Co-Founder Search for Tech Start-ups in Europe

An empirical study

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In the last three decades information and communication technology (ICT) had major socio-economic impact [1, 2, 3]. The boom of technological progress as well as rise of the web was accompanied by the rise of novel approaches in organizational design that – in turn – had influenced the process of the technological change [4]. As a result new organizational sources of technological change appeared, and they were referred to as start-ups [4, 5].

Due to their specifications as innovative enterprises start-ups face various challenges. As tech start-ups operate in highly volatile and risky environments and markets [6], they have to ensure flexibility and adaptation also of their organizational design. As a result human capital – as a part of this specific structure – quite different from that one in established companies and organizations becomes a subject of research and scientific debate [6, 7].

The proposed research will analyse the human resources in the context of tech start-ups with focus on the sources used for the co-founder search as well as the search for team members in an early phase of the start-up. It is important to understand that the risk-intense and volatile nature of the start-up environment alone sets specific traits to be observed within co-founder candidates and potential early team members attracted to such an environment. Whereas professionals and young graduates searching for job opportunities in established companies usually seek fixed income and rather guaranteed possibilities of long-term career growth, people searching for possibilities in start-ups look for participatory income models and scalable growth accompanied with the possibilities to arrive at senior positions early and quickly [8]. These criteria along with professional skills required in the technological sector indicate that there are specific sources needed for search of co-founders and early employees, entirely different from the ones in large established organizations.

Relevance of the research/research gap. The following research will address the challenges that technology start-up teams face during their search for co-founders and early team members as well as the current available IT-supported/online solutions. There are various findings concerning traditional ways of finding co-founders and early employees at tech start-ups [6, 9] based on the premises of social capital theory [10], e.g., through the search among one's friends, family members or former colleagues. At the same time there is still a lack in

research that concerns novel emerging online solution targeted to go beyond one's personal network. These solutions among other topics are addressed in this research. Moreover, whereas there are results available on the empirical studies of patterns towards member acquisition within tech start-ups in the U.S. [8, 11], there is still a lack of evidence on the respective patterns, procedures and approaches on European tech start-up teams.

Methods of research. Based on the above-mentioned gaps in the current state of research on the sources of start-up team formation the research project aims to address the research question of finding out what are favourable sources to recruit co-founders among different sectors of technological start-ups in the European entrepreneurship ecosystem. Furthermore, the project brings into focus what problems within this process of acquisition can be addressed by the currently available solutions. Quantitative survey among 156 European technology start-ups will be used as an empirical research method aiming to address the research question by collecting and further analysing reliable data from the representative sample group of start-up founders and team members from 56 European cities.

Course of action. Understanding sources of team formation in tech start-ups goes beyond pure analysis of human capital characteristics involved in such a process. In order to fully grasp the factors that have an impact on specific human capital mobilizing around the topic of entrepreneurship and technology, we have to acquire deep understanding of start-ups as organizational entities, their surrounding ecosystem and its influence on the human capital within start-up teams. Thus the research will be structured as follows:

Work package 1 aims at bringing out why start-ups as organizations are different from other types of small and medium enterprises. Moreover, by using theoretical and practical case studies analysis will scrutinize why it is important to understand a variety of business models used by tech start-ups before proceeding to analyse the recruitment of start-up teams, their skills and sources of creation.

Work package 2 emphasises on the theoretical and statistical analysis of main challenges the human resources faces as a part of the entrepreneurship ecosystem. This work package provides an overview of problems that tech start-up teams face, and motivates new and efficient sources of co-founder and team member search.

Work package 3 provides an overview of two main categories of sources for cofounder and new team member search in tech start-ups, i.e. search through the personal social network and external search through the use of online solutions.

Work package 4 represents the core contribution, i.e. the analysis of the empirical data collected during a quantitative survey conducted with 156 founders and team members of tech start-ups in Europe. It focusses on the behaviour they exhibit and on the sources they used in the process of searching their co-founders and team members.

The choice of co-founder and early team members is crucial for the success of a start-up, and therefore IT-solutions and IT-platforms are highly determined by issues of trust and reliability. Potential founders and co-founders are often employed before they become founders and put their job at risk if they reveal too early their intention. All users (supply side and demand side) are to be protected. The business idea is to be protected as it is crucial for the success of the tech start-up. This implies highly secured IT-application.

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