

Given the Influences of HRM, How to Improve the Working Effectiveness of Entrepreneurial Teams

Mengjie Wang

University of Nottingham, Nottingham, UK

The purposes of this paper are to point out some problems which would influence effectiveness of the entrepreneurial team and to find the possible solutions which could improve work effectiveness or performance of entrepreneurial from the human resource management aspect. This paper uses literature-driven definitions of entrepreneurial teams and the team effectiveness, using human resource management theories to present solutions and suggestions for effectiveness problems in entrepreneurial teams. Through studying relevant references, some problems, for example, ETs lacking a strategic view of the human resource, are analyzed from the HRM aspect. The reasons why members of ETs have low work effectiveness are listed briefly. Although some people hold the view that HRM is directly related to ETs, there is a lack of systematic methods which could help managers of ETs to implement HRM practices. In the final part, solution and suggestion would be listed in detail to help leaders or management implement great HRM practices.

Keywords: entrepreneurial teams, human resource management, work effectiveness

Introduction

In recent years, entrepreneurial teams, receiving increasing attention, are regarded as the “incubators” of fast-growth firms (Cooney, 2005, p. 226). Many writers have pointed out that entrepreneurial teams are like “lone heroes” who launch new ventures for creating new businesses (Wright & Vanaelst, 2009, pp. 85-107). Many great companies are starting from venture teams, like Google and Alipay. Nowadays, there are many new businesses playing more and more important roles in human societies. For instance, Alipay and WeChat change people’s lives. The constitution of entrepreneurial teams in business markets cannot be ignored. But there are also many new entrepreneurial teams disappeared from the vision of masses before achieving the success. The working effectiveness of entrepreneurial teams is one of the most important key factors which could decide the success of their new ventures. This paper would study entrepreneurial teams from the perspective of human resource management. The relationship of HRM and work tasks of entrepreneurial would be analyzed. The paper has two major aims. One aim of this paper is to find out the common problems, particularly related to human resource management, existing in entrepreneurial teams. In the second part of the paper, suggestions and solution of HRM in the entrepreneurial teams would also be given.

Mengjie Wang, student of M.Sc. Human Resource Management and Organization, Business School, University of Nottingham, Nottingham, UK.

Correspondence concerning this article should be addressed to Mengjie Wang, Business School, University of Nottingham, Flat 82 Block C Nottingham Two, Midland Way, Nottingham, UK.

Literature Review

The number of entrepreneurial teams (ETs) is continually increasing. According to Shaver and Scott (1991), although some ventures are launched by the individual, the entrepreneurial teams are constituted by a group of people. People, to some extent, become the main resource and competitive power of entrepreneurial teams. ETs might have to deal with both external and internal challenges (Schmelter, Mauer, Börsch, & Brettel, 2010, p. 716). Schmelter et al. (2010) noted that the reason why ETs should relate to human resource management (HRM) is that people are the key of innovations. They also assume that business scale is related to HRM practices. The problem is that some people accept that HRM is important for ET, but they might not know how to implement managerial practices (Schmelter et al. 2010, p. 716). According to Hunckler (2017), entrepreneurial teams have the possibility of facing the following challenges: cultural diversity, resources limitation, company structure, constant changes, competitive power collection, open communication, taking people into account and other challenges (Hunckler, 2017).

“Human resource management is a comprehensive and coherent approach to the employment and development of people.” (Armstrong, Taylor, & MyiLibrary, 2014, p. 1). However, today, few references could provide the systematic theories of HRM for ET to improve their team effectiveness. The greatest function of HRM is to help organizations to achieve their business objectives. For implementing HRM practices, there are several steps. According to earlier studies, strategic human resource management (SHRM) is deciding what business organization would be in and creating a strategic view for future development. In other words, SHRM aims to create a long-term vision within human part of organizations. Recruitment and selection processes are the first stage of implement HRM planning. In this stage, the leaders of ET need to define requirements, interview candidates, test, or assess them, and, finally, offer employments. After this stage, performance management, particularly performance appraisal should be attached to great importance. Performance management would test individual or teams performance and could align performance with organization strategies. Performance appraisal and feedback is the key to improve employees’ working effectiveness. (Armstrong, 2014, pp. 1-2, 15-17, 225-230, 333-350).

There are three stages of an entrepreneurial venture: idea stage, implement stage, and maintain or development stage (Wright & Vanaelst, 2009, pp. 4-9). At the idea stage, the members of entrepreneurial teams are those who have the core and common idea or innovation plan, and they could also be regarded as leaders of this venture. In this stage, team members should make the decision of the venture. Then, in implement stage, leaders can give chance to consider about absorbing new partners. Recruitment and selection of new employees or partners are the most direct way to expand teams. To lead a bigger team, core members or leader in teams should make sure every member provides good performance to organizations. As it mentioned by many learners, good working performance is the key factor of getting great progress. Good performance of every employee is the constant goal for HRM department in nearly every organization. Besides, giving suitable feedback can not only make members feel that they are needed but also give a chance for internal communicating. This would help the team to survival for a longer time within a dynamic environment (Wright & Vanaelst, 2009, pp. 3-11).

HRM Problems in Entrepreneurial Teams

As is defined by Shaver and Scott (1991) that entrepreneurial teams are constituted by a group of people who hold the belief that their common innovations are possible, and they are willing to make hard efforts to

implement plans (Cooney, 2005, p. 228). Those people might have the same interest or the same goal, so they are willing to work together for their future career. Compared with companies which have complete structures and strategies, entrepreneurial teams would face more challenges than normal companies. In normal companies, there are independent human resource administrative sections. In this case, HR demands could be satisfied by certain HR managers. However, in entrepreneurial teams, people sometimes work together only because of interests or financial reasons (Cooney, 2005, p. 228). Entrepreneurial team members should be more careful when dealing with the colleague or employment relationship problems and others challenges. According to the study of Hunckler (2017), entrepreneurial teams have the possibility of facing the following challenges. The main challenges are cultural diversity, resources limitation, company structure, constant changes, competitive power collection, open communication, taking people into account and other challenges (Hunckler, 2017). It could be easily found that these problems are more or less relating to the human resource management (HRM). However, in the newly established ETs, no human resource sections could deal with those problems. Leaders and managers are more likely to reduce the number of people for ensuring lower cost. Finding the balance between the benefit and cost of HRM is one challenge for small-scale or middle-scale ETs.

From the perspective of team structure and strategy, HRM plays an indispensable role. For furthering development, entrepreneurial teams should have a clear picture of strategies among the changing marketing. Aligning the HRM strategy with the entrepreneurial strategy could give a wider space for future development. At the beginning step of starting a new business, existing employees could be regarded as the core competitive power. As time goes on, more human resources are needed for business expending. Strategic human resource management (SHRM), aiming to let the human resource suit for the organizational development in long term (Armstrong, 2014, p.16), helps a lot. But the way to align these two kinds of strategy might be quite difficult for newly established organizations.

According to previous learners, conflict is the main reason lead to members' leaving (Ensley, Pearson, & Amazon, 2002; Wright & Vanaelst, 2009, p. 153). If the turn-over rate of the ETs is too high, it could bring disadvantage to the organization. The first reason why people leave teams is conflict. Working in ETs, members would communicate their tacit understanding frequently. ETs' working environment is more flexible than structured companies. If members have too many different understanding and values, conflict would happen. For example, members who have different knowledge background would have the different view of the same working task. If they cannot understand from other's aspect, conflict would happen. In this term the selection of team members and communication are important. When members have too many conflicts, their working effectiveness could be reduced. On the other hand, if members feel uncomfortable in the ETs environment, they might also choose to leave. The reason why members lost their faith or interest would be that they lack skill and knowledge or they feel too much pressure.

Suggestions and Solutions

As it mentioned earlier, there are several common problems related to HRM in many entrepreneurial teams. First of all, if entrepreneurial teams want to achieve greater successes in the future, SHRM plan is needed. "Business objectives are accomplished when human resource practices, procedures and systems are developed and implemented based on organizational needs, that is, when a strategic perspective to human resource management is adopted." (Baird & Meshoulam, 1988, p. 116; Armstrong et al., 2014, p. 16). It is normal that teams would come up with a rough blueprint for the future development in the beginning stage. For

example, core team members would decide the main product and the main market before they start their venture. When the venture has begun, leaders and members can drive the business objectives according to the business strategies. Facing directional problem, decisions could be quickly made. In the meantime, if organizations have clear HRM strategies policies, they could easily know what kinds of partners or talents are whom they need. The function of SHRM is giving the general notion of skills or talents which help organizations achieve strategic objectives. For creating a fitting HRM strategy, leaders should make sure about the business orientation. The orientation gives a guide to suitable talents or skill needed in business activities. According to that information, HRM strategies could become suitable for organizations.

The first step to implement the HRM strategy is recruiting and selecting right partners or team members. Recruiting and selecting are two inseparable processes. Effective recruiting and selecting can help organization choose right talent. Dismissing employee could be costly according to some labor policies. In this term, organizations need to ensure absorbing right candidates to keep the high effectiveness of whole teams. But before these two processes, the job design and job description might be indispensable. Those two documents are usually written matching the whole business strategies. For example, in IT entrepreneurial teams, high-level programmers, whose skills are relative to venture products, could be taken into consideration. Clear job descriptions telling the essential capabilities are expected to help to absorb talents and to give a criterion for selecting process. With the help of job description and other documents, the first step is choosing effective and efficient selecting methods.

The most common select methods, according to University of Bristol's data (2017), are assessment centres, structured interviews, bio-data analysis, personality test, unstructured interviews, and references. Armstrong et al. (2014) found that interviews with the well-designed structure or double interviewers have higher reliability than tradition telephone interview and unstructured interviews. References can service for double-checking or final-checking. With the help of science measures, results of psychological testing, bio-data, and assessment centres are more accurate but would also cost much. Given the entrepreneurial condition, references and semi-structured or structured interviews can ensure that the teams absorb right members with lower money spent. According to job descriptions, interviews question could be well designed in detail for catching more useful information (Armstrong et al., 2014, pp. 226-235). Those structured questions help organizations recognize qualities of candidates. Meanwhile, references giving a double checking could improve the effectiveness and efficiency of selection processes.

Besides the recruitment and selection processes, previous experts have found that the successes of new entrepreneurship are related to the team-members' performances (Schjoedt & Kraus, 2009, p. 513). In nearly every company, employees' performance would have a direct influence on the final outcome. In this case, the performance management and the performance appraisal are particularly important to improve entrepreneurial teams' effectiveness. Performance appraisal is the key tool to measure individual working effectiveness. It also gives chances to leaders to find existing problems with team members. Comparing results of different members' working performances, leaders could know whether the position is suitable for certain member or not, and making appropriate adjustments. On the other hand, it provides chances for individual developments. The final process of performance management is to give feedback to employees. Moreover, communications would be done through this process (Armstrong et al., 2014, pp. 333-355).

However, the frequency of appraisal should be carefully decided (Towne, 2006). Firstly, making a complete scale of performance appraisal would cost money. High frequency of testing brings the pressure to

teams' finance. Labor power would be wasted for testing members frequently. Secondly, in certain cases, the performance appraisal requests to pause currently programs because of the data collection. Finally, it would bring pressures to members. Working with high-level of stress is harmful to employees' psychological health. Given the reasons above, leaders need to decide the frequency of performance appraisal according to business strategies, and then the utility of performance management could be maximized.

It suggests that, if a team wants to use a more communicating friendly method, the 360-degree method is a good one. This method allows different actors to give their own voices. In 360-degree methods, not only the leader who is responsible for the appraisal processes has the power to evaluate members, but all members could judge their partner or themselves. Peer evaluation and self-evaluation give more fairness. It is obvious that in the processes of appraisal communication chance is created for venture leaders and followers. When giving timely feedback to the appraisal, leaders should give suggestions to members for improving their performance. Leaders can also change the HRM strategy according to these feedbacks.

Last but not the least, organizational culture is like the soul of a whole team even when the team achieves much success in the future. The previous learner found out that, one successful entrepreneurial team would either build the whole team but also develop the individuals, and vice versa. For example, when we are thinking about the famous American company "Apple", the name of Steven Jobs would automatically show in our mind. (Cooney, 2005, p. 226). Why Jobs and Apple have such deep contact is that there is a link named organization culture. For creating a new Apple for the mass, Jobs dedicates his talents to the organization. In the meanwhile, Apple companies provide the stage for Jobs to study his technology. Like tacit knowledge, organization culture sometimes is indescribable, but it works as a leader when team members have implemented their innovations. Creating and consolidating organization culture within a dynamic environment is difficult. The first step, leaders should make sure the whole organization is goal orientated. It means that every member of the team knows their business goal and their own sub-goal. To reach this stage, leaders should have deep communication with members from the time they join the teams. Only when members know what their working tasks mean to the whole goal, the entrepreneurial teams could make progress towards the final goal. Next, leaders should also give suggestion and help to members. This information could help members improve the working effectiveness or reconfirm the orientation when they get confused. If organizations have a strong culture, turnover rates of employee would also be reduced.

Conclusion

It is easy to find that comprises of entrepreneurial teams and normal companies are different. So entrepreneurial teams would face more challenges without systematic structure. Team leaders should think about the HRM is from both macro perspective and micro view. Previous learners, Wright and Vanaelst (2009), find that the HRM in entrepreneurial teams has a close relationship with business strategies. Some suggestions for improving the effectiveness of entrepreneurial teams have been listed. First, if organizations have clear HRM strategies policies, they could easily know what kinds of partners or talents are needed. After creating a clear HRM strategy, the implement could help to maintain and absorb talent for teams. Recruitment and selection process could ensure absorbing new talents. Performance management keeps whole teams working in high effectiveness. Communication and feedback decrease the turnover rate. Besides the organizational culture is necessary for long-term development. However, more studies should be done to analyze the unordinary problems among entrepreneurial teams. And the suggestions for improving the effectiveness still wait to be consummated.

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