

## The Impact of Team Heterogeneity and Team Reflexivity on Entrepreneurial Decision -Making - Empirical Study in China

**Authors :** Chang Liu, Rui Xing, Liyan Tang, Guohong Wang

**Abstract :** Entrepreneurial actions are based on entrepreneurial decisions. The quality of decisions influences entrepreneurial activities and subsequent new venture performance. Uncertainty of surroundings put heightened demands on the team as a whole, and each team member. Diverse team composition provides rich information, which a team can draw when making complex decisions. However, team heterogeneity may cause emotional conflicts, which is adverse to team outcomes. Thus, the effects of team heterogeneity on team outcomes are complex. Although team heterogeneity is an essential factor influencing entrepreneurial decision-making, there is a lack of empirical analysis on under what conditions team heterogeneity plays a positive role in promoting decision-making quality. Entrepreneurial teams always struggle with complex tasks. How a team shapes its teamwork is key in resolving constant issues. As a collective regulatory process, team reflexivity is characterized by continuous joint evaluation and discussion of team goals, strategies, and processes, and adapt them to current or anticipated circumstances. It enables diversified information to be shared and overtly discussed. Instead of hostile interpretation of opposite opinions team members take them as useful insights from different perspectives. Team reflexivity leads to better integration of expertise to avoid the interference of negative emotions and conflict. Therefore, we propose that team reflexivity is a conditional factor that influences the impact of team heterogeneity on high-quality entrepreneurial decisions. In this study, we identify team heterogeneity as a crucial determinant of entrepreneurial decision quality. Integrating the literature on decision-making and team heterogeneity, we investigate the relationship between team heterogeneity and entrepreneurial decision-making quality, treating team reflexivity as a moderator. We tested our hypotheses using the hierarchical regression method and the data gathered from 63 teams and 205 individual members from 45 new firms in China's first-tier cities such as Beijing, Shanghai, and Shenzhen. This research found that both teams' education heterogeneity and teams' functional background heterogeneity were significantly positively related to entrepreneurial decision-making quality, and the positive relation was stronger in teams with a high level of team reflexivity. While teams' specialization of education heterogeneity was negatively related to decision-making quality, and the negative relationship was weaker in teams with a high level of team reflexivity. We offer two contributions to decision-making and entrepreneurial team literatures. Firstly, our study enriches the understanding of the role of entrepreneurial team heterogeneity in entrepreneurial decision-making quality. Different from previous entrepreneurial decision-making literatures, which focus more on decision-making modes of entrepreneurs and the top management team, this study is a significant attempt to highlight that entrepreneurial team heterogeneity makes a unique contribution to generating high-quality entrepreneurial decisions. Secondly, this study introduced team reflexivity as the moderating variable, to explore the boundary conditions under which the entrepreneurial team heterogeneity play their roles.

**Keywords :** decision-making quality, entrepreneurial teams, education heterogeneity, functional background heterogeneity, specialization of education heterogeneity

**Conference Title :** ICIESM 2020 : International Conference on Innovation, Entrepreneurship and Strategic Management

**Conference Location :** Tokyo, Japan

**Conference Dates :** November 17-18, 2020