

Entrepreneur-investor conflict, new venture innovation radicalness and speed, and the moderating role of procedural justice

Pia Christine Otto , Andrea Greven , and Malte Brettel 

Innovation and Entrepreneurship Group (WIN), TIME Research Area at RWTH Aachen University, Germany

ABSTRACT

Task conflict is a common occurrence among entrepreneurs and investors, not least due to the interdependent and strategically collaborative nature of their relationship. Still, research has yielded scarce insights into how task conflict modifies specific innovation characteristics. Focusing on two primary dimensions, our study explores how task conflict between entrepreneurs and investors influences the radicalness and speed of innovation in nascent ventures. Additionally, we investigate the moderating role of procedural justice. Analyzing our sample of 113 entrepreneurs reveals that task conflict in the entrepreneur-investor dyad negatively relates to both innovation radicalness and speed. However, we also show that procedural justice can alleviate task conflict's adverse effect on innovation radicalness. Our findings enrich the theoretical understanding of the conflict-innovation nexus and its variables and offer practical guidance for entrepreneurs and investors regarding the impact of task conflict on innovation characteristics.

KEYWORDS

Entrepreneur; investor; conflict; innovation

Introduction

Conflict and debate commonly prevail among entrepreneurs and investors (Yitshaki, 2008)—and although both parties in this dyad are in agreement about their joint interest in the new venture's success (Cable & Shane, 1997), their disagreements can have severe relational and organizational outcomes. In response to the increasing research interest in recent decades, studies revealed both beneficial and detrimental impacts of the entrepreneur-investor task conflict, such as on investor value (Brettel et al., 2013), exit intentions (Collewaert, 2012), venture performance (Higashide & Birley, 2002), and confidence in the cooperation (Zacharakis et al., 2010).

Previous studies also uncovered initial indicators that task conflict in the entrepreneur-investor dyad negatively affects new ventures' general innovation performance (Collewaert, 2008; Collewaert & Sapienza, 2014).

CONTACT Pia Christine Otto  otto@time.rwth-aachen.de  Innovation and Entrepreneurship Group (WIN), TIME Research Area at RWTH Aachen University, Kackertstr. 7, Aachen 52072, Germany

© 2025 The Author(s). Published with license by Taylor & Francis Group, LLC.

This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

However, research has neglected to explore two equally essential dynamics between innovation and task conflict in the entrepreneur–investor dyad: Does task conflict result in more or less radical innovation? Does it result in slower or faster innovation? This omission is surprising, as there is general agreement that innovation radicalness and speed are decisive for ventures’ competitive edge and long-term success (for example, McDermott & O’Connor, 2002; Tellis et al., 2009). Accordingly, scholars call for a more nuanced exploration of the relationship between conflict and innovation (De Clercq et al., 2009), demand more depth in studying the antecedents of innovation in the entrepreneur–investor dyad (Collewaert & Sapienza, 2014), and urge conflict researchers to better examine the influence of conflict on innovation quality and quantity (Song et al., 2006). Generating more fine-grained insights into how specific facets of innovation change under conflict would help obtain a more tangible grasp of the venture-level mechanisms influenced by task conflicts in the entrepreneur–investor dyad.

We consider the contingency framework (Jehn & Bendersky, 2003) commonly used in research on the entrepreneur–investor conflict (for example, Brettel et al., 2013; Collewaert & Sapienza, 2014). Prior work on the association between entrepreneur–investor task conflicts and new ventures’ overall innovativeness examines several contingent moderating factors—such as trust, agreement on priorities, and interaction frequency—that can weaken or strengthen the conflicts’ potential detrimental outcomes (Collewaert, 2008; Collewaert & Sapienza, 2014). Another valuable contingency factor to consider in the relationship between entrepreneur–investor task conflict and innovation is entrepreneurs’ perceived procedural justice, referring to entrepreneurs’ perception of being treated fairly by their investors during decision-making (L. W. Busenitz et al., 2004; Lind & Tyler, 1988). Scholars in the entrepreneur–investor conflict domain have already explored procedural justice as a contingency variable, particularly its impact on the relationship between conflict and investor value (Brettel et al., 2013). However, there are no examinations of procedural justice as a contingency factor in the literature on the association between entrepreneur–investor conflict and innovation. This gap is surprising, as previous research highlights the importance of procedural justice for innovation processes and outcomes; L. W. Busenitz et al. (2004), for instance, suggest that procedural justice within the entrepreneur–investor dyad encourages entrepreneurs to collaborate with their investors in both conceiving and implementing innovations. Earlier works show that procedural justice enhances innovation team performance (Korine, 1997) and argue that it promotes more active idea-sharing (Kim & Mauborgne, 1998). These results prompt us to explore the role of procedural justice in innovation contexts by investigating its impact on the relationship between entrepreneur–investor task conflict and innovation radicalness and speed.

The purpose of this article is twofold. First, we aim to uncover the relationship between task conflict in the entrepreneur–investor dyad and the radicalness and speed of innovation. In this context, we understand innovation radicalness as “the capability to generate innovations that significantly transform existing products and services” (Subramaniam & Youndt, 2005, p. 452) and innovation speed as “how quickly an idea moves from concept to a product in the marketplace” (Chen et al., 2012, p. 289). Second, we investigate the contingent, moderating role of the entrepreneurs’ perceived procedural justice, which we define in our context as “the extent to which the dynamics of the [investor–entrepreneur] relationship are judged to be fair” (L. Busenitz et al., 1998, p. 8).

We compiled a sample of entrepreneurs affiliated with two of the most entrepreneurial universities in Germany, according to Deutscher Startup Monitor (2023). From May to October 2023, we contacted the entrepreneurs individually and asked them to complete the survey. After cleaning the data, our final sample contained responses from 113 entrepreneurs. Our analyses indicate that task conflicts in the entrepreneur–investor dyad significantly reduce both radicalness and speed of innovation in nascent ventures. Further, our findings reveal that procedural justice buffers the adverse impact of task conflict in the dyad on innovation radicalness—but only at low to moderate levels of task conflict.

Our empirical study makes two contributions to the entrepreneurial conflict literature. First, we deepen the understanding of how task conflict in the entrepreneur–investor dyad influences innovation radicalness and speed, adding a more nuanced dimension to the existing conflict–innovation literature that either explores how conflict affects the number of innovations introduced (De Dreu, 2006) or focuses on the outcomes of dyadic task conflict on new ventures’ general innovation performance (Collewaert & Sapienza, 2014). We provide more depth by proposing that task conflict affects both innovation radicalness and speed. Second, we extend the application of the contingency framework proposed by Jehn and Bendersky (2003), particularly within the context of the entrepreneur–investor conflict. By focusing on procedural justice as a moderating variable, we broaden the current understanding of its role in the innovation context and demonstrate how procedural justice and its related decision dynamics influence the association between task conflict and innovation radicalness and speed. Specifically, we show that procedural justice may mitigate the impact of task conflict, though this benefit is limited to lower levels of task conflict. Additionally, we offer practical insights for entrepreneurs and investors, enabling them to manage and attenuate conflicts proactively and foster an environment conducive to innovative processes. Further, our results advise entrepreneurs and investors to leverage procedural justice as a buffer in situations with low to moderate task conflict by ensuring fairness in

decision-making to weaken the impact of task conflict on innovation radicalness.

Theory and hypotheses development

New ventures' innovation radicalness and speed

Innovation is a critical success factor for every entrepreneurial entity, whether an incumbent corporation or a nascent venture (Schumpeter, 1934). Innovation is commonly defined as “the development and use of new ideas or behaviors in organizations” (Damanpour & Wischnevsky, 2006, p. 271) and describes the process of devising creative ideas and translating them into new products, services, markets, structures, or systems (Amabile, 1988; Damanpour & Wischnevsky, 2006). In their thorough research on the concept of innovation, scholars have found innovation to significantly increase firm performance (accounting returns, growth, and stock market performance) (Rosenbusch et al., 2011) as well as firm growth and survival rates (McDermott & O'Connor, 2002; Song et al., 2006). Notably, in the case of early-stage ventures, studies have underlined that investors not only assign higher valuations to more innovative companies but also express greater confidence in the prospective investment (Zheng et al., 2010). Concerning financing decisions, a young venture's innovative products and services are thus of primary investor interest (Rubera & Kirca, 2012).

Prior research has already examined how conflicts between entrepreneurs and investors influence a venture's general innovation activity, measured by its perceived innovativeness compared to competitors (Collewaert, 2008; Collewaert & Sapienza, 2014). However, it is essential to shed light on two specific innovation concepts that, according to previous literature, significantly affect ventures' competitive edge and performance (McDermott & O'Connor, 2002; Tellis et al., 2009): innovation radicalness and innovation speed. This approach is in line with earlier conceptual studies that highlight a lack of clear, distinct metrics of innovation and suggest differentiating between innovation success measurements and innovation characteristics measurements, which could lead to more impactful research on innovation and its consequences for organizational outcomes (Gatignon & Xuereb, 1997; Gatignon et al., 2002). McDermott and O'Connor (2002) also underscore that traditional definitions of innovation do not capture its degree or magnitude. Accordingly, we distinguish the two innovation characteristics of radicalness and speed.

Research has established that innovation radicalness—one primary attribute of innovativeness—positively relates to customer benefits, organizational performance, and growth (Slater et al., 2013; Sorescu et al., 2003). While radical innovation claims one end of the spectrum, incremental

innovation lies on the opposing end. The latter describes a quality of novelty that is less drastic and embodies the progressive refinement of pre-existing knowledge, capabilities, or technologies (Chan & Parhankangas, 2017; Christensen & Bower, 1996; Rubera & Kirca, 2012; Tellis et al., 2009). Radical innovations might be riskier (Chan & Parhankangas, 2017; A. Cooper & Smith, 1992; Damanpour, 1996) yet promise economically higher returns than incremental innovations, as they significantly advance the price–performance ratio (Gatignon et al., 2002). Existing literature identifies substantial knowledge gaps regarding the influence of conflict on the continuum of incremental and radical innovativeness and thus calls for additional research (Song et al., 2006). The second underlying characteristic of innovation we consider relevant is innovation speed, also termed new product/service development speed, time-to-market, or cycle time (Chen et al., 2012). Prior works mostly reveal a positive association between innovation speed and a company's innovation activities and success (Calantone et al., 2003; González & Palacios, 2002). Moreover, innovation speed is assumed to directly affect market-entry timing, development costs, competitive advantage, and financial performance and positively relates to the creation of products that provide value to customers (Cankurtaran et al., 2013).

Neither the radicalness nor the speed of innovation has been specifically examined in the context of entrepreneur–investor task conflicts, although they represent two significant, performance-related criteria that are clearly under the influence of a new venture's management team (Slater et al., 2013). Thus, it is a fruitful avenue to examine the effects of dyadic task conflict between entrepreneurs and investors on young ventures' innovation radicalness and speed.

Entrepreneur–investor conflict and its role in shaping ventures' innovativeness

The notion of conflict encompasses “a process that begins when an individual or group perceives differences and opposition between itself and another individual or group about interests and resources, beliefs, values, or practices that matter to them” (De Dreu & Gelfand, 2008, p. 6). While past scholarly investigations into conflict dynamics predominantly focused on intra-group contexts (De Wit et al., 2012; Jehn, 1995; Jehn & Bendersky, 2003; Jehn & Mannix, 2001), recent years have seen a surge in research on inter-group conflicts, and the entrepreneur–investor dyad in particular has garnered significant attention (Brettel et al., 2013; Collewaert, 2012; Khanin & Turel, 2013).

In conflict studies, a conventional categorization distinguishes between two primary conflict types: task conflict and relationship conflict. Task conflict, or cognitive conflict, describes differences in opinions about work tasks, ideas,

strategies, or decisions (Jehn & Mannix, 2001). Conversely, relationship conflict, denoted as affective conflict, encompasses interpersonal incongruities, manifestations of tension, and personal antipathy among the entities engaged in the conflictual interaction (Jehn & Mannix, 2001).

Relationship conflict is generally and widely acknowledged to have detrimental effects on the entrepreneur–investor dyad and the venture (Brettel et al., 2013; Higashide & Birley, 2002; Khanin & Turel, 2014). In contrast, the role of task conflict has yet to be exhaustively defined, with scholars underscoring its potential dual impact, indicating outcomes that are either unfavorable (for example, Collewaert, 2012; Zacharakis et al., 2010) or beneficial (for example, Brettel et al., 2013). Specifically relevant to our context is a study by Collewaert (2008), who finds significant adverse effects of task conflict in the entrepreneur–investor dyad on new ventures’ overall innovativeness. In a more recent study, Collewaert and Sapienza (2014) propose that task conflict between entrepreneurs and investors negatively influences a venture’s innovativeness compared to its competitors, but they fail to show a significant effect. Higashide and Birley (2002), when examining the relationship between task conflict in the dyad and new venture performance—measured as a calculation based on financial (for example, sales growth rate, market share, and cash generation) and non-financial criteria (for example, development of new products, markets, and personnel)—paradoxically conclude that task conflict can be beneficial for venture performance.

Conflict in the entrepreneur–investor dyad is prevalent, yet notable research gaps remain. In particular, scholars have not yet thoroughly examined its consequences for new venture innovation, which is of high interest to investors. Moreover, earlier studies have yielded only limited and inconclusive findings. Responding to the need to shed more light on conflict in the entrepreneur–investor dyad, this article focuses on the more ambiguous type of conflict and studies how task conflict, particularly between entrepreneurs and investors, influences new ventures’ innovation radicalness and speed.

Task conflict and radicalness of innovations

Radical innovations can transform entire industries and sectors by revolutionizing extant products and services (Chandy & Tellis, 2000). Such radical innovations predominantly originate in nascent ventures (Chandy & Tellis, 2000; McDermott & O’Connor, 2002), making these ventures attractive and exciting for investors, as radical innovations promise competitive advantage (Tellis et al., 2009), innovation performance (Gatignon & Xuereb, 1997), and financial success (Rosenbusch et al., 2011). However, task conflict between entrepreneurs and investors, linked to disagreements and uncertainty about tasks and ideas (Jehn & Mannix, 2001), might alter the innovation

environment. Based on the following two arguments, we propose that task conflict in the entrepreneur–investor dyad negatively relates to innovation radicalness.

First, we argue that task conflict in the entrepreneur–investor dyad impedes ventures’ innovation radicalness because disputes lead to a lack of creative and radical ideas. Given that “innovation is the successful implementation of creative ideas” (Amabile, 1988, p. 126), it is no surprise that innovation research has close links to creativity research. Both innovation and creativity distinguish themselves on a radical versus incremental spectrum (Chan & Parhankangas, 2017; Madjar et al., 2011), resulting in radical innovations primarily stemming from daring, radically creative processes and ideas (Colombo et al., 2017). Thus, it seems that for radical innovations, young ventures must actively seek revolutionary creative ideas to produce breakthrough products or services. Task conflict, a type of conflict centered on disagreements about tasks, ideas, and next steps for the company (Jehn & Mannix, 2001; Yitshaki, 2008), involves multiple opinions and suggestions, likely resulting in a form of “idea battling” between entrepreneurs and their investors. However, prior studies suggest that an overabundance of ideas can lead to perceived constraints on expressing new thoughts, diminishing creativity and, ultimately, the originality of ideas (Hofstetter et al., 2021; Stephen et al., 2016). Scholars also argue that high levels of task conflict distract individuals from keeping an open mind when generating ideas, resulting in overstrain and insecurity and ultimately harming creativity and innovation (De Dreu, 2006; Farh et al., 2010).

Second, we contend that increased risk aversion and a shift in focus in times of task conflict impede the radicalness of innovations. Radical innovations require a substantial willingness to take risks (Gassmann et al., 2001; Slater et al., 2013) as breakthrough products or services often aim to serve not-yet-defined markets (McDermott & O’Connor, 2002). However, research demonstrates that uncertainty, not uncommon in the entrepreneurial setting (McMullen & Shepherd, 2006) and even more likely when conflict occurs, entails more risk-averse behavior (Mengel et al., 2015). Instead, entrepreneurs likely prioritize conflict resolution, secure ongoing funding, and diminish uncertainty before resuming radically innovative behavior. The assumed focal and behavioral shift contradicts Slater et al.’s (2013) proposition that it is the task of the leader—in our setting, the entrepreneur—to push radical innovations to success and to pay full attention to this effort, which is unlikely under task conflict and hence distraction.

In conclusion, we propose that task conflict in the entrepreneur–investor dyad has an adverse effect on the innovation radicalness of new ventures.

H1: Task conflict between entrepreneurs and investors is negatively related to the radicalness of innovation in new ventures.

Task conflict and speed of innovations

Efficient and fast new product or service development is a prerequisite for a thriving business, especially in turbulent and continuously changing environments (Chen et al., 2012), such as the entrepreneurial context. Fast innovation cycles, including rapid prototyping, quick customer feedback, and regular iterations (R. G. Cooper, 2019), are vital for new ventures still seeking to establish their market position and fighting for survival (Deeds et al., 1999). In contrast, disagreements about tasks and ideas result in discussions (Jehn & Mannix, 2001) that are time-consuming yet indispensable. Building on the following two arguments, we propose that task conflict in the entrepreneur–investor dyad decelerates new ventures’ innovation processes.

First, we argue that the time-consuming nature of task conflict in new ventures causes increased delays and, consequently, decreased innovation speed. Task conflicts between entrepreneurs and investors encompass debates about, for example, resource allocation, risk management, new products or services, and general strategies (Jehn et al., 2008; Yitshaki, 2008; Zacharakis et al., 2010). Entrepreneurs might, for instance, be “frustrated that [they] have the money but the investors want to mitigate the risk by concentrating on the initial product [...] until there are sales and don’t want to diversify” (Yitshaki, 2008, p. 276). Thus, while task conflict mainly produces lively, valuable, and constructive discussions (Amason, 1996; Jehn & Bendersky, 2003), debating takes time and is likely to shift attention and delay decision-making, potentially affecting the new product or service development process. This scenario stands in contrast to an environment promoting innovation speed, which requires fast go–kill decisions to maintain the required pace (R. G. Cooper, 2019).

Second, we suggest that task conflicts between entrepreneurs and investors not only cause delays but also hinder the efficiency of innovation teams in new ventures, ultimately slowing down the pace of innovation. As task conflicts and related disagreements increase uncertainty (Paletz et al., 2016), entrepreneurs likely perceive heightened insecurity about their positions and agendas as they continuously exchange opposing opinions and ideas with their investors. Scholars suggest that entrepreneurs’ emotions are contagious (for example, Hubner et al., 2020; Laguna et al., 2020) and in particular, that management team members can spread worry to employees, thereby negatively affecting their entrepreneurial behavior (Brundin et al., 2008). Thus, it can be assumed that when task conflicts emerge between entrepreneurs and investors, innovation teams within the venture also perceive uncertainty and a lack of clarity regarding the venture’s direction. For innovation speed, however, goal clarity and certainty are essential (Sivasubramaniam et al., 2012). In the same vein, studies have shown that task conflict negatively

influences the viability and productivity of project teams (Jehn et al., 2008), suggesting that it is likely detrimental to innovation process efficiency and, consequently, to innovation speed. Moreover, it is also possible that in periods of task conflict with the investor, entrepreneurs intentionally decide to slow down the innovation process, as innovation speed should not come at the expense of quality (Chen et al., 2012; Crawford, 1992).

In conclusion, we propose that task conflict in the entrepreneur–investor dyad slows down the innovation process in new ventures.

H2: Task conflict between entrepreneurs and investors is negatively related to the speed of innovation in new ventures.

Procedural justice in the entrepreneur-investor relationship

Procedural justice refers to the perception of fairness in decision-making processes (Lind & Tyler, 1988) and is a concept with widespread and sustained recognition (Rupp et al., 2017). In organizations, it involves ensuring fairness and openness in the methods used to make decisions regarding, for example, rewards, promotions, or resource distribution (He et al., 2014). Kim and Mauborgne (1997, 1998) argue that procedural justice fosters the knowledge economy—an ecosystem marked by idea-sharing and cooperation—which, in turn, promotes ideas and innovation. The authors propose three decisive criteria for procedural justice in the organizational setting: engagement, explanation, and clarity of expectations (Kim & Mauborgne, 1997, 1998). Engagement refers to the involvement of all relevant parties in decision-making; they are asked for their input and allowed to challenge each other's ideas and assumptions. Explanation refers to establishing transparency for all relevant parties regarding the underlying reasons for a decision or rejection of some suggestions. Clarity of expectations means that all relevant parties are always aware of all joint expectations and applicable rules and agreements (Kim & Mauborgne, 1997, 1998).

Procedural justice is considered fundamental for individuals or parties who own a significant stake in something but lack complete control (Sapienza & Korsgaard, 1996). This aspect is especially relevant for entrepreneurs, who, while invested in their ventures, must relinquish shares and power to gain access to investors' input and resources (Wasserman, 2017). Given their equity stake, investors are traditionally considered the more powerful party in the entrepreneur–investor relationship (Cable & Shane, 1997). However, recent literature suggests that both entrepreneurs and investors can draw power from various sources of capital, including non-financial, with power dynamics shifting over time and potential imbalances likely resulting in the unfair use of power in decision-making (Waldron et al., 2024). This potential imbalance

makes procedural justice—where entrepreneurs and investors feel treated fairly and transparently in decision-making (L. W. Busenitz et al., 2004)—especially relevant. Procedural justice theory thus serves as a viable perspective to examine entrepreneur–investor relations, offering new insights into how entrepreneurs can actively steer their investor relations (Sapienza & Korsgaard, 1996). Previous studies on procedural justice in the entrepreneur–investor dyad indicate its beneficial role in trust-based collaborations and innovation. Sapienza and Korsgaard (1996), for example, highlight the criticality of procedural justice in building trust and commitment to decisions within the entrepreneur–investor relationship. Brettel et al. (2013) demonstrate that procedural justice, in the presence of task conflict, significantly increases the value entrepreneurs attribute to their investors. More specifically, L. W. Busenitz et al. (2004) assume that entrepreneurs who perceive a high level of fairness in their relationship with investors will more likely engage with and implement innovative ideas.

Still, empirical evidence on the role of procedural justice in fostering innovation within the entrepreneur–investor dyad remains limited. However, numerous studies from the broader organizational context highlight the positive impact of procedural justice on promoting innovation. Early on, researchers identified procedural justice as a driver of pro-organizational behavior and commitment (Lind & Tyler, 1988), innovation team performance (Korine, 1997), and trust and knowledge sharing (Kim & Mauborgne, 1998). Similarly, procedural justice advances commitment to and support for decisions made through cooperative efforts (Kim & Mauborgne, 1996) and can boost company profitability by contributing to cost savings and stability (Luo, 2005). More recently, He et al. (2014) indicate that procedural justice enhances employee engagement by strengthening organizational identification, which, in turn, likely fosters pro-organizational efforts. Thus, while Collewaert and Sapienza (2014) have already examined relational contingencies such as priority agreement or communication frequency in the conflict–innovation domain, we aim to explore how procedural justice moderates the relationship between entrepreneur–investor task conflict and innovation radicalness and speed, thereby adding to the contingency framework by Jehn and Bendersky (2003).

The moderating effect of procedural justice on the relationship between task conflict and innovation radicalness

As proposed in H1, we expect task conflict within the entrepreneur–investor dyad to reduce innovation radicalness. Based on two arguments, we derive that procedural justice unfolds a moderating mechanism on this relationship that weakens the association.

First, we expect that procedural justice in the dyad weakens existing power dynamics, transforming task conflict into a more constructive, cooperative dynamic that fosters the equal suggestion and acceptance of new ideas and alleviates the negative relationship between task conflict and innovation radicalness. Although both entrepreneurs and investors have a vested interest in the venture, the investor is generally perceived as the more dominant entity within the entrepreneur–investor dyad (Cable & Shane, 1997), potentially creating an imbalance. Procedural justice, in contrast, relates to the perceived fairness and transparency within a relationship and manifests in clear decision-making procedures that encompass the involvement of all parties and clear communication (De Clercq et al., 2010; He et al., 2014; Siegel et al., 2005). Regarding the entrepreneur–investor relationship, research has already established procedural justice as beneficial for cooperation, arguing that entrepreneurs who perceive fair treatment on the part of their investors are more likely to implement investors’ innovation requests (L. W. Busenitz et al., 2004). Similarly, radical innovations strongly depend on producing and exploring creative ideas (Chan & Parhankangas, 2017; Madjar et al., 2011). Promoting procedural justice in the dyad likely fosters this creativity, as the ensuing shift in power dynamics facilitates a joint exchange of and decision-making on creative ideas the venture intends to pursue.

Second, we argue that procedural justice within the entrepreneur–investor dyad in times of task conflict promotes radical innovation by fostering a more risk-seeking collaboration through more structured, inclusive, and fair decision-making, helping ensure that, despite task conflict, the anxiety of risk is reduced. Procedural justice has been argued to enhance the amount and quality of knowledge exchange as parties feel comfortable in expressing their opinions and perspectives, ultimately boosting creative thinking and the expression of new ideas (De Clercq et al., 2010; Kim & Mauborgne, 1997, 1998). It is also proposed that the structured decision-making processes resulting from procedural justice facilitate risky decisions as no offensive judgment of ideas is to be expected (De Clercq et al., 2010). While task conflict may mitigate risks emerging from the existing uncertainty, risk-taking is essential for radical innovations (Gassmann et al., 2001; Slater et al., 2013) that procedural justice potentially fosters.

We thus argue that high levels of procedural justice buffer the adverse influence that task conflict in the entrepreneur–investor dyad has on innovation radicalness. However, we assume this relationship holds primarily for low to moderate levels of task conflict, given that a shift in focus may be more feasible for the entrepreneur when such conflict does not excessively divert attention.

H1a: At low to moderate levels of entrepreneur–investor task conflict, higher levels of procedural justice weaken its negative impact on the radicalness of innovation in new ventures.

The moderating effect of procedural justice on the relationship between task conflict and innovation speed

As anticipated in H2, we argue that task conflict within the entrepreneur–investor dyad decelerates ventures’ innovation pace. Analogous to H1a, we thus expect procedural justice to weaken the negative impact of task conflict on innovation speed. We draw this conclusion from the following two arguments.

First, we assume that promoting procedural justice in the entrepreneur–investor dyad weakens the decelerating effect of task conflict on ventures’ innovation processes, as the structured decision-making procedures associated with procedural justice mitigate conflict escalation and help maintain focus on critical decisions. Task conflicts, particularly regarding research and development activities and innovation, may require extensive and potentially excessively long discussions on prioritization and next steps (Yitshaki, 2008). This time-consuming process likely results in delays, as the parties do not quickly come to agreements and, consequently, decisions. Innovation speed, however, depends on fast decisions to make progress (R. G. Cooper, 2019). Procedural justice may facilitate speedy resolutions, as it is associated with transparent and fair decision-making processes (for example, Kim & Mauborgne, 1997, 1998; Lind & Tyler, 1988; Sapienza & Korsgaard, 1996) involving timely feedback, willingness to share information, honesty, and openness (Sapienza & Korsgaard, 1996). Such a fair, inclusive, and structured decision-making approach facilitates attenuating and resolving task conflict by preventing escalation and reaching a joint solution—potentially decreasing the time wasted on disputes. Additionally, the fairness associated with such procedurally just processes (for example, Kim & Mauborgne, 1998; Lind & Tyler, 1988; Sapienza & Korsgaard, 1996) may prevent individuals from pursuing personal agendas and reduce intense questioning or undermining of other parties’ opinions, accelerating innovation decisions in the best interest of the company. Further, procedural justice is associated with higher commitment to and support of decisions (Kim & Mauborgne, 1996), potentially resulting in entrepreneurs’ and investors’ contentment with their joint solutions.

Second, we suggest that fostering collaboration through procedural justice will likely help entrepreneurs and investors detach their disagreements from the venture’s operative processes, such as innovation, as both are committed to the company’s success and benefit from the positive effects of procedural justice. Task conflict is associated with a decline in viability and productivity in teams (Jehn et al., 2008). For innovation to be fast, however, teams must be highly efficient (R. G. Cooper, 2019). Procedural justice is identified as a precondition for positive behavioral outcomes (He et al., 2014; Skarlicki

et al., 2008), such as work attitude, cooperation, commitment, and organizational identification (He et al., 2014; Kim & Mauborgne, 1996, 1998). Thus, when procedural justice is high during task conflict, it is likely that the parties involved maintain their motivation and focus on swift innovation processes without being distracted by the conflict. In this scenario, entrepreneurs and investors likely preserve their shared interest in venture progress, their disagreements notwithstanding.

In conclusion, we argue that high levels of procedural justice weaken the negative impact of entrepreneur–investor task conflict on innovation speed. However, we expect that this effect holds only at low to moderate levels of task conflict.

H2a: At low to moderate levels of entrepreneur–investor task conflict, higher levels of procedural justice weaken its negative impact on the speed of innovation in new ventures.

Figure 1 presents an overview of our research model.

Research design

Sample

We collected the data for our quantitative research from May to October 2023 using an online questionnaire, which we distributed to potential respondents via e-mail or LinkedIn. We built our sample by using the lead generation tool LinkedIn Sales Navigator, focusing on active founders or C-level employees in the DACH region affiliated with either RWTH Aachen University or the WHU—Otto Beisheim School of Management. According to the German Startup Monitor, both schools ranked among the most entrepreneurial institutes in Germany in 2022 (Deutscher Startup Monitor, 2023). Following the definition of young companies or entrepreneurial ventures by Benson and

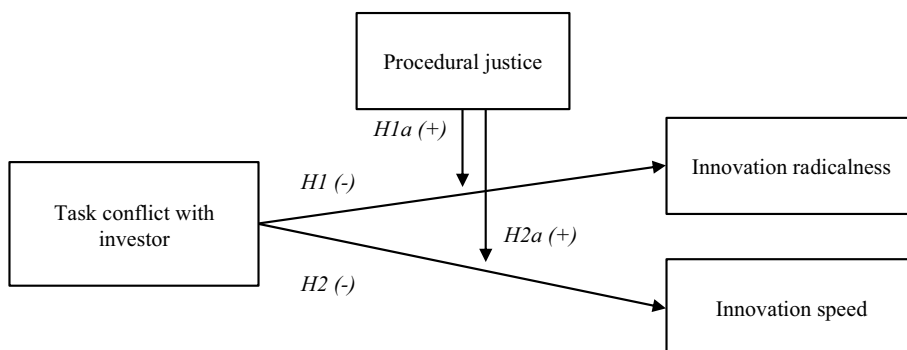


Figure 1. Research model.

Table 1. Sample selection procedure.

Sample selection procedure	Number of entrepreneurs	Relative to previous step
Initial sample of individuals with WHU affiliation (identified via LinkedIn Sales Navigator)	3.058	
Initial sample of individuals with RWTH affiliation (identified via LinkedIn Sales Navigator)	37.283	
Total	40.341	
Initial sample of entrepreneurs ((co-)founders, CxOs etc.) with WHU affiliation (identified via LinkedIn Sales Navigator)*	688	
Initial sample of entrepreneurs with ((co-)founders, CxOs etc.) RWTH affiliation (identified via LinkedIn Sales Navigator)	997	
Total	1.685	4.18%
Final sample of entrepreneurs ((co-)founders, CxOs etc.) with WHU affiliation (identified via LinkedIn Sales Navigator) after manual checks**	639	
Final sample of entrepreneurs with ((co-)founders, CxOs etc.) RWTH affiliation (identified via LinkedIn Sales Navigator) after manual checks**	661	
Remaining	1.300	77.15%
Survey distribution	1.300	100%
Total responses	254	19.54%
Eliminated partial/unsubmitted responses or/and invalid for subsequent analysis	141	55.51%
Final sample for analysis	113	8.69%

*Additionally enriched and compared with data from WHU—Otto Beisheim School of Management founder directory.

**Excluding: (1) In position since before 2011 (as first indication of company age) (2) Company manually identified as traditional and long-standing.

Ziedonis (2009), we only targeted entrepreneurs of ventures aged younger than 12 years. Among the initial sample of 1,300 contacted potential respondents, 254 filled out the online survey (response rate 19.54 percent). We dropped unengaged responses as well as all respondents who did not match our requirements (such as their founder and/or C-level position, company age, or ability to indicate their main investor), resulting in a final sample of 113 responses. Given the sensitive nature of our research context, we deem this response rate satisfactory. The sample also shows good variance in the represented industries, company stages, number of employees, type of business, and type of main investor. Table 1 outlines the sample selection procedure in detail, and Table 2 presents a breakdown of the sample.

Dependent variables

We analyze two dependent variables, namely *innovation radicalness* and *innovation speed*. Both variables are assessed using a 7-point Likert scale, with responses ranging from 1 (strongly disagree) to 7 (strongly agree). We use the four-item measure by Gatignon et al. (2002) for innovation radicalness. We slightly adapt the measure to assess the radicalness of both new product and service offerings, asking the entrepreneurs, for example, to what extent they would agree that their product/service is a major improvement over the previous product/service. The scale for innovation radicalness shows good reliability with a Cronbach's alpha of 0.86. We assess the second dependent variable, innovation speed, using a four-item construct for new product

Table 2. Sample characteristics.

Company stage		Industry	
Start-up	32%	Automotive	4%
Market entry	25%	Bio-/medical-technology	11%
Growth	41%	Electrical	2%
Consolidation	2%	Finance	1%
Maturity	0%	IT/software/internet	31%
Type of main investor		Media	2%
Venture capital	57%	Telecommunications	2%
Business angel	25%	Chemistry/pharma	2%
Other	18%	Energy/raw materials	10%
Type of business		Commerce	11%
Manufacturing industry	31%	Industrial engineering	8%
Service industry	69%	Professional services	2%
Number of FTE*		Transport/logistics	4%
1–5	22%	Education	3%
6–10	19%	Healthcare	3%
11–20	24%	Hospitality	1%
21–50	15%	Construction/real estate	5%
51–100	11%	Other	1%
101–175	5%		
176–250	0%		
251+	4%		

N = 113; *FTE = Full-time employees; estimations can slightly defer due to rounding up/rounding down.

development speed adapted by Sheng et al. (2013) and initially developed by Rindfleisch and Moorman (2001). We also slightly adapt this measure to include ventures with service offerings, asking respondents, for example, to indicate whether the new venture's product/service development in the past year had been far ahead of the project timeline. The innovation speed variable also shows good reliability with a Cronbach's alpha of 0.79.

Independent variable

Our analysis investigates one independent variable—*task conflict with investor*. We draw on the intra-conflict measure by Jehn and Mannix (2001), which we slightly adapt to fit our entrepreneur–investor dyad setting, with responses collected on a 7-point Likert scale, anchored at 1 (not at all) and 7 (a lot). Our survey thus includes questions about entrepreneurs' cooperation with their investors. Exemplarily, the entrepreneurs were asked to disclose how often they have conflicting opinions with their main investor. This variable also shows good reliability (0.79) and exceeds the threshold of 0.70 for Cronbach's alpha (Nunnally, 1978).

Moderating variable

For our study, we define *procedural justice* as the perceived fairness and transparency in the entrepreneur–investor dyad. We assess procedural justice with the scale by L. W. Busenitz et al. (2004), capturing how entrepreneurs

Table 3. Survey constructs, items, and reliability.

	α
Task conflict with investor (Adapted from Jehn & Mannix, 2001; Academy of Management Journal)	
How much conflict of ideas is there with your main investor?	0.79
How frequently do you have disagreements with your main investor about the task of the project you are working on?	
How often do you and your main investor have conflicting opinions about the project you are working on?	
Radicalness of innovations (Adapted from Gatignon et al., 2002; Management Science)	
Our product/service is a major improvement over the previous products/services.	0.86
Our product/service is a breakthrough innovation.	
Our product/service is based on an innovation that clearly stands out from previous products/services.	
Our product/service represents a major technological advance for our customers.	
Speed of innovations (Adapted from Sheng et al., 2013; Journal of Business Research)	
Over the past year, the speed of new product/service development of our firm is far ahead of our project timeline.	0.79
Over the past year, the speed of new product/service development of our firm is much faster than the industry norm.	
Over the past year, the speed of new product/service development of our firm is much faster than we expected.	
Over the past year, the speed of new product/service development of our firm is much faster than our typical development time.	
Procedural justice (Adapted from L. W. Busenitz et al., 2004; Journal of Business Venturing)	
Our main investor does not force us to accept his business views. ^a	0.75
Our main investor is willing to compromise.	
Our main investor does not hinder the development of new ideas. ^a	

$N = 113$; ^aItem changed, reverse-coded in original.

perceive their main investors' attitudes toward their cooperation. One item, for example, asks the respondents to indicate to what extent they agree with the statement that the main investors do not force them to accept their business views. We capture procedural justice using a 7-point Likert scale, with response options ranging from 1 (strongly disagree) to 7 (strongly agree). The reliability is good, with a Cronbach's alpha of 0.75.

Table 3 presents an overview of the main constructs, items, and reliabilities.

Control variables

We include several variables on the entrepreneur, venture, and investor levels in the analysis to control for their influence. We first address the entrepreneurs' *new venture experience*, which we assess by using the construct by Sapienza (1992). The question items relate to entrepreneurs' new venture experience, with answer options ranging from "no prior new venture experience" and "worked in startups before but have never been a co-founder of one" to "founded another venture before the current one." Previous research indicates that entrepreneurs with founding experience learn from past mistakes and tackle new challenges and problems differently (Capelleras et al., 2019).

On the venture level, the first control variable assesses the *tech turbulence* the venture experienced, measured using the four-item scale by Wilden and Gudergan (2014). We ask the respondents to indicate to what extent they agreed or disagreed with statements characterizing the business environment's dynamics and predictability in the venture's primary markets. We control for technological turbulence because such an environment typically involves insecurity and unpredictability, affecting a venture's operational setting (Calantone et al., 2003; Chen et al., 2012) and potentially influencing the outcomes of investor conflicts. As a venture's characteristics can influence the research setting, we also control for the *type of business* (manufacturing vs. service industry), the *technological intensity* (high- vs. low-technology products/services), and the venture's *industry*.

On the investor level, we control for the *type of main investor* and differentiate between venture capital investors (including corporate venture capital investors), business angels, and other investors. We intend this differentiation to account for the different investor types, who vary in their functions, have diverging objectives, and pursue distinct approaches in their interaction with entrepreneurs (Elitzur & Gaviols, 2003; Hellmann et al., 2021; Van Osnabrugge, 2000), ultimately affecting the dynamics in the dyad and their consequences. Further, we control for the variable *interaction frequency* between the parties, as the intensity of interactions influences the relationship between conflict and innovation (Collewaert & Sapienza, 2014). We base our assessment on the three-item measure by Sapienza and Gupta (1994), asking the respondents to indicate how frequently they interact with their main investor in person, by telephone, or in writing. For this variable, we include an additional fourth item in case one item needs to be dropped in the confirmatory factor analysis. This item inquires how often the respondents communicate virtually with their main investors.

Non-response and common method bias

We test for non-response bias to assess whether the survey responses accurately represent our wider target population and identify potential imbalances caused by underrepresentation. Due to the limited availability of data on the non-respondents, we instead compare the means of both early and late respondents (Armstrong & Overton, 1977). To do so, we divide the sample into three subgroups and conduct *t*-tests covering respondents' age ($p = .783$) and gender ($p = .892$), company stage ($p = .565$), business type ($p = .122$), as well as firm age ($p = .616$) and size ($p = .103$). As the respective *p*-values are insignificant, we assume our study is not subject to a non-response bias. We further test for common method bias to avoid distortions due to collecting dependent and independent variables in a single questionnaire (Podsakoff et al., 2003). Our questionnaire design ensured that respondents were not

likely to discern the connected constructs. We also statistically assess the potential of common method bias. We follow Williams et al. (2010) and use the comprehensive CFA marker technique to test for common method variance. Incorporating respondents' attitudes toward the color blue as a marker variable, we do not find indicators of common method variance, as the chi-square difference between our baseline and the Method-C model is not statistically significant ($p = .373$). Hence, we assume that common method bias does not affect our data.

Analysis and results

Model specification

Concerning the validity of our model, we conduct a confirmatory factor analysis and test against widely accepted thresholds (Hair et al., 2010). We are confident our results indicate a good model fit (CFI = 0.953; RMSEA = 0.047; SRMR = 0.082). Moreover, we test all our constructs for composite reliability (CR), average variance extracted (AVE), and the maximum shared variance (MSV) in SPSS Amos. The results of the model fit summary tool by Gaskin (2023) do not indicate any concerns. Table 4 displays all model fit data.

Table 5 contains the means, standard deviations, and Pearson correlations. Using the threshold of ± 0.3 for correlations to rule out multicollinearity, as Kalnins (2018) suggests, we find that only task conflict and procedural justice exhibit a higher correlation (0.549). As this fulfills the first criterion of multicollinearity (Kalnins, 2018), we test for the two other criteria. The second criterion requires the two variables to provide beta coefficients of equal sign if their correlation is negative. This criterion is not met in model 1 (innovation

Table 4. Convergent and discriminant validity of continuous variables.

	CR	AVE	MSV	(1)	(2)	(3)	(4)	(5)	(6)
(1) Task conflict	0.793	0.562	0.364	0.749					
(2) Innovation radicalness	0.870	0.629	0.102	−0.320	0.793				
(3) Innovation speed	0.803	0.513	0.073	−0.194	0.145	0.716			
(4) Procedural justice	0.786	0.562	0.364	−0.603	0.274	0.080	0.750		
(5) Tech turbulence	0.846	0.583	0.073	0.140	0.063	0.271	−0.049	0.763	
(6) Interaction frequency	0.759	0.517	0.061	0.070	0.247	0.075	−0.085	0.120	0.719

$N = 113$; CR: Composite reliability, AVE: Average variance extracted, MSV: Maximum shared variance.

Table 5. Descriptive statistics and correlations.

	Mean	S.D.	Min.	Max.	(1)	(2)	(3)	(4)	(5)	(6)
(1) Task conflict	2.392	0.920	1.000	5.667						
(2) Innovation radicalness	5.210	1.310	1.500	7.000	−0.270					
(3) Innovation speed	3.819	1.064	1.500	6.250	−0.178	0.191				
(4) Procedural justice	5.445	1.245	1.667	7.000	−0.549	0.260	0.092			
(5) Tech turbulence	4.024	1.380	1.000	7.000	0.120	0.066	0.203	−0.071		
(6) Interaction frequency	3.578	1.113	1.000	6.333	0.051	0.193	0.060	−0.050	0.095	−

$N = 113$.

radicalness as the dependent variable), as the beta coefficients show different signs in all three steps of the regression, ruling out multicollinearity for model 1. However, in model 2 (innovation speed as the dependent variable), the criterion is met, if only minimally, in the direct effect and interaction models, as the beta coefficient of procedural justice turns slightly negative. Thus, we also test for the third criterion, assessing whether the bivariate correlation of either task conflict or procedural justice with innovation speed is of the opposite sign than its beta coefficient, which is true for procedural justice. However, as we continue to follow Kalnins (2018) and conduct three separate regressions (one only including task conflict, one only including procedural justice, and one including both), we find that both the magnitude and sign of the significant variable (only task conflict for model 2) remain robust. Specifically, if we run our direct effects model and omit procedural justice, the effect of task conflict on innovation speed remains negative and significant ($\beta = -0.282, p = .019$).

To evaluate the risk of multicollinearity in more detail, we also calculate the variance inflation factor (VIF). We find all values to be consistently below the recommended threshold of 3.0 (Hair et al., 2010). The highest value obtained is 2.20, indicating a reduced risk of multicollinearity. Moreover, we compare our data with a previous study similarly exploring task conflict and procedural justice as independent variables and finding an even higher correlation (-0.600) while ruling out multicollinearity (Brettel et al., 2013). Given that the criteria by Kalnins (2018) only slightly apply to our model 2 (innovation speed as independent variable), the VIF is below the recommended threshold, and prior scholars are also confident about similar results; we are thus also confident that our data do not exhibit critical levels of multicollinearity. Last, regarding the reliability of our measures, all constructs reach Nunnally's (1978) recommended threshold of 0.70 for Cronbach's alpha and thus show good to excellent values.

Hypotheses testing

We applied hierarchical regression analysis in Stata 18 to analyze our data. We find our models to yield sufficient values for R^2 . For the base model 1 (innovation radicalness as the dependent variable), we observe that our model generates R^2 values of 0.427; for the direct effects model, it yields R^2 values of 0.475 ($\Delta R^2 = 0.048$), and for the interaction model a value of 0.504 ($\Delta R^2 = 0.029$). Base model 2 (innovation speed as the dependent variable) generates R^2 values of 0.197, the direct effect model yields R^2 values of 0.261 ($\Delta R^2 = 0.064$), and the interaction model a value of 0.285 ($\Delta R^2 = 0.024$).

Before presenting the main findings of model 1 (innovation radicalness as the dependent variable), detailed in Table 6, we provide a summary of the effects observed from the control variables. Not surprisingly, the tech intensity

Table 6. Regression results model 1.

Dependent variable: Innovation radicalness	Controls only	Main effect	Interaction
Controls			
Industry			
<i>Bio-/med-technology</i>	1.200 (0.079)	1.228 (0.063)	1.057 (0.103)
<i>Electrical</i>	0.892 (0.387)	0.764 (0.442)	0.395 (0.688)
<i>Finance</i>	1.074 (0.422)	1.278 (0.322)	1.254 (0.320)
<i>IT/software/internet</i>	0.814 (0.187)	0.750 (0.206)	0.525 (0.372)
<i>Media</i>	1.342 (0.189)	1.673 (0.092)	1.621 (0.095)
<i>Telecommunications</i>	1.210 (0.245)	0.974 (0.332)	0.505 (0.614)
<i>Construction/real estate</i>	1.122 (0.146)	1.095 (0.141)	0.944 (0.195)
<i>Chemistry/pharma</i>	0.782 (0.449)	0.661 (0.506)	0.604 (0.535)
<i>Energy/raw materials</i>	0.947 (0.168)	0.993 (0.134)	0.759 (0.247)
<i>Commerce</i>	0.754 (0.292)	0.884 (0.201)	0.727 (0.284)
<i>Industrial engineering</i>	1.713 (0.019)	1.662 (0.018)	1.513 (0.029)
<i>Professional services</i>	1.659 (0.107)	1.799 (0.070)	1.736 (0.074)
<i>Transport/logistics</i>	0.580 (0.487)	0.403 (0.617)	0.279 (0.724)
<i>Education</i>	1.393 (0.127)	1.409 (0.109)	1.258 (0.144)
<i>Healthcare</i>	2.408 (0.013)	2.408 (0.010)	2.359 (0.010)
<i>Hospitality</i>	1.101 (0.402)	1.302 (0.304)	1.182 (0.341)
<i>Other</i>	1.331 (0.330)	1.098 (0.404)	0.993 (0.441)
Service business (vs. manufacturing)	−0.114 (0.694)	−0.129 (0.645)	−0.160 (0.558)
Low tech intensity (vs. high tech intensity)	−1.184 (0.001)	−1.238 (0.000)	−1.203 (0.000)
Tech turbulence	−0.060 (0.539)	−0.041 (0.660)	−0.026 (0.779)
Type of main investor			
<i>Business angel</i>	−0.064 (0.826)	−0.022 (0.938)	−0.076 (0.783)
<i>Other</i>	−0.525 (0.116)	−0.514 (0.109)	−0.527 (0.093)
New venture experience			
<i>Worked in start-ups before, but never been (co-)founder</i>	−0.134 (0.703)	−0.302 (0.381)	−0.270 (0.422)
<i>Founded a venture prior to the current one</i>	0.270 (0.299)	0.276 (0.268)	0.276 (0.258)
Procedural justice	0.183 (0.083)	0.006 (0.961)	0.041 (0.728)
Interaction frequency	0.206 (0.058)	0.230 (0.029)	0.306 (0.005)
Main Effects			
Task conflict (<i>H1</i>)		−0.402 (0.006)	−0.492 (0.001)
TC x PJ (<i>H1a</i>)			−0.172 (0.029)
cons	4.608 (0.000)	4.654 (0.000)	4.749 (0.000)

(Continued)

Table 6. (Continued).

Dependent variable: Innovation radicalness	Controls only	Main effect	Interaction
Model statistics			
F	2.46	2.85	3.05
R^2	0.427	0.475	0.504
Changes in R^2		0.048	0.029
Adj. R^2	0.254	0.308	0.339

$N = 113$; reported values are unstandardized beta-coefficients; p -values in parentheses; TC = Task conflict; PJ = Procedural justice.

of the products/services directly affects the radicalness of innovations. Specifically, low-tech products/services show significantly lower innovation radicalness levels than high-tech products/services. This effect is strong and stable for all three models (direct effects model: $p = .000$). Furthermore, the interaction frequency between entrepreneurs and their main investors shows significance over all three models, becoming more significant from the base model ($p = .058$) to the direct effects model ($p = .029$) and interaction effects model ($p = .005$). Additionally, certain industries appear to have a significant tendency toward generating radical innovations compared to others, notably the sectors bio and med-tech, industrial engineering, and healthcare. All other control variables—type of business, technological turbulence, type of investor, new venture experience, and procedural justice—do not yield any significant effects.

For the direct effects, we find a significant association between entrepreneur–investor task conflict and the radicalness of innovations in new ventures. The degree of task conflict in the dyad strongly and negatively affects innovation radicalness ($\beta = -0.402$, $p = .006$), suggesting more incremental innovations under task conflict. Thus, we confirm H1. The interaction effect of procedural justice as a moderating variable shows a significant negative impact on the relationship between task conflict in the entrepreneur–investor dyad and the radicalness of innovations ($\beta = -0.172$, $p = .029$). The detailed interaction plot in [Figure 2](#) shows that high levels of procedural justice even strengthen the negative association between task conflict and innovation radicalness, but only at higher levels of task conflict. In contrast, and supporting our H1a, for low to moderate levels of task conflict in the dyad, high levels of procedural justice are beneficial in buffering the negative association between task conflict and new venture innovation radicalness. We plot the moderating effect using mean-centered values of ± 1 standard deviation for task conflict (-0.920 and 0.920 , respectively) and ± 1 standard deviation for procedural justice (-1.245 and 1.245). At lower conflict levels, high levels of procedural justice can best buffer the negative impact on innovation radicalness (margin = 5.803 ; $p = .000$). At high levels of conflict, the benefit of high levels of procedural justice is weakened (margins = 4.505 , $p = .000$). Instead, lower levels of procedural justice seem to become more efficient

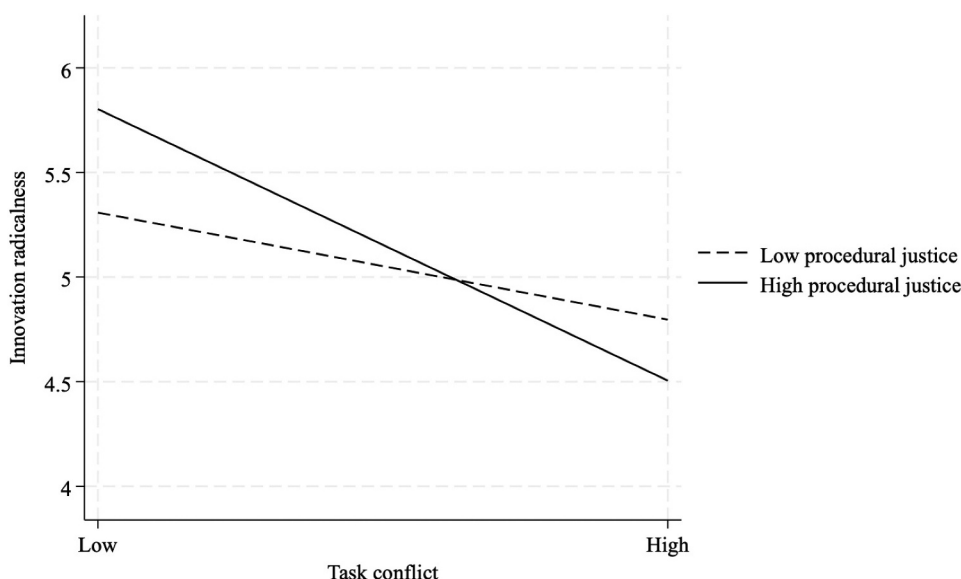


Figure 2. Moderation chart.

(margin = 4.797, $p = .000$). Consequently, we deduce that when the entrepreneur–investor task conflict escalates to a certain threshold, a critical juncture is reached. At this juncture, elevated levels of procedural justice no longer alleviate the conflict’s adverse effects. Instead, they seem to strengthen them.

For model 2 (innovation speed as the dependent variable; Table 7), we do not find any significant relationships between the control and dependent variables. Regarding the direct effects, we find a strong, significant, and negative relationship between entrepreneur–investor task conflict and innovation speed ($\beta = -0.378$, $p = .008$). This result confirms H2, suggesting that task conflict in the entrepreneur–investor dyad decelerates new ventures’ innovation processes. Against our expectation, adding the interaction effect shows no significant moderating effect of procedural justice on the underlying relationship between task conflict and innovation speed ($\beta = -0.127$, $p = .098$). Hence, we have to reject H2a.

Robustness tests

To evaluate the robustness of our findings, we conduct three additional tests. First, we include a social desirability bias construct as another independent variable, capturing the respondents’ tendency to answer questions in a socially accepted way. Rerunning the regressions with the additional variable, we find that its inclusion does not significantly change our results. For the main relationship of model 1, for example, the difference in significance and

Table 7. Regression results model 2.

Dependent variable: Innovation speed	Controls only	Main effect	Interaction
Controls			
Industry			
<i>Bio-/med-technology</i>	0.252 (0.699)	0.279 (0.658)	0.153 (0.807)
<i>Electrical</i>	−1.095 (0.270)	−1.216 (0.205)	−1.488 (0.123)
<i>Finance</i>	−0.226 (0.860)	−0.033 (0.979)	−0.051 (0.967)
<i>IT/software/internet</i>	1.243 (0.205)	−0.024 (0.966)	−0.190 (0.740)
<i>Media</i>	1.243 (0.205)	1.554 (0.104)	1.516 (0.109)
<i>Telecommunications</i>	−0.131 (0.895)	−0.353 (0.715)	−0.698 (0.475)
<i>Construction/real estate</i>	0.871 (0.239)	0.845 (0.236)	0.735 (0.300)
<i>Chemistry/pharma</i>	−0.559 (0.573)	−0.673 (0.483)	−0.715 (0.451)
<i>Energy/raw materials</i>	0.345 (0.600)	0.388 (0.541)	0.215 (0.735)
<i>Commerce</i>	0.617 (0.369)	0.739 (0.266)	0.623 (0.346)
<i>Industrial engineering</i>	0.224 (0.747)	0.176 (0.792)	0.066 (0.921)
<i>Professional services</i>	0.369 (0.707)	0.501 (0.597)	0.455 (0.628)
<i>Transport/logistics</i>	0.166 (0.836)	−0.001 (0.999)	−0.093 (0.904)
<i>Education</i>	1.250 (0.154)	1.264 (0.135)	1.154 (0.169)
<i>Healthcare</i>	0.389 (0.670)	0.388 (0.659)	0.352 (0.686)
<i>Hospitality</i>	0.441 (0.727)	0.630 (0.605)	0.541 (0.654)
<i>Other</i>	0.546 (0.677)	0.328 (0.796)	0.250 (0.842)
Service business (vs. manufacturing)	0.118 (0.673)	0.104 (0.699)	0.081 (0.762)
Low tech intensity (vs. high tech intensity)	−0.396 (0.216)	−0.448 (0.149)	−0.422 (0.170)
Tech turbulence	0.117 (0.216)	0.134 (0.142)	0.145 (0.109)
Type of main investor			
<i>Business angel</i>	−0.150 (0.590)	−0.111 (0.681)	−0.151 (0.574)
<i>Other</i>	−0.190 (0.551)	−0.180 (0.558)	−0.190 (0.533)
New venture experience			
<i>Worked in start-ups before, but never been (co-)founder</i>	−0.068 (0.841)	−0.226 (0.496)	−0.203 (0.537)
<i>Founded a venture prior to the current one</i>	0.073 (0.768)	0.080 (0.739)	0.079 (0.738)
Procedural justice	0.018 (0.858)	−0.148 (0.197)	−0.122 (0.286)
Interaction frequency	0.022 (0.832)	0.045 (0.656)	0.101 (0.335)
Main Effects			
Task conflict (H2)		−0.378 (0.008)	−0.444 (0.003)
TC x PJ (H2a)			−0.127 (0.098)
cons	3.639 (0.000)	3.683 (0.000)	3.752 (0.000)

(Continued)

Table 7. (Continued).

Dependent variable: Innovation speed	Controls only	Main effect	Interaction
Model statistics			
F	0.81	1.11	1.20
R^2	0.197	0.261	0.285
Changes in R^2		0.064	0.024
Adj. R^2	-0.047	0.027	0.047

$N = 113$; reported values are unstandardized beta-coefficients; p -values in parentheses; TC = Task conflict; PJ = Procedural justice.

direction is negligible (initial regression: $p = .006$, $\beta = -0.402$; including the social desirability bias variable: $p = .013$, $\beta = -0.373$).

Second, we conduct all regressions again without the control variables, thus only considering the explanatory variables in the calculations. This test helps determine the impact the control variables have on the proposed models. Excluding the control variables only slightly changes the results. While we can report no significant changes for the direct effect of model 1 (innovation radicalness as the dependent variable), we find effects on the interaction model when excluding the control variables. Both the main effect and the interaction effect turn insignificant ($p = .067$ and $p = .350$, respectively). Also, the main effect of model 2 (innovation speed as dependent variable) slightly exceeds the commonly accepted threshold for significance ($p = .059 > 0.05$). These findings underline the necessity to control for potential confounding effects in this research setting. As the regression results reveal, controlling for variables such as tech intensity or industry is critical.

Third, to enhance the methodological precision of this study and address potential issues related to endogeneity, we employ a two-stage least squares (2SLS) regression analysis (for example, Certo et al., 2016; Semadeni et al., 2014). Following the instrumental variable approach (Bascle, 2008), we use the number of founders as the instrumental variable for both models. This variable is considered relevant when testing for endogeneity, as both the Sanderson-Windmeijer multivariate F test for weak identification ($p = .005$ for both innovation radicalness and innovation speed) and the Sanderson-Windmeijer Chi-squared for under-identification ($p = .000$ for both innovation radicalness and innovation speed) produce significant values for both our dependent variables. Next, the endogeneity tests show insignificant values for both of our dependent variables ($p = .435$ for innovation radicalness; $p = .935$ for innovation speed). Likewise, the Sargan test does not yield significances either, with values of $p = .246$ and $p = .584$ for innovation radicalness and innovation speed, respectively. Hence, after the two-stage approach for both models, we do not find an indicator for endogeneity.

In sum, while we acknowledge that the inclusion of the used control variables is non-negotiable in our research model, the only slight changes in our results when adding the social desirability bias variable leave us confident with the findings of our study.

Discussion

The results of our study provide valuable insights, some of which can be discussed more thoroughly. Specifically, we show that task conflict in the entrepreneur–investor dyad adversely affects innovation radicalness and speed, aligning with the view that task conflict can have negative effects. The support for H1 suggests that the lively and diverse discussions at the core of task conflict (Jehn & Mannix, 2001; Yitshaki, 2008) potentially result in an overwhelming number of opinions and ideas and lower risk-taking, contrasting the requirements for radicalness of innovation—creative and revolutionary new ideas (Amabile, 1988; Colombo et al., 2017; Madjar et al., 2011) and high appetite for risk (Gassmann et al., 2001; Slater et al., 2013). Similarly, in support of H2, we find task conflict to decelerate the innovation process. This effect can likely be explained by a lack of the required fast go–kill decisions and the efficiency necessary for innovation speed (R. G. Cooper, 2019). Our findings also build on and extend the work of Collewaert and Sapienza (2014), who propose a negative relationship between entrepreneur–investor task conflict and ventures’ general innovativeness but fail to reveal a significant effect. Collewaert and Sapienza (2014) explain their result with a potential balance between task conflict’s positive and negative consequences, which may offset each other in innovation settings.

As we expected in H1a, procedural justice can buffer the negative relationship between entrepreneur–investor task conflict and innovation radicalness—at least at low to moderate levels of task conflict. Thus, our research also identifies the boundaries of procedural justice’s mitigation power, as we reveal that as task conflict escalates, the mitigating effect of high levels of procedural justice diminishes. Surprisingly, the hypothesized moderation effect does not hold for the relationship between task conflict and innovation speed (H2a). This failure in significance can have multiple reasons. One might be that, against our expectations, the fairness and structure linked to procedural justice (for example, Kim & Mauborgne, 1997, 1998; Lind & Tyler, 1988; Sapienza & Korsgaard, 1996) do not significantly increase efficiency in conflict resolution but instead make the latter more inclusive. Another reason could relate to the potential time sensitivity of innovation speed: It may be that while procedural justice is present during entrepreneur–investor task conflicts, its benefits do not directly influence innovation speed. Instead, the effects may take time to materialize, as fairness can help facilitate task conflict resolution but cannot immediately eliminate the resulting delays.

Conclusion

Theoretical implications

The results of this study have two considerable implications for research and theory. First, our work significantly adds to the relatively limited research on

the outcomes of entrepreneur–investor conflict. We thus address calls (for example, Khanin & Turel, 2013) for an expanded investigation into potential consequences arising from disagreements between entrepreneurs and investors over task execution. Previous literature presents an incomplete picture of the role of task conflict. While some studies propose a beneficial effect of task conflict in the entrepreneur–investor dyad (for example, Brettel et al., 2013; Higashide & Birley, 2002), others argue that it has a negative influence on certain aspects of the cooperation (for example, Collewaert, 2012; Zacharakis et al., 2010). Our findings contribute to this discussion by revealing a potential downside of the entrepreneur–investor task conflict, particularly in the context of new ventures’ innovativeness. We take a more nuanced approach to exploring innovativeness, particularly by examining the impact of task conflict on innovation radicalness and speed-two characteristics that significantly influence new ventures’ competitive position and growth. We thus follow recommendations to engage in a more fine-grained exploration of innovativeness (Gatignon & Xuereb, 1997; Gatignon et al., 2002).

Second, by introducing and exploring procedural justice as a moderating variable, we broaden the application of Jehn and Bendersky’s (2003) contingency framework that is commonly used in conflict research. We also respond to demands for further investigation into conditions that may weaken or strengthen conflict outcomes (for example, De Dreu & Weingart, 2003; De Wit et al., 2012; Jehn & Bendersky, 2003). Our findings on the moderating role of procedural justice extend existing research on contingency factors in the domain of entrepreneur–investor conflict. In particular, we again complement the study by Collewaert and Sapienza (2014), who introduce agreement on priorities, diversity of experience, and interaction frequency as moderating variables in the conflict–innovation relationship. Moreover, we deepen the insights into the role and value of contingency factors in the broader entrepreneur–investor conflict–outcome relationship. Our research also builds on studies such as Brettel et al. (2013), who highlight the beneficial moderating role of procedural justice and examine other contingency factors like venture stage and interaction frequency.

Practical implications

Our study also provides practical value for entrepreneurs and investors, as the conflict in the entrepreneur–investor dyad is not only theoretically relevant but also a very tangible occurrence for both parties. First, while previous research has identified task conflict as beneficial in many aspects of cooperation, it is crucial to understand that task conflicts seem to have a transformative impact on innovation, making it more incremental and slower, which is not necessarily harmful. Entrepreneurs and investors should thus recognize that task conflict, while potentially lessening innovation

radicalness and decelerating innovation processes, can stem from in-depth discussions and strategic refinements vital for long-term success. Hence, both parties should not ultimately strive to eliminate task conflict but rather evaluate its potential long-term benefits and short-term outcomes that could yield even more radical and faster innovation, which can be advantageous. Entrepreneurs and investors should thus jointly attempt to balance task conflict effectively to achieve more sustainable and quality-focused innovation outcomes in the long run. Second, entrepreneurs and investors should be aware of the mechanisms that can assist them in reaching the desired conflict–innovation ratio. In this context, we highlight the role of procedural justice as a critical adjustable lever. Our findings provide both parties with a recommendation on suitable levels of procedural justice in times of conflict. We reveal that a highly fair and transparent collaboration significantly benefits innovation radicalness under low to moderate levels of task conflict. Thus, when task conflict is low to moderate, entrepreneurs and investors should cultivate a collaboration grounded in fairness and transparency, particularly in decision-making processes, ensuring that all parties feel valued and respected. Such a climate of mutual respect and trust can help mitigate the impact of entrepreneur–investor task conflict on innovation radicalness. Interestingly, our findings suggest the opposite for cooperation in high-conflict situations, where pronounced procedural justice loses its buffering power. One explanation could be that too-open, transparent, and close cooperation lacks objectivity, thereby hindering rather than promoting the resolution of more complex, high-tension task conflicts. Thus, we advise entrepreneurs and investors to avoid conflict escalation and maintain a level of disagreement they can manage and minimize leveraging relational dynamics such as procedural justice.

Limitations and avenues for further research

As with every empirical work, the study has some limitations that open up avenues for further research. First, our study only includes ventures in a particular region, namely Germany, Austria, and Switzerland, which entails a specific cultural setting, possibly influencing our findings. Also, our study is cross-sectional, as we collected the data at one particular point in time, which is against the assumption that levels of conflict and innovation radicalness and speed develop and change over time. This approach limits the generalizability of our findings. Acknowledging this limitation and underscoring the value of overcoming it, we suggest future research could apply a more longitudinal design and consider other geographical regions. Second, our sample size is relatively small, which could be attributable to the sensitive nature of conflict as our research topic. However, our sample size corresponds to earlier studies on entrepreneur–investor conflict that do not use significantly bigger samples for

one-sided analyses (for example, Appelhoff et al., 2015; Higashide & Birley, 2002). Thus, our research setup is no exception. However, we cannot rule out that our moderation hypotheses did not show significance due to missing statistical significance. Hence, future research approaches should try to increase the overall sample size to achieve better overall generalizability. Third, we rely on entrepreneurs' self-reported data and thus only capture the entrepreneurs' perception of the conflict, not the actual conflict. In addition, we solely consider one side of the entrepreneur–investor dyad. It is essential to acknowledge this, as perceived conflict does not always equal the actual conflict, just as actual conflict may not always be perceived as such (Collewaert, 2008). Furthermore, while neglecting the investors' perspective could be seen as a strong limitation of this research, there are very few quantitative studies that examine both sides of the dyad with regard to conflict (for example, Collewaert & Sapienza, 2014; Sapienza, 1992); they, however, reveal no significant differences in the responses of both parties, which is beneficial for our study design. Collewaert (2012) also suggests that the differences are often more minor than expected. However, to obtain more comprehensive insights, future research could also include investors' assessment of the conflict in the dyad and its outcomes. Fourth, our study focuses on radical innovations in products and services, as we follow the definition of innovation radicalness by Subramaniam and Youndt (2005) and adapt the scale by Gatignon et al. (2002) accordingly. However, to capture in more detail the scope of innovations whose radicalness might be subject to task conflict impact, future studies could include additional types of innovation. Specifically, examining the role of process innovations and how task conflict affects them could yield intriguing insights, as scholars have found these innovations to be essential for firms' productivity growth and financial performance (for example, Piening & Salge, 2014; Rochina-Barrachina et al., 2010).

Finally, our study only includes one specific contingency factor: procedural justice. Although procedural justice provides significant value to this research, our study would have benefitted substantially from examining additional potential contingencies. As conflict does not diminish but transforms innovation radicalness and speed, exploring more factors affecting this transformation would be highly promising for future research.

Acknowledgments

The authors confirm that artificial intelligence tools were solely employed for assistance with language refinement, such as proofreading and improving structure. Specifically, ChatGPT (Version 4.0) was used exclusively to support linguistic improvements, ensuring that the research, analysis, and conclusions remain entirely their own work. At no point was the artificial intelligence involved in generating or shaping the core content or ideas of the manuscript. All ethical and academic standards have been strictly adhered to throughout the process.

Disclosure statement

No potential conflict of interest was reported by the author(s).

ORCID

Pia Christine Otto  <http://orcid.org/0009-0009-7278-7969>

Andrea Greven  <http://orcid.org/0000-0001-9836-6104>

Malte Brettel  <http://orcid.org/0000-0001-9369-7553>

References

- Amabile, T. M. (1988). A model of creativity and innovation in organizations. *Research in Organizational Behavior*, 10, 123–167.
- Amason, A. (1996). Distinguishing the effects of functional and dysfunctional conflict on strategic decision making: Resolving a paradox for top management teams. *Academy of Management Journal*, 39(1), 123–148. <https://doi.org/10.2307/256633>
- Appelhoff, D., Mauer, R., Collewaert, V., & Brettel, M. (2015). The conflict potential of the entrepreneur's decision-making style in the entrepreneur-investor relationship. *International Entrepreneurship & Management Journal*, 12(2), 601–623. <https://doi.org/10.1007/s11365-015-0357-4>
- Armstrong, J., & Overton, T. (1977). Estimating non response bias in mail surveys. *Journal of Marketing Research*, 14(3), 396–402. <https://doi.org/10.1177/002224377701400320>
- Bascle, G. (2008). Controlling for endogeneity with instrumental variables in strategic management research. *Strategic Organization*, 6(3), 285–327. <https://doi.org/10.1177/1476127008094339>
- Benson, D., & Ziedonis, R. H. (2009). Corporate venture capital as a window on new technologies: Implications for the performance of corporate investors when acquiring startups. *Organization Science*, 20(2), 329–351. <https://doi.org/10.1287/orsc.1080.0386>
- Brettel, M., Mauer, R., & Appelhoff, D. (2013). The entrepreneur's perception in the entrepreneur-vcf relationship: The impact of conflict types on investor value. *Venture Capital*, 15(3), 173–197. <https://doi.org/10.1080/13691066.2013.782625>
- Brundin, E., Patzelt, H., & Shepherd, D. A. (2008). Managers' emotional displays and employees willingness to act entrepreneurially. *Journal of Business Venturing*, 23(2), 221–243. <https://doi.org/10.1016/j.jbusvent.2006.10.009>
- Busenitz, L. W., Fiet, J. O., & Moesel, D. D. (2004). Reconsidering the venture capitalists' 'value added' proposition: An interorganizational learning perspective. *Journal of Business Venturing*, 19(6), 787–807. <https://doi.org/10.1016/j.jbusvent.2003.06.005>
- Busenitz, L., Moesel, D., Fiet, J., & Barney, J. B. (1998). The framing of perceptions of fairness in the relationship between venture capitalists and new venture teams. *Entrepreneurship Theory and Practice*, 21(3), 5–21. <https://doi.org/10.1177/104225879702100301>
- Cable, D. M., & Shane, S. (1997). A prisoner's dilemma approach to entrepreneur-venture capitalist relationships. *Academy of Management Review*, 22(1), 142–176. <https://doi.org/10.2307/259227>
- Calantone, R., Garcia, R., & Droege, C. (2003). The effects of environmental turbulence on new product development strategy planning. *Product Innovation Management*, 20(2), 90–103. <https://doi.org/10.1111/1540-5885.2002003>

- Cankurtaran, P., Langerak, F., & Griffin, A. (2013). Consequences of new product development speed: A meta-analysis. *Journal of Product Innovation Management*, 30(3), 465–486. <https://doi.org/10.1111/jpim.12011>
- Capelleras, J.-L., Contin-Pilart, I., Larraz-Kintana, M., & Martin-Sanchez, V. (2019). Entrepreneurs' human capital and growth aspirations: The moderating role of regional entrepreneurial culture. *Small Business Economics*, 52(1), 3–25. <https://doi.org/10.1007/s11187-017-9985-0>
- Certo, S. T., Busenbark, J. R., Woo, H., & Semadeni, M. (2016). Sample selection bias and Heckman models in strategic management research. *Strategic Management Journal*, 37(13), 2639–2657. <https://doi.org/10.1002/smj.2475>
- Chan, C. S. R., & Parhankangas, A. (2017). Crowdfunding innovative ideas: How incremental and radical innovativeness influence funding outcomes. *Entrepreneurship Theory and Practice*, 41(2), 237–263. <https://doi.org/10.1111/etap.12268>
- Chandy, R. K., & Tellis, G. J. (2000). The incumbent's curse? incumbency, size, and radical product innovation. *Journal of Marketing*, 64(3), 1–17. <https://doi.org/10.1509/jmkg.64.3.1.18033>
- Chen, J., Reilly, R. R., & Lynn, G. (2012). New product development speed: Too much of a good thing? *Journal of Product Innovation Management*, 29(2), 288–303. <https://doi.org/10.1111/j.1540-5885.2011.00896.x>
- Christensen, C. M., & Bower, J. L. (1996). Customer power, strategic investment, and the failure of leading firms. *Strategic Management Journal*, 17(3), 197–218. [https://doi.org/10.1002/\(SICI\)1097-0266\(199603\)17:3<197::AID-SMJ804>3.0.CO;2-U](https://doi.org/10.1002/(SICI)1097-0266(199603)17:3<197::AID-SMJ804>3.0.CO;2-U)
- Collewaert, V. (2008). Conflict between angel investors and entrepreneurs: Perception, reality, and impact on innovation. *Academy of Management Proceedings*, 1, 1–6. <https://doi.org/10.5465/AMBPP.2009.44256507>
- Collewaert, V. (2012). Angel investors' and entrepreneurs' intentions to exit their ventures: A conflict perspective. *Entrepreneurship Theory and Practice*, 36(4), 753–779. <https://doi.org/10.1111/j.1540-6520.2011.00456.x>
- Collewaert, V., & Sapienza, H. J. (2014). How does angel investor-entrepreneur conflict affect venture innovation? It depends. *Entrepreneurship Theory and Practice*, 40(3), 573–597. <https://doi.org/10.1111/etap.12131>
- Colombo, M. G., von Krogh, G., Rossi-Lamastra, C., & Stephan, P. E. (2017). Organizing for radical innovation: Exploring novel insights. *Journal of Product Innovation Management*, 34(4), 394–405. <https://doi.org/10.1111/jpim.12391>
- Cooper, A., & Smith, C. C. (1992). How established firms respond to threatening technologies. *Academy of Management Executive*, 6(2), 55–70. <https://doi.org/10.5465/ame.1992.4274396>
- Cooper, R. G. (2019). The drivers of success in new-product development. *Industrial Marketing Management*, 76, 36–47. <https://doi.org/10.1016/j.indmarman.2018.07.005>
- Crawford, C. M. (1992). The hidden costs of accelerated product development. *Journal of Product Innovation Management*, 9(3), 188–199. <https://doi.org/10.1111/1540-5885.930188>
- Damanpour, F. (1996). Organizational complexity and innovation: Developing and testing multiple contingency models. *Management Science*, 42(5), 629–782. <https://doi.org/10.1287/mnsc.42.5.693>
- Damanpour, F., & Wischnevsky, J. D. (2006). Research on innovation in organizations: Distinguishing innovation-generating from innovation-adopting organizations. *Journal of Engineering and Technology Management*, 23(4), 269–291. <https://doi.org/10.1016/j.jengtecman.2006.08.002>
- De Clercq, D., Dimov, D., & Thongpapanl, N. (2010). The moderating impact of internal social exchange processes on the entrepreneurial orientation-performance relationship. *Journal of Business Venturing*, 25(1), 87–103. <https://doi.org/10.1016/j.jbusvent.2009.01.004>

- De Clercq, D., Thongpapanl, N., & Dimov, D. (2009). When good conflict gets better and bad conflict becomes worse: The role of social capital in the conflict-innovation relationship. *Journal of the Academy of Marketing Science*, 37(3), 283–297. <https://doi.org/10.1007/s11747-008-0122-0>
- De Dreu, C. K. W., & Gelfand, M. J. (2008). *The psychology of conflict and conflict management in organizations*. Psychology Press.
- De Dreu, C. K. W. (2006). When too little or too much hurts: Evidence for a curvilinear relationship between task conflict and innovation in teams. *Journal of Management*, 32(1), 83–107. <https://doi.org/10.1177/0149206305277795>
- De Dreu, C. K. W., & Weingart, L. (2003). Task versus relationship conflict, team performance, and team member satisfaction: A meta-analysis. *Journal of Applied Psychology*, 88(4), 741–749. <https://doi.org/10.1037/0021-9010.88.4.741>
- De Wit, F., Greer, L., & Jehn, K. (2012). The paradox of intragroup conflict: A meta-analysis. *Journal of Applied Psychology*, 97(2), 360–390. <https://doi.org/10.1037/a0024844>
- Deeds, D. L., DeCarolis, D., & Coombs, J. (1999). Dynamic capabilities and new product development in high technology ventures: An empirical analysis of new biotechnology firms. *Journal of Business Venturing*, 15(3), 211–229. [https://doi.org/10.1016/S0883-9026\(98\)00013-5](https://doi.org/10.1016/S0883-9026(98)00013-5)
- Deutscher Startup Monitor. (2023). *Deutscher Startup Monitor 2022*. https://startupverband.de/fileadmin/startupverband/mediaarchiv/research/dsm/DSM_2022.pdf
- Elitzur, R., & Gaviols, A. (2003). Contracting, signaling, and moral hazard: A model of entrepreneurs, ‘angels,’ and venture capitalists. *Journal of Business Venturing*, 18(6), 709–725. [https://doi.org/10.1016/S0883-9026\(03\)00027-2](https://doi.org/10.1016/S0883-9026(03)00027-2)
- Farh, J.-L., Lee, C., & Farh, C. I. C. (2010). Task conflict and team creativity: A question of how much and when. *Journal of Applied Psychology*, 95(6), 1173–1180. <https://doi.org/10.1037/a0020015>
- Gaskin, J. (2023). *Excel StatTools*. http://statwiki.gaskination.com/index.php?title=Main_Page
- Gassmann, O., Kobe, C., & Voit, E. (2001). *High-Risk Projekte als Erfolgsfaktor in Dynamischen Industrien*. Springer.
- Gatignon, H., & Xuereb, J. M. (1997). Strategic orientation of the firm and new product performance. *Journal of Marketing Research*, 34(1), 77–90. <https://doi.org/10.1177/002224379703400107>
- Gatignon, H., Tushman, M. L., Smith, W., & Anderson, P. (2002). A structural approach to assessing innovation: Construct development of innovation locus, type, and characteristics. *Management Science*, 48(9), 1103–1122. <https://doi.org/10.1287/mnsc.48.9.1103.174>
- González, F. J. M., & Palacios, T. M. B. (2002). The effect of new product development techniques on new product success in Spanish firms. *Industrial Marketing Management*, 31(3), 261–271. [https://doi.org/10.1016/S0019-8501\(00\)00150-4](https://doi.org/10.1016/S0019-8501(00)00150-4)
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.). Pearson Prentice Hall.
- He, H., Zhu, W., & Zheng, X. (2014). Procedural justice and employee engagement: Roles of organizational identification and moral identity centrality. *Journal of Business Ethics*, 122(4), 681–695. <https://doi.org/10.1007/s10551-013-1774-3>
- Hellmann, T., Schure, P., & Vo, D. H. (2021). Angels and venture capitalists: Substitutes or complements? *Journal of Financial Economics*, 141(2), 454–478. <https://doi.org/10.1016/j.jfineco.2021.04.001>
- Higashide, H., & Birley, S. (2002). The consequences of conflict between the venture capitalist and the entrepreneurial team in the United Kingdom from the perspective of the venture capitalist. *Journal of Business Venturing*, 17(1), 59–81. [https://doi.org/10.1016/S0883-9026\(00\)00057-4](https://doi.org/10.1016/S0883-9026(00)00057-4)

- Hofstetter, R., Dahl, D. W., Aryobsei, S., & Herrmann, A. (2021). Constraining ideas: How seeing ideas of others harms creativity in open innovation. *Journal of Marketing Research*, 58(1), 95–114. <https://doi.org/10.1177/0022243720964429>
- Hubner, S., Baum, M., & Frese, M. (2020). Contagion of entrepreneurial passion: Effects on employee outcomes. *Entrepreneurship Theory and Practice*, 44(6), 1112–1140. <https://doi.org/10.1177/1042258719883995>
- Jehn, K. (1995). A multimethod examination of the benefits & detriments of intragroup conflict. *Administrative Science Quarterly*, 40(2), 256–282. <https://doi.org/10.2307/2393638>
- Jehn, K., & Bendersky, C. (2003). Intragroup conflict in organizations: A contingency perspective on the conflict-outcome relationship. *Research in Organizational Behavior*, 25, 187–242. [https://doi.org/10.1016/S0191-3085\(03\)25005-X](https://doi.org/10.1016/S0191-3085(03)25005-X)
- Jehn, K., & Mannix, E. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *Academy of Management journal*, 44(2), 238–251. <https://doi.org/10.2307/3069453>
- Jehn, K., Greer, L., Levine, S., & Szulanski, G. (2008). The effects of conflict types, dimensions, and emergent states on group outcomes. *Group Decision and Negotiation*, 17(6), 465–495. <https://doi.org/10.1007/s10726-008-9107-0>
- Kalnins, A. (2018). Multicollinearity: How common factors cause type 1 errors in multivariate regression. *Strategic Management Journal*, 39(8), 2362–2385. <https://doi.org/10.1002/smj.2783>
- Khanin, D., & Turel, O. (2013). Conflicts between venture capitalists and CEOs of their portfolio companies. *Journal of Small Business Strategy*, 23(1), 31–54.
- Khanin, D., & Turel, O. (2014). Conflicts and regrets in the venture capitalist-entrepreneur relationship. *Journal of Small Business Management*, 53(4), 949–969. <https://doi.org/10.1111/jsbm.12114>
- Kim, W. C., & Mauborgne, R. A. (1997). Fair process: Managing in the knowledge economy. *Harvard Business Review*, 75(4), 65–75.
- Kim, W. C., & Mauborgne, R. A. (1998). Procedural justice, strategic decision making, and the knowledge economy. *Strategic Management Journal*, 19(4), 323–338. [https://doi.org/10.1002/\(SICI\)1097-0266\(199804\)19:4<323::AID-SMJ976>3.0.CO;2-F](https://doi.org/10.1002/(SICI)1097-0266(199804)19:4<323::AID-SMJ976>3.0.CO;2-F)
- Kim, W. C., & Mauborgne, R. A. (1996). Procedural justice and managers' in-role and extra-role behavior: The case of the multinational. *Management Science*, 42(4), 499–515. <https://doi.org/10.1287/mnsc.42.4.499>
- Korine, H. D. (1997). *Managing innovation teams: A procedural justice perspective* [Unpublished dissertation]. INSEAD.
- Laguna, M., Mielniczuk, E., & Gorgievski, M. J. (2020). Business owner-employees contagion of work-related affect and employees' innovative behavior in small firms. *Applied Psychology*, 70(4), 1543–1571. <https://doi.org/10.1111/apps.12288>
- Lind, E., & Tyler, T. (1988). *The social psychology of procedural justice. Critical issues in social justice*. Springer. https://doi.org/10.1007/978-1-4899-2115-4_1
- Luo, Y. (2005). How important are shared perceptions of procedural justice in cooperative alliances? *Academy of Management Journal*, 48(4), 695–709. <https://doi.org/10.5465/amj.2005.17843946>
- Madjar, N., Greenberg, E., & Cheng, Z. (2011). Factors for radical creativity incremental creativity and routine noncreative performance. *Journal of Applied Psychology*, 96(4), 730–743. <https://doi.org/10.1037/a0022416>
- McDermott, C. M., & O'Connor, G. C. (2002). Managing radical innovation: An overview of emergent strategy issues. *Product Innovation Management*, 19(6), 424–438. [https://doi.org/10.1016/S0737-6782\(02\)00174-1](https://doi.org/10.1016/S0737-6782(02)00174-1)

- McMullen, J., & Shepherd, D. (2006). Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur. *Academy of Management Review*, 31(1), 132–152. <https://doi.org/10.5465/amr.2006.19379628>
- Mengel, F., Tsakas, E., & Vostroknutov, A. (2015). Past experiences of uncertainty affects risk aversion. *Experimental Economics*, 19(1), 151–176. <https://doi.org/10.1007/s10683-015-9431-6>
- Nunnally, J. C. (1978). *Psychometric theory*. McGraw-Hill. <https://books.google.co.cr/books?id=WE59AAAAMAAJ>
- Paletz, S. B. F., Chan, J., & Schunn, C. D. (2016). Uncovering uncertainty through disagreement. *Applied Cognitive Psychology*, 30(3), 387–400. <https://doi.org/10.1002/acp.3213>
- Piening, E. P., & Salge, T. O. (2014). Understanding the antecedents, contingencies, and performance implications of process innovation: A dynamic capabilities perspective. *Journal of Product Innovation Management*, 32(1), 80–97. <https://doi.org/10.1111/jpim.12225>
- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903. <https://doi.org/10.1037/0021-9010.88.5.879>
- Rindfleisch, A., & Moorman, C. (2001). The acquisition and utilization of information in new product alliances: A strength-of-ties perspective. *Journal of Marketing*, 65(2), 1–18. <https://doi.org/10.1509/jmkg.65.2.1.18253>
- Rochina-Barrachina, M. E., Mañez, J. A., & Sanchis-Llopis, J. A. (2010). Process innovations and firm productivity growth. *Small Business Economics*, 34(2), 147–166. <https://doi.org/10.1007/s11187-008-9110-5>
- Rosenbusch, N., Brinckmann, J., & Bausch, A. (2011). Is innovation always beneficial? A meta-analysis of the relationship between innovation and performance in SMEs. *Journal of Business Venturing*, 26(4), 441–457. <https://doi.org/10.1016/j.jbusvent.2009.12.002>
- Rubera, G., & Kirca, A. H. (2012). Firm innovativeness and its performance outcomes: A meta-analytic review and theoretical integration. *Journal of Marketing*, 76(3), 130–147. <https://doi.org/10.1509/jm.10.0494>
- Rupp, D. E., Shapiro, D. L., Folger, R., Skarlicki, D. P., & Shao, R. (2017). A critical analysis of the conceptualization and measurement of organizational justice: Is it time for reassessment? *Academy of Management Annals*, 11(2), 919–959. <https://doi.org/10.5465/annals.2014.0051>
- Sapientza, H. J. (1992). When do venture capitalists add value? *Journal of Business venturing*, 7(1), 9–27. [https://doi.org/10.1016/0883-9026\(92\)90032-M](https://doi.org/10.1016/0883-9026(92)90032-M)
- Sapientza, H. J., & Korsgaard, M. A. (1996). Procedural justice in entrepreneur-investor relations. *Academy of Management Journal*, 39(3), 544–574. <https://doi.org/10.5465/256655>
- Sapientza, H. J., & Gupta, A. K. (1994). Impact of agency risks and task uncertainty on venture capitalist-ceo interaction. *Academy of Management Journal*, 37(6), 1618–1632. <https://doi.org/10.2307/256802>
- Schumpeter, J. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Harvard University Press.
- Semadeni, M., Withers, M. C., & Certo, S. T. (2014). The perils of endogeneity and instrumental variables in strategy research: Understanding through simulations. *Strategic Management journal*, 35(7), 1070–1079. <https://doi.org/10.1002/smj.2136>
- Sheng, S., Zhou, K. Z., & Lessassy, L. (2013). NPD speed vs. innovativeness: The contingent impact of institutional and market environments. *Journal of Business Research*, 66(11), 2355–2362. <https://doi.org/10.1016/j.jbusres.2012.04.018>

- Siegel, P. A., Post, C., Brockner, J., Fishman, A. Y., & Garden, C. (2005). The moderating influence of procedural fairness on the relationship between work-life conflict and organizational commitment. *Journal of Applied Psychology*, 90(1), 13–24. <https://doi.org/10.1037/0021-9010.90.1.13>
- Sivasubramaniam, N., Liebowitz, S. J., & Lackman, C. L. (2012). Determinants of new product development team performance: A meta-analytic review. *Journal of Product Innovation Management*, 29(5), 803–820. <https://doi.org/10.1111/j.1540-5885.2012.00940.x>
- Skarlicki, D. P., Van Jaarsveld, D. D., & Walker, D. D. (2008). Getting even for customer mistreatment: The role of moral identity in the relationship between customer interpersonal injustice and employee sabotage. *Journal of Applied Psychology*, 93(6), 1335–1347. <https://doi.org/10.1037/a0012704>
- Slater, S. F., Mohr, J. J., & Sengupta, S. (2013). Radical product innovation capability: Literature review, synthesis, and illustrative research propositions. *Journal of Product Innovation Management*, 31(3), 552–566. <https://doi.org/10.1111/jpim.12113>
- Song, M., Dyer, B., & Thieme, R. J. (2006). Conflict management and innovation performance: An integrated contingency perspective. *Journal of the Academy of Marketing Science*, 34(3), 341–356. <https://doi.org/10.1177/0092070306286705>
- Sorescu, A. B., Chandy, R. K., & Prabhu, J. C. (2003). Sources and financial consequences of radical innovation: Insights from pharmaceuticals. *Journal of Marketing*, 67(4), 82–101. <https://doi.org/10.1509/jmkg.67.4.82.18687>
- Stephen, A. T., Zubcsek, P. P., & Goldenberg, J. (2016). Lower connectivity is better: The effects of network structure on redundancy of ideas and customer innovativeness in interdependent ideation tasks. *Journal of Marketing Research*, 53(2), 263–279. <https://doi.org/10.1509/jmr.13.0127>
- Subramaniam, M., & Youndt, M. A. (2005). The influence of intellectual capital on the types of innovative capabilities. *Academy of Management Journal*, 48(3), 450–463. <https://doi.org/10.5465/amj.2005.17407911>
- Tellis, G. J., Prabhu, J. C., & Chandy, R. K. (2009). Radical innovation across nations: The preeminence of corporate culture. *Journal of Marketing*, 73(1), 3–23. <https://doi.org/10.1509/jmkg.73.1.003>
- Van Osnabrugge, M. (2000). A comparison of business angel and venture capitalist investment procedures: An agency theory-based analysis. *Venture Capital*, 2(2), 91–109. <https://doi.org/10.1080/136910600295729>
- Waldron, T. L., McMullen, J. S., Payne, G. T., Petrenko, O., & Wetherbe, J. C. (2024). More than money: The complex dynamics of capital and power in entrepreneur-investor relationships. *The Academy of Management Perspectives*. <https://doi.org/10.5465/amp.2023.0223>
- Wasserman, N. (2017). The throne vs. the kingdom: Founder control and value creation in startups. *Strategic Management Journal*, 38(2), 255–277. <https://doi.org/10.1002/smj.2478>
- Wilden, R., & Gudergan, S. P. (2014). The impact of dynamic capabilities on operational marketing and technological capabilities: Investigating the role of environmental turbulence. *Journal of the Academy of Marketing Science*, 43(2), 181–199. <https://doi.org/10.1007/s11747-014-0380-y>
- Williams, L. J., Hartman, N., & Cavazotte, F. (2010). Method variance and marker variables: A review and comprehensive CFA marker technique. *Organizational Research Methods*, 13(3), 477–514. <https://doi.org/10.1177/1094428110366036>
- Yitshaki, R. (2008). Venture capitalist-entrepreneur conflicts: An exploratory study of determinants and possible resolutions. *International Journal of Conflict management*, 19(3), 262–292. <https://doi.org/10.1108/10444060810875813>

- Zacharakis, A., Erikson, T., & George, B. (2010). Conflict between the VC and entrepreneur: the entrepreneur's perspective. *Venture Capital*, 12(2), 109–126. <https://doi.org/10.1080/13691061003771663>
- Zheng, Y., Liu, J., & George, G. (2010). The dynamic impact of innovative capability and inter-firm network on firm valuation: A longitudinal study of biotechnology start-ups. *Journal of Business Venturing*, 25(6), 593–609. <https://doi.org/10.1016/j.jbusvent.2009.02.001>