 point to an important relational mechanism identified through these interviews: perceptions of reciprocity.

Table 16: Reciprocity as a Driver of Selection and Satisfaction, Study 2

ID	Reciprocity driving….	Representative Quotes
K1	Selection & Satisfaction	"I'm satisfied. I mean, I'm like saying that keeping in mind that we were recent grads from university. We could probably be a better stage if we had that, you know, work ethic, or like, you know, time management skills, all those skills that comes after you start working somewhere, so we started acquiring those skills while working on our start-up. That's why when I look internally, I'm satisfied with where we are like keeping all these in mind, I'm satisfied. But if I weren't a recent grad, if I were someone who had 6 years of experience in marketing and like I was like an expert on that area, I would probably not be satisfied with him."
L2	Selection & Satisfaction	"We built a solid, solid foundation, you know, the trust is there, the communication is there. I don't need to do babysit him, or he doesn't need to babysit me. We kind of raise the flag and talk to each other when it's required to… I don't want a follower. I need people to challenge me."
M1	Selection	"It wasn't in my head to get financing and stuff like that. In my head, it was like always like bootstrap it until like eventually, it's like more than an MVP product and we get like angel invested or whatever. That was the idea. And you know like, what could I expect? I was staying at my parent's house."
N1	Selection & Satisfaction	"Like [my cofounder] thinks that I can do like insane things. And I know that [my cofounder] can do insane things. So that's sort of like respect and like admiration … You want to work with people who want to work with you, like, and you want to work with people who see your potential."

O1	Selection & Satisfaction	"Considering I brought no resources, no financial no network. Yeah, and he never considered that something important. When I said I dropped out of school, he was like we don't need you to be an engineer to lead the company and what we're looking for is results and results are based on efforts and that's what really matters. He could be a PhD and not be working well. So, these are not really important."
R1	Selection & Satisfaction	"I think we kind of believe in each other. He's like, you know, earlier than an early adopter. And I tend to have more like creative and social based ideas. He really does value my opinion as well."
S1	Selection	"I think the main thing that we were concerned with was like, do we have the skills to turn this into something. She knew like, I like business, like I had started a company in the past. So I think that's what she valued in me. Yeah. And for me it, it was her education, for sure."
P2	Selection & Satisfaction	"Well, both of us. We were not rich, right? So we didn't have like $100,000 that was lying around to invest in this so like we didn't choose each other because one of us was wealthy. But like we both have strong networks and we have like education. So I think in terms of HR experts we have that certain credibility and that network. And because we had that network, we were able to do that that market validation. So, if we didn't know anybody, you know, would have been a little more complicated." "I trust him. I know that he trusts me, and we work together well. So, we know like each other's professional ethic and I think that's very important too."
T1	Selection & Satisfaction	"He's as passionate as I am and ambitious as I am and stuff." "I think the first thing that excited him the most was the team and working with me."

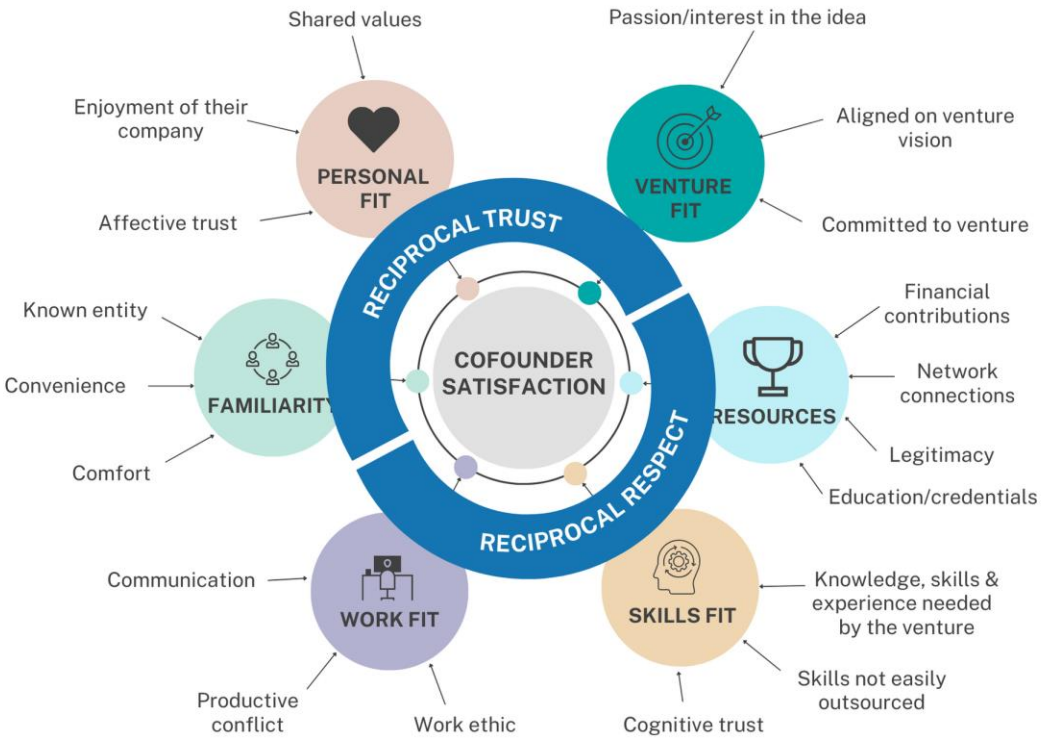


Figure 19: Updated Cofounder Fit Model Reflecting Reciprocity

Finally, participants also referenced their cofounders' views of *them* when describing how they came together, as well as in their evaluations of satisfaction with their cofounder. N1, R1, and T1 specifically pointed out that the mutual respect they felt from their cofounder was an important factor in their decision to commit to cofounding with them. Feelings of mutual trust were also commonly referenced (see L1, L2, N1, and P2). Additionally, participants recognized their own flaws when evaluating satisfaction. These insights point to perceptions of reciprocal trust and respect as an important guiding mechanism in the selection of a cofounder and suggest these feelings of reciprocity can serve as a proxy for the resources and skills yet to be developed by cofounders in the early stages. Based on these insights, I propose that perceptions of reciprocal trust and respect may serve as higher-order criteria and are an important extension to the model for future exploration. Figure 19 reflects this proposed update to the model.

3.7 Discussion

3.7.1 A Systems View of Cofounder Fit

This exploratory research sheds light on the cognitive processes that guide entrepreneurs as they seek to find a satisfactory cofounder, a multidimensional relationship that requires combining multiple considerations. Though many lay theories exist regarding the #1 criterion that entrepreneurs should seek in a cofounder to reach venture success, using a mixed-method, abductive approach, I show that no single criterion met a necessity threshold for satisfaction, but through a combination of considerations, entrepreneurs can find sufficient fit to yield a satisfying relationship. The results offer support for a systems view of cofounder fit, presenting five different combinations of criteria, or conceptions of "fit," that were consistently associated with high satisfaction. This outcome indicates that there is no one best way to select a cofounder, as different entrepreneurs prioritize different criteria to fit their unique needs and circumstances—a result that held true even among entrepreneurs operating in a very similar context and pursuing similarly high-tech startups. In sum, there are different paths that can yield a quality cofounder relationship by striking the right fit for one's personal, venture, and circumstantial needs.

3.7.2 Interpersonal Attraction Versus Resource-Seeking

Scholarly work has juxtaposed the lenses of interpersonal attraction and resource-seeking as the mechanisms of entrepreneurial team formation. My qualitative findings demonstrate important nuances and operationalize underlying facets of interpersonal attraction—familiarity and personal fit—and resource-seeking—skill fit and resource optimization—along with additional criteria related to work and venture fit that entrepreneurs consider as they seek to find a satisfactory cofounder. Interestingly, personal and skills fit were never combined in a recipe, which offers empirical support for Ruef et al.'s (2003) proposal that entrepreneurs apply a "competency discount" for trusted cofounders. This finding also builds on recent work that shows it is rare for teams to display interpersonal attraction and resource-seeking strategies simultaneously (Lazar et al., 2022). With relational satisfaction as the focal outcome, I find a spectrum of successful approaches, ranging from purely interpersonal ("Betting on the Relationship")

to highly professional (“Cohesive, Committed, and Comparable Cred”), demonstrating equifinal paths to achieving a quality cofounder relationship.

3.7.3 Work and Venture Fit

Through qualitative deductive analysis in Study 1, work and venture fit emerged as important factors in the selection process that impacted satisfaction with cofounders. Configurational analysis in Study 2 supported this view, showing that (a) work fit was a key consideration, particularly among the more professionally focused approaches to selection, and (b) venture fit was also a key consideration, particularly when paired with personal fit and familiarity. Additionally, the analysis of configurations associated with dissatisfaction suggests that *not* considering work fit can be a recipe for disaster, as this criterion was absent in all approaches of dissatisfied cofounders, while venture fit was absent in three of the four.

There is a body of work that shows the damaging effects of affective conflict in entrepreneurial teams (Breugst & Shepherd, 2017; M.-H. Chen et al., 2017; Ensley et al., 2002; Khan, Breitenecker, & Schwarz, 2015; Vanaelst et al., 2006) and positive relationships between team cohesion and venture performance (M.-H. Chen et al., 2017; Foo et al., 2006; Lechler, 2001). This research offers insight into how entrepreneurs can endogenously influence this type of work compatibility through their selection decision-making. Further, scholars have proposed that entrepreneurs can influence venture performance by considering a candidate’s passion for certain *founding tasks* within the team (Cardon et al., 2017) and seeking those with skills that match the venture’s needs (Mupfasoni et al., 2019; Shah et al., 2019; Ye et al., 2021; Zellmer-Bruhn et al., 2021). The findings reveal another important dimension, namely seeking the passion for, commitment to, and alignment with a specific *venture idea*; I define this as venture fit and find it to be a highly influential criterion for relationship satisfaction. I find that both venture fit and work fit ratings are positively correlated with participants’ perceptions of venture progress, another avenue for future inquiry.

3.7.4 The Importance of Cofounder Relationships

This research draws attention to the importance of dyadic cofounder relationships within teams. The limited importance of skills and resources among highly satisfied cofounders illuminates a crucial boundary condition of resource-seeking theories for explaining team formation. Entrepreneurs in the sample demonstrated that successful cofounder relationships were rarely built through selecting a cofounder with a higher level of status and resources than they themselves possessed. These findings point to reciprocity, a deep-seated relational norm (Gouldner, 1960), as a mechanism for both selection and satisfaction. From a relational view of team formation, it is understandable that prioritizing such resources may pose challenges to the relationship, just like marrying for money might (Emerson, 1962). In other words, an entrepreneur seeking a cofounder with stronger education, legitimacy, connections, and financial capital than they themselves possess may be conscious of the power imbalance created through the higher-status cofounder's lack of dependence on the partnership (Emerson, 1962; Pfeffer & Salancik, 1978; Shah et al., 2019; Ye et al., 2021).

Interpersonal attraction researchers have established "reciprocity of liking" as an important component of attraction; simply put, we like those who like us. This perception is linked to "expectations of benevolence" (Montoya & Horton, 2014, p. 67), which give rise to trust and result in a mutually reinforcing belief that both parties are willing to facilitate one another's goals and needs. In the context of cofounder relationships, the qualitative findings show reciprocity extends beyond liking to the professional requirements of the relationship. Feelings of mutual respect and trust represent critical drivers of selection and sustained satisfaction. However, this relational norm can pose a cognitive constraint for entrepreneurs as they select cofounders, as participants in our sample were unlikely to "marry up," or pursue someone who exceeded their own perceived level of resources, and thus sought out those who had similar or lower resources or status than they themselves possessed. These insights point to reciprocity perceptions as an alternative explanation for the prevalence of strong ties and low functional diversity within cofounder teams (Aldrich & Kim, 2007; Brannon et al., 2013; Ruef, 2010; Ruef et al., 2003; Wasserman, 2012).

Taken together, this research shows that a more relational view of team formation is needed and suggests boundary conditions to assumptions of economic rationality that underlie research on entrepreneurial team formation. As noted in the opening quote of this thesis, relationship quality among cofounders can become incredibly high-stakes for entrepreneurs, as their life's work and livelihood rest upon it.

3.7.5 Limitations and Avenues for Further Development

The findings of this exploratory study are not without their limitations. While the overall solution met the minimum threshold of 0.75 consistency, readers should consider the model's predictive ability with this level of consistency in mind. Lower than optimal consistency indicates the potential for omitted variables in the analysis; however, as a method, fsQCA can only handle approximately eight conditions before the results become uninterpretable (Legewie, 2013). Additionally, fsQCA cannot control for typical differences in participants' background characteristics beyond the theorized selection criteria of interest, unless they are considered separate conditions. I attempted to control for these limitations through a sampling frame of comparable entrepreneurs in high-tech ventures at a similar venture stage and region, all having been selected into a competitive accelerator. However, systematic differences in the participants may account for some of the inconsistency in the overall solution. Future work should explore differences between lead entrepreneurs and non-lead cofounders, the influence of past entrepreneurial and cofounder experience, and other influences that may guide prioritization.

Moreover, as is often the case with exploratory, qualitative work, I draw from small samples in a specific context, which may not generalize to a broader audience. Further, I was limited in the number of entrepreneurs who were dissatisfied with their cofounders in the sample. As this may represent a survival bias in the data, future work should seek to recruit equal numbers of satisfied and dissatisfied cofounders. Next, I capture fit from a one-sided perspective, collecting a unidirectional assessment of criteria and satisfaction ratings. This is a common approach in studies of person-environment fit, but future research may consider a dyadic matching perspective, formally measure reciprocity, and determine whether similarity between criteria configurations within cofounder dyads yields higher satisfaction. It should also be noted that this data collection took place in

late November 2020, during the COVID-19 pandemic, which may have influenced participants' ratings of their cofounders.

Additionally, though I made design choices to encourage participants' honest assessments of their selection decisions, I rely on retrospective accounts that may suffer from related biases. Future research may choose to follow entrepreneurs' real-time selection decisions to improve upon this limitation. Finally, this study is cross-sectional in nature, and so it does not account for changes in satisfaction that may occur over time; this could also be a useful area of future investigation.

3.7.6 Practical and Research Implications

From a practical perspective, this study offers useful insight for entrepreneurs considering cofounders and for institutions supporting team-based entrepreneurship. The model provides a menu of selection criteria associated with cofounder satisfaction that entrepreneurs may consider, weigh, and prioritize. Entrepreneurial educators and coaches may consider integrating the model into curricula and workshops, guiding entrepreneurs to determine their must-have priorities and warning of the potential hazards of over-indexing on one fit dimension, particularly on skills fit and resources, and neglecting venture and work fit. Entrepreneurs may then use the model as a rubric for evaluating the viability of cofounder candidates. In addition, knowing the tradeoffs of their priorities, entrepreneurs may seek to de-risk the competing dimensions. For instance, an entrepreneur who requires a specific skillset may be forced to forsake familiarity and personal fit, but can de-risk these dimensions through a trial period of working together, and/or engaging in a personality-revealing activity together to test their compatibility. Two suggestions that came out of the interviews: Putting together a piece of furniture or playing a game together.

These findings are especially relevant as the prevalence of virtual work and cofounder matchmaking hubs has increased significantly in the wake of COVID-19, opening a world of potential cofounder candidates but posing challenges to filtering and assessing all the important aspects of fit with potential cofounders. Entrepreneurs who use these hubs can benefit by using the model to determine their must-have dimensions to filter out

candidates and, as they interview final candidates, assign a score on each dimension in the model to systematically evaluate the candidates and offer a meaningful comparison between them. By selecting candidates who sufficiently meet their must-have criteria and seem reciprocally interested in them, entrepreneurs can hopefully avoid the common pitfalls of poor cofounder fit and set themselves and their ventures up for success.

The insights of this research about mechanisms of reciprocal trust and respect are particularly relevant for accelerators, incubators, and educational programs that seek to match up cofounders with non-familiar others. Selection into a competitive program may help "level the playing field" as every participant will presumably have comparable credentials and aligned goals. However, creating opportunities for entrepreneurs to build reciprocal trust and respect with potential candidates may be a fruitful pursuit within the program. This can be achieved through sharing portfolios of previous work, prompting discussions how they'll handle equity distributions, disagreements, and potential partnership dissolution to reveal values and build trust. Additionally, educational programs and accelerators that seek to pair non-familiar entrepreneurs without an established venture idea may recognize the difficulty of achieving venture fit as cofounders attempt to develop an idea together in a short timeframe while still assessing other fit dimensions. These programs may consider helping to connect participants with others who have passion around similar venture ideas or problem spaces to help address this challenge.

In terms of research implications, this work shows qualitatively that there is variance in selection approaches and in satisfaction between different pairs within the team. Participant L1 noted, "If we were to hire a third cofounder, resources would start to be more important. Then, my answers to all of the questions would be different." Future researchers examining entrepreneurial team formation should consider this dyadic, relational variance by taking a multilevel approach, addressing the individuals nested within dyads in the team (Hox et al., 2018) rather than aggregating data to the team level. Additionally, as many participants shared heartbreaking stories of previous failed cofounder relationships and the difficulties that they posed, I propose that relationship

quality can have significant impact on entrepreneurs' well-being, a worthy subject that has seen increased interest among scholars (Wiklund et al., 2019).

3.8 Conclusion

Choosing a cofounder is a highly consequential decision for aspiring entrepreneurs and their ventures. Yet current research on team formation offers limited theoretical and empirical understanding of how entrepreneurs combine different kinds of considerations when selecting a cofounder and the implications this process may have for relationship quality. As Bird (1989, p. 219) observes, "Most of the practical advice given to partners is pessimistic, focused on 'how to avoid conflict' or 'how to get rid of unwanted partners.'"

This research answers Bird's call for empirical evidence on how to "structure synergy" and build a quality partnership. The findings demonstrate that entrepreneurs can improve their chances of cofounder success by critically assessing a range of relevant criteria and selecting cofounders who fit their must-have needs, but that there must also be a sense of reciprocal fit. In sum, a systems view of cofounder fit suggests that, within a complex map of considerations, there are many roads to satisfaction with a cofounder, but importantly, both parties must have and sustain mutual respect to make the journey together. In the words of participant Q1,

> Especially in cofounding teams, one bad apple could really just derail the whole thing. So, it's a mix of skill, but also fit. Probably not a whole lot of people think of the fit piece, and that's why people will rely on time, because they think a history will determine whether or not there's fit, but I think fit is something that can be rationalized and codified.

Chapter 4

4 A Safe Bet? How Selecting High-Familiarity Cofounders Affects Dynamics and Satisfaction

"You want to choose cofounders very carefully. They should probably be people you already have a pretty good relationship with: a friend, a classmate, a coworker, a spouse."

– Jessica Livingston, Y Combinator cofounder (2020)

4.1 Introduction

If innovative new ventures are the engines that drive value creation in the economy, founding team members are the sparks that ignite them from within. Evidence suggests that growth-oriented startups are rarely solo efforts (Balkin & Swift, 2006; Held et al., 2018; Neergaard, 2005) in light of their complexity and resource demands. Consequently, a rapidly growing body of research has demonstrated the important role that teams play in new venture creation, as well as in the performance of such ventures (Bolzani et al., 2019; Klotz et al., 2014; Misganaw, 2018).

Entrepreneurial team formation has recently seen increased interest among scholars, who recognize that the formation of cofounder relationships is a defining moment in a venture's life – one that bears on its ultimate performance (Lazar et al., 2019; Shah et al., 2019; Zellmer-Bruhn et al., 2021). Though prior research has often contrasted an interpersonal-attraction strategy (conceived of as seeking a high-familiarity cofounder) with a resource-seeking strategy (conceived of as recruiting diverse and complementary skills) (Forbes et al., 2006; Kamm et al., 1990; Lazar et al., 2019), scholars point to interpersonal attraction as the most prevalent approach empirically (Aldrich & Kim, 2007; Brannon et al., 2013; Ruef, 2010; Ruef et al., 2003; Wasserman, 2012; Zellmer-Bruhn et al., 2021). Entrepreneurs commonly cofound with friends, family, and significant others (Aldrich & Kim, 2007; Brannon et al., 2013; D'hont et al., 2016; Ruef

et al., 2003; Wasserman, 2012), owing in part to the cognitive draw[3] of others who are similar, proximal, and demonstrate reciprocal attraction (Berscheid & Walster, 1969; Byrne, 1971).

Interestingly, choosing a high-familiarity cofounder continues to be a prevalent approach despite mounting evidence that this approach is not always conducive to new venture performance (Aldrich & Kim, 2007; Ertug et al., 2020; Hart, 2014; Lazar et al., 2022; Ruef et al., 2003; Steffens et al., 2012). Those who prioritize familiarity may not do so solely to maximize the venture's distal performance; they may instead seek to foster positive interpersonal working relationships (Aldrich & Kim, 2007; Ruef, 2010). But whether this strategy is effective remains unclear. In contrast to this chapter's opening quote by Jessica Livingston, a well-known investor who endorses prioritizing familiarity in a cofounder, Paul McManus, another venture-capital investor, has said, "In my opinion, those who found companies with friends will (a) lose the company, (b) lose their friends, or (c) lose both" (Wasserman, 2012, p. 100).

Unfortunately, entrepreneurial team formation studies offer limited insight into the debate surrounding the value of prioritizing familiarity in a cofounder. Although they frame familiarity as an interpersonal attraction "team formation strategy," extant studies rarely capture the extent to which familiarity drives entrepreneurs' selection decisions (Zellmer-Bruhn et al., 2021). Thus, it is not clear if seeking familiarity (or not) is strategic, subconscious, or born of constraints or contextual circumstances (Aldrich & Kim, 2007; Leung et al., 2006).

Additionally, researchers have broadly evoked interpersonal attraction as a theory to explain entrepreneurial team formation, but rarely do they connect its predictions to the appropriate unit of analysis—a dyadic pair (Kenny et al., 2006)—or to a relevant

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[3] Berscheid and Walster (1969) define interpersonal attraction as "the degree to which one person is attracted to, or repelled by, another person" (p. 2) and note that it involves cognitive, affective, and behavioral components. For this study, I focus on cognitive components, such as decision-making regarding cofounder selection, and perceptions of the subsequent relationship.

relational outcome; instead, many studies examine whether an interpersonal attraction strategy relates to new venture performance (or lack thereof) (Brannon et al., 2013; Ertug et al., 2020; Healey et al., 2021; Lazar et al., 2022; Shah et al., 2019). Yet, venture performance is rarely meaningful in an emerging venture's early days (Foo et al., 2006) and focusing on performance ignores the more socio-psychological and relational implications of selection for the entrepreneurs within the team. Studies also tend to view formation strategies at the team-level, assuming that the decision occurs uniformly and unilaterally across the team. Yet, doing so overlooks (a) the two-sided nature of this decision (both cofounders need to agree to partner), and (b) the fact that motivations and views of familiarity may vary considerably between different individuals within the same team (Bliese, 2000). Further, evidence regarding familiarity's role in promoting positive cofounder relationships is limited and equivocal with respect to team stability and member exit within the team, [see Cachon (1990) and Ucbasaran et al. (2003), but also Wasserman (2012)].

For all these reasons, we have an incomplete understanding of the consequences of selection decisions on cofounder relationships, the dynamics of which scholars have increasingly recognized as make-or-break factors as cofounders navigate considerable novelty and uncertainty together (Blatt, 2009; Breugst et al., 2015; M.-H. Chen et al., 2017; Z. Chen et al., 2020; Ensley et al., 2003; Foo et al., 2006; Ivanova et al., 2022; Lechler, 2001; Stinchcombe, 1965; Vanaelst et al., 2006). Developing a cohesive cofounding relationship is a significant challenge for entrepreneurs, as dissolution and member exit are common among entrepreneurial teams (Chandler et al., 2005; Gregori & Parastuty, 2020; Kumar & Jabir, 2010; Patzelt et al., 2020; Ucbasaran et al., 2003; Vanaelst et al., 2006; Yusubova et al., 2020). Evidence suggests that satisfaction with an entrepreneurial team is positively related to founder perseverance (Foo et al., 2006; Shah et al., 2019), venture survival (Ivanova et al., 2022), and venture performance (Lechler, 2001). Conversely, dissatisfaction with the team has negative outcomes, such as unproductive conflict (Breugst & Shepherd, 2017; Foo, 2011; Vanaelst et al., 2006), venture dissolution (Shah et al., 2019), and member exit (Clarysse & Moray, 2004; Vanaelst et al., 2006; Yusubova et al., 2020), which can be highly disruptive to the

functioning of the team and the venture. Yet, how entrepreneurs go about finding and maintaining viable cofounding relationships remain "murky" (Blatt, 2009, p. 533).

To help address the mechanisms by which cofounder relationships remain successful (or not) over time, this study aims to examine how seeking familiarity relates to an important relational outcome in entrepreneurial teams: cofounder satisfaction. Contrary to prior research's emphasis on predicting venture performance, I focus on cofounder satisfaction because it is a relevant, dyadic relational outcome of cofounder selection decisions. More specifically, I build on theories of interpersonal attraction among entrepreneurial cofounder dyads to develop and test a relational theory of cofounder selection, connecting the degree to which familiarity drove their selection decision with two key relational dynamics that are of particular importance for cofounders and upon which familiarity may have a strong influence—namely, psychological safety and perceived equity justice. Previous research suggests that these emergent dynamics may underpin other important dynamics of trust, respect, conflict, and communication among cofounders (Breugst et al., 2015; Kagan et al., 2020; Klotz et al., 2014; Rozovsky, 2015), which are crucial in the highly novel and uncertain context of cofounding a venture (Blatt, 2009; Stinchcombe, 1965). Both psychological safety and perceived equity justice reflect an ability to have difficult conversations and overcome challenges together (Breugst et al., 2015; Edmondson, 2018) and thus may greatly improve the long-term success of the cofounder relationship.

Beyond familiarity and similarity as drivers of attraction, interpersonal attraction theories predict that individuals are influenced by one another through ongoing interactions and norms of reciprocity over time (Curtis & Miller, 1986; Gouldner, 1960; Montoya & Insko, 2008). In line with these predictions of reciprocity among relationships, I examine whether cofounders exhibit strong influence over each other's perceptions of the relationship. In sum, I ask the following research questions: (1) *Does prioritizing familiarity in a cofounder contribute to satisfaction over time?* (2) *What role do perceptions of psychological safety and equity justice play in cofounder satisfaction?* And (3) *Are cofounders' perceptions reciprocal?*

To answer these questions, I develop and test predictions from my relational theory of cofounder selection using the actor-partner interdependence mediation model (APIMeM; Ledermann et al., 2011) in a sample of nascent cofounder teams that applied to be part of a 6-month, competitive accelerator and founder development program in North America. In finding support for connections between individuals' cofounder selection strategies regarding familiarity, their relational dynamics, and their subsequent satisfaction, I offer new insights into explanatory mechanisms linking cofounder selection with satisfaction, thus helping to fill in the theoretical and practical gaps that exist in extant research on entrepreneurial team formation. Interestingly, though cofounders are considered to share a highly interdependent relationship, I find mixed support for the extent to which cofounders' relational perceptions are reciprocal. In interpreting these unexpected findings, I develop new theory on cofounder relationships as a unique blend of personal and professional needs, subject to many ups and downs, which may lessen the power of reciprocity over time.

Theoretically, I contribute a relational theory of cofounder selection, which predicts satisfying partnerships between entrepreneurs. This shifts the focus from venture performance to relationship quality, and considers that entrepreneurs may not select cofounders purely from a performance maximization standpoint. Along this line, I identify important mechanisms that underlie the relationship between selecting a high-familiarity cofounder and satisfaction—notably psychological safety and procedural justice. Methodologically, I offer a clearer application of interpersonal attraction theories of team formation by connecting them with dyadic, relational outcomes. Interestingly, my findings uncover relational variance among individuals nested in dyads within the team, meaning that cofounder pairs have strong influence on one another. This dyadic influence suggests that team composition theories may be more fruitful at the dyadic level, and research on teams of 3 or more based solely on objective, aggregated team-level characteristics loses important information regarding the interconnected "parts" within the whole.

Practically, this study contributes a better understanding of the implications of seeking a high- or low-familiarity cofounder, demonstrating that familiarity as a selection strategy

may not ensure satisfaction, but entrepreneurs who can achieve psychological safety and feelings of equity justice among cofounders can achieve higher relationship quality.

4.2 Theory and Hypotheses

4.2.1 Entrepreneurial Teams and Cofounder Selection

As previously defined, an entrepreneurial team is "a group of two or more people who work together interdependently to discover, evaluate, and exploit opportunities to create new products or services and who collectively have some ownership of equity, some autonomy of decision-making, and some entitativity" (Knight et al., 2020, p. 43). Teams of cofounders vary in size, but commonly comprise two people (Ruef et al., 2003; Steffens et al., 2012). Regardless of their size, though, the creation of entrepreneurial teams requires that dyadic cofounder relationships form through a mutual self-selection process (Patzelt et al., 2020), typically involving an assessment of certain selection criteria (Kamm et al., 1990; Kamm & Nurick, 1993).

A unique feature of cofounder relationships is that they form through voluntary and mutual self-selection, which mimics that of a friendship or romantic partner. At the same time, they are "task-oriented groups" (Bird, 1989, p. 207), as cofounders select one another for the purpose of starting a venture. Unlike typical work relationships, cofounders are self-managed co-owners of a company that does not yet exist, and thus subject to high novelty and nonexistent structure (Blatt, 2009; Stinchcombe, 1965). These relationships can also have high levels of financial, reputational, and professional risk resting upon them, particularly if the cofounders contribute financially and/or forgo paid employment to pursue the venture together (Breugst et al., 2015; Hall & Woodward, 2010; Yang et al., 2020). Thus, becoming a cofounder is a sizable commitment, often compared to marriage (Timmons, 1999; Wasserman, 2012), with sometimes paradoxical task and interpersonal needs (Blatt, 2009). In light of this high level of commitment and complexity in the face of the highly uncertain task of starting a venture, selecting cofounders with whom the entrepreneur can work effectively and build relational capital is an important consideration (Blatt, 2009).

While previous chapters have established that there is a larger set of criteria and factors that influence the process of cofounder selection, in this study, I zoom in on familiarity as a selection criterion between dyadic cofounder pairs. Dyads are the fundamental unit of analysis for interpersonal relationships (Kenny et al., 2006) and are particularly appropriate for examining selection criteria, because each individual may have differing considerations for the other in the cofounder selection process. Take, for instance, the common scenario of a lead entrepreneur who approaches two strong-tie connections to be cofounders, though the latter two are strangers to each other. As each person must decide whether they are willing to partner with the other two, this represents six dyadic assessments in a complex, multi-sided decision, all with differing perceptions of the importance of familiarity between them.

4.2.2 Familiarity Among Cofounders

As noted, prior research suggests that entrepreneurs frequently choose to cofound with familiar others (Aldrich & Kim, 2007; Boss et al., 2021; Kamm & Nurick, 1993; Ruef et al., 2003; Wasserman, 2012), akin to what network sociologists typically label as “strong ties” (Granovetter, 1973). Using a large, representative sample of nascent entrepreneurs from the Panel Study of Entrepreneurial Dynamics (PSED) in the United States, for instance, Ruef et al. (2003) observed that founding with a stranger was rare, discovered in just 10% of cases and only among large teams (Aldrich & Kim, 2007; Ruef et al., 2003). Strong ties among founding teams are similarly prevalent in large representative samples in Australia (Davidsson et al., 2008), Canada (Diochon et al., 2014), and Sweden (Diochon et al., 2014). Zhang (2010) found that 81% of the 128 Singaporean high-tech founders he interviewed used their personal networks to seek cofounders, while only 3% used market methods.

Drawing on strong-tie sources has been dubbed an “interpersonal attraction formation strategy” (Forbes et al., 2006; Kamm et al., 1990; Lazar et al., 2019) and scholars have proposed that this approach to selection may stem from the cognitive draw of similar others (Berscheid & Walster, 1969; Byrne, 1971). Familiar others tend to have similar values and backgrounds, a reinforcing mechanism that fosters trust (Brannon et al., 2013; Ruef et al., 2003) but can also limit the diversity of opinions and functional experience

needed to achieve venture goals (Forbes et al., 2006; Ruef et al., 2003). Thus, recruiting familiar others may neglect consideration of the skills and resources needed to effectively execute upon the venture idea (Forbes et al., 2006; Kamm & Nurick, 1993; Lazar et al., 2022; Ruef et al., 2003). In light of the construct confusion regarding an interpersonal attraction approach detailed in Chapter 2 (see section 2.3.2 and 2.4.3), I define familiarity as the degree of interpersonal knowledge that an individual has of another individual (Okhuysen, 2001). This knowledge-based definition reflects the individual's experience and offers insight into their cognitive decision-making approach regarding familiarity as a selection criterion (Rockett & Okhuysen, 2002).

4.2.3 Familiarity and Cofounder Satisfaction

Though findings are equivocal, there is a body of research that has examined how familiarity within a founding team relates to new venture performance [for a summary of mixed findings regarding the relationship between kin ties and new venture performance, see Ertug et al., (2020) and Horvatinovic et al. (2023)]. Scholars note that network constraints or reliance on strong ties can impede access to new information and contacts (Aldrich & Kim, 2007; Burt, 1992), but can also lower the time and cost of resource acquisition (Leung et al., 2006; Newbert & Tornikoski, 2013; Zhang, 2010). Surprisingly, there are no studies (to my knowledge) examining how familiarity with a cofounder may influence an entrepreneur's satisfaction with the relationship, but a few studies have investigated related outcomes.

For instance, early work proposed that drawing from friends as cofounders will improve key relational outcomes, such as improved team functioning, lower turnover, and lower conflict (Francis & Sandberg, 2000). Scholars have also proposed that relational capital, which presumably would come with familiarity, may benefit a founding team (Blatt, 2009; Nahapiet, 1998) and enhance cooperation (Ruef, 2010). Empirical evidence is mixed, however. Some studies show links between familiarity and team stability (Cachon, 1990; Ucbasaran et al., 2003), though others find the opposite (Wasserman, 2012). D'hont et al. (2016) qualitatively investigate ventures with a range of strengths in friendship ties and find that friendship's connection to outcomes is less clear, as in several of the studied cases it limited the venture's growth or caused instability.

Relationship success depended on how effectively the entrepreneurs managed a strategic balance of personal and professional relationships.

Research by Zhang (2010) describes a paradox, in which founders know that drawing on strong ties limits new ideas and candidates, but they do so anyway out of a need for speed and trust. Yet some reported dissatisfaction despite the perceived benefits. One participant noted, “If friendship is fine, everything runs fine. But when friendship is not good, everything turns bad” (Zhang, 2010, p. 351). Additionally, evidence also suggests that founding teams comprised of low- and high-familiarity members can suffer interpersonal conflict through asymmetrical information and divisions in the team (Clarysse & Moray, 2004; Thevenard-Puthod, 2022).

Despite these drawbacks, many still perceive founding with a strong tie as the only way to ensure compatibility, as reflected in the quote from Jessica Livingston. Others, like Paul McManus, see “mixing business with pleasure,” as a highly risky option (Wasserman, 2012; Zhang, 2010). Taking these findings together, I expect that prioritizing familiarity in a cofounder—which I label “familiarity importance” hereafter—is not a guarantee of satisfaction considering the unique blend of personal and professional needs of these relationships. Rather, I expect that, as entrepreneurs move through the unpredictable and novel experience of cofounding a venture together, satisfaction will depend on whether they are able to achieve the positive relational dynamics one would expect to gain from taking such an approach.

4.2.4 The Link Between Familiarity and Relational Dynamics

A growing body of evidence suggests that entrepreneurs may strategically seek high-familiarity cofounders not out of an economic desire to maximize their venture’s performance, but to build the relational dynamics and satisfactory working relationship that they believe will pave the road to success (Discua Cruz et al., 2013; Forsström-Tuominen et al., 2017; Shah et al., 2019; Tryba & Fletcher, 2020; Zellmer-Bruhn et al., 2021).

Zellmer-Bruhn et al. (2021) found that inventor-entrepreneurs who took an interpersonal attraction approach to cofounder selection often sought high entitativity among the founding team, or a "desire for their teams to be coherent, collaborative units" (p. 10). Scholars have also found that founding teams often emerge within an existing relational context of family, friendship, shared hobbies, or working or studying together, not necessarily because the entrepreneur deliberately set out to launch their new venture with familiar others specifically, but because these contexts create the conditions for entrepreneurs to find in one another the mutual appreciation, founding motivations, and feelings of interdependence necessary to pursue collective entrepreneurship (Discua Cruz et al., 2013; Forsström-Tuominen et al., 2017; Tryba & Fletcher, 2020). In research on the formation of corporate spinout teams, Shah et al. (2019) found that lead entrepreneurs of more successful teams chose cofounders who had a similar desire to build a better organizational culture based on openness and mutual respect. They noted that this desire tended to result in the entrepreneurs choosing people they knew very well, as these types of emergent dynamics can only be discerned through "frequent and prolonged interaction" (2019, p. 1437). The following quote from a participant in their study exemplifies this approach:

> ″Generally, there are a central group of people that are known entities… Have a good team of people, an environment where you can exchange ideas and I think that's absolutely important... you want a [*sic*] create an environment where people are willing to take the risk and if they fail… it's a matter of what happened so we can learn from it and go forward… I think creating an environment where it's fair, everyone shares a piece of the pie." (Shah et al., 2019, p. 1436)

Taken together, these findings highlight the importance of *psychological safety* (Edmondson, 1999; Kahn, 1990) among cofounders. Psychological safety is "an emergent property" of a group or collective (Edmondson, 2004, p. 8) characterized by a freedom to express oneself openly in a work setting. Because cofounder relationships come with high expectations spanning professional and interpersonal needs and many ups and downs along the way, I theorize that success with a high-familiarity cofounder will depend upon having such safety to address expectations and issues as they arise.

4.2.4.1 Psychological Safety

Psychological safety is defined as a "shared belief that the team is safe for interpersonal risk-taking" (Edmondson, 1999, p. 354). It is a group-level, emergent climate that develops out of trust and mutual respect (Edmondson & Lei, 2014), which allows individuals to feel comfortable engaging and expressing themselves fully in their work roles without fear of negative consequences (Kahn, 1990). It is also shown to foster learning, which promotes improved team outcomes such as effectiveness and performance (Edmondson, 1999; Tucker et al., 2007). For these reasons, psychological safety is commonly examined as a mediating mechanism explaining relationships between the structural features of a team and key outcomes (Edmondson, 1999).

While psychological safety has been studied extensively among organizational teams, it has yet to gain traction in research on entrepreneurial teams (for an exception, see Miao et al., 2019). This is an unfortunate omission, as scholars have observed that it may be essential for cofounders to stay the course through the venture's ups and downs (Klotz et al., 2014, p. 242). Bird (1989, p. 210) notes that effective founding teams require "interpersonal risk-taking" and the ability to openly discuss and negotiate a psychological contract between team members, particularly as they navigate failure and uncertainty together. Although not explicitly labeled as psychological safety, the aforementioned qualitative studies of cofounder selection suggest that prioritizing familiarity with a cofounder may be rooted in the desire to feel a sense of trust and respect with a cofounder, and therefore driven by a need for psychological safety.

In the absence of extant empirical evidence to support this relationship among entrepreneurial cofounders specifically, I look to the broader research on psychological safety in other high-stakes teams. Indeed, familiarity among team members is an important antecedent and consideration in team member selection that has been shown to improve team psychological safety in teams climbing Mount Everest, conducting surgery, and responding to natural disasters (Edmondson et al., 2001; Jain et al., 2016; O'Leary, 2016; Reese et al., 2016; Roberto, 2002; Schulte et al., 2012). Edmondson and Lei (2014, p. 38) note, "Psychological safety takes time to build, through familiarity and positive responses to displays of vulnerability and other interpersonally risky actions." With these

insights in mind, I expect that placing higher importance on familiarity will benefit psychological safety among cofounders. More formally:

> **Hypothesis 1:** The degree of importance that an entrepreneur places on familiarity with a cofounder is positively related to their perceptions of psychological safety with the cofounder.

There is also evidence to suggest that psychological safety will in turn benefit an entrepreneur's satisfaction with their cofounder, based on their ability to have difficult conversations and work together effectively through setbacks along the path to new venture creation (Klotz et al., 2014). A two-year study aimed at building better innovation teams at Google found that psychological safety was the "underpinning" of all the key dynamics that made for an effective team (Duhigg, 2016; Rozovsky, 2015). A large body of research has demonstrated that psychologically safe teams have improved learning, innovation, performance, member satisfaction, and commitment (Edmondson & Lei, 2014; Newman et al., 2017), all of which are vital to the success of a fledgling entrepreneurial team. Meta-analytic evidence shows a strong positive relationship between psychological safety and satisfaction at both the individual and group levels (Frazier et al., 2017). Though these relationships are typically studied in larger organizations among traditional paid employees, I hypothesize that psychological safety is especially critical for the cofounders of emerging organizations who face considerable uncertainty, setbacks, and learning demands. Thus, I hypothesize:

> **Hypothesis 2:** An entrepreneur's perceptions of psychological safety with a cofounder will be positively related to their satisfaction with the cofounder.

As noted, familiarity has demonstrated inconsistent relationships with venture performance (Ertug et al., 2020) and team stability (Cachon, 1990; Ucbasaran et al., 2003; Wasserman, 2012). These mixed findings point to intervening mechanisms that may help explain familiarity's relationship with key outcomes for entrepreneurial cofounders. I hypothesize that psychological safety is one such mediating mechanism that explains the relationship between familiarity importance and cofounder satisfaction for three key reasons.

First, familiarity can offer a sense of comfort and predictability in knowing what to expect in social interactions (Okhuysen, 2001), but cofounding a venture is not a typical social interaction. Cofounders take on high novelty, uncertainty, and workload together (Blatt, 2009), and thus, familiarity in other contexts may not offer useful insight into working together as cofounders in this demanding environment. However, if through familiarity an entrepreneur is able to leverage the interpersonal knowledge they have with their cofounder to achieve a level of psychological safety needed to address the many problems, failures and setbacks that arise, it would logically follow that their levels of psychological safety will explain their subsequent satisfaction with their cofounder.

Second, individuals tend to develop many high-familiarity relationships throughout their lives, but not all cases convert to satisfying cofounder relationships (D'hont et al., 2016; Shah et al., 2019; Wasserman, 2012). The multidimensional needs of a cofounder relationship established in Chapter 3 suggest that familiarity alone will not yield a satisfying relationship, and evidence points to cofounder relationships requiring more than familiarity to get a venture off the ground and work effectively together (Lazar et al., 2022; Zellmer-Bruhn et al., 2021). However, if by founding with a familiar other, entrepreneurs can use their relational capital to build a level of psychological safety to address any gaps in their abilities, learn from mistakes, and build the capabilities they need to proceed, I expect that in turn, they will be more satisfied with their cofounder relationship.

Finally, psychological safety can help mitigate the challenges of cofounding a venture with a highly familiar cofounder, which can potentially erode satisfaction. As the entrepreneurs encounter increasing challenges and unexpected setbacks in their efforts to launch their venture, high-familiarity cofounders may avoid conflict and refrain from expressing how they really feel in order to protect the prior relationship (D'hont et al., 2016; Zhang, 2010). Indeed, scholars have found that crossing role and identify boundaries can pose challenges to individuals' satisfaction, requiring significant effort or "boundary work" to find the right balance (Ashforth et al., 2000). If cofounders do not have the psychological safety to address the needed boundaries for their multiple relationships to work well together, constrained communication and feedback could

erode the mutual respect and trust necessary for a highly satisfying cofounder relationship.

In sum, to the extent that an entrepreneur can leverage the interpersonal knowledge and relational capital that comes with selecting a highly familiar cofounder into a level of psychological safety necessary to navigate both the challenges of launching a venture and managing the necessary boundaries for their parallel relationships, entrepreneurs should be altogether more satisfied with their cofounders. Within relationships that are psychologically safe, cofounders can deliver and receive important feedback, learn from mistakes, build necessary capabilities, create appropriate boundaries, and comfortably share their emotions (Blatt, 2009; Edmondson, 2018), which will in turn explain cofounder satisfaction. Put another way, psychological safety forms a bridging mechanism connecting what founders hope and expect to achieve by cofounding with a familiar cofounder (the ability to comfortably address problems) with the reality of the experience (the difficulties that inevitably arise), bringing subsequent satisfaction with their cofounder down the road. More formally, I expect satisfaction will depend on whether the cofounders are able to achieve psychological safety, which will mediate the relationship between the degree of importance an entrepreneur places on familiarity with the cofounder, and their subsequent cofounder satisfaction. Thus:

> **Hypothesis 3:** An entrepreneur's perceptions of psychological safety with a cofounder will mediate the relationship between the degree of importance that an entrepreneur places on familiarity with the cofounder and their satisfaction with the cofounder.

4.2.4.2 Perceived Equity Justice

Research also points to another important and emergent relational dynamic that may be highly salient for cofounder satisfaction: perceived equity justice (Breugst et al., 2015; Hellmann & Wasserman, 2017; Kagan et al., 2020), or a founding team member's perceptions of fairness regarding equity distribution. A defining characteristic of being a cofounder of a venture is having some ownership of equity (Knight et al., 2020) and, like

most decisions within a new startup, equity distributions are autonomously determined within the team (Balkin & Swift, 2006; Blatt, 2009; Knight et al., 2020).

Determining a fair equity allocation for cofounders is a critical decision for entrepreneurs. Shah et al. (2019) found that a desire for equity and fairness was a strong motivating force driving spinout founders. Drawing on distributive justice theory in organizations, Breugst et al. (2015, p. 89) identify perceived equity justice as "a crucial factor and substantially impacted the development of team interactions." Yet, these decisions can be challenging for several reasons. First, cofounders are typically time- and resource-constrained (Balkin & Swift, 2006), and the development, negotiation, and enforcement of the specifics of such contractual decisions incur a cost both financially and in time and effort (Coase, 1937; Jensen & Meckling, 1976; O. E. Williamson, 1981). Second, decisions are made in the face of imperfect information about each other's future contributions to the venture (Hellmann & Thiele, 2015; Kagan et al., 2020; Yang et al., 2020); this is especially challenging in the early stages of venture development when it is not clear what skills may or may not be needed down the road as the venture evolves (Hellmann & Thiele, 2015). Finally, these decisions can create interpersonal tension, as entrepreneurs give up some of their financial ownership, power, and control of their company by relinquishing equity (Wasserman, 2012). Thus, equity decisions can have long-term implications for founders personally and professionally, and can raise fears of betrayal (Kagan et al., 2020) and free-riding (Yang et al., 2020).

Research on the relational and venture implications of equity distributions suggests that familiarity with a cofounder may benefit perceptions of equity justice (Breugst et al., 2015; Hellmann & Wasserman, 2017). Familiarity can help facilitate the trust necessary to navigate equity decision effectively and quickly (Hellmann & Thiele, 2015; Hellmann & Wasserman, 2017). Hellmann and Thiele (2015, p. 630) quote Smartix founder Vivek Khuller: "When you've worked with your co-founders before, it may make sense to divvy things up upfront because the trust is there and the information is there." Hellmann and Wasserman (2017) found that familial founders created contracts faster, suggesting that the trust that comes with higher familiarity reduces the time and cost needed for discovery. Moreover, family founders were more likely to split equity evenly among

themselves due to "inequity aversion," or a desire for fairness. Kotha and George (2012) observed that the presence of family ties in a team decreased owner equity by 7.1%, thus inferring that lead entrepreneurs were willing to give more equity with highly familiar cofounders. Based on these findings, I expect that prioritizing familiarity improves perceptions of equity justice between cofounders. More formally:

> **Hypothesis 4:** The degree of importance that an entrepreneur places on familiarity with a cofounder is positively related to their perceptions of equity justice with the cofounder.

The aforementioned qualitative work by Breugst et al. (2015) found that perceptions of equity justice had an important influence on the tone of interactions between cofounders and their subsequent satisfaction. Indeed, team members' perceptions of justice regarding the equity amount were even more important to satisfaction than the actual equity amount. More generally, the authors saw that a team member's perceptions catalyzed positive or negative "interaction spirals," demonstrating the influential imprint equity justice had on cofounders' relational dynamics and the trajectory of their team and venture performance. This finding aligns with a larger body of research that connects perceptions of distributive justice with positive outcomes in organizations such as employee satisfaction, job satisfaction, organizational commitment, trust, and engagement (Colquitt et al., 2001). With these findings in mind, I hypothesize that perceptions of equity justice with a cofounder will benefit satisfaction. More formally:

> **Hypothesis 5:** An entrepreneur's perceptions of equity justice with a cofounder will be positively related to their satisfaction with the cofounder.

As previously discussed, familiarity's direct effect on satisfaction is unclear and equivocal findings point to intervening mechanisms that may help explain familiarity's relationship with satisfaction. I hypothesize that perceived equity justice is a second mediating mechanism that explains the relationship between familiarity importance and cofounder satisfaction for several reasons.

First, familiarity can offer benefits of trust through a history of shared experience that demonstrates that the cofounder will do what they say they will do (McAllister, 1995). This may expedite equity decision-making by simplifying contracting needs and minimizing the need to enforce the contract (Hellmann & Wasserman, 2017; Kotha & George, 2012), allowing the cofounders to allocate more time to many other pressing needs of the venture, thus enhancing satisfaction. However, should the lack of time and attention paid to these decisions prove problematic based on cofounders' subsequent contributions and efforts toward the venture, resentment and disharmony may erode trust (Hellmann & Wasserman, 2017; Moyer, 2016), limiting future effort contributions by cofounders (Kagan et al., 2020) and transmitting a negative influence on satisfaction. Wasserman describes cofounders who make fast, one-time equity decisions as “quick handshake teams” and notes that misalignment between equity and contributions over time in these teams can result in “angst, destructive tensions and legal problems” (Wasserman, 2016). To the extent that seeking a familiar cofounder allows an entrepreneur to leverage the trust they’ve gained through interpersonal knowledge of the cofounder’s reliability to arrive with minimal time and effort at equity contracts that they both perceive to be fair over time, I thus expect that in turn, they will be more satisfied with their cofounder relationship.

Second, equity ownership comes with a high level of expectation regarding contributions to the venture and professional performance. Thus, while entrepreneurs may have many personal relationship in their life, not all of them may contribute enough to the venture enough to yield a satisfying cofounder relationships (Breugst et al., 2015; Wasserman, 2012). As developed in Chapter 3, familiarity alone as a selection criterion may not be sufficient for satisfaction. However, to the extent an entrepreneur seeks a familiar cofounder because of their knowledge of their abilities, whether gleaned either through previous demonstrations of professional ability or through confidence that they can competently contribute to the venture to earn their allocated equity stake, I expect that the entrepreneur will be more likely to perceive the equity stakes as fair and subsequently, will be more satisfied with their cofounder relationship.

Finally, because high-familiarity cofounders are more likely to default to equal shares (Hellmann & Wasserman, 2017) and give away more equity (Balkin & Swift, 2006; Kotha & George, 2012), maintaining perceptions of equity justice will likely become more critical to help mitigate the fears of betrayal (Kagan et al., 2020) and free-riding (Yang et al., 2020) that come with giving away high levels of equity. This means that entrepreneurs who seek high-familiarity cofounders may have more to lose, including equity in the venture and harm to the personal relationship (Wasserman, 2012). As entrepreneurs often grapple with unexpected life events that change their ability to contribute to the venture as they initially committed they would, some high-familiarity cofounders may avoid addressing the situation of lower than expected contributions to protect the prior relationship (D'hont et al., 2016; Zhang, 2010). However, if through their desire to protect the relationship, cofounders consistently and proactively revisit the equity decisions to address needed changes as contributions change, they will be more likely to achieve the perceptions of equity justice necessary for a highly satisfying cofounder relationship – and avoid resentment and tension that may diminish it.

In sum, to the extent that an entrepreneur can convert the knowledge of their cofounder's integrity and competence gained through selecting a highly familiar cofounder into achieving a level of perceived equity justice necessary to maintain positive working relations and venture progress (Breugst et al., 2015; Kagan et al., 2020), entrepreneurs should be more satisfied with their cofounders. Much like psychological safety, perceived equity justice is another key bridging mechanism between founders' expectations when prioritizing familiarity in a cofounder (knowing they can maintain a sense of fairness) with the reality of the experience (the tension of giving away equity ownership amid changing venture needs), which explains satisfaction with their cofounder down the road. More formally, I expect entrepreneurs' satisfaction with a high-familiarity cofounder will depend on their ability to achieve feelings of equity justice over time, which aid their ability to work effectively together (Breugst et al., 2015). Consequently, I hypothesize:

> **Hypothesis 6:** An entrepreneur's perceptions of equity justice with a cofounder will mediate the relationship between the degree of importance an entrepreneur places on familiarity with the cofounder and their satisfaction with the cofounder.

4.2.4.3 Dyadic Interdependence

As noted in section 4.2.1, a unique feature of cofounder selection is that it is a mutual or two-way decision between individuals. Thus, each cofounder may have a unique perception of how important familiarity was in their decision to form a cofounder partnership and their subsequent cofounder satisfaction. For this reason, I consider the views of each entrepreneur for each of their cofounders within the team. Scholars have acknowledged that cofounder relationships are inherently interdependent in nature (Breugst et al., 2015, 2020; Harper, 2008; Knight et al., 2020), though this dyadic non-independence is rarely accounted for in studies of entrepreneurial teams. Statistically, this "relational variance" is often treated as measurement error or non-independence to be controlled for. However, these influences are also valid predictors of relational outcomes (Kenny et al., 2006). Theories of interpersonal attraction, such as interdependence theory (Thibaut & Kelley, 1959), reciprocity of liking (Gouldner, 1960; Montoya & Insko, 2008), and social exchange theory (Homans, 1958; Rusbult, 1980; Thibaut & Kelley, 1959), are all rooted in the notion that our perceptions of the world around us, and particularly of our interpersonal interactions, are highly influenced by those with whom we engage. This is particularly true of individuals in close personal relationships, who tend to influence one another's perceptions and behaviors (Thibaut & Kelley, 1959).

Based on this notion of interpersonal reciprocation, I posit that the hypothesized links between selection, relational dynamics, and satisfaction among cofounder relationships may also be subject to high levels of mutual influence. Psychological safety is considered a group-level, emergent climate, which suggests that individuals are both contributing to and affected by others' contributions to this property of two or more people (Edmondson, 2004). Schulte et al. (2012) found evidence that team members' perceptions of psychological safety grew increasingly similar among friendship ties within the team. There is also evidence for high within-team similarity for perceptions of distributive justice (Colquitt, 2004; L. Li et al., 2021; Roberson, 2006). In terms of satisfaction, a large meta-analysis of studies examining relationship satisfaction found that the most significant predictor of satisfaction with a romantic partner was the actor's perception of

the partner's[4] satisfaction with the relationship (Joel et al., 2020). Taken together, this evidence suggests that the same may be true among cofounder pairs, which are considered highly interdependent.

Moving to the case of cofounders, I thus argue that reciprocity can offer unique insight into the successful functioning of cofounder relationships—and expect that each cofounder's selection strategy and perceptions of the examined relational dynamics and satisfaction with their cofounder will be highly predictive of the others'. More formally:

> **Hypothesis 7a:** The degree of importance an entrepreneur places on familiarity with a cofounder will be positively associated with the degree of importance that their cofounder places on familiarity with them.
>
> **Hypothesis 7b:** An entrepreneur's perceived psychological safety with a cofounder will be positively associated with their cofounder's perceived psychological safety with them.
>
> **Hypothesis 7c:** An entrepreneur's perceived equity justice with a cofounder will be positively associated with their cofounder's perceived equity justice with them.
>
> **Hypothesis 7d:** An entrepreneur's satisfaction with a cofounder will be positively associated with their cofounder's satisfaction with them.

Figures 20 and 21 below show the theoretical models for the mediation paths involving psychological safety and perceived equity justice. In these figures, E1 is the residual variance associated with the actor's rating of the mediator variable, after accounting for the effects of the actor's and partner's ratings of the independent variables, and E4 is the same for that of the partner. E2 is the residual variance associated with the actor's satisfaction rating after taking into account the effects of the actor's rating of the

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[4] Members of dyadic pairs are often described as "actor" and "partner," with the actor being the person giving an evaluation, and the partner being the target of the evaluation (Kenny et al., 2006).

independent and mediator variables, and the partner's rating of the independent and mediator variables. E3 is the same but for the partner.

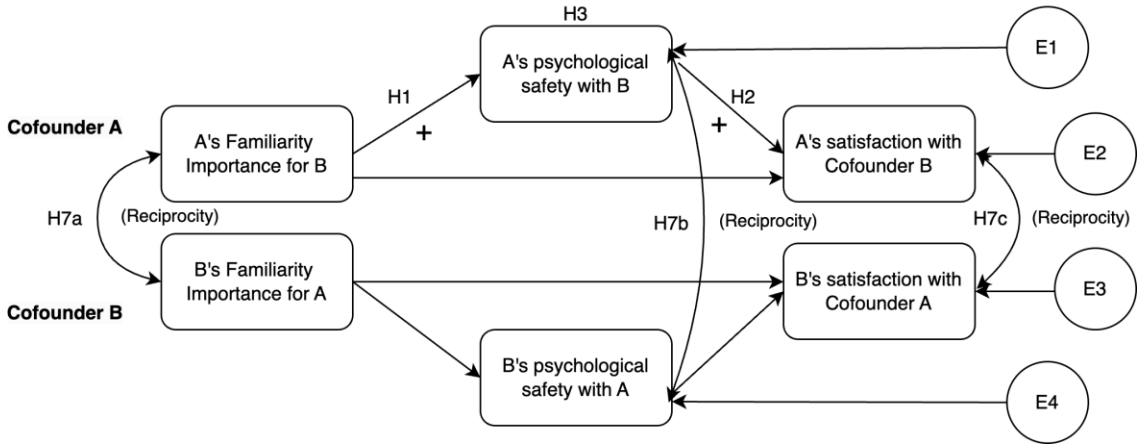

Figure 20: Mediation Model, Psychological Safety

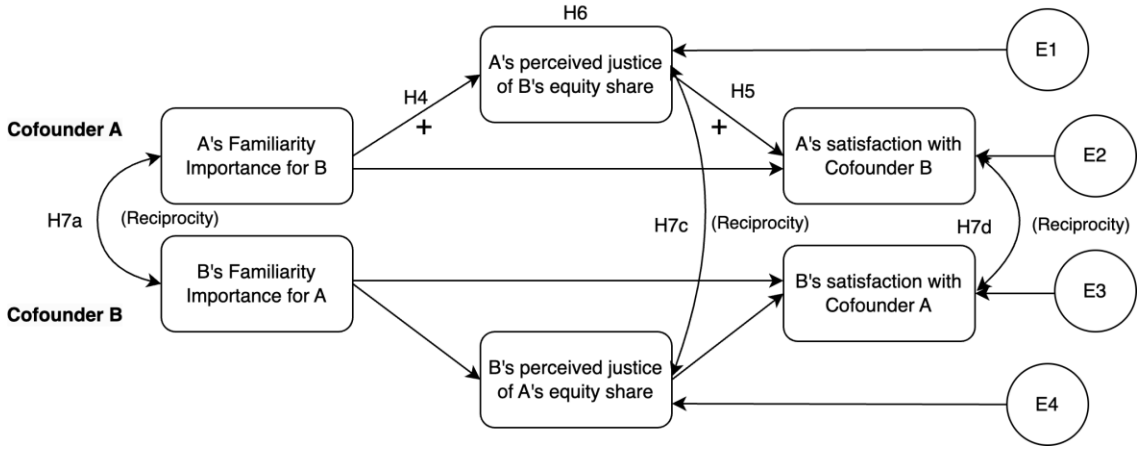

Figure 21: Mediation Model, Perceived Equity Justice

4.3 Methods

4.3.1 Setting and Sample

I test the above hypotheses among entrepreneurs who had applied to be part of a 6-month, competitive accelerator and founder development program in North America, in early 2022. This program offers an appropriate context to test the model for several reasons.

First the program attracts early-stage startups pursuing high-technology venture ideas that leverage artificial intelligence (AI) or machine learning in some way. Thus, the sampling frame provides reasonable homogeneity with regard to the stage of the venture (none of them have achieved product-market fit), the types of ventures being pursued (they are all centered on AI technology), and the deep-tech challenges and scalability goals that they are pursuing. Secondly, the program requires entrepreneurs to apply as a team with an established idea, though some exceptions are made for solo founders who have high-potential venture concepts. Finally, the program offers an online founder match-making hub through which solo entrepreneurs may find cofounders, and it is common for teams to form in this way, offering variation on the independent variable of the importance of familiarity when seeking a cofounder.

I recruited potential participants to the study as part the program's online application form, in which applicants could opt in to be contacted to take part in this voluntary study. The collected data comprises 152 dyads between 97 entrepreneurs representing 41 teams, ranging in size from two to four members. The majority of teams consisted of two members (30), but there were also six teams of three and five teams of four. Of the 97 individuals, 73% identified as male, 25% as female, and 2% preferred not to say. Participants were an average age of 32.96 years old. In terms of education level, 5% had completed high school or less, 8% had completed some college, 34% had a bachelor's degree, 36% had completed a master's degree, and 15% had a terminal degree (PhD, JD, or MD). With respect to race/ethnicity, 4% of participants identified as Latin American; 5% as an ethnicity not listed; 8% as Middle Eastern; 9% as South or Southeast Asian; 16% as Black; 12% as East Asian; and 46% as White. Participants had, on average, founded 1.52 previous ventures, and had 2.03 previous cofounders. These descriptive features are summarized in Table 17.

The dyadic cofounder pairs within the sample had a wide variation of familiarity: the amount of time they had known each other prior to deciding to cofound a venture together ranged from 0 months to 31 years. On average, partners had known each other for approximately four years (47.83 months) prior to launching their venture. The average level of "personal familiarity" for a cofounder was 2.74 (out of 5), while the average

level of "professional" familiarity was also 2.74 (out of 5). The cofounders had been working together for an average of 19.9 months. At the start of the study, 2% were in the "idea only" stage of development, 22% were in the "feasibility testing" stage, 37% were in "pre-launch development," 14% had launched but were not yet earning revenue, 17% had launched and were earning revenue, and 3% were in the growth stage.

Table 17: Descriptive Statistics of the Sample

Individual variables	**n**	**Mean**	**SD**	**Min**	**Max**	**SE**
Months on venture	97	20.48	13.40	2	60	1.36
Contract *(1 = no, 2 = in progress, 3 = yes)*	97	2.47	0.71	1	3	0.07
Entrepreneurial experience *(# past ventures)*	97	1.52	1.71	0	6	0.17
Work experience *(0 = 0 years; 1 = less than 1; 3 = 1-2; 4 = 3-5; 5 = 6-9; 6 = 20 or more)*	97	3.61	1.47	0	6	0.15
Gender *(1 = male; 2 = female; 3 = self-describe; 4 = prefer not to report)*	97	1.30	0.54	1	4	0.06
Education *(1 = less than high school; 8 = JD/MD)*	95	5.37	1.44	1	8	0.l5
Age *(in years)*	96	32.96	8.63	20	67	0.88
Dyadic variables (describing cofounder pairs)	n	Mean	SD	Min	Max	SE
Months known at launch	152	47.83	76.92	0	372	6.24
Personal familiarity	152	2.74	1.52	1	5	0.12
Professional familiarity	152	2.74	1.39	1	5	0.11
Importance of familiarity	152	5.27	1.50	1	7	0.12
Age dissimilarity *(absolute difference in years)*	152	4.33	4.35	0	24	0.35
Gender homophily *(1 = same; 2 = different)*	151	0.65	0.48	0	1	0.04
Ethnic homophily *(1 = same; 2 = different)*	151	0.57	0.5	0	1	0.04

4.3.2 Research Design

Because I seek to understand the consequences of selection over time as well as avoid common method bias, I collected the necessary data at three time points over the course of the accelerator's 6 months of programming using an online survey. Figure 22 provides an overview of the data collection process. I delivered the first survey at the start of the

program in mid-April 2022, at which point 97 participants answered a series of questions related to demographics and details of the level of familiarity within their cofounder relationships. Participation was voluntary, though I offered a small financial compensation to encourage participation and survey completion. I sent the second survey 2 months later in mid-June, at which point 91 participants assessed the relationship dynamics between them and each cofounder in their team. I then sent the third survey six weeks later, near the end of the program in late July, at which point 87 participants reported their satisfaction with each of their cofounders. Over the course of the study, five teams had cofounders who decided to part ways, representing a loss of seven individuals – but their ventures continue. Three individuals reported that they were no longer pursuing the venture and therefore were no longer eligible to participate in the study. Additionally, some participants failed to complete one or more surveys or skipped certain questions required for one or more cofounders, leading to some missing data. I included a participant's data if they had completed surveys at a minimum of two time points.

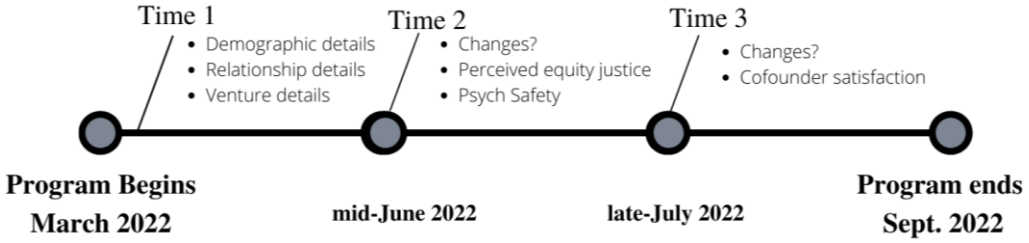

Figure 22: Data Collection Process

4.3.3 Measures

4.3.3.1 Independent Variable

4.3.3.1.1 Familiarity Importance

Familiarity exists on a continuum (Jehn & Shah, 1993) and can be multidimensional based on how well individuals know each other in different settings (i.e., personally and professionally; Goodman & Leyden, 1991). Because I seek to capture the intentionality behind the selection decision to work with a cofounder, another key dimension to my research is how important it was to the entrepreneur to have familiarity with their cofounder at the time of selection. To account for these different dimensions and the perceived importance of familiarity, I follow previous work in constructing a multiplicative construct (Cardon et al., 2017; Goodman & Leyden, 1991). This construct includes the average level of personal and professional familiarity reported by the individual as a baseline level of familiarity, multiplied by the level of importance the individual felt regarding familiarity at the time of selection. These dimensions were captured in the first survey (Time1), in which participants responded to three items. The instructions read, "We'd like to learn a little about each of your cofounders separately. The following questions will ask you about [cofounder's name]." Using a five-point, Likert-style scale from 1 = not at all to 5 = extremely well, participants then rated each cofounder on two items: "How well did you know them on a personal level prior to starting the venture?" and "How well did you know them on a professional/work level prior to starting the venture?" This was followed by, "How important was it to have familiarity with this person when you decided to cofound with them?" which they rated using a seven-point Likert-style scale from 1 = extremely unimportant to 7 = extremely important.

4.3.3.2 Mediating Variables

4.3.3.2.1 Psychological Safety

In the second survey (Time2), participants responded to a five-item scale measuring psychological safety used by Garvin et al. (2008), which has the highest reliability of extant scales (Edmondson, 2018). The original scale addresses *team* psychological safety;

however, I adapted the items to address psychological safety with each cofounder (Chan, 1998). The instructions read, “Please indicate how strongly you agree/disagree with the following statements when it comes to [cofounder’s name].” Then participants assessed each statement regarding each of their cofounders using a seven-point, Likert-type scale (1 = strongly disagree; 7 = strongly agree). A sample item is “We are usually comfortable talking about problems and disagreements.” Cronbach's alpha for the five-item scale was 0.74, but analyses revealed that two reverse-coded items did not consistently align with the other three, an issue that is common with such items (Weijters et al., 2013). In dropping the two reverse-coded items, Cronbach’s alpha improved to 0.83, thus I used the three-item version of the scale in all analyses. (See Appendix D for the full adapted measure.)

4.3.3.2.2 Perceived Equity Justice

In the second survey (Time 2), participants also responded to a one-item scale measuring the extent to which they felt their cofounder’s equity allocation was fair relative to their cofounder’s contributions. Notably, though scholars have voiced rightful content validity concerns with single-item measures, these may be less problematic than the survey fatigue that comes with long and repeated surveys (Nguyen, 2017). I follow the common practice of using a single-item measure employed among other studies of time-constrained new venture teams that rely on multiple surveys (Breugst et al., 2020; Foo et al., 2009; Ivanova et al., 2022). The item read “Overall, how fair do you feel [cofounder’s name]’s ownership share is relative to their contributions?” and used a seven-point, Likert-type scale from 1 = extremely unfair to 7 = extremely fair. Each participant rated each of their cofounders on the team separately.

4.3.3.3 Dependent Variable

4.3.3.3.1 Cofounder Satisfaction

Because there is no validated scale of cofounder satisfaction, I adapted an existing scale that is closely related to the construct of interest (DeVellis, 2017). After reviewing several scales, I again chose the Kansas Marital Satisfaction (KMS) scale (Schumm et al., 1986). In the third survey (Time 3) participants responded to the four-item adapted scale

of cofounder satisfaction. Like the KMS scale items, all items shared the stem “How satisfied are you …” (e.g., “How satisfied are you with [cofounder’s name] as a cofounder?”) and used a seven-point, Likert-type scale (1 = extremely dissatisfied; 7 = extremely satisfied). (See Appendix D for the full adapted measure.) Each participant rated these four items for each of their cofounders on the team separately, and I took the average to form an overall measure of cofounder satisfaction. The scale demonstrated strong reliability with a Cronbach's alpha of .94.

4.3.3.4 Control Variables

Past research has demonstrated that previous entrepreneurial experience brings resources that may influence an entrepreneur’s selection decisions with a cofounder (Basu & Virick, 2015; Hormiga & Hancock, 2017; Lim & Suh, 2019; Mitteness et al., 2013; Shaw et al., 2017) and affect interpersonal perceptions (Watson et al., 2003) and turnover (Ucbasaran et al., 2003) within entrepreneurial teams. Thus, I control for each founder’s number of previous ventures.

Research has also suggested that cofounder selection is often driven by the draw of homophily, as similarity brings a level of trust and liking (Berscheid & Walster, 1969; Forbes et al., 2006; Kamm & Nurick, 1993). To account for these potential influences on selection and satisfaction, I control for individual age and gender, as well as dyadic age dissimilarity (calculated based on the absolute difference in years of age between cofounders), gender homophily, and ethnic homophily, both of which are coded as 0 or 1 for cofounder pairs that reported the same gender and ethnicity, respectively. Participants reported these details in the first survey (Time 1).

Finally, due to the different sized teams, ranging from two to four members, I accounted for this clustering of dyadic pairs nested in teams by including team clustering as a control variable (Bauer et al., 2020). This involved assigning a dummy variable of 0 for all teams of two people (as the dyadic-level non-independence is accounted for through use of the APIMeM) and a unique number (1 to 11) for each additional team of three or more members.

4.3.4 Statistical Analysis

Due to the relational and dyadic nature of this research and data, I employ the APIMeM (Ledermann et al., 2011). The original actor-partner interdependence model (APIM) is designed to test and/or control for the relational variance, or non-independence, that is inherent in dyadic analysis (Kenny et al., 2006). APIM estimates both the *actor* effect—in this case, how a founder's selection strategy and perceptions of relational dynamics may affect *their own* satisfaction—as well as a partner effect—in this case, how *their cofounder's* perceptions of relational dynamics and satisfaction may influence the actor's perceptions. Using methods appropriate for multilevel data, such as multilevel modeling or structural equation modeling, the APIM can estimate these various path coefficients simultaneously (Kenny et al., 2006). Scholars have further developed APIMeM to examine complex mediating mechanisms amid the actor and partner effects using structural equation modeling procedures and bootstrap intervals (Ledermann et al., 2011). Consistent with extant practices and standards, I estimated the structural equation models using the lavaan package in R, which relied on full information maximum likelihood (FIML) techniques to deal with missing data. The standard errors and confidence intervals to determine the direct and indirect effects are calculated using parametric bootstrapping (Monte Carlo method), using 5,000 trials.

An important consideration in dyadic data analysis is whether the members of the partnership are considered distinguishable or indistinguishable. Distinguishability is defined as whether "there is a meaningful factor that can be used to order the two persons" (Kenny et al., 2006, p. 6). Common examples of distinguishable dyads are husband and wife or parent and child, while examples of indistinguishable dyads include business partners and friends. This decision can be determined theoretically and/or empirically. Theoretically, I consider dyadic cofounder partners as indistinguishable because there is not a consistent, meaningful difference between all cofounders, and by definition, they share decision-making authority and ownership of an emerging company (Knight et al., 2020). Empirically, per Griffin and Gonzales (1999), indistinguishability assumes conditions of similar means, variances, and intrapersonal and interpersonal correlations between members' scores on the variables of interest (Griffin & Gonzalez,

1999; Kenny et al., 2006). A test comparing the six actor and partner effects on familiarity importance, psychological safety, and satisfaction when set to equal means, variances, and correlations versus the actual effects was not statistically significant (chi-square = 0.00, p = 1.000), with a root mean square error of approximation (RMSEA) of 0.000, meaning there are not meaningful differences between the actor and partner when looking at the six effects. The same test of the six actor and partner effects on familiarity importance, perceived equity justice, and satisfaction was also not statistically significant (chi-square = 0.43, p = 1.000), with an RMSEA of 0.000. Based on these theoretical and empirical grounds, I treat the cofounder pairs as indistinguishable in the analyses.

4.4 Results

4.4.1 Descriptive Analysis

Table 18 shows the means, standard deviations, correlations, and intraclass correlations (ICCs) among the study variables. The correlations are in line with the hypothesized relationships, though no two variables are so highly correlated that they give rise to multicollinearity concerns. ICC values represent how much of the variance can be explained by affiliation with the dyad, falling between 0 to 1. Values closer to 1 denote that the cofounders are highly similar, and those near 0 show that the cofounders can be considered independent from each other. I calculated the ICCs using a two-way mixed-effects model that divides the within-dyad variance by the between-dyad variance and accounts for chance agreement beyond what random error alone may dictate, using the psych package in R. The ICCs demonstrate that cofounder pairs are more similar to each other than they are to individuals from other dyads in terms of their views of the importance of familiarity in a cofounder, and somewhat more similar in terms of their perceptions of relationship dynamics and cofounder satisfaction. All three ICCs exceed the minimum threshold by which it is appropriate to use methods that account for the non-independence of nested data (Hox et al., 2018). This non-independence, along with the relational nature of the data, makes APIMeM well-suited for the analysis.

Table 18: Means, Standard Deviations, Correlations, and Intraclass Correlations Among Study Variables

Study Variables	n	1	2	3	4	Mean	SD
Familiarity Importance (Time 1)	151	**0.72*** **				15.49	10.11
Psychological Safety (Time 2)	126	0.26**	**0.10**			5.92	1.07
Perceived Equity Justice (Time 2)	126	0.12	0.36***	**0.15**		5.60	1.61
Cofounder Satisfaction (Time 3)	121	0.29**	0.45***	0.26**	**0.31*** **	6.13	1.22

Note: Table shows correlations between variables (below diagonal), and intraclass correlations among dyadic partners (diagonal, in bold). *p < .05, **p < .01, ***p < .001.

4.4.2 Hypothesis Testing

To test my hypotheses, I analyzed familiarity importance at Time 1, the mediators at Time 2, and cofounder satisfaction at Time 3 (see Figure 21) using APIMeM. These time points reflect the temporal order implied in the hypothesized relationships. I ran two APIMeMs to test the hypotheses, which focus on actor effects. Note that due to the indistinguishability of cofounders and the fact that each partner also rates the other as an actor, the APIMeM sets actor and partner paths to be equal (Kenny et al., 2006). (For examples of other studies that employ APIMeM among indistinguishable dyads, see Meuwese et al., 2017; and Chow et al., 2013.) The first model examines the relationships between familiarity importance, psychological safety, and cofounder satisfaction and the second examines perceived equity justice as the mediator; the results of these two models are illustrated in Figures 23 and 24, respectively, and listed in Tables 19 to 23.

4.4.2.1 Familiarity Importance, Psychological Safety, and Cofounder Satisfaction

Results of the model examining psychological safety as the mediator indicate a good model fit, based on the chi-square test ($p < 0.993$), the RMSEA value of 0.000 [(below the suggested threshold of 0.05 (Hu & Bentler, 1999)], the standardized root mean square residual (SRMR) value of 0.046 [below the recommended threshold of 0.08 (Hu & Bentler, 1999)], and the comparative fit index (CFI) of 1.00 and Tucker-Lewis index (TLI) of 1.208 being above the common threshold of 0.95 (Hu & Bentler, 1999). None of

the control variables in this model had significant relationships with the outcome variables of interest. Though not hypothesized, I include partner effects for the hypothesized paths in Table 19, which can also be considered control variables. Beyond the one significant partner effect noted between partner psychological safety and actor satisfaction, no other partner effects were significant.

Table 19: Direct Effects in the Mediation Model, Psychological Safety

Cause	Effect	Type	*B*	p value	CI lower	CI upper
Familiarity Importance (T1)	Psych Safety (Time 2)	Actor	0.028***	0.000	0.015	0.041
		Partner	0.002	0.771	-0.013	0.017
Entrepreneurial Exp.		Actor	-0.101	0.083	-0.211	0.019
Age		Actor	0.030	0.163	-0.014	0.073
Gender		Actor	-0.146	0.445	-0.548	0.215
Psych Safety (Time 2)	Satisfaction (Time 3)	Actor	0.399***	0.000	0.197	0.578
		Partner	0.148	0.065	-0.030	0.287
Entrepreneurial Exp.		Actor	-0.012	0.600	-0.059	0.034
Age		Actor	0.014	0.428	-0.023	0.047
Gender		Actor	0.14	0.493	-0.233	0.569
Familiarity importance (Time 1)	Satisfaction (Time 3)	Actor	0.016	0.172	-0.006	0.039
		Partner	-0.001	0.929	-0.022	0.019
Age Dissimilarity		Actor	-0.023	0.465	-0.084	0.044
Ethnic Homophily		Actor	0.156	0.526	-0.300	0.670
Gender Homophily		Actor	-0.016	0.950	-0.468	0.546
Contract		Actor	-0.085	0.595	-0.422	0.208
Team Cluster		Actor	-0.054	0.070	-0.115	0.000

Note: *B* = standardized direct effects, CI = confidence intervals with bootstrap of 5,000, *p < .05, **p < .01, ***p < .001.

I first hypothesized that familiarity importance at Time 1 would benefit psychological safety at Time 2, and actor effects demonstrate a positive, significant relationship (β = 0.028, *SE* = 0.007, *p* = .000, 95% CI [0.015, 0.042]), supporting Hypothesis 1. Subsequently, psychological safety had a significant and positive relationship with cofounder satisfaction (β = 0.409, *SE* = 0.009, *p* = .000, 95% CI [0.228, 0.586]), offering support for Hypothesis 2. Founders who prioritized familiarity when selecting their

cofounder did not have a significant relationship with cofounder satisfaction (β = 0.017, *SE* = 0.011, *p* = .145, 95% CI [-0.005, 0.040]).

To test the mediation hypothesis (Hypothesis 3), I examine significance of the indirect effects using a bootstrapping technique with 5,000 resamples. This process involves testing four indirect effects of how familiarity importance leads to cofounder satisfaction through psychological safety, including the actor's own effect on their own psychological safety and their own cofounder satisfaction, the actor's effect on the partner's psychological safety and their own cofounder satisfaction, the actor's effect on the partner's psychological safety and the partner's cofounder satisfaction, and finally, the actor's own effect on their own psychological safety and their partner's satisfaction. The results for the actor and partner indirect effects are shown in Table 20. The actor indirect effect from own familiarity importance to their own cofounder satisfaction through their own psychological safety with their cofounder identity was significant (β = .011, *SE* = 0.005, p <.000, CI = .005, .018). The partner indirect effect was not significant (β = .005, *p* = .049, 95% CI [-0.003, 0.013]), and also not hypothesized. Comparing the indirect effects model to one without these effects is statistically significant (chi-square = 15.73, p <.001), providing further evidence for the presence of mediation and supporting Hypothesis 3.

Table 20: Indirect Effects in the Mediation Model, Psychological Safety

Predictor	**Mediator**	**Outcome**	**Type**	***B***	**p value**	**CI lower**	**CI upper**
Familiarity Importance (Time 1)	Psych Safety (Time 2)	Satisfaction (Time 3)	Actor	0.011**	0.000	0.005	0.018
			Partner	0.005	0.199	-0.003	0.013

Note: *B* = standardized indirect effects, CI = confidence intervals with bootstrap of 5000, *p < .05, **p < .01, ***p < .001.

Next, I examine the reciprocity hypotheses for familiarity importance, psychological safety, and cofounder satisfaction. The covariances of these measures represent one way to test for reciprocity using the actor-partner interdependence mediation model (APIMeM; Stas et al., 2018). Covariances between these variables among cofounders are shown in Table 21. As expected, there is strong evidence of reciprocity for familiarity

importance between cofounders (β = 72.35, p < 0.00), offering support for Hypothesis 7a. Covariance between cofounders' psychological safety perceptions was positive, but fell just below statistical significance (β = 0.24, p <.076), rejecting Hypothesis 7b. Finally, the covariance between cofounders' satisfaction with one another was very minimal and not statistically significant (β = 0.05, p <.75), rejecting Hypothesis 7d.

Table 21: Covariances in the Mediation Model, Psychological Safety

Variable		*B*	p value	CI lower	CI upper
Familiarity Importance, Actor	Familiarity Importance, Partner	72.710**	0.000	57.58	86.21
Psych Safety, Actor	Psych Safety, Partner	0.224	0.090	-0.015	0.506
Cofounder Satisfaction, Actor	Cofounder Satisfaction, Partner	-0.029	0.839	-0.288	0.303

Note: *B* = standardized effects, CI = confidence intervals with bootstrap of 5000, *p < .05, **p < .01, ***p < .001.

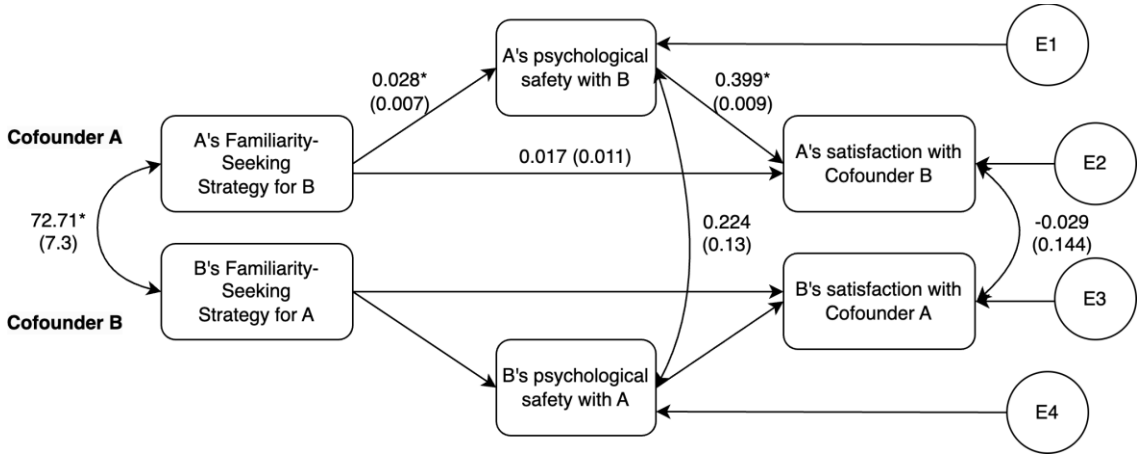

Figure 23: Mediation Model Results, Psychological Safety

4.4.2.2 Familiarity Importance, Perceived Equity Justice, and Cofounder Satisfaction

Results of the model examining perceived equity justice as the mediator also indicate a good model fit based on the chi-square test (p < 0.999), RMSEA value (0.000), and SRMR value (0.037) (Hu & Bentler, 1999). Finally, both CFI and TLI values are above the common threshold of 0.95 (CFI = 1.000, TLI = 1.457), again indicating a good model fit (Hu & Bentler, 1999). None of the control variables in this model had significant

relationships with the outcome variables of interest, except for the team cluster variable, which had a negative significant relationship with cofounder satisfaction; this indicates a team effect, in that larger teams had a negative influence on satisfaction. Though not hypothesized, I include partner effects for the hypothesized paths in Table 22, which can be considered control variables. No partner effects were significant in this model.

Table 22: Direct Effects in the Mediation Model, Perceived Equity Justice

Cause	**Effect**	**Type**	***B***	**p value**	**CI lower**	**CI upper**
Familiarity Importance (Time 1)	Perceived Equity Justice (Time 2)	Actor	0.022*	0.046	0.002	0.047
		Partner	0.008	0.567	-0.021	0.033
Entrepreneurial Exp.		Actor	-0.127	0.203	-0.318	0.068
Age		Actor	0.004	0.873	-0.048	0.059
Gender		Actor	-0.113	0.725	-0.796	0.477
Perceived Equity Justice (Time 2)	Satisfaction (Time 3)	Actor	0.165**	0.000	0.072	0.263
		Partner	0.057	0.295	-0.044	0.171
Entrepreneurial Exp.		Actor	-0.033	0.585	-0.162	0.090
Age		Actor	0.036	0.118	-0.013	0.078
Gender		Actor	0.028	0.228	-0.185	0.738
Familiarity Importance (Time 1)	Satisfaction (Time 3)	Actor	0.023*	0.047	0.001	0.046
		Partner	0.003	0.729	-0.018	0.022
Age Dissimilarity		Actor	-0.049	0.167	-0.121	0.017
Ethnic Homophily		Actor	0.379	0.157	-0.129	0.935
Gender Homophily		Actor	0.277	0.310	-0.256	0.811
Contract		Actor	-0.100	0.553	-0.451	0.213
Team Cluster		Actor	-0.084*	0.020	-0.158	-0.014

Note: *B* = standardized direct effects, CI = confidence intervals with bootstrap of 5000, *p < .05, **p < .01, ***p < .001.

This model tested the hypothesized relationship between the importance of familiarity at Time 1 and perceived equity justice with the actor's cofounder at Time 2. Actor effects demonstrate a positive and significant relationship (β = .022, *p* = .046, 95% CI [0.002, 0.047]), supporting Hypothesis 4. Subsequently, perceived equity justice also had a significant and positive relationship with cofounder satisfaction (β = 0.165, *p* = .000, 95% CI [0.072, 0.263]), offering support for Hypothesis 5. Unlike in the psychological safety model, actor effects demonstrate a positive and significant relationship between familiarity importance and cofounder satisfaction (β = .023, *p* = .047, 95% CI [0.001, 0.046]).

I next examined the mediation hypothesis by testing for the significance of the indirect effects using a bootstrapping technique with 5,000 resamples, as in the previous model. The results for the actor and partner indirect effects are shown in Table 23. The actor indirect effect from their own familiarity importance to their own cofounder satisfaction through their own perceived equity justice with their cofounder identity was not significant (β = 0.004, p < 0.087, CI = [0.001, 0.010]), providing insufficient evidence for mediation and rejecting Hypothesis 6.

Table 23: Indirect Effects in the Mediation Model, Perceived Equity Justice

Predictor	Mediator	Outcome	Type	*B*	p value	CI lower	CI upper
Familiarity Importance (Time 1)	Perceived Equity Justice (Time 2)	Satisfaction (Time 3)	Actor	0.004	0.087	0.001	0.010
			Partner	0.003	0.343	-0.002	0.008

Note: *B* = standardized indirect effects, CI = confidence intervals with bootstrap of 5000, *p < .05, **p < .01, ***p < .001.

Next, I examine the reciprocity hypotheses for the importance of familiarity, perceived equity justice, and cofounder satisfaction. Covariances between these variables among cofounders are shown in Table 24. As in the previous model, there is strong evidence of reciprocity for the importance of familiarity between cofounders (β = 73.07, *p* = 0.00), offering additional support for Hypothesis 7a. Covariance between cofounders' perceived equity justice was positive, but was not statistically significant (β = 0.294, *p* = 0.13), rejecting Hypothesis 7c. Finally, the covariance between cofounders' satisfaction with

one another was also not statistically significant in this model (β = 0.148, p = 0.46), further rejecting Hypothesis 7d.

Table 24: Covariances in the Mediation Model, Perceived Equity Justice

Variable		*B*	p value	CI lower	CI upper
Familiarity Importance, Actor	Familiarity Importance, Partner	73.07***	0.000	58.86	86.86
Perceived Equity Justice, Actor	Perceived Equity Justice, Partner	0.294	0.132	-0.115	0.655
Cofounder Satisfaction, Actor	Cofounder Satisfaction, Partner	0.148	0.457	-0.219	0.568

Note: *B* = non-standardized effects, CI = confidence intervals with bootstrap of 5000, *p < .05, **p < .01, ***p < .001.

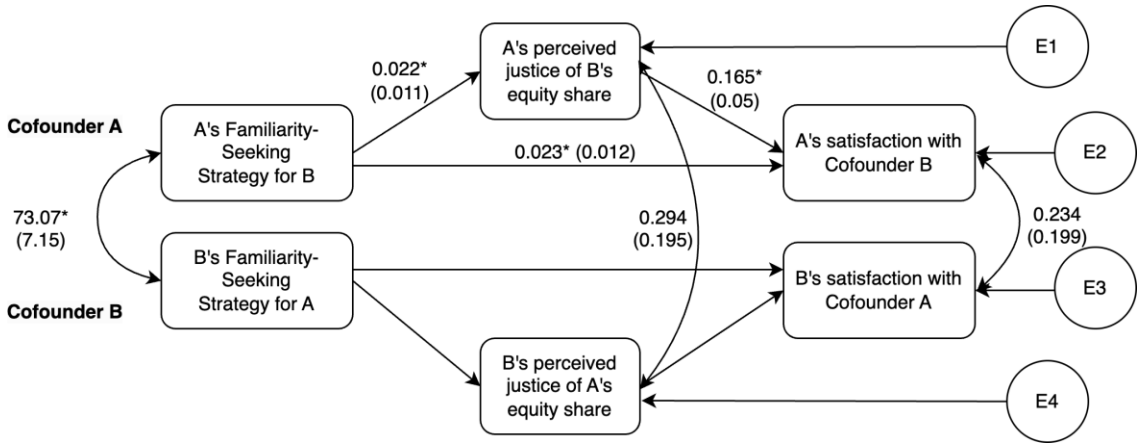

Figure 24: Mediation Model Results, Perceived Equity Justice

4.5 Discussion

With this study I sought to build on theories of interpersonal attraction to theorize and test for relationships between (a) prioritizing familiarity in a cofounder and (b) cofounder satisfaction through the intervening mechanisms of psychological safety and perceived equity justice. In line with expectations about these relational dynamics, I find that seeking a highly familiar cofounder is not consistently associated with satisfaction but *does* positively relate to psychological safety and perceived equity justice, which in turn are strong drivers of cofounder satisfaction. Moreover, I find empirical evidence that psychological safety fully mediates the relationship between familiarity importance and satisfaction, and though familiarity importance positively and significantly influenced

perceived equity justice, which in turn positively and significantly predicted satisfaction, evidence is insufficient for perceived equity justice's mediation role. Lastly, I find that cofounders are highly similar in their selection strategies; yet counter to expectations, I did not find valid evidence of reciprocity among perceptions of the relational dynamics and satisfaction.

4.5.1 Theoretical Implications

The study's findings have several implications for how scholars conceive of entrepreneurial team formation (Lazar et al., 2019). First, building on evidence that quality cofounder relationships provide the fuel for successful venture creation (Blatt, 2009; Ivanova et al., 2022; Lechler, 2001), this research shifts the focus from team-level formation strategies and their role in venture performance to dyadic relationships (Kenny et al., 2006) and their role in cofounder satisfaction. The relational theory of cofounder selection developed herein brings to the field an important recognition that entrepreneurs' desire to build quality cofounder relationships is, in part, driving their cofounder selection decision-making and thus relationship satisfaction is an important outcome for examination. Further, this study demonstrates that cofounder selection is a critical antecedent paving the way for positive relational dynamics, shedding light on *how* entrepreneurs can cultivate and sustain positive cofounder relationships through their selection decisions.

Second, this study contributes to theories of interpersonal attraction (Berscheid & Walster, 1969; Thibaut & Kelley, 1959) in the context of entrepreneurial team formation by illuminating one key factor that helps explain the formation of a cofounder relationship—that is, the perceived importance of familiarity. By capturing individual-level perceptions of the importance of familiarity with a cofounder, I find that entrepreneurs had wide variation in their views of this selection criterion. In a post-hoc analysis using an objective measure of familiarity (i.e., how many months the cofounders knew each other at launch) in place of the perceived importance of familiarity multiplicative construct, I found that there were no significant relationships between the objective familiarity measure with either mediator, or with cofounder satisfaction. I also conducted a post-hoc analysis using only the participants' ratings of how important

familiarity was to them when they decided (without the baseline familiarity component of the multiplicative construct) and the relationships closely mirrored the initial results. These findings suggest important differences between individuals' ***intentions*** behind selection and cast doubt on previous work that has inferred a familiarity selection "strategy" through observable team-level characteristics and assumed it is applied uniformly and uni-directionally across the team. Thus, researchers examining entrepreneurial team formation should capture the individual-level intentions behind cofounder selection decisions and consider multilevel methods that account for variation between individual's decision-making in the team.

Third, I draw attention to two key relational dynamics—psychological safety and perceived equity justice—that help explain how selection can influence satisfaction over time. Both of these emergent dynamics are built on trust and mutual respect among cofounders, which an entrepreneur might more reliably achieve through prioritizing a high-familiarity cofounder. Findings indicate that prioritizing familiarity can be a successful selection approach, *if* they have the necessary psychological safety to navigate the multidimensional demands of launching a venture together. Thus, psychological safety is a key mechanism that explains high satisfaction, but entrepreneurs can achieve it in various other ways beyond solely recruiting a familiar cofounder.

I did not find sufficient evidence to support perceived equity justice as a mediator in the relationship between the importance of familiarity and satisfaction, which may suggest that perceived equity justice is more complex than the current measure accounts for. The single-item measure used in this study evaluates the fairness of an entrepreneur's perception of their cofounder's equity share. Future work may seek to develop and validate a measure that encompasses both the entrepreneur's perception of the fairness of their cofounder's and *their own* equity stake, as well as their expectations regarding the future value of such shares. As both dynamics proved to be positive predictors of satisfaction, I believe that future models of entrepreneurial team and cofounder functioning would benefit from including these pivotal dynamics.

Finally, and in keeping with predictions of interpersonal attraction, I find that cofounders' views of the importance of familiarity were highly reciprocal, suggesting an additional level of dyadic variance that comes from mutual influence among cofounders. In examining reciprocity in relationship dynamics, this research offers new insight into the interdependence (or lack thereof) of cofounder relationships over time. Through post-hoc analysis, I find that cofounders were reciprocal in their perceptions at Time 1, though I did not find evidence of reciprocity in their perceptions of relational dynamics or satisfaction at later time points. This outcome is surprising, as cofounder relationships are highly interdependent by definition (Harper, 2008; Knight et al., 2020) and reciprocity is fundamental to most theories of interpersonal relationships (Thibaut & Kelley, 1959).

There are several potential reasons for this unexpected finding. First, it may indicate that the sample of 152 directed dyads was insufficiently powered to accurately estimate the reciprocation effects (Tabachnick & Fidell, 2019). For instance, reciprocity between perceptions of psychological safety fell just below significance, and it may be that expanding the sample will improve the accuracy of these estimates to find evidence of reciprocity. I am currently in the process of adding another cohort of 96 entrepreneurs to the sample in a second data collection over six months for future analysis. A second alternative explanation is that cofounder relationships become less interdependent over time, as the relationship evolves to become more task oriented and less interpersonal. Research has distinguished cofounder relationships as unique from typical work or personal relationships (Ivanova et al., 2022). These relationships form for the purpose of launching a new venture, which is an extremely challenging task, heightened by high novelty and financial and professional stakes (Bird, 1989; Blatt, 2009). As co-owners of a fledgling venture, cofounders share a relationship not unlike that of two new parents (Cardon et al., 2005), whose "spousal" relationship may change drastically with the addition of a new venture "child." Thus, their focus and time may shift from working closely and interdependently together to dividing their responsibilities and working independently to meet the growing needs of the venture, such that their mutual influence over one another's perceptions may attenuate over time.

With this possibility in mind, the relationship between each respective cofounder and the burgeoning venture may become increasingly important over time. Hence, a third possible explanation for the above unexpected finding is that entrepreneurs' respective relationship and satisfaction with the venture may represent an omitted variable that has skewed the results of the present study. This notion that a founder's relationship focus shifts from their cofounder(s) to the venture contributes to recent conversations in the entrepreneurial teams literature that teams and their ventures develop in nonparallel ways (Patzelt et al., 2020). Additionally, this may lend insight into research on the importance of organizational identity among entrepreneurial team members (Domurath et al., 2020; Powell & Baker, 2017), implying that organizational identity may comprise complex and shifting within-team relationships between individuals and between individuals and the venture idea.

Despite the lack of reciprocity found between entrepreneurs' perceptions regarding dynamics and satisfaction, the ICCs of these variables demonstrate that it is important to account for non-independence and mutual influence within and between dyadic pairs in an entrepreneurial team. As Kenny et al. (2002) note, "[W]hen interdependence of individuals within groups is ignored, much of what is unique psychologically about interacting or working in groups is lost" (p. 129). Future research may seek to validate or further investigate these unexpected findings around reciprocity and determine through a longer longitudinal design if a lack of reciprocity is a harbinger of future cofounder breakup or simply an indication that cofounders have effectively delineated roles.

4.5.2 Practical Implications

This study offers important practical implications for entrepreneurs seeking cofounders and seeking to maintain quality cofounder relationships. The findings suggest that, though entrepreneurs are commonly attracted to familiar others as cofounders, the value of familiarity as a selection criterion depends on whether the entrepreneur can maintain a sense of fairness and psychological safety with their cofounder through the various ups and downs of starting a venture. This means that entrepreneurs should consider broadening their candidate pools beyond the limited number of close, personal connections, and instead seek ways in which they can test with a cofounder their ability

to comfortably address, resolve and learn from difficult issues and challenges. Investors may also consider psychological safety and equity justice as important evaluation metrics among cofounders rather than assuming that the relational capital that comes with familiarity in one context will extend to the novel context of cofounding a venture.

4.5.3 Limitations and Future Research Directions

This study has both strengths and limitations. Though our sample of founding teams engaging in the real-time development of growth-oriented tech ventures over the course of a 6-month period offers high ecological validity and the ability to test the causal effects of these mechanisms over time, I cannot claim causality from these findings without a more controlled experimental design. In addition, the sample size of 152 dyadic relationships among 97 individuals limited my ability to add additional control variables without sacrificing the statistical power or the analysis. Thus, there may be other variables beyond gender, experience, age, age dissimilarity, and ethnic and gender homophily that are influencing cofounders' relational dynamics and satisfaction with one another. Finally, because the sample comprises early-stage technology ventures that are all developing projects focused on mobilizing artificial intelligence and machine learning, the sample offered an attractive level of venture homogeneity for testing my hypotheses, yet results may not generalize to cofounding relationships in other types of ventures.

Future research may seek to increase the sample size to add control variables and examine outcomes at higher levels of analysis, including team effectiveness and new venture performance. Another fruitful line of research could examine interventions and other antecedents that may increase psychological safety and perceived equity justice among cofounders. Finally, investigating what predicts changes in these dynamics and satisfaction over time as well as comparing the relationships between other approaches to selection and satisfaction would also be a worthy contribution to this area of research.

4.6 Conclusion

Whether a high-familiarity person is a safe bet for a cofounder relationship is a difficult question for entrepreneurs who already face considerable uncertainty and novelty in pursuing an entrepreneurial venture. Yet, there has been little empirical evidence

regarding the consequences of these selection decisions on the cofounder relationships. This study's findings show that familiarity is not necessarily a *safe* bet as its relationship with satisfaction is inconsistent, but it does promote psychological *safety* and perceived equity justice, which in turn have positive relationships with cofounder satisfaction. As cofounder relationships can make or break a venture's chances of success, my hope is that these findings help entrepreneurs make more informed cofounder selection decisions and consider the importance of achieving psychological safety and equity justice among potential cofounders. Successful cofounding relationships are tested and made in this "messy middle" of interactions, unexpected challenges, and setbacks in pursuit of venture creation—a highly novel task where all bets are off.

Chapter 5

5 General Discussion and Conclusions

Choosing a cofounder is a crucial consideration for many entrepreneurs in the early stages of venture creation; yet the process of selecting and maintaining a quality cofounder relationship can be a significant challenge (Bird, 1989; Blatt, 2009). These challenges are posed by the multiple dimensions required of these unique relationships in the face of the highly uncertain and novel undertaking of launching a venture. Research in the area of entrepreneurial teams, which has focused mostly on how team-level characteristics affect venture-level outcomes such as performance and membership change (Bolzani et al., 2019; Jin et al., 2017; Klotz et al., 2014; Lazar et al., 2019), tells us little about how entrepreneurs can find reciprocal fit among one another to meet their unique personal, venture, and circumstantial needs within this relationship. In essence, past research offers limited theoretical insight into what predicts relationship quality among cofounders. Through multiple methods, sources of data, and modes of analysis, each of the three essays in this dissertation address this ongoing challenge of finding fit and subsequent satisfaction in a cofounder. In so doing, they provide critical insights into the formation and success of dyadic relationships within entrepreneurial teams, which is the fundamental unit of analysis in teams driving new venture creation.

Essay 1 (Chapter 2) offered a systematic review of current research on cofounder selection, going back 30 years to a pioneering decision-making model of team formation developed by Kamm and colleagues (Kamm et al., 1990; Kamm & Nurick, 1993). The review synthesizes findings and extant theory to update the model, revealing a highly complex and dynamic system of interrelated inputs. In developing propositions about how these two-sided selection decisions are made through different starting points and with consideration of sources, criteria, inducements, and detractors, I develop a systems view of cofounder selection that sets the stage for further examination into how individuals find fit with each other, the venture, their goals and outcomes, and the environment to collectively pursue entrepreneurship. The review identifies that research has overlooked the two-sided nature of cofounder selection, which requires examination of the individual and dyadic levels of analysis within entrepreneurial teams. The

predominant focus on team- and venture-level outcomes in the literature has resulted in theoretical misalignment and growing construct confusion. A systems view of cofounder selection offers a more integrative and comprehensive explanation of how entrepreneurial teams form and evolve.

Essay 2 (Chapter 3) builds on the updated model developed in Chapter 2's review, which reconceptualized different theoretical lenses of resource-seeking and interpersonal attraction as selection criteria, but also highlighted various other criteria noted in the literature outside of these categories. I sought to further examine the cognitive processes that guide entrepreneurs' cofounder selection decisions and understand how different combinations of criteria might relate to subsequent satisfaction. To do so, I conducted and analyzed interviews with entrepreneurs who had recently selected cofounders to abductively derive six dimensions of cofounder fit that entrepreneurs may or may not consider in the face of constraints: skills fit, resources, personal fit, familiarity, work fit, and venture fit. These dimensions broaden the narrow view of "formation strategies" as limited to resource-seeking, interpersonal attraction, or both, and account for how entrepreneurs may combine some criteria as must-haves and others as not important or nice-to-haves based on their unique personal and venture needs and constraints at the time of selection. Testing the conceptual model using fsQCA, I find there is no single necessary criterion in this regard, but certain configurations of criteria were consistently associated with high cofounder satisfaction. The findings therefore offer a typology of successful approaches to selection, supporting a systems view that predicts various routes to an outcome, in this case cofounder satisfaction. Post-hoc qualitative analysis offers insight into tradeoffs and reciprocity as key explanatory mechanisms.

Finally, Essay 3 (Chapter 4) examines one selection criterion that emerged as particularly polarizing among entrepreneurs interviewed in Essay 2—familiarity. More specifically, I examine how prioritizing familiarity in a cofounder impacts key dynamics between cofounders and their satisfaction over time. I test a relational theory of cofounder selection and satisfaction among a sample of 97 cofounders in a high-tech accelerator, representing 152 dyadic assessments of cofounders. Importantly, the model connects selection decisions with key intervening relational dynamics that in turn predict

cofounder satisfaction. The results show that perceptions of psychological safety mediate familiarity's relationship with satisfaction. While mediation is not supported for a second intervening relational dynamic, perceived equity justice, results confirm that familiarity does positively relate to perceptions of equity justice, which in turn has a positive and significant relationship with satisfaction. Further, building on evidence for mutual influence between cofounders in Essay 2, I formally test for reciprocity among cofounder pairs and find that the importance of familiarity was highly reciprocal among cofounders, but cofounder's perceptions of relational dynamics and satisfaction were not significantly predictive of each other's perceptions at later time points. I develop new theoretical directions in interpreting these unexpected findings.

I illustrate the combined insights of these studies are in a unifying model of cofounder selection and satisfaction, shown in Figure 25. This figure focuses on cofounder dyads and simplifies the starting conditions detailed in Essay 2 into four key questions that an entrepreneur may consider before proceeding into the selection process. These questions assess if they have sufficient interest and fit with the venture idea (if there is one), its potential, and the pursuit of an entrepreneurial venture in their current environment and measured against detractors. Assuming that each individual has a sufficient fit on these dimensions to outweigh detractors, they may move into an assessment of cofounder fit in order to determine if they will pursue a venture together. Upon mutual selection and through working together, the cofounders continuously evaluate the relationship (consciously or not), with emergent dynamics of psychological safety and equity justice influencing their satisfaction. This information feeds back into the system, informing whether they continue to select in (persist), make changes, or select out.

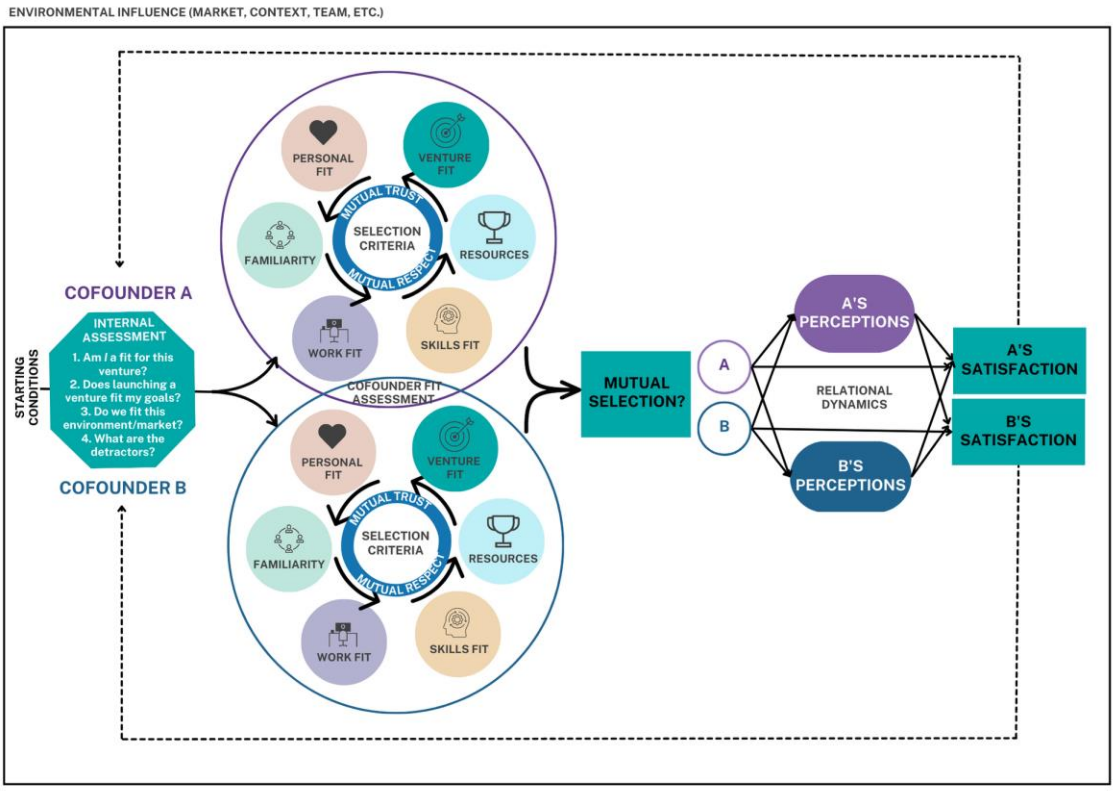

Figure 25: Unifying Model of Cofounder Selection and Satisfaction

5.1 Theoretical Contributions

As standalone studies and in conjunction, these three essays offer several contributions to the literatures on entrepreneurial teams and team formation, work relationships, and group dynamics. In their useful guide to making a theoretical contribution, Makadok et al. (2018) describe how there are various ways, or "levers," to make incremental theoretical contributions. With this dissertation, I contribute to theory incrementally in several ways. First, I contribute by asking a new research question about how entrepreneurs form and maintain quality cofounder relationships. This relational view brings to the field an important recognition that a first step in building successful ventures is often to build successful cofounder relationships, and such relational motivation is an important, yet overlooked driver of an entrepreneur's cofounder selection decisions. This leads to a second contribution of introducing a new construct, cofounder satisfaction,

which I theorize as an important relational outcome of cofounder selection for future examination.

The third contribution relates to the level of analysis. Cofounders comprise individuals coming together into dyads, a distinctly two-sided phenomenon; thus, I examine a previously overlooked level of analysis in the study of entrepreneurial teams, cofounder dyads. As such, I question the utility of resource-seeking theories, which address venture-level performance (Barney, 1991; Wernerfelt, 1984) as a causal mechanism predicting the formation of cofounder relationships. A resource-seeking approach to selecting cofounders assumes that entrepreneurs are seeking to maximize venture performance through their selection choices, which may not always be the intention nor a feasible strategy considering the many constraints and imperfect information facing entrepreneurs (Kamm & Nurick, 1993). Indeed, qualitative insights suggest a boundary condition of resource-seeking theories of entrepreneurial team formation, in that an entrepreneur's ability to enlist resources in a cofounder is often constrained by their own resource endowments. This boundary condition represents a fourth contribution to the literature, as resource-seeking theories may only be appropriate to explain successful formation when the entrepreneur themselves have high levels of resources to contribute.

Conversely, interpersonal attraction theories *do* predict dyadic tie formation, but they have been misapplied at the team level to predict venture performance. In exposing these underlying assumptions and inconsistencies and synthesizing a host of other mechanisms of cofounder selection through a systems lens, my fifth contribution relates to advancing theoretical understanding of the causal mechanisms that drive the formation of cofounder pairs. A systems view predicts that there are equifinal successful approaches to cofounder selection to fit different circumstances (Drazin & Van De Ven, 1985) and challenges the linear, one-best-way conception of team formation assumed in the literature.

Lastly, in light of evidence suggesting relational norms of reciprocity drive satisfaction, specifically with respect to mutual trust and respect, I import established constructs of psychological safety and organizational justice into this unique context and examine them dyadically to offer explanatory mechanisms between selection and satisfaction. In

addition to these collective contributions to theory, the theoretical contributions of each essay are summarized in Table 25.

Table 25: Theoretical Contributions

Essay Title	Prior research suggests…	This research suggests…
Essay 1: Cofounding the Future: A Systematic Review and Development of a Systems Theory of Cofounder Selection	Isolated mechanisms of resource-seeking (e.g. Kaiser & Müller, 2015), interpersonal attraction (e.g. Lazar et al., 2022), network (e.g. Zhang, 2010), effectuation (e.g. Haneberg, 2019), and institutional theories (e.g. Scheidgen, 2019) explain how entrepreneurs choose cofounders, though they predict different outcomes.	Multiple causal mechanisms can be integrated into a systems view of cofounder selection, which identifies new inputs, influences, and multilevel outcomes of interest regarding cofounder selection.
	Selection is predominately determined by a lead entrepreneur forming a team without recognition of varying perspectives, starting conditions, or constraints (e.g. Ruef et al., 2003).	Cofounder selection is a two-sided decision between individuals that unfolds differently based on four unique initiation points, influenced by unique starting conditions, constraints, and considerations from both decision-makers.
	Member entry and exit are common on entrepreneurial teams but mechanisms are unclear (Ucbasaran et al., 2003).	Selection and maintenance of cofounder relationships is a function of ongoing assessments of *cofounder fit*, *venture fit*, *motivation-outcome fit*, and *environmental fit* updated through feedback loops between elements of the system.
Essay 2: Selecting Well: Advancing A Systems View of Cofounder Fit	There is one best way to form a team to maximize new venture performance. (e.g. Lazar et al., 2022)	There is no "one best way" to select a cofounder, as different entrepreneurs prioritize different criteria to fit their unique personal, venture, and circumstantial needs, reflecting a systems view of cofounder fit.
	New venture performance is the focal outcome in examination of entrepreneurial team formation (e.g. Francis & Sandberg, 2000).	Cofounder satisfaction represents an important and more proximal outcome of selection as it addresses the efficacy of selection decisions and applies to the relevant unit of analysis, a dyadic relationship.
	Selection is a decision between prioritizing resource-seeking versus interpersonal attraction strategies, or in rare cases, a combination of both (e.g. Lazar et al., 2022).	Entrepreneurs consider any number of six key cofounder selection criteria including work fit and venture fit, which were previously unaccounted for in the literature and address key professional and motivational drivers of selection.
	An interpersonal attraction strategy involves seeking a familiar cofounder or someone who exhibits similarity on any one of an array of dimensions. A resource-seeking	Interpersonal attraction reflects separate underlying dimensions of personal fit and familiarity, and resource-seeking reflects underlying dimensions of skill complementarity and resources. These

	strategy involves seeking a cofounder who possesses one or more human capital resources or complementary skills (e.g. Lazar et al., 2022).	underlying dimensions employ differential fit vs. maximization mechanisms, and offer construct clarification.
	The more human capital an entrepreneur can recruit to the team, the better their venture will perform (e.g. Basu & Virick, 2015).	Entrepreneurs may only successfully seek in a cofounder a level of resources that they themselves can contribute, representing an important boundary condition of resource-seeking theories for explaining selection and subsequent venture success.
	A lead entrepreneur forms a team by applying a one-way, unilateral formation strategy (e.g. Ensley et al., 1999).	Norms of reciprocity regarding respect and trust between cofounders represent an important driver of selection and sustained satisfaction.
Essay 3: A Safe Bet? How Selecting High-Familiarity Cofounders Affects Dynamics and Satisfaction	Entrepreneurs seek cofounders in order to maximize new venture performance (e.g. Kaiser & Müller, 2015).	Entrepreneurs' relational motivations play a role in selection decisions. I find support for novel theorizing that selection decisions influence key relational dynamics, which in turn predict satisfaction between cofounders.
	The observed presence of previous personal relationships on an entrepreneurial team is sufficient evidence of an interpersonal attraction strategy (e.g. Lazar et al., 2022).	How important familiarity was to an entrepreneur when they selected their cofounder offers predictive utility over objective familiarity and clarifies intentionality from necessity. I develop a new multiplicative construct of familiarity importance that captures this level of intentionality.
	Existing teams' processes influence team satisfaction and venture-level performance (e.g. Breugst et al., 2015).	Selection decisions influence satisfaction among cofounders through intervening mechanisms of psychological safety and distributive justice.
	Members of close, personal relationships tend to influence one another's perceptions and behaviors (e.g. Thibaut & Kelley, 1959).	Cofounder relationships, which are uniquely task-oriented and multidimensional, may become less interdependent over time based on unexpected findings that cofounders' perceptions of relational dynamics and satisfaction were not significantly reciprocal at later time points.

5.2 Practical Contributions

This dissertation offers practical insight for any entrepreneur, educator, accelerator, incubator, or investor with an interest in successful cofounder relationships. First, the integrated system of inputs, influences, and outcomes of cofounder selection that

emerged in Chapter 2 offers entrepreneurs insight into the factors that may influence their selection decisions, and the interrelationships between them. For example, a lead entrepreneur might recognize that their motivations or purpose toward pursuing entrepreneurship sets off a cascading set of considerations. If they seek to perhaps scale and exit a venture, they will likely need to pursue a high-potential, complex tech concept, and this will interrelate with the selection criteria they might prioritize in a cofounder, such as development skills or technical expertise. In needing such sought-after, high-demand criteria, the entrepreneur may recognize that they will need to offer more attractive inducements, such as high equity, CTO title, etc. as potential candidates have their own set of motivations, criteria, and detractors for cofounding (such as a high-paying job). All of these elements, along with any contextual or network constraints, may influence the sources the entrepreneur might draw from. Finally, they would be well-advised to seek candidates that have fit with them, their venture, their outcomes of interest, and the environment, and continuously revisit these dimensions of fit, and made adjustments as needed in order to sustain the relationship over time. The propositions for each of the four different initiation points of selection – lead entrepreneur, existing team, group-first and co-creation, offer useful predictions of what influences their chances of successful selection in light of their constraints, which may help guide an entrepreneur's priorities and success through the process.

Second, the model developed in Chapter 3 offers a menu of criteria for selecting cofounders, and the results of configurational analysis provide some useful recipes that are associated with satisfaction, which entrepreneurs may want to consider when seeking a cofounder. Entrepreneurs can also learn from the findings that over-indexing on one fit dimension, particularly skills or resources, and neglecting venture and work fit, can be a recipe for dissatisfaction.

Finally, Chapter 4 offers practical insights for both entrepreneurs selecting cofounders and investors selecting viable founding teams. The results demonstrate the limitations of familiarity as a selection criterion and suggests that entrepreneurs instead seek out cofounder candidates with whom they have a high level of psychological safety. This finding offers hope that entrepreneurs who are looking for cofounders through online

hubs or match-making websites can achieve relationship success with a cofounder despite having low familiarity, as long as they have alternative means of developing psychological safety with the candidate. Investors may also recognize that psychological safety is a more useful indicator of viable cofounder relationships that familiarity. The practical contributions of each essay are summarized in Table 26.

Table 26: Practical Contributions

Essay Title	Practical contributions
Essay 1: Cofounding the Future: A Systematic Review and Development of a Systems Theory of Cofounder Selection	The integrated system of inputs, influences, and outcomes of cofounder selection offer entrepreneurs insight into interrelationships that influence their selection decisions.
	Whether by a lead entrepreneur, an existing team, a group without an idea, or through an act of co-creation, the starting conditions of selection matter, and dictate what predicts successful selection. For instance, a lead entrepreneur may be more or less selective, seek candidates from a broader or narrower set of sources and offer more or less equity depending on their human capital, the potential of their idea, and their venture goals. Without a venture idea, a group-first entrepreneur's objective may be to learn rather than scale, and thus select solely based on recognition of this shared goal in another. Understanding the starting conditions can help entrepreneurs and institutions supporting them to be more successful in securing a cofounder.
	Entrepreneurs and institutions supporting entrepreneurs may use the proposed theoretical framework of selection, which involves four fit dimensions—cofounder fit, venture fit, motivation-outcome fit, and environmental fit—as a pre-selection tool to help refine priorities and constraints. Additionally, it can be used as a post-selection diagnostic tool to identify areas of misalignment and to predict when changes in the team or the venture are expected or needed.
Essay 2: Selecting Well: Advancing A Systems View of Cofounder Fit	The conceptual model offers a menu of selection criteria associated with cofounder satisfaction that entrepreneurs may consider, weigh, and prioritize when seeking a cofounder. Recognizing they may not be able to have it all, entrepreneurs may select their "must-have" criteria and try to de-risk the tradeoffs.
	The findings warn of the potential hazards of over-indexing on one fit dimension, particularly skills and resources, and neglecting venture and work fit. Entrepreneurs may seek to test work fit through a trial period of working together and find a venture fit by seeking cofounders who share their passion and commitment for the specific problem they are addressing with the venture.
	Entrepreneurs may benefit from using the model systematically as a selection rubric for meaningful comparison when deciding between cofounder candidates; this may be especially useful for those connecting to candidates through online matchmaking hubs, which represent a large pool of potential cofounder candidates but pose challenges to filtering and assessing all the important aspects of fit with low-familiarity cofounder candidates.
	Based on my findings, accelerators, incubators, and educational programs that seek to match up cofounders may seek to pre-select participants with comparable credentials, aligned goals, and conviction around similar venture ideas or problem spaces to help streamline the fit-finding process.

	Accelerators, incubators, and educational programs that seek to match up cofounders might consider building in opportunities for entrepreneurs to assess work compatibility and develop reciprocal trust and respect with potential candidates.
Essay 3: A Safe Bet? How Selecting High-Familiarity Cofounders Affects Dynamics and Satisfaction	As satisfaction with a highly familiar cofounder depended on the entrepreneur's perceptions of psychological safety with the cofounder, entrepreneurs should not limit their cofounder candidate pool to close personal connections, but instead focus on finding a cofounder with whom they have a high level of psychological safety. Investors may also seek signals of psychological safety as more useful indicators of viable cofounder relationships than familiarity.
	Findings point to the importance of perceived equity justice for cofounder satisfaction, which suggests that transparent discussions about fairness and frequent check-ins regarding perceptions of equity fairness over time may improve the functioning of cofounder relationships.

5.3 Limitations

Certain limitations of this research should be noted. First, Essays 2 and 3 are exploratory in nature and come with the typical limitations of exploratory research: they are built upon relatively small samples, set in a single setting (a competitive founder development program in North America), and use newly developed and adapted scales that require future validation. Though the single setting may yield limited generalizability, the growing number of high-tech accelerators and incubators in North America represent hubs of entrepreneurial activity and influential agents in the formation of entrepreneurial teams. Thus, the specificity of this research may be particularly useful to help foster successful cofounder relationships in this high-impact setting.

In addition, the fsQCA methods used in Essay 2 do not allow for control variables including participants' background characteristics. Additionally, Essay 2 did not capture both sides of the selection decision, collecting a unidirectional assessment of criteria and satisfaction ratings from individual entrepreneurs. I sought to improve upon these limitations in Essay 3 by focusing on one key selection criterion with a larger sample, capturing both cofounders' perceptions of the variables of interest, and using a dyadic method that controls for their relational variance and also allows for control variables. Both Essays 2 and 3 rely on retrospective accounts that may suffer from recall bias. Lastly, some cofounders in my sample for Essay 3 parted ways during the study.

Unfortunately, it was too small a number to make breakup a meaningful outcome variable; however, I have captured various details about the nature of their breakup through interviews for use in future research.

5.4 Future Research

Taken together, the above contributions to theory and practice help resolve some prior conundrums and pave new avenues for future research. One primary avenue of focus involves the validation and further development of the scales employed to measure key constructs, such as cofounder satisfaction, skills fit, personal fit, work fit, venture fit, resources, the multiplicative construct of familiarity importance, and the relational dynamics of perceived equity justice and psychological safety among entrepreneurial cofounders. Qualitative interviews in Essay 2 hinted that some of the underlying dimensions, such as values alignment and venture commitment, took on different meanings for different entrepreneurs. Thus, developing a deeper understanding of the cognitive evaluation of these dimensions may also offer an important contribution.

Essay 2's configurational analysis identified five typologies consistently associated with satisfaction in successful selection approaches. These initial typologies also warrant replication studies using larger samples and in various contexts to validate them for future use as selection approaches or "strategies." Such efforts will facilitate assessments of differential outcomes of these approaches when applied among similar types of ventures and settings. A compelling sampling frame for future work may lie in the growing number of entrepreneurs seeking cofounders through online matchmaking sites like CoFoundersLab, which touts more than 650,000 users worldwide,[5] and an increasing number of job listings[6] on LinkedIn for cofounders, recognizing that these users are less concerned with familiarity as a criterion.

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[5] Source: https://cofounderslab.com/, homepage, accessed April 21, 2023.

[6] A search for jobs with the title "co-founder" or "chief executive officer" in the United States at LinkedIn.com/jobs/search revealed 281 results on April 21, 2023.

As noted in Essay 1, I found that very little research has addressed the two-sided nature of cofounder decision-making and the perspective of the candidates. In Essay 3, I examined both sides of the selection decision ex-post, but future work could follow entrepreneurs who are in the process of selection in real time to avoid retrospective bias and gain the perspective of both the entrepreneur and the candidates they consider, including those who were and were *not* willing to partner. Qualitative interviews in Essay 2 hinted that the entrepreneur's peripheral relationships such as those with romantic partners, parents, or other important others may have bearing on the selection and maintenance of cofounder relationships, as balancing simultaneous close personal relationships can pose a challenge for entrepreneurs; this may represent a compelling area of future research.

The field would also benefit from the examination of other meaningful outcomes of selection beyond cofounder satisfaction that may influence an entrepreneur's willingness to persevere in the early days of a venture. Selection decisions may strongly impact other important dynamics within entrepreneurial teams, such as cohesion (Chen et al., 2017; Ensley et al., 2002), conflict (Breugst & Shepherd, 2017; Chen et al., 2017; Khan, Breitenecker, & Schwarz, 2015; Khan, Breitenecker, Gustafsson et al., 2015), trust (Chen & Wang, 2008), and reaching key venture milestones (Muñoz-Bullón et al., 2020). Additionally, future work may also seek to link selection decisions with negative outcomes, such as dissatisfaction, breakup, or venture dissolution. Research on cofounder breakups may bring much-needed theoretical and practical clarity regarding team member exit, as extant research in this area offers unclear implications (Gregori & Parastuty, 2020).

In light of the positive relationships found between psychological safety and perceived equity justice and satisfaction, respectively, another fruitful avenue of research could further investigate how psychological safety and equity justice perceptions can be achieved among cofounders. Experimental designs could compare a control group with a treatment group that receives certain interventions designed to foster these positive dynamics, such as regular meetings for giving and receiving feedback, and requirements

to engage in more detailed levels of contracting and expectation-setting between cofounders when determining equity stakes.

Finally, the three essays in this thesis lay the groundwork for new theoretical perspectives that may further illuminate the complex and somewhat paradoxical interpersonal and economic needs of cofounder relationships (Blatt, 2009; Ruef et al., 2003). As the formation and maintenance of cofounder relationships can pose a unique challenge for entrepreneurs, building enduring, quality relationships may indeed become a valuable, rare and inimitable resource for new ventures (Barney, 1991). These relationships exist within broader, interconnected systems and fall somewhere in the middle of the Venn diagram between close personal, coworker, and strategic alliance relationships. Therefore, how entrepreneurs develop and sustain relational resources in founding teams uncovers a new and exciting area of research.

5.5 Concluding Remarks

Entrepreneurs are often celebrated as individuals with super-human abilities to defy the overwhelming odds of failure that new ventures face. However, based on this research and my own experience launching a venture, I believe that the power of quality relationships is an important and often overlooked aspect of what emboldens entrepreneurs to pursue and persevere along such a perilous path. While not all entrepreneurs form ventures through a collective of cofounders, for many, building these relationships is the first and crucial step toward building a successful venture. My goal with this research was to better address the relational complexity within entrepreneurial teams, developing and testing theory around a relational view of entrepreneurship and offering practical insights for entrepreneurs navigating these crucial and often challenging relationships. As famous relationship expert Esther Perel wisely said, “The quality of our relationships determines the quality of our lives” (Perel, 2021). The same may be true for entrepreneurs and their ventures. I hope this research will inspire future exploration into how entrepreneurs come together and succeed together in the pursuit of new venture creation.

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Appendices

Appendix A: Summary of Included Papers, Chapter 2

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Aldrich & Kim (2007)	Strategic Entrepreneurship Journal	N/A	Conceptual	Theory development	Some analysis of previous studies examining the PSED	N/A	N/A	Offers network theory as an explanation for team formation, noting interpersonal attraction and instrumental resource-seeking can coexist. Offers three different network approaches – random (impersonal search), small-world (strong ties within local clusters), and truncated scale-free (through referral), noting most teams form through a small-world approach.	Team/Network
Balkin & Swift (2006)	Human Resource Management Review	Technology-intensive markets	Conceptual	N/A	N/A	N/A	N/A	High-tech ventures need talent but face compensation difficulties. Founding team members who are perceived to contribute equally to a new venture's key resource issues and uncertainties will receive equal amounts of equity. When there are significant differences, equity will be relative to their contributions.	Individual
Basu & Virick (2015)	South Asian Journal of Global Business Research	Immigrant high-tech entrepreneurs in Silicon Valley	Empirical	Path model	78 Indian immigrant entrepreneurs	Prior startup experience Social capital (active network participation)	Cofounder presence Venture growth/performance	Entrepreneurs with prior startup experience participate more actively in diasporic networks, and this is positively related to the likelihood of having a cofounding partner.	Individual / Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Bodolica & Spraggon (2015)	Management Decision	Female-owned venture in UAE	Empirical	Qualitative (Case study)	1 venture (2 cofounders)	N/A	N/A	A case of a cofounder pair that met through a friend, and co-created a venture based on environmental factors (recession), personal factors (struggling businesses), and the situational context (UAE - a culture that does not support female empowerment), recognizing a network of female entrepreneurs as a useful solution for other women too. They found their partnership strengthened by personality and skill complementarity and the support of spouses and house helpers.	Individual / Venture
Boss et al. (2021)	Organization Science	Academic course	Empirical	Field experiment	939 students	Choose team members Choose project ideas Choose both Choose neither	Novelty Feasibility Market potential Success potential, Invitation probability Investment	In a randomized experiment teams with autonomy to select their venture idea but not their team had the highest performance and "Choose neither" was the lowest. Post-hoc analysis suggests fit between the venture idea and members' interests/skills explains performance gains in "Choose idea" teams. Autonomy over team choice and the venture idea are not complementary but detract from one another. In both "choose team" conditions, homophily is present but did not influence performance. Having prior ties did influence performance in these conditions.	Team/ Venture
Brinckmann & Hoegl (2011)	Strategic Entrepreneurship Journal	Germany	Empirical	Regression	212 new technology-based firms in Germany	Initial teamwork capability Relational capability	Team member additions Employee additions Sales growth	Relational capabilities lead to founding team member additions and sales and employment growth. Teamwork capabilities reduce the likelihood of adding cofounders and do not affect sales and employment growth.	Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Cachon (1990)	Journal of Small Business and Entrepreneurship	Canada	Empirical	Qualitative	39 team-member entrepreneurs	N/A	N/A	Teams form differently, usually without careful planning. Derived four categories - Husband/wife, family, partners (not related), and short-term partners (those who broke up). In those that broke up, there was a lack of a common goal Those without family relations were more prone to breakup	Team
Cardon et al. (2017)	Academy of Management Review	N/A	Conceptual	Proposition development	N/A	Polyfocal/ Monofocal team entrepreneurial passion (TEP) Team passion diversity Focus variety Member entry/exit	Team venture performance Member entry/exit	TEP shapes new venture team (NVT) members' exits and entries, which in turn influences team passion diversity. The quality of NVT processes and team performance will influence individual team members' behaviors (e.g., entries and exits) and individual entrepreneurial passions, which will, in turn, shape NVT passion diversity.	Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Chandler et al. (2005)	Journal of Business Venturing	Sweden	Empirical	Longitudinal and cross-sectional survey	Panel study: 408 emerging ventures Cross-sectional study: 124 new ventures	Number of startup team members Venture stage of development Environmental dynamism Team heterogeneity Team members addition/departure Controls: industry	Performance Turnover Member entry	Larger team size brought more additions in early-stage, more departures in later stage. Environmental dynamism led to additions. Additions in early stage had negative impact on performance. Initial team heterogeneity is positively linked to the probability of changes in the assembly of startup teams.	Team/Venture
Clarysse & Moray (2004)	Journal of Business Venturing	Academic spinout	Empirical	Qualitative (Longitudinal case study)	1 research spin-off	N/A	N/A	External shocks facilitated the internal reorganization of the company. Lead entrepreneur/champion plays an essential and valuable role in creating the new venture. Internal members should be developed instead of outside CEO. Entrepreneurial team formation evolves through the alternation of periods of equilibrium—in which underlying structures permit only incremental change—and periods of revolution—in which these underlying structures are fundamentally altered.	Team/Venture

Denicolai et al. (2015)	Journal of International Entrepreneurship	Small firms (less than 50 employees) in Lombardy, Italy	Empirical	Mixed (Survey, cluster analysis)	302 small business respondents	The number of founders Family members Entrepreneur(s) age Education of founder(s) Background of founder(s) Current first occupation Prior occupation as entrepreneur Prior occupation as employees Team Background Same industry Diverse industries First generation companies (% of firms)	Export intensity & export scope R&D intensity & 4 types of innovation (e.g., radical, process and organizational innovation, innovative solutions) Performance evaluation	Clusters found: *Freshman/Family*: Inexperienced family firms, focused on development and exploitation of new products, mainly domestically. The growth strategy is weak or ambiguous. *Self-made man/Solo:* Older, solo founders with prior experience in diverse industries and entrepreneurship. Pursues both product- and process-based innovation, with some internationalization *Smart entrepreneurs/Team*: Teams composed 3-4 founders with high education, global, innovative and bigger ventures compared to the other two clusters. Frequently operate in the IT sector.	Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
D'hont et al. (2016)	Journal of Small Business and Enterprise Development	Friend teams in France	Empirical	Qualitative	10 business founders from 7 micro-enterprises and small businesses	N/A	N/A	The strength of pre-existing friendship ties interrelates with the business idea and initial motivations to set up a business. Four types of entrepreneurial teams emerge according to strength of ties and logics of separation vs. fusion among team members. This influences the opportunity, how they approached future hiring decisions, and whether they sought outside investment.	Dyad/Team
Discua Cruz et al. (2013)	Entrepreneurship Theory & Practice	Family firms in Honduras	Empirical	Qualitative (Multiple case study)	7 family entrepreneurial teams (FET)	N/A	N/A	"Shared vision of entrepreneurial stewardship" and "trust" are key criteria for including or excluding family members as cofounders. Business may diversify with younger generation's interests. Emphasizes social capital, noting collectivist culture.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Edmond & Brannon (2016)	Academy of Entrepreneurship Journal	CPA conference In US	Empirical	Conjoint analysis	116 Certified Public Accountants (CPAs)	High/low ability High/low benevolence High/low integrity High/low familiarity Moderators: propensity to trust, education, race, gender, previous experience selecting a cofounder, industry experience	Likelihood that the respondent will choose a potential founding team member	When choosing a new venture partner as a CPA, some criteria are prioritized - integrity was most important, followed by ability, benevolence and familiarity was the lowest. Individual-level characteristics, such as education, previous experience, and propensity to trust, moderate this relationship. Education and experience made participants more selective.	Individual

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Ensley et al. (1999)	International Journal of Management	*Inc*. magazine profiled ventures	Empirical	Qualitative	8 firms	N/A	N/A	5 of 8 teams had a lead entrepreneur as sole equity owner, questioning the definition that cofounders must have equity. Complexity of the business concept drove the need for cofounders, and skills dictated a member's involvement. Social networks were most often mentioned as sources of venture capital and/or business partners; family ties alluded to in the context of family continuing the operation of the business. One lead visionary was typically making major decisions.	Team
Forbes et al. (2006)	Entrepreneurship Theory and Practice	University spinouts	Conceptual/ Empirical	Qualitative	Members of 3 entrepreneurial teams of university spinout companies	N/A	New member entry	Addresses new member entry, reviewing two theories of team formation - interpersonal attraction and resource dependence - though not mutually exclusive. No single explanation is likely to be complete. Discusses factors that may improve selection, such as social capital and transactive memory systems and implications such as cohesion changes and team effectiveness New member addition comprises identification and selection, and does not occur at a single point in time. Different team members cite different motivations for adding a member – theory should address this. The timing and sequence of addition may be a fruitful area of investigation.	Team
Forsström-Tuominen et al. (2017)	Journal of Enterprising Culture	High-tech ventures in Finland	Empirical	Qualitative (Multiple case study)	18 interviews	N/A	N/A	Examples of team entrepreneurship (TE) by a lead entrepreneur, group approach and an intermingling of team and idea. Describes motivations and criteria such as a collective desire, collective value orientation, collective demand, and collective encouragement to TE.	Individual / Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Francis & Sandberg (2000)	Entrepreneurship Theory & Practice	N/A	Conceptual	Proposition development	N/A	N/A	N/A	Propose that teams with higher levels of friendship will achieve completeness faster, rely less on explicit written contracts, involve greater personal asset investment, have more effective decision-making, have greater participation by individual team members, experience more cognitive than affective conflict, and increase performance and survival.	Team/Venture
Garrone et al. (2018)	Technology Analysis & Strategic Management	Italian high-tech entrepreneurial business ventures	Empirical	Multivariate/ univariate methods	195 founders from RITA dataset	Sector (clean tech vs internet)	Number of founders Technical/Business education Specific technical/commercial experience Generic technical/commercial experience Dissimilarity in education/specific experience/generic experience Complementarity in education/specific experience/generic experience	Cleantech had higher instance of cofounders with complementary skills than the Internet-based sector, indicating that technological and scientific complexity is a factor that informs cofounder selection criteria and may deter the draw of homophily.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Godwin et al. (2006)	Entrepreneurship Theory & Practice	N/A	Conceptual	Proposition development	N/A	Gender composition	Venture legitimacy	Men are currently a requisite resource for women in venture formation, while women remain an optional resource for men in male-dominated societal and industry contexts.	Venture
Hancock et al. (2020)	Journal of Evolutionary Studies in Business	None mentioned	Empirical	Logit model	130 respondents	Entrepreneur's experience Education Social adaptability Social perception Extrinsic motivation Controls: first-time entrepreneur, age, gender	The entrepreneur's decision to cofound or go solo	Previous experience holds the greatest significance on the decision taken by entrepreneurs to 'go it alone', while entrepreneurs with higher social competence and extrinsic motivation were more likely work collaboratively.	Individual
Haneberg (2019)	The Learning Organization	Early-phase ventures involved in an extracurricular entrepreneurship initiative at a Norwegian university	Empirical	Qualitative (Longitudinal, multiple case study)	5 ventures	N/A	N/A	Entrepreneurial learning and effectual processes are dependent upon their contextual surroundings and highly dynamic (flexible/adaptive/emerging). Learning events catalyzed recruitment of additional cofounders, through sources ranging from match-making event (impersonal) and direct network ties. Three instances of failed cofounder recruitment, which authors credit to lack of available salaries and the limited access to other resources. Four of five teams disbanded.	Team/Learning events

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Harper (2008)	Journal of Business Venturing	N/A	Conceptual	Theory development	N/A	N/A	N/A	The presence of the following conditions is conducive to the endogenous formation of entrepreneurial teams. (1) An acceptable level of structural uncertainty (2) Interpersonal decisions to cooperate with one another (trust) (3) Common interests of the individuals, sometimes in the form of a joint act of discovery	Team
Hart (2014)	International Entrepreneurship and Management Journal	High-tech, high-impact companies between 2002–2006 in the US	Empirical	Mixed methods	205 companies; 261 foreign-born entrepreneurs	Cultural distance Composition (foreign born, white, minority, etc.)	Forming team Performance	Foreign-born entrepreneurs weren't more likely to form teams. "Outsiders" are more likely to team up with outsiders (e.g., foreign-born with minorities and females). Foreign-born founders from regions culturally closer to the U.S. are more likely to team up with white, native-born cofounders. Teams performed better than individuals and nationality diversity increased performance.	Individual / Team/Venture
Healey et al. (2021)	Journal of Business Venturing	N/A	Empirical	Computational modeling	N/A	Cognitive distance Learning resources Lead evaluator (random, expert, central) Team formation (homophily, heterophily, hybrid)	Team performance	The type of lead entrepreneur appointed (expert, random or centrally knowledgeable), whether the team forms before or after the opportunity is evaluated, and the team formation strategy (heterophilous or homophilous) and the learning resources expended all influence opportunity evaluation and subsequent performance. Teams led by entrepreneurs who are cognitively central in their network are more likely to be effective at evaluating opportunities overall. The effectiveness of homophily and heterophily selection approaches depends on the sequence.	Individual / Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Held et al. (2018)	Small Business Economics	Startups in Germany and the USA	Empirical	Optimal matching and clustering techniques	344 startups	Labor market rigidity Innovativeness of a venture's business idea Product vs. Service Controls: industry(ICT industry vs. alternative energy industry), venture type (independent vs. spin-off), venture registration year(venture registered year (year of well-being vs. economic crisis)	Team formation approaches taken toward founder, employee, and service provider involvement	Different conditions lead to 7 systematically different approaches to team formation, thus no "one best way" to do it. Labor market rigidity, industry and how innovative the business concept is impacts whether cofounders are necessary; on a full or part-time basis and when to add them.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Hellmann & Wasserman (2017)	Management Science	North American technology startups	Empirical	Quantitative	1,367 companies, consisting of 3,782 founders	Teams that are composed of family members, Allocation of founder equity Speed with which founding teams negotiate their agreements Symmetry of contributions	Whether they raise funds from outside investors in general, and also venture capitalists more specifically	Family teams are more likely to negotiate quickly, more likely to agree to an equal split, and less likely to raise outside funding. Equal splitting is not causally related to performance, and driven by selection effects. Founders with unequal resource contributions and more experienced teams are less likely to split equally. Larger teams take longer to reach a deal, and less likely to split equally. Managerial experience and higher founder capital is associated with lower probability of outside investments.	Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Huber et al. (2020)	Journal of Economic Behavior & Organization	Entrepreneurship education program in the Netherlands	Empirical	Field experiment	112 teams, covering 641 pupils aged 11 or 12	Individually Balanced (IB) teams Individually Unbalanced Math (IU-M) teams Individually Unbalanced Verbal (IU-V) teams Individually Unbalanced Mixed (IU) teams	Value of own shares Normalized team rank Money won in the tournament	In a randomized experiment, IB teams performed significantly better than IU teams, showing that within-person skill balance is better than within-team, in an educational program.	Team/Venture
Iacobucci & Rosa (2010)	Entrepreneurship Theory & Practice	Portfolio entrepreneurs In Italy	Empirical	Qualitative (Case study)	14 small- and medium-sized manufacturing groups	N/A	N/A	Habitual entrepreneurs tend to most commonly draw from existing employees to cofound new ventures. Trust is frequently mentioned as a requirement for being chosen, but selection is also strategic to avoid defection of top employees.	Team/Business group

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Kagan et al. (2020)	Management Science	Simulation	Empirical	Lab experiment	354 undergraduate and graduate students	Type of contract Timing of contract	Effort investment	In the case of upfront contracting (with no prior experience together), an equal split was associated with 50% less value generation than those with unequal splits. Delaying contracting reduced the value-effort gap by 60%, but other types were still better at driving effort and value generation. Low contributors are associated with having high betrayal aversion.	Individual / Team
Kaiser & Müller (2015)	Small Business Economics	Startups in Denmark	Empirical	Quantitative	1614 teams taken from Statistics Denmark data on all startups in a given year (1998)	Industry sector Age of team members Education of team members New member entry	Heterogeneity of team's age, education, prior wages	Observed team heterogeneity in education, prior wages and age is significantly lower compared to the benchmark (randomly assigned teams), but increases as members are added. Firms from knowledge-intensive sectors have more heterogeneous teams compared to other sectors in education and prior wages, but less heterogeneous in terms of age.	Team
Kamm et al. (1990)	Entrepreneurship Theory and Practice	N/A	Conceptual	Proposition development	N/A	N/A	N/A	Cofounder selection decision-making process is a key factor that deserves to be studied, best represented in stages. Establishes ent. team definition and lead vs. group approach Describes the problem-solving process between partners selected and business concept as what turns an informal social group into an ent. team - this is a recursive process.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Kamm & Nurick (1993)	Entrepreneurship Theory and Practice	N/A	Conceptual	Framework development	N/A	N/A	N/A	Model refinement & research agenda for ent.team formation Sources: People tend to seek close ties, but some choose to go beyond social circles. Criteria: People are drawn to others who have similar beliefs and interests. It can also reduce of anxiety and stress. Inducements: Equity, intrinsic or strategic rewards Group maintenance does not necessarily mean that all members are retained: team disbands, solo founder remains, founding team's membership changes.	Team

Kotha & George (2012)	Journal of Business Venturing	USA	Empirical	Fractional logit & Binomial poisson model	611 entrepreneurs from the PSED	Proportion of family ties, professional ties and strangers before startup in the helper network industry experience Previous startup experience Controls: race, gender, general human capital, proportion of institutional members, legal form, and group diversity, side payments, industries nascent venture age, proportion of helpers	Equity retained by focal entrepreneur Selective distribution The count of professional Personal resources mobilized	Entrepreneurs with specific human capital in the industry of the startup and prior startup experience are able to retain more equity, and be more selective with the equity distribution to their helpers. Number of family ties in the helper group decreases owner equity and lowers likelihood of selective distribution of equity.	Individual

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
						with equity, debt to equity, dynamism			
Kuckertz (2021)	International Small Business Journal	Innovative startups in Europe & North America	Empirical	Logistic model	889 startups	Sex Team or solo Prior ent. experience Controls: severity of illness in region, industry	Launch	In-pandemic startups are characterized by fewer teams, more habitual entrepreneurs that go solo than prior to pandemic. Certain industries flourished—internet services, payments, content and publishing	Individual / Venture
Kumar & Ali (2010)	Journal of Small Business and Enterprise Development	Agri-seed ventures in India	Empirical	Qualitative	40 entrepreneurs representing 31 seed companies	N/A	N/A	Governmental support of agri-seed spawned startup emergence. Entrepreneurs who pursued cofounders sought to share risk, gain financial resources and didn't have a family helper who was willing to/could sufficiently perform needed tasks. The lead entrepreneurs' ability to build an entrepreneurial team with complementary skills, knowledge and experience was a critical success factor in this industry.	Individual / Venture

Lazar et al. (2021)	Academy of Management Journal	1. Kickstarter 2. Tech-focused startup competition in Israel 3. Entrep. course in university	Empirical	Field studies	Study 1: 206 venture teams Study 2: 242 pre-seed venture teams Study 3: 94 teams (undergrad and online MBA)	Formation strategy (resource-seeking, interpersonal attraction, dual) Mediator: transactive memory systems (TMS)	1. Funding amount (Kickstarter) 2. Survival in competition/Passing each round 3. Venture profits	Study 1: Teams formed based on resource-seeking alone were more successful in raising funds than those formed based on interpersonal attraction alone. Study 2: While teams formed using a dual strategy had the lowest incidence, they were much more likely to be successful in the competition. Teams with dual strategy had higher TMS, and higher TMS was associated with a greater likelihood of passing the semi-finals. Study 3: Higher interpersonal attraction led to stronger transactive memory systems only when resource-seeking was also high. TMS predicted higher profits.	Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Leung et al. (2006)	Journal of Business Venturing	Singapore	Empirical	Qualitative (Multiple case study)	10 startups in Singaporean	N/A	N/A	Liabilities of newness and smallness are the key environmental constraints facing startups forming teams. At startup phase, selection was based more on similarity and in growth, more on complementarity. There was a tendency towards strong ties for both phases	Team
Lim & Suh (2019)	Small Business Economics	USA	Empirical	Multinomial logistic model	570 nascent businesses with revenue in the PSED	Sex Controls: marital status, household size, race, age, educational backgrounds, financial resources, industrial experience, managerial experience, social capital, cultural capital	Ownership type (solo, family-only, non-family or a mixed enterprise) Firm performance	Female entrepreneurs are more likely to open either a solo enterprise or a family enterprise relative to males, moderated by social capital, mentorship, or leadership experience. Self-confident men are more likely to form a business alone. Being a female entrepreneur is negatively related to recruiting a previous co-worker as a co-founder. Experienced entrepreneurs are more likely to recruit a non-family member in forming an entrepreneurial team. The entrepreneur's previous work experience in the industry where one opens a business is positively related to founding a mixed enterprise rather than a non-family enterprise. Whites are significantly less likely to open a solo business, while Blacks and Hispanics are more likely to do so. Black entrepreneurs are less likely to form a family business than those in the other race category. Entrepreneurs with college or graduate education are more likely to form an entrepreneurial team with non-family members rather than a solo or a family enterprise.	Individual / Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Loane et al. (2007)	Journal of World Business	Born-global firms across four countries	Empirical	Qualitative	143 rapid internationalizing firms, Interviews with 53 firms	N/A	N/A	The most common formation context among rapid internationalizing firms was corporate spinout. The vast majority of firms were group-first. Founding team had significant prior overseas experience. Higher technological complexity and greater R&D demanded team formation. Team diversity increased in response to the changing needs of the firm not for the sake of heterogeneity, but to fill skills need/gap.	Team
Lundqvist (2014)	Technovation	University incubators in Sweden	Empirical	Mixed methods	170 technology ventures	Surrogate Non-surrogate	Performance (revenue)	Teams with surrogates perform better than those with non-surrogates, especially in the Information Technology sector and when academic surrogates are chosen. Appointing surrogate entrepreneurs co-vary with other entrepreneurial team formation interventions (e.g., board formation, board participation, team building) Younger academic surrogates were able to "contribute notably to the genetic structure," and thus the direction of ventures.	Team/Venture
Matlay & Westhead (2005)	International Small Business Journal	Virtual teams in European Tourism and Hospitality Industry	Empirical	Qualitative (Longitudinal interviews)	15 case studies	N/A	N/A	Cofounder selection is not always geographically bound. The main trigger for virtual teams was perceived opportunities created by new markets in Europe. Key differences selection for high-growth vs. lifestyle businesses.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Mejdalani & Gonçalves (2022)	Science and Public Policy	Brazilian coinventorship network	Empirical	Estimating the propensity of tie formation between nodes and the hierarchical dominance indicator	17,805 collaborations among 87,322 patents and 60,371 inventors from 2000 to 2011 Brazilian IP data	Geographic proximity Centrality difference Educational level difference Educational level average Same gender Same business Same employer Connection between university & company	Tie formation in the network	Closeness centrality (average) is directly associated with tie formation in the network. Closeness centrality (difference) and educational level (difference) are negatively related to tie formation in the network. The likelihood of collaborating increases if the inventors work for the same company and in the same sector of economic activity. Connections between university and company increase the likelihood of collaboration.	Dyad
Mitteness et al. (2013)	Journal of Small Business Strategy	N/A	Conceptual	Proposition development	N/A	NVT prestige Advisory board prestige Novelty of idea Commitment of board/team	Cognitive legitimacy	New venture team (NVT)/advisory board prestige relates positively to stakeholders' perceptions of the emerging organization's cognitive legitimacy. The novelty of venture idea moderates the relationship between prestige (both NVT and advisory board) and cognitive legitimacy.	Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Mupfasoni et al. (2019)	Journal of Agribusiness in Developing and Emerging Economies	Burundi farming	Empirical	Mixed methods (survey & focus group)	10 cases with 54 individuals	Motivation for farming	Team joined Homogeneity of team	An individual's previous investments in technology greatly influence the business concept they pursue. Finding similarity in internal motivation can play an important role in team formation. Only 3 groups were homogeneous in terms of gender, while most (7 groups) were heterogeneous in gender and experience, to which they the unique context.	Individual / Team
Neergard & Madsen (2004)	Journal of Enterprising Culture	Ventures in 3 sectors in Denmark	Empirical	Mixed methods	Survey: 155 individuals from 130 firms Interviews: 24 ventures	Sector Number of founders Type of relationship Length of relationship	Founding team composition	Bio-medical ventures were larger, more commonly group-first, and more comprised of friends, family, and former colleagues than information and communication technology ventures. Selection criteria seemed to include personal knowledge of the other team members, competence trust, and cultural fit with entrepreneurial environment.	Team
Nunez (2015)	New England Journal of Entrepreneurship	USA	Empirical	Longitudinal multilevel model	Consumer-oriented industries Solo firms (n = 295) Family firms (n = 156) Team (n = 101), PSED	Household income Moderator: solo, family, team firm	Firm emergence growth rate	For solo and family firms, household income is positively related to firm emergence, though not among teams. Household income is a much stronger predictor of growth for family firms than for other enterprise types. For solo firms, as well as for family firms, firm emergence slows slightly over time, while teams exhibited nearly constant growth throughout the study.	Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Packalen (2015)	Entrepreneurship and Regional Development	Biotech ventures in Boston vs San Francisco	Empirical	OLS regressions	75 Boston and 97 San Francisco Bay area biotechnology founding teams	Era Industry age Boston/San Fran Academic Elite academic Pharmacy Biotechnology Full-time biotechnology background Prior founding experience Team combinations Controls: number of months to first investment, average investments in biotechnology in the year of initial investment, spinouts	Value of the first investment	Regional norms between Boston and San Francisco produce different selection criteria of previous academic vs. industry experience among founding teams in the same industry.	Team/Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Parker (2009)	Strategic Entrepreneurship Journal	N/A	Empirical	Economic model	N/A	Effort Self-serving bias	Entrepreneurs' initial choices of who to found a team with Optimistic beliefs Venture performance	Founders prefer cofounders who share their over-optimism. Founders update information regarding firm performance in a self-serving manner and take up new team members in a way that generates ever more homogeneous teams. Heterophilous ventures comprised of both optimists and pessimists enjoy a performance advantage.	Dyad/Venture
Pinzon et al. (2022)	International Entrepreneurship and Management Journal	66 countries	Empirical	Multilevel logistic model	66,716 early-stage entrepreneurs from 66 countries between 2014 and 2017 in GEM data	Individual educational level Intrapreneurial experience Moderator: individualistic society Mediator: opportunity-driven entrepreneurship	Decision to form a team	Individuals with higher levels of education and intrapreneurial experience are more like to form a team. The effect of educational level on team involvement is less pronounced in individualist vs. collective cultures An opportunity-driven motivation partially mediates the relationships between individual factors and involvement in an entrepreneurial team.	Individual / Country
Powell & Baker (2017)	Academy of Management Journal	Social ventures in three municipalities	Empirical	Qualitative (Longitudinal field study)	9 nascent ventures	N/A	N/A	The groups organized around frames of reference of Communitarian (focusing on known others) vs. Missionaries (focusing on unknown others), driven by their social motivations (reciprocal support vs. advancing a cause) and this shaped their recruiting practices (being from community vs. having specific skills & expertise).	Individual / Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Ruef et al. (2003)	American Sociological Review	USA	Empirical	Quantitative	816 teams, comprised of 1423 individuals in the PSED	Gender Ethnicity Occupation Relational composition of team Industrial sector Team size Business ties Occupational diversity	Gender composition of founding teams Ethnic composition of founding teams Occupational composition of founding teams Status-varying homophily Minority isolation	Reviews five mechanisms of group composition: Homophily, functionality, status expectations, network constraints, and ecological constraint. Homophily and network constraints based on strong ties are most prevalent. Authors found an unexpected tendency away from occupational specialization in larger teams. Social isolation (i.e., exclusion from a group) is likely to occur as a result of ecological constraints on the availability of similar alters in a locality.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Scheidgen (2019)	Historical Social Research/Historische Sozialforschung	Independent startups vs University spin-offs in Berlin	Empirical	Qualitative (Multiple case study)	39 interviews with individuals from 29 ventures, 8 additional interviews with relevant actors, websites, and media	N/A	N/A	Evidence of selection patterns between subfields of startup community vs. academic spinoff, due to barriers to enter/specialization within the communities. Among the startup community, there were three patterns: 1) Those driven to found a venture with a specific person, not by a market opportunity or innovative idea. Selection sources were strong ties, with similar competencies. 2) Among loose acquaintances, personal fit and mutual support were an important criteria. 3) Founders did not know each other before they founded the startup and had just met at startup events. Among the spinoff subfield, it was mostly scientists who wanted to commercialize their findings, following two patterns: 1) Founder seeks friend or acquaintance in his or her scientific community to found the envisioned business. 2) A lead entrepreneur seeks uses network of existing social relationships to seek more diverse contacts.	Individual to team (formation process)
Shah et al. (2019)	Strategic Management Journal	Corporate spinouts in the disk-drive industry	Empirical	Qualitative	21 spinouts	N/A	N/A	Lead entrepreneurs (in this paper called "ring leaders") were highly motivated by non-pecuniary motivations. ‘Ringleaders’ tended to choose from within the parent organizaiton, seeking criteria of complementary knowledge and skills, hands-on problem-solving ability, and similar work values. "Completeness of the team-building process" was a necessary condition for success and not all teams formed nor survived. Parent org is a “small world” network lending to high levels of homophily in gender, age and work affiliation.	Individual / Team/ Venture

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Shaw et al. (2017)	International Small Business Journal	Creative industry in Scotland	Empirical	Qualitative	1 arts marketing agency	N/A	N/A	Lead entrepreneur had high social capital, and used three criteria to recruit her team: relevant knowledge and expertise, a similar outlook and values to her own, and differentiated contacts within the industry to achieve legitimacy. While the team is all female, the participant says this was not deliberate.	Individual / Team
Thevenard-Puthod (2022)	Journal of Small Business Management	Succession situations in small businesses	Empirical	Qualitative	3 longitudinal case studies comprising 53 semistructured interviews, Internal and external secondary data, and nonparticipant direct observation	N/A	N/A	Succession is often entrusted to a larger team, and each member is selected according to different criteria which depends on the motivations of predecessor. "Primogeniture" or choosing the eldest family member, was the most common approach. A mix of family and non-family can lead to conflict, due to asymmetric positions. The only successful succession case was the one in which the predecessor daughter chose her own partner based on key criteria of getting along, shared desire to run a business together, trust, protection, and complementary skills.	Succession process team
Tryba & Fletcher (2020)	Small Business Economics	Incubator in Sweden	Empirical	Qualitative (Multiple case study)	9 entrepreneurial venture teams	N/A	N/A	Team members were all either friends, shared hobbies, or worked/studied together. Teams focused on changing the world are more product focused, and thus engage in more effectual decision-making. Teams focused on securing personal interests are more focused on venture growth, and engage in both effectual and causal decision-making.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Ucbasaran et al. (2003)	Entrepreneurship Theory & Practice	N/A	Empirical	Multivariate logistic model	92 private firms in the United Kingdom	Size of the founding team Average age of founding team members Family firm teams Functional heterogeneity of a founding team Entrepreneurial experience heterogeneity	Team member entry and exit	Smaller teams are more likely to add a member. Previous entrepreneurial experience heterogeneity is significantly related to member exit, while family teams are less likely to experience exit.	Team
Vanaelst et al. (2006)	Entrepreneurship Theory and Practice	Academic spinouts in Belgium	Empirical	Qualitative (Multiple case study)	10 academic spinout projects	N/A	N/A	Describes the process that takes place specific for academic spinouts in which privileged witnesses (coaches) are often instrumental in the selection process and success. Team entry was often result of the attraction of additional needed human, technological, or financial resources; exit was often due to affective conflict. Changes in the team caused changes in roles. Newcomers tended to be surrogate practitioners. While teams did add a level of diversity of experience, there was less cognitive heterogeneity.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Vereshchagina (2019)	European Economic Review	USA	Empirical	Economic model with data	837 business startups using Kauffman data	Individual effort levels Moral hazard Business characteristics	Joint surplus	Entrepreneurs choose those that can contribute similarly financially to the venture and those that start unequally often move to equal ownership/contributions.	Individual / Dyad
Vissa (2012)	Organization Science	India	Empirical	Mixed methods	Panel of 59 Indian entrepreneurs	Networking actions Controls: venture age/size, whether the venture was externally funded, search volume, relatedness of prior experience, elite university, location, structural holes	Reliance on referrals Addition of new exchange partners	Entrepreneurs are likely to add fewer new exchange partners when they rely more on referrals to search. Among those who select cofounders from former coworkers, entrepreneurs were more likely to enlist a coworker who had different occupational skills, rather than as an early employee, for which they were more likely to choose those with similar skills.	Individual
Vyakarnam et al. (1999)	Journal of Small Business and Enterprise Development	Growth ventures	Empirical	Qualitative	16 businesses	N/A	N/A	There is much heterogeneity among how the teams formed. Team entry criteria were based on experience of the industry and/or of growth; the ability to fit the culture; market/personal credibility; access to funds; technical competence and trust-worthiness.	Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Xiao et al. (2020)	Journal of Small Business Management	Entrepreneurship educational program	Empirical	Quantitative	215 waged employees	Skill variety Moderator: Passion Controls: age, gender, education level, number of different jobs, length of working experience, having an outside teammate, learning expectations, subjective norms, perceived control, attitudes toward self-employment	Team formation	Skill variety is positively related to the likelihood of team formation. Entrepreneurial passion enhances the effectiveness of variety of skills in the team formation process.	Individual

Yang et al. (2020)	Organization Science	USA	Empirical	Quantitative	5,475 individual-month observations in the PSED	Formal contract Financial and time contributions from the lead entrepreneur Controls: human capital, social relationships between team members; time since initial startup activity, novelty of idea, high technology, profits, whether the new business is an independent venture, lead's perception of future performance	Cofounder's subsequent financial contributions	When a lead founder was willing to invest their own money before the cofounders committed in a formal contract, the cofounders were motivated to contribute more. Financial commitment by the lead entrepreneur can be a powerful inducement for cofounders.	Individual / Team

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Ye et al. (2021)	International Journal of Entrepreneurial Behavior & Research	Corporate spinouts in China	Empirical	Qualitative	28 ventures between 2 and 5 years old	N/A	N/A	Entrepreneurs who initiate spinouts do so from either intrinsic vs extrinsic entrepreneurial motivations. Selection decisions spring from resources needed, whether they have them and how critical/available they are. When highly critical and less available, resource-seeking criteria were prioritized Otherwise, an interpersonal approach was taken. Prospective candidate decision factors include: Embeddedness/fit with current job, opportunity costs, entrepreneurial willingness, fit with lead entrepreneur (both affective and cognitive).	Individual / Dyad
Yusubova et al. (2020)	Journal of Small Business Management	Incubator in Belgium	Empirical	Qualitative (Multiple case study)	6 technology ventures	N/A	N/A	As technology ventures move through different stages of development, initial team members whose knowledge has become less important are redirected to other positions in or outside the venture. The addition of surrogate entrepreneurs to the top management team is a gradual process, which follows the evolution of a technology venture's knowledge needs.	Extended venture team
Zhang (2010)	International Small Business Journal	High-tech entrepreneurs in Singapore	Empirical	Mixed methods	128 high-tech entrepreneurs	Type of resource owner (key management team members, investors and lead users)	Perceptions of social network utilization Actual network usage	Though entrepreneurs are more aware of the problems of using social networks to approach key team members, they still use network ties more frequently to approach key team members. Friendships may be damaged if conflicts occur between the entrepreneurs and their social network ties or if the business does not succeed.	Individual

Author(s)	Journal Title	Context	Conceptual vs. Empirical	Method	Sample	Ind. Var.	Dep. Var.	Key findings relevant to cofounder selection	Unit of Analysis
Zelekha et al. (2018)	Journal of Evolutionary Economics	Innovative entrepreneurial idea competition in Israel	Empirical	Factor analysis Regression	Study 1: 91 entrepreneurs & 109 non-entrepreneurs (MBA students) Study 2: 95 entrepreneurs & 107 non-entrepreneurs (MBA students)	Avoidance and attachment scores Controls: age, family status and whether one has children	Preference for team (friends vs. strangers)	An individual with high attachment-anxiety is less likely to be a visionary-innovative entrepreneur and more likely to be driven by achieving appraisals from others and a desire to manage others. An individual with high attachment-avoidance scores is more likely to initiate a venture in order to achieve autonomy, and less likely to be driven by changing in the market or in the society. Avoidance scores negatively predict becoming a team entrepreneur rather than a solo entrepreneur. Avoidance had a negative correlation with choosing a non-familiar partner over going solo.	Individual
Zellmer-Bruhn et al. (2021)	Journal of Business Venturing	Academic spinouts in USA	Empirical	Qualitative	9 cases	N/A	N/A	Three distinct selection patterns emerge in academic spinoffs: Lab, Gig, and Enterprise, regarding commercialization goals for the venture and TTOs or investors involvement. While each model relied on interpersonal attraction criteria, Enterprise was also highly focused on resource-seeking. The inventors' expectations for entitativity, dynamism and scope of activities also influenced their selection decisions.	Individual / Team

Appendix B: Interview Guide, Chapter 3, Study 1

1. How did you meet your cofounder(s)?
2. How many years had you known each other prior to starting the business?
3. How did you decide that he or she was the right person to start this business with?
4. Were there other people you were considering? If no, why not?
5. Why did you choose your current cofounder over other "candidates"?
6. Were there any specific criteria or processes you used to choose your cofounder?
7. How did you assess if they were the right "fit"?
8. How did you know they were as committed as you were?
9. How did you convince them to commit their time to this? Have you signed a formal partnership agreement? If yes – when did that happen? How did you go about determining ownership stakes? If no, why not?
10. How satisfied are you with your decision to cofound with him or her?
11. Has working with them been better, worse or exactly what you expected? Please elaborate.
12. How has your decision to cofound with this person impacted the business? How have they contributed/affected the trajectory of the business?
13. If you had known then what you know now, what would you tell yourself about your cofounder decisions?
14. How do you think your cofounder team compares to other cofounder teams?
15. How satisfied are you with the current ownership stakes?
16. What is your plan for the ownership split?
17. Do you expect the ownership stakes to change over time? If yes, how so?
18. How will you go about determining the ownership stakes? How do you expect them to change over time, if at all?

Appendix C: Interview Guide, Chapter 3, Study 2

1. How did you meet your cofounder?
2. How would you describe the nature of your entry into the founder team?
3. How long have you known this person?
4. How well did you know them prior to starting the venture?
5. I want to find out what you were looking for when you made the decision to launch a venture with this person and how you navigated the decision. My assumption is that there may have been some must-haves versus nice-to-haves or tradeoffs you had to weigh. Do you recall thinking about it this way?
6. Okay, now I'm going to show you six different categories of criteria that people may or may not consider in a cofounder, and I want you to tell me how important it was to you in your decision to cofound with this person. (Elaboration requested for each criterion.)
7. Were there any other criteria not mentioned that you considered when you were deciding to cofound with this person?
8. Were there any other factors or things that guided you in the decision or shaped how you approached this?
9. On the whole, how satisfied are you with your cofounder?

10. Thinking back to your expectations when you decided to cofound with this person, how would you say the reality of working with your cofounder has compared to what you expected?
11. What are your respective ownership shares?
12. Do you have a partnership agreement?
13. How well would you describe your venture's progress considering the stage of its development?
14. Aside from this venture, do you have previous entrepreneurial experience?
15. How many other entrepreneurial ventures have you been/are you involved with?
16. Aside from this venture, do you have previous cofounder experience?
17. How many other entrepreneurial cofounders have you been/are you involved with?
18. What year were you born?
19. What is your relationship status?

Appendix D: Adapted Items, Chapter 4

Dyadic Psychological Safety, adapted from Garvin, Edmondson, & Gino (2008)
7-point, Strongly disagree – Strongly agree

Please indicate how strongly you agree/disagree with the following statements when it comes to [cofounder's name].

a. It is easy to speak up about what is on your mind with them.
b. If you make a mistake, they will often hold it against you. (R)
c. We are usually comfortable talking about problems and disagreements.
d. We are eager to share information about what doesn't work as well as to share information about what does work.
e. Keeping your cards close to your chest is the best way to operate with them. (R)

Cofounder satisfaction, adapted from Schumm et al. (1986), 7-point, Extremely dissatisfied – Extremely satisfied

a. How satisfied are you working with [cofounder's name]?
b. How satisfied are you with [cofounder's name] as a cofounder?
c. How satisfied are you with your relationship with [cofounder's name]?
d. How satisfied are you with [cofounder's name]'s contribution to the venture?

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