

**Prioritising Team Composition in Entrepreneurial Ventures: A Strategic Approach to
Early Recruitment in Crowded Start-Up Contexts**

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Abstract

In the project management sector, there is great emphasis placed on the importance of team selection, encapsulated by the ethos: 'Before you even think about the project, think about the team'. The start-up of a new business is arguably a project. Similarly, large businesses pay significant attention to the recruitment of new team members, with well-established processes to support recruitment, selection and on-boarding; indeed, the importance of team selection in larger organisations is widely acknowledged. However, in start-up contexts, where many pressing priorities compete for attention, empirical evidence suggests the recruitment of initial team members, in particular, is often hurried, informal and less effective (HIL), largely due to time constraints and other predominant issues. This research will examine if, by adopting a more strategic approach, similar to those undertaken by larger organisations, this could have a significant impact on productivity, growth and resilience, along with retention rates and motivation levels.

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INTRODUCTION

This paper seeks to more directly address the fundamental productivity and growth questions affecting SMEs, arguing that limitations to productivity, growth and, ultimately, success are in-built into the foundations right from the outset. In other words, constraints to potential are often established in the very creation of the business.

The importance of initial team selection is clearly demonstrated in the project management sector (Allen and O'Neill, 2015; Dasí, et al., 2021; Morris, et al., 2012), for example, where the ethos 'Before you even think about the project, think about the team' is well-established in the culture and analysis of successful and effective project delivery. Similarly, large corporations pay meticulous attention to strategic recruitment and on-boarding of team members or the construction and composition of individual project groups (Adeosun and Ohiani, 2020; Carey, 2011; Human Resources Management, 2023). This approach is likewise advocated by the recruitment sector, perhaps inevitably, however, it does emphasise the criticality of team selection, particularly in the stages of creation and post-creation when the establishment of culture and practices is made (Barber, 1998; Bratton and Gold, 2003).

Yet empirical evidence demonstrates that many start-ups and SMEs during early-stage growth recruit team members often hurriedly, informally and with limited effectiveness (HIL) due to understandable time constraints and other pressing priorities (Atherton, A, 2007; Baron and Ward, 2004; Honig and Hopp, 2016), such as customer acquisition or day-to-day operational matters.

This paper will seek to establish if taking a more strategic approach affects the longer-term growth (Breaugh, 2009; McKinsey & Company, 2020) and resilience of the venture (Harvard Business Review, 2020), together with potentially increasing productivity (McKinsey & Company, 2022). It will also endeavour to identify that the adoption of technological innovations, such as online recruitment and induction, alongside AI and other emergent technologies, could play an important role in unlocking this barrier to growth.

Topic - How time constraints affecting start-up entrepreneurs lead to tactical rather than strategic decision-making regarding critical early hires, inhibiting growth and future potential.

Research Problem – Limited growth in the majority of SMEs. Recent studies suggest that there is limited growth in the majority of SMEs across sectors (Kraemer-Eis et al., 2021). Some studies suggest that this is due to the lack of attention to the initial founding team members that will start and develop the venture (Youssef et al., 2023); some other studies argue that this is also due to the subsequent team members that engage in the growth of the venture (reference). To date understanding of the limited growth of firms is fragmented and hence scholars are increasing their interest to understand the role of initial team building in the subsequent growth and resilience of the venture.

Research Questions –

In what ways does the recruitment of initial team members, acknowledged as 'culture carriers,' impact the growth trajectory of new start-ups?

How might the integration of a more strategic approach, analogous to methodologies employed by larger corporations, and the implementation of technology-assisted processes, enhance operational effectiveness within start-ups?

Purpose – To increase productivity levels and unlock growth within SMEs. Studies, such as those by McKinsey & Company (2022) and Ipinnaiye et al. (2017) call for a more comprehensive approach to understand what limits the growth of SMEs following creation. The need for conceptualisations and models that can help us understand how SMEs grow is increasingly evident.

Contribution – This paper aims to contribute to the conversations in the field of SME growth, entrepreneurial teams, productivity and resilience within a start-up context. The main contribution would be understanding the influence of culture in the development of SME growth and its subsequent resilience. The practical contributions will be developing models that can explain the relevance of culture enablers or barriers in SME growth in the North West of England.

Implications for Policy – Policy development, government, HEIs, NGOs & bank support around early hires, encouraging and facilitating a more strategic approach versus the current tactical decision-making, often informally and hurriedly via networks.

Implications for Practice – New thinking and approaches, such as recruitment models, hiring templates and assistive technologies; greater recognition of the gravitational pull of time constraints forcing a tactical decision rather than a more strategic one.

UN Sustainable Development Goals (SDG) – This research addresses SDGs 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation and Infrastructure).

BACKGROUND

My interest in the issue of early-stage team building in an SME context is borne from my own experience over 30 years and, in particular, during the 22 years of my establishing and running a small business. Throughout my career, it has involved engaging extensively with and working on behalf of major international corporations, as well as medium-sized and small businesses. During this time, I became fascinated in why some organisations grew while others did less so. In 2006, I first walked through the doors of a university as a student to embark on the LEAD programme at Lancaster University, which aimed to enhance the leadership skills of SME owner-managers. As part of this, I began to think more critically about this question and reflect in more depth on my own experiences. Over time, contrasting my engagement with larger organisations with those of smaller ventures, I began to form the view that organisational structure was one key and striking difference, including the differing approaches to the recruitment of team members.

Importantly, I noticed that many start-up ventures often, due to time pressures and conflicting priorities, tended to recruit initial team members, influential as so-called ‘culture carriers’, quite hurriedly, informally in many cases and frequently less effectively in terms of their impact on productivity, retention and overall motivation levels, along with subsequent growth and success. When compared with larger organisations, especially major corporates, and the care and attention placed on recruitment and team building, I observed this difference was marked.

This is echoed in the project management sector, where the importance of focusing on team selection ahead of any project implementation is widely acknowledged (Allen and O’Neill, 2015; Dasí, et al., 2021; Morris, et al., 2012). Furthermore, the recruitment sector echoes this emphasis on meticulous selection and on-boarding of team members. Through my own experience, which has included being integrally involved in two start-ups, I fully recognise the challenges and pressures facing founding entrepreneurs (Atherton, A, 2007; Baron and Ward, 2004; Honig and Hopp, 2016), when taking on their first one or two team members, often at a particularly critical point of growth and operational intensity, which might well have affected this initial recruitment. It is challenging to recruit during this intense period and the temptation to recruit informally and fairly hastily is almost overwhelming. One personal example illustrating this point would be unexpectedly winning a new customer or contract on a Friday, with the contract starting from the following Monday and requiring some form of additional resource. This has worked out to differing degrees from my own experience, as well as in many other SMEs I have engaged with significantly during my time running the business, together with my time engaging extensively with other SMEs through entrepreneurship programmes, such as LEAD and its successor, the GOLD programme, which aimed to support owner-managers by developing their leadership skills and experiences of being a quasi non-executive director.

However, my paper posits that greater attention placed on recruitment, particularly of initial team members, by SME owner-managers could bring substantial and tangible benefits in terms of productivity and retention rates, as well as overall motivation levels, and thus influence growth, productivity and resilience. It can be argued that this plays a significant role, recognising the impacts of comparatively lower levels of motivation, as exemplified more recently by so-called ‘quiet quitting’ (Cooke, 2022; London School of Economics, 2022; Mahand and Caldwell, 2023), on the chronic issue of productivity and the critical area of resilience and survival. This research will build on the work of Freel & Gordon (2021) and Lazar et al. (2020) in endeavouring to unlock why many SMEs only grow once in real terms and then largely stagnate, or worse, fail.

It will assess whether taking a more strategic approach to early-stage team recruitment in a start-up context directly affects the subsequent rates of productivity and growth. Furthermore, recognising the challenges of this for time-pressured entrepreneurs at a particularly intense period for the venture, the research will also examine whether the adoption of digital technology, for example online recruitment, selection and induction (ORSI), together with utilisation of templates for job descriptions, person specifications and on-boarding processes (JPO), as illustrated by the recruitment sector, for example, could help to better enable this approach and reduce some of the time pressures behind the current dichotomy.

My motivation is further borne out of reflecting on engrained personal experience, I did recruit hurriedly, informally and less effectively (HIL) during the stages of early hires due to the time and customer pressures outlined earlier (Atherton, A, 2007; Honig and Hopp, 2016).

Further, my perception was that this was the correct approach for the circumstances, as customer need trumped thoughtful recruitment and tactical priorities outweighed strategic intent. Often the hurried nature of these hires, frequently undertaken with limited recruitment considerations or criteria, meant the hire left relatively quickly, with a lack of clarity around role and expectations, once the initial surge of urgency had passed. Interestingly, my approach changed over time, recognising the ineffectiveness and increased risks of HIL recruitment, I became far more strategic and thoughtful, involving a more considered methodology of job description and role clarification, leading to a more rigorous search and recruitment process, with multiple stages and more checks and balances (e.g. interviews with existing team members, etc.).

POSITIONING

Prior works (McKinsey & Company, 2022; Ipinnaiye et al., 2017) suggest that productivity has remained an enduring challenge in the UK and attempts to address it have largely struggled to gain traction, however, this critical area of early-stage team recruitment has not been fully investigated. Some recent works (Freel & Gordon, 2021; Lazar et al., 2020)) suggest that further understanding of primary team building on venture creation will help practitioners and researchers have a greater insight into unlocking barriers to growth.

While prior work has highlighted the significance of initial team members, understanding as to how they can advance or hinder the growth of the firm remains elusive. Prior theoretical frameworks suggest that the shaping of culture can catapult the growth of a SME from its inception as it can create a foundation for entrepreneurship and sustained growth over time (Kirkman et al., 2006). Moreover, some recent studies suggest that recruited team members can act as culture enablers or culture barriers (Gancarczyk, et al., 2021). Therefore, this paper will deal with three main areas:

Initial recruitment strategies in a start-up context

The impact of this on growth and resilience

Together with the potential role of technology in helping to address the challenge.

The significance of this critical issue is increasingly underlined by the current economic outlook for the UK and growing pressures on government spending. Adopting a practical stance, economic growth is the most viable option to addressing some of these key issues. Team building within SMEs, as by far the most dominant and important sector of the UK economy, is central to achieving this. Effective teams unlock and underpin growth, similarly positive culture that enables a ‘Learning Organisation’ (Ng, P., 2004; Smith, et al., 2008)) to evolve and adapt within dynamic, unpredictable and fast-changing markets. The self-efficacy of a team, as seen in the so-called ‘winning mindset’ of successful sports teams, sits at the very heart of this. Catalysing this is the DNA of the venture and the foundations of the business and culture created by the prudent recruitment of early hires, particularly the first one or two team members, recognising their role as ‘culture carriers’ (Gancarczyk, et al., 2021) imprinting the future culture and behaviours of the nascent venture (Bryant, 2014; DiMaggio & Powell, 1983; Kroezen, J. and Heugens, P., 2012).

So carefully considered recruitment of team members, especially initial hires, is fundamentally and indivisibly linked to economic growth and improvement in the UK's economic outlook, arguably even more so than just innovation, which has perhaps received greater government attention and support in more recent years.

LITERATURE REVIEW

Prior Literature

This section will seek to identify a gap in the literature. Firstly, it will take an overview of more specific themes and debates in current entrepreneurship theory; secondly, it will look at the literature around the formation of entrepreneurial teams; and, thirdly, it will examine literature around the issue of early hires in start-up businesses.

Current Themes and Debates

More broadly, current entrepreneurship literature explores topics, such as entrepreneurial types and traits (Salmony and Kanbach, 2022; Steiner et al., 2022; Watson et al., 2020), venture funding (Cumming et al., 2019; Kosmynin and Jack, 2022; Leach and Melicher, 2020), family business (Cruz et al., 2022; Gregory et al., 2022; Howorth and Robinson, 2020), gender (Discua Cruz et al., 2022; Koroye and Dada, 2022) and CSR (Perrigot et al., 2021; Tyler et al., 2023), whilst these are all critically important subjects to discuss, the focus of debates has perhaps overlooked, to some degree, the significance of people and organisational structure in small businesses and start-up ventures (Das et al., 2021), particularly outside of the field of family business research where there is more literature (Burton et al., 2022; Ge and Campopiano, 2022; Firfiray et al., 2018; Tabor et al., 2018).

Turning, more specifically, to the issue of entrepreneurial teams, there is a large body of prior and current literature, mainly examining the formation, composition and motivations of venture founding teams, as equity holders, directors or top management teams (Das et al., 2021; Kamm et al., 1990; Cooney and Bygrave, 1997; Ucbasaran et al., 2003). There is, however, significantly less literature addressing the issue of early hires in small business start-up ventures. This is perhaps surprising in view of the importance of people, team building and organisational structure, as discussed earlier, and in view of the fact that many new ventures involve one, or possibly two, founders and then build a subsequent team (frequently of non-equity holder or director status), often relatively small, particularly initially, to help shape its growth trajectory, longevity and ultimate success.

Building on the work of Freel and Gordon (2021), which argues that small businesses often either grow relatively modestly or not significantly at all, or undergo one phase of considerable growth, largely without sustaining or repeating this, and then return to slow or low growth, this indicates not only the illusiveness of growth for many small businesses but, more specifically, the crucial importance of early hires and early-stage team building as the formation of the DNA of the business (Cooper et al., 2011; , Boni, and Weingart, 2012). This follows the principles of Imprinting Theory (Dickel et al., 2021; Erdogan et al., 2020; Kitt and Sanders, 2022) in terms of disproportionately influencing the foundations, subsequent structure and particularly culture of the developing venture.

To some degree, it also touches on Legacy Theory (Akwari et al., 2022), recognising the longevity and persistence of habits, behaviours and early processes in the crucible of these preliminary stages, such as the recruitment of the first one, two, or possibly three (non-founding and frequently non-equity holding) members of the team, as ‘culture carriers’, sometimes lasting for many years and affecting the growth and productivity of the business (Cooper et al., 2011; Boni and Weingart, 2012), despite in many cases the team member having departed the business some years earlier, reflecting the often high turnover of early hire staff in entrepreneurial new ventures (Cooper et al., 2011).

Early Hires in the Literature

However, there is some literature, which touches on this issue as part of wider research, and this review will now look in more detail at three papers in particular, as a foundation for the thesis:

‘Human resource management in small business: Achieving Peak Performance’, which was published by Edward Elgar Publishing in 2011 (Cooper et al., 2011).

‘Signaling Diversity Debt: Startup Gender Composition and the Gender Gap in Joiners’ Interest’, which was published in the Academy of Management in November, 2022 (Engel et al., 2022).

‘Building teams in entrepreneurial companies’, which was published in the Journal of Commercial Biotechnology in February, 2012 (Boni and Weingart, 2012).

However, these largely focus on broader issues, such as human resource management (HRM) strategy (Cooper et al., 2011), the overall factors in influencing the success of new ventures (Boni, A.A. and Weingart, L., 2012) and the role of gender in early hires (Engel et al., 2022).

Turning first to ‘Human resource management in small business: Achieving Peak Performance’ (Cooper et al., 2011), as possibly the most definitive work to date on the wider phenomena, this does examine recruitment to a degree, with the authors talking about the “critical importance of hiring the right people” and, in the introduction, they emphasise the great significance of team building and culture creation. However, it does not specifically examine the criticality and strategy around early hires in new ventures, perhaps understandably, focusing instead on the broader issues of overall human resources (HR) strategy, approaches and culture.

Whereas, more recently, the work of Dr. Yuval Engel, Associate Professor of Entrepreneurship at the University of Amsterdam and the Amsterdam Business School, does mention the concept briefly. As lead author, in ‘Signaling Diversity Debt: Startup Gender Composition and the Gender Gap in Joiners’ Interest’ (Engel et al., 2022), he describes how “hiring decisions are made by the founders themselves rather than professionals experienced in recruitment and hiring. These founders often gravitate towards recruiting from their personal networks and do not typically invest in any formalized (sic) policies or procedures.” He goes on to talk about the bias this tends to introduce, leading to an imbalance in favour of men and broader homogeneity. This perspective is shared by other scholars (Kaiser and Müller, 2015; Hmieleski and Ensley, 2007).

Engel emphasises the importance of early hires, pointing out that new ventures should pay attention to gender diversity from the first appointment. Other researchers also illustrate the wider benefits of this, such as enhanced innovation and creativity (Pelled et al., 1999; Sethi et al., 2002), and the drawbacks of the inherent bias in less formal hiring processes, such as homogeneity and ‘group think’ (Jin et al., 2017; Klotz et al., 2014; Zhou and Rosini, 2015). Although, again, the focus of this literature is more on the important and wider issue of gender bias and a lack of heterogeneity in early hires rather than the process and approach of early-stage recruitment and team building. It is silent on the issue of possible solutions.

Having said this, Arthur A. Boni, Distinguished Career Professor of Entrepreneurship, Emeritus, and Director, Donald H. Jones Center for Entrepreneurship at Tepper School of Business, Carnegie Mellon University, and co-author Laurie Weingart, Cyert Professor of Organizational Behaviour and Theory at the Tepper School of Business, Carnegie Mellon University, do briefly broach the issue in their paper ‘Building teams in entrepreneurial companies’. They highlight the importance of building a talented and diverse team and articulating the desired culture into the DNA of the venture right at the outset, describing acquiring human resource assets “as acquiring financial assets” (Boni and Weingart, 2012), requiring a significant proportion of the founder’s time and focus. They summarise by saying, “your most precious possession is the people you have working there”, accentuating the importance of ensuring a good fit with tasks required and proposing mentors can be used to support this. They also talked about the significance of a cultural fit too, in terms of values and behaviours, so new team members can “build and preserve the corporate culture”. However, this exclusively focuses on success factors in the biotech sector rather than the wider SME environment and is similarly reticent in terms of wider recommendations and possible solutions.

This illustrates the current gap in the literature relating to the importance of founding entrepreneurs devoting time, during a particularly pressured period, to focus on securing the right fit for early hires and, in particular, in proposing methods and processes to address the issue.

In their more recent paper, Das et al. (2021) identify the dominance of entrepreneurial teams as founders in the venture creation process and call for further research on wider topics, such as team building by entrepreneurs.

Further, Mitteness, Baucus and Norton Jr (2013) in their paper ‘Establishing cognitive legitimacy in emerging organizations: The role of prestige’ briefly introduce the topic at hand and, similarly, the work of Kaiser and Müller (2015) in their paper, ‘Skill heterogeneity in start-ups and its development over time’, although again, these are largely focused on the broader issues of cognitive legitimacy and heterogeneity, mentioning only in passing the topic being studied.

In summary, there is broader research around the phenomenon, particularly in terms of entrepreneurial teams as founders and shareholders, however, there is considerably less literature on the issue of early hires in start-up ventures. Whilst Boni and Weingart (2012) do mention the issue, it is part of a wider study of the success criteria required in the biotech sector of entrepreneurship and, whilst recognising that this is a crucial and growing category, inevitably most new businesses are created outside of the sector, underscoring the need for broader research.

More work has been undertaken in this area by family business scholars, however, there remains an indisputable gap in the literature relating to new ventures outside of the family business sector, whilst accepting that many SMEs are, to a greater or lesser extent, family businesses to some degree, with family members frequently playing some type of role either directly or indirectly, even if only in terms of financial, practical, logistical or emotional support. However, recognising the fact that many new and existing ventures fall outside of the traditional criteria defining a family business (Biel and Ślusarczyk, 2022; Leotta et al., 2020; Vallejo Martos, 2007) and it is, therefore, important to study this phenomenon on a broader, non-sector specific basis and outside of the parameters of family business and beyond the existing research.

RESEARCH PHILOSOPHY

Ontological Approach

My ontological position is fundamentally based in relativism, as this resonates significantly more rather than the less nuanced realism world view. It is a more fluid philosophical standpoint, adapting to situations and context, recognising the complexity of the world, as opposed to the more binary view of realism (Zikmund, et al, 2013).

Epistemological Approach

Similarly, my epistemological stance is as an interpretivist/constructivist. Out of the four main standpoints of positivist/postpositivist, interpretive/constructivist, critical, and post-modern/post-structural (Merriam, 2009), this branch of philosophy suits my world view in terms of the ability to gather data from the interviewee's perspective through the adoption of broad and open-ended questions with no specific right or wrong answer, creating a framework for description and analysis and has been shaped by my career to date in the media and public relations sectors.

THEORETICAL FRAMEWORK

The theoretical framework adopts the combined lenses of Imprinting Theory (Di Maggio & Powell, 1983; Meyer & Rowan, 1977; Stinchcombe, 1965; Tolbert & Zucker, 1996) and Self-Efficacy Theory (Bandura, 1977; Bandura, 1994; Chen et al, 2019; Pajares & Schunk, 2001; Vecchiato & de Castro, 2015; Zott & Huy, 2007).

Theoretical Framework

Insert Table 1 here – see Appendix

Imprinting Theory

Imprinting Theory, also referred to as Institutional Imprinting Theory, developed as a concept from organisational sociology that explains how organisations adopt structures and practices based on the cultural, social and institutional norms prevailing in their environment. It purports that organisations tend to mimic or imitate successful models and practices to gain legitimacy and reduce uncertainty, with imprints often taken on during the early stages of an organisation's formation having lasting effects on its development and evolution. This can be applied to the lasting impact and footprints of initial team members in creating the DNA of a new venture. Like flashes of light from a Big Bang moment in micro, their influence is still visible for years and sometimes even decades later, despite the fact that early hires statistically tend to leave new businesses relatively early.

The social structures adopted in these formative stages tend to become accepted practice and, therefore, remain fairly stable over time, as defined in imprinting (DiMaggio & Powell, 1983; Stinchcombe, 1965; Tolbert & Zucker, 1996). In particular, early decisions and cultural behaviour create a new imprint upon a new venture in a way that affects growth and longevity. Imprinting Theory has five main implications for business and management, scholars argue:

Organisational Foundation and Legitimacy – Organisations tend to adopt structures and practices that are seen as legitimate in their market.

Institutional Pressures – Organisations face pressures from customers, investors and other stakeholders to conform to prevailing norms and practices.

Adoption of Best Practices – As approaches and techniques become widely accepted in a market.

Industry Evolution – As new norms and practices emerge and become adopted.

Organizational Change – Due to imprinting, over time organisations may find it difficult to deviate from practices even when they become obsolete or ineffective. Imprinting can create inertia that hinders organizational change.

In an SME context, the early stages of a venture represent a particularly sensitive period in which initial conditions have enduring impact on the business' future (Milanov & Fernhaber, 2009). Stinchcombe (1965) described how imprinting forces determine the appropriate organisational form in terms of social structure. For example, when a start-up is in its early stages, the decisions made regarding recruitment, culture and practices can have a lasting impact on the company's future trajectory. The recruitment process criteria used for selection and the way a start-up positions itself can all contribute to the initial imprint that the venture creates. Alignment of these with the start-up's longer-term vision, if it exists at this point, is essential to create a consistent and sustainable organisational culture.

This encapsulates the importance of a Critical First Appointment (CFA) decision and the dilemma created by undervaluing its significance and helps to shed light on key issues that could support the field of entrepreneurship study in developing a more comprehensive understanding of why some ventures grow whilst others do less so.

Imprinting Theory has been applied in various fields including business and management (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Thornton, 2004), although considerably less so in terms of an SME and new venture context. Further, it is distinctive enough to be markedly different from other broadly similar concepts, such as Legacy Theory (Mahoney, 2000; Pierson, 2000), cohort effects (Hertzman, 1999; Ryder, 1965) or path dependence (Arthur, 1989; David, 1985).

Self-Efficacy Theory

Whereas Self-Efficacy Theory originates from the field of psychology and relates to an individual's belief in their ability to achieve specific goals (Bandura, 1977). It centres on the level of conviction of a person, team or organisation to affect situations and plays a pivotal role in determining their power to face challenges and the decisions they make. It reflects their confidence in the ability to exert control over their motivation, behaviour, decision-making and their environment. Bandura (1977) identifies four sources of individual and team self-efficacy:

Mastery Experiences – Success in prior experiences increases self-efficacy, while failure can diminish it. Repeated success leads to stronger belief in capability and, importantly, vice-versa.

Vicarious Learning – Observing others successfully performing a task can enhance self-efficacy, as individuals and teams believe they can achieve similar results.

Verbal Persuasion – Positive encouragement from others can augment self-efficacy and vice-versa.

Emotional and Physiological States – Feeling stressed or anxious, as entrepreneurs can often feel, can lower self-efficacy, while negative feedback can diminish it.

Self-efficacy influences behaviour individually and in groups, teams with high self-efficacy are more likely to set challenging goals, persist in the face of obstacles, recover quickly from setbacks and demonstrate resilience. Conversely, teams with low self-efficacy might avoid challenging tasks or give up more easily. Teams and individuals with high self-efficacy are intrinsically more motivated, believing in a successful outcome, often leading to better performance, alongside higher levels of satisfaction and wellbeing (Pajares & Schunk, 2001). However, self-efficacy is domain-specific, varying between different areas of competency.

Self-efficacy contributes towards greater resilience, allowing teams and individuals to bounce back from setbacks and maintain a more positive outlook in the face of challenges, a key determinant of growth and thriving in an SME context, especially during the formative start-up stage, including the Critical First Appointment (CFA) decision.

Self-efficacy has been applied in various domains, including sport, education and organisational behaviour. For instance, students with high self-efficacy tend to be more motivated and perform better.

This can be applied to individual entrepreneurs, as prior literature has illustrated (Chen et al., 2019; Ireland et al., 2003; Vecchiatto & de Castro, 2015) and, importantly, to start-up ventures, particularly in the early stages, following an initial hire, as a critical juncture for the new venture.

From this perspective, it intersects seamlessly with Imprinting Theory (Bandura, 1977) to provide new insights into this formative point in venture creation. For example, self-efficacy can affect decision-making and how entrepreneurs face challenges and pursue opportunities (Chen et al., 2019; Vecchiatto & de Castro, 2015) and is equally applicable to early-stage team building in a start-up context. Self-Efficacy Theory interweaves with Imprinting Theory, where organisations and their behaviours, such as in the case of early-stage start-up teams, are deeply influenced by their early experiences and events that occur during their formative stages. Thus, the level of self-efficacy, both individually and collectively, is intrinsically linked to the imprinting of early behaviour, processes, culture, sense of identity and strategic choices. Imprinting Theory suggests that the initial conditions and events faced by a new venture, and inevitably influenced by the level of collective sense of self-efficacy during its inception and early growth stages, can significantly shape its future trajectory, in parallel with its culture, strategic decision-making and overall performance.

Therefore, the criticality of these aspects being aligned during this crucial stage, including the CFA decision, cannot be understated. For example, the level of self-efficacy of the founder alongside the new team member, both individually and collectively, can be imprinted onto organisational culture and echoed through successive stages. For instance, resilience in the face of adversity can become a key part of the organisation's culture; similarly, alignment of the founding entrepreneur and initial employee can, importantly, contribute to a sense of collective self-efficacy and shared endeavour within the organisation. Imprinting Theory (Di Maggio & Powell, 1983; Meyer & Rowan, 1977; Stinchcombe, 1965) posits that early experiences significantly shape an organisation's identity and trajectory (Zott & Huy, 2007), for example, exhibiting resilience in the face of challenges (Vecchiatto & de Castro, 2015) and overcoming initial obstacles can become engrained in organisational culture. Similarly, early successes or failures and the response to these can influence the collective self-efficacy of the founder and new team member (Ireland, Covin & Kuratko, 2003).

By integrating these theories, a deeper insight is gained into how a new venture's trajectory is not only shaped by external factors, but also importantly by the psychological dispositions of the key individuals. This interaction highlights the reciprocal relationship between individual agency and organisational imprinting, ultimately influencing the SME's growth and development.

Further, it helps to improve our understanding of the importance of adopting a more strategic approach – in sharp contrast to the current model of often hurried, informal and less effective (HIL) early recruitment, for instance, through strong and even weak ties and networks – to the Critical First Appointment (CFA) decision and its significance from both an imprinting and self-efficacy perspective.

It is a fulcrum moment, possibly one of the most critical in the early development of the venture, and one that is frequently overshadowed and overlooked in the crucible atmosphere.

Inevitably, up to this point, it has been largely about the founder, then it becomes a team game (even in embryonic form), and the entrepreneur is often unconsciously and invisibly choosing a path to go down, a course to set, with implications spanning out, like flashes of light, across years and decades. Even if the business lasts for 20 years or longer, accepting all the changes over that period, the roots can be traced back to that path due to its imprinting into the DNA.

CONTRIBUTION TO THEORY

The initial contribution to theory is in two areas:

Application of Imprinting Theory to the context of early hires in start-up ventures, recognising their critical role as ‘culture carriers’, helping to shape the DNA of the business at this foundational stage.

Application of Self-Efficacy Theory in terms of its role in recognising the importance and benefits of strategic and effective early hires as part of foundational team building in start-up contexts.

METHODOLOGY

A qualitative approach will be utilised through 4-5 case studies (e.g. studying difference regarding gender, culture, longevity and serial entrepreneurs). The context of this study is the NW of England for several reasons; firstly, the scale of European and UK government funding which has been directed towards addressing the issue of SME growth and productivity; secondly, the region’s strength in the technology sector and receptiveness to the adoption of technology; and, thirdly, access to relevant case studies.

The methodology will focus on a qualitative approach, as it can provide in-depth understanding to the multi-layered complexity of the phenomenon and questions. Data collection will be carried out via semi-structured interviews in person or via VOIP, using the established network of the Entrepreneurs-in-Residence, who meet the criteria and are familiar with data gathering process. Criteria will be identified to ensure as representative and relevant a sample as possible.

Thinking carefully around perennial concerns of rigour, transparency and reproducibility, further development to the methodology has been undertaken and will utilise triangulation of data to enhance robustness and endeavour to address these concerns.

For example, a workflow model will be adopted, together detailed notes and guidelines, to assist with replicability and transparency, increasing both validity and reliability of the findings. As part of this, a focus group will be established to discuss and debate issues in more depth and facilitate counter and outlier views. Similarly, a small, experimental Founders’ Conference – as a small-scale symposium initially – will be set up to explore the phenomenon in a broader context, as well as to identify any wider or otherwise unanticipated issues or topics.

Other approaches, such as ethnography or undertaking a survey, were considered, however, the first would be too immersive and intrusive to be effective, while the second would be too narrow, binary to a degree and limit scope, as well as introducing additional risks of bias.

Ethical considerations

Guidelines produced by both the UK Government's Cabinet Office (Cabinet Office, 2003) and the Economic and Social Research Council (ESRC) benchmarking on standards for ethics in research (Economic and Social Research Council, 2023) will be adopted to ensure both quality and rigour.

Implications

It is the intention for the research to impact on both policy and practice.

Significance for Policy - Government, HEI, NGO &/or bank support around early hires in new and early-stage ventures, including recruitment models, hiring templates, grant support, consultancy, critical thinking, all encouraging and facilitating a more strategic approach versus the current tactical decision-making, often informally and hurriedly via networks.

Significance for Practice - To reduce the turnover of early hires and increase the effectiveness of their appointment in terms of impact on growth, productivity and longevity, together with lowering rates of business failure.

Limitations

There are a number of limitations to bear in mind, for instance, the inherent bias within qualitative research approaches, for example, the potentially almost overshadowing influence of the researcher on all aspects of the research design. This will be considered carefully as part of the design process, and, similarly, the risk of confirmation bias. However, the author's background, particularly journalistically, should assist in helping to minimise this.

Other limitations include the small-scale of the initial research, although the two additional methods outlined endeavour to address this, bringing wider perspectives and greater rigour.

Further, the selection of participants via purposive sampling will follow particular criteria, for instance, a not particularly familiar relationship with the author as researcher to reduce the risk of bias and, as far as possible, demonstrate independence and objectivity.

More generic limitations, such as the validity of findings and difficult of transposing into either statistical or visual formats, will also be considered carefully as part of the design process.

CONCLUSION

While the research proposed is innovative and addresses a clear gap in the literature, as outlined earlier, with potential implications for both policy and practice, it is inevitably essential that the research is rigorous, transparent, fully ethical and reproducible. To achieve this, meticulous consideration and careful thought will be required to all aspects of the design process, including, for instance, respondent feedback and peer review, to achieve the highest standards of rigour and quality.

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APPENDIX

Table 1

Theoretical Framework	Conceptual Framework
Theoretical lens: Imprinting Theory Self-efficacy Theory	Empirical evidence Supporting literature
Theorists: DiMaggio & Powell (1983) Meyer & Rowan (1977) Thornton (2004) Bandura (1977) Pajares & Schunk (2001) Key theoretical principles: Teamwork, engagement, motivation & shared sense of purpose & values	Core concepts: Team selection is intrinsically linked to growth. Early hires play a critical role in shaping the DNA of new ventures, with their imprint being visible years and sometimes even decades later. An initial hire can mark the formal initiation of organisational culture (consciously or often sub-consciously) How effectively this is undertaken affects the self-efficacy of the organisation and is a key determinant on future growth and success.