



# From Personal Values to Inclusive Practices: The Role of Founder Identity in Driving Diversity in German Startups

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## ***Abstract – EN***

In today's globalized landscape, effective diversity management to increase and maintain a diverse workforce is a critical challenge, especially for startups. Although existing literature confirmed the importance of leaders' personal values, beliefs and experiences in shaping their willingness to support D&I practices, how this influence arises remains understudied. Additionally, while most previous research focuses on CEOs in large corporations, this study adds nuance by applying these insights to startup founders operating under unique conditions of uncertainty, limited resources, and informal organizational structures. Drawing on qualitative data from nine semi-structured interviews with German startup founders, the study examines how individual-level factors interact with the structural features of startups to influence D&I engagement. The analysis confirms the relevance of theories such as Social Identity Theory and Intergroup Contact Theory, while expanding them by introducing the concept of privilege awareness as a motivator for inclusive leadership. Furthermore, it refines relational demography theory by showing that the diversity of founders' networks mediates the impact of informal recruitment. Contrary to assumptions that structural constraints limit diversity efforts, the research demonstrates that founder intentionality often overrides these limitations. Startup-specific characteristics, such as small size and flexibility, can be leveraged to embed inclusive norms early. These insights contribute to D&I, leadership, and entrepreneurship literature by offering a context-specific understanding of inclusive behavior in startups. The study concludes with practical recommendations for embedding inclusion early, emphasizing that founder intent and identity play a pivotal role in shaping organizational culture from the outset.

**Keywords:** Diversity & Inclusion (D&I), Startups, Founder, Leadership, Entrepreneurship, Social Identity Theory, Intergroup Contact Theory, Relational Demography

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## ***Abstract – PT***

No cenário globalizado atual, a gestão eficaz da diversidade para atrair e manter uma força de trabalho diversificada é um desafio crucial, especialmente para startups. Embora a literatura existente confirme a importância dos valores, crenças e experiências dos líderes na sua disposição para apoiar práticas de diversidade e inclusão (D&I), os mecanismos por trás dessa influência ainda são pouco explorados. Além disso, enquanto a maioria das pesquisas foca em CEOs de grandes corporações, este estudo traz novas perspectivas ao aplicar esses conceitos a fundadores de startups que atuam sob condições únicas de incerteza, recursos limitados e estruturas informais. A partir de nove entrevistas semiestruturadas com fundadores de startups alemãs, o estudo investiga como fatores individuais interagem com as características estruturais das startups para moldar o engajamento com D&I. A análise confirma a relevância de teorias como a da Identidade Social e a do Contato Intergrupar, ampliando-as ao introduzir a consciência de privilégio como um novo motor para liderança inclusiva. Refina-se ainda a teoria da demografia relacional ao mostrar que a diversidade nas redes dos fundadores medeia o impacto do recrutamento informal. Contrariando suposições de que restrições estruturais dificultam a diversidade, os achados mostram que a intencionalidade dos fundadores pode superar essas barreiras. Características como pequeno porte e flexibilidade podem ser aliadas na construção de culturas inclusivas desde o início. O estudo contribui para as literaturas de D&I, liderança e empreendedorismo, oferecendo uma compreensão contextualizada do comportamento inclusivo em startups e recomendações práticas para sua promoção desde as fases iniciais.

**Palavras-chave:** Diversidade e Inclusão (D&I), Startups, Fundador, Liderança, Empreendedorismo, Teoria da Identidade Social, Teoria do Contacto Intergrupar, Demografia Relacional

**Título:** Dos valores pessoais às práticas inclusivas: o papel da identidade do fundador na promoção da diversidade nas startups alemãs

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**List of Abbreviations**

- D&I. ....Diversity and Inclusion
- DM. .... Diversity Management

# **1 Introduction**

## **1.1 Relevance of the Topic and Problem Statement**

In the contemporary globalized landscape, the significance of diversity in the workplace has become increasingly evident (Ng & Sears, 2020; Woldeyesus, 2025). As businesses operate in multicultural and diverse settings, organizations acknowledge the substantial impact that a varied workforce has on promoting innovation, enhancing performance, and facilitating sustainable growth (Giffords, 2009; Richard et al., 2013; Soni, 2000; Morris, 2023). Accordingly, one of the main strategic challenges for modern organisations is the need for effective diversity management (Nishii & Mayer, 2009; Roberson, 2006; Shen et al., 2009; Richard, 2000), whose purpose is to increase and maintain a diverse workforce at all levels of the organization (Cox & Blake, 1991; Richard, 2000). Thomas (1990) defines diversity management as fostering a work environment where every employee, regardless of race or gender, can grow and advance within the organization. Rather than being about offering special advantages to women and minorities, it centres on ensuring that all employees can reach their full potential. The overarching aim is to create an inclusive workplace where everyone is equally valued as part of the collective "we" (Thomas, 1990).

Despite the considerable progress in including women and minorities within organizations, significant disparities among groups and instances of discrimination persist (Ely et al., 2014; Huffman et al., 2010; Kalev et al., 2006). Therefore, it is crucial for leaders to implement initiatives to raise, maintain, or ensure variation among organisational members (Olsen & Martins, 2012), while aligning such practices with organisational goals. While a vast body of literature has examined the pivotal role of leaders in the implementation and effective diversity management (cf. Kalev et al., 2006; Ng & Sears, 2012; Nishii & Mayer, 2009; Purcell & Hutchinson, 2007), not all leaders are equally motivated to implement them.

Research has identified that leaders' beliefs, values (Ng & Sears, 2012), and backgrounds (Abramovic & Traavik, 2017; Kidder et al., 2004; Ng & Sears, 2021) are influential when it comes to the implementation of diversity management in organisations. Values are defined as general beliefs about the importance of behaviors or outcomes that are considered as desirable according to social norms, guiding how individuals prioritize decisions and actions (Edwards & Cable, 2009). Beliefs are cognitive representations that individuals hold to be true about the world, which help interpret experiences and shape responses; in organizational contexts, they serve as internalized assumptions that guide decision-making and leadership behavior

(Albarracin et al., 2022; Van den Steen, 2002). Finally, backgrounds encompass the personal and professional histories of individuals, such as education, career trajectory, industry experience, and socio-demographic attributes, which shape how leaders perceive challenges and opportunities and influence their strategic orientation (Campbell et al., 2023).

Factors contributing to the obstruction of diversity practices through leaders encompass insufficient interest, time, training, and credibility; self-centred behavior; conflicting priorities; and excessive workload (Fenton-O’Creevy, 2001; Harris, 2001; McGovern et al., 1997; Purcell & Hutchinson, 2007). It is likely that leaders are more inclined to facilitate implementation when they perceive practices are aligning with their personal values and self-interests (Harrison et al., 2006; Kuvaas & Dyvik, 2010; Purcell & Hutchinson, 2007). Leaders are individuals who have their own motivations, beliefs and preferences, and these individual characteristics may influence their readiness to put a diversity practice into effect (Abramovic & Traavik, 2017).

However, while these studies underscore the impact of leaders’ personal values, beliefs, and experiences on their willingness to support diversity and inclusion practices (Abramovic & Traavik, 2017; Rokeach, 1973; Tajfel, 1982; Ng & Sears, 2020), this work focuses on how this influence arises. Additionally, the unique situation of startup founders remains significantly understudied. Unlike larger corporations, startups are characterized by small, resource-constrained teams with minimal formal structure, where the founder’s personal decisions have an outsized influence on organizational culture and people management (European Commission, 2015; Picken, 2017; Steigertahl & Mauer, 2018). This reliance on founders’ intrinsic values and networks often leads to early organizational homogeneity, thereby presenting both challenges and opportunities for implementing Diversity and Inclusion (D&I) initiatives (Honoré & Ganco, 2023; Lazear, 2004; Sauermann, 2018).

There is a growing consensus that early-stage decisions in startups shape long-term organizational patterns, including those related to team composition, equity, and inclusion (Brymer & Rocha, 2023; European Commission, 2015). Yet, there is limited empirical research investigating how founders’ individual orientations, such as their values, diversity beliefs, and identity profiles, influence their actual approach to managing D&I in startup environments.

The German startups landscape provides a compelling empirical context for studying these dynamics. Germany has emerged as one of Europe’s leading startup hubs, with vibrant ecosystems in Berlin, Munich, and Hamburg (Startup Verband, 2023; PwC Deutschland, 2024). Despite growing awareness of DD&I among German entrepreneurs, recent studies reveal that

many startups have yet to adopt concrete diversity measures, even though diverse teams are known to drive innovation and improve performance (PwC Deutschland, 2024). Furthermore, with approximately 20% of founders in Germany coming from a migrant background, the startup scene is imbued with a level of intrinsic diversity that is ripe for deeper investigation (Startup Verband, 2023). These contextual challenges and opportunities underscore the urgent need to understand how startup founders' personal beliefs, values, and backgrounds influence their approach to managing D&I.

## **1.2 Research Question and Objectives**

Hence, this research aims to explore how startup founders' personal beliefs, values, and backgrounds influence their approach to managing D&I within their ventures. The study will investigate how founders' intrinsic values, their background and identity profile as well as their experiential and leadership dimensions drive the adoption of diversity practices.

In doing so, it will assess how startups can overcome the inherent constraints of their resource-limited, informal environments to create inclusive cultures that not only attract diverse talent but also enable these employees to flourish. Ultimately, the research seeks to offer evidence-based recommendations for enhancing diversity management strategies in startups, thereby fostering an organizational environment that promotes equity, innovation, and sustained competitive performance.

The study aims to address the identified research gap with the following question:

*“How do startup founders' personal beliefs, values, and backgrounds influence their approach to managing diversity and inclusion within their ventures?”*

## **2 Theoretical Background**

### **2.1 Diversity Management: Scope and Significance**

#### **2.1.1 Definition and Scope**

Diversity management (DM) in the workplace concerns how organizations design processes and structures to enhance interaction among diverse individuals and transform this diversity into a source of innovation and increase effectiveness instead of conflicts or barriers to employee's performance and satisfaction (Cross, 2000). Rather than granting advantages to specific groups, DM ensures equal opportunities for all employees to thrive, regardless of gender, race, or background (Thomas, 1990).

With growing workplace diversity, managing diverse groups has become a pressing organisational challenge (Croitoru et al., 2022). Barriers such as gender discrimination, communication issues, ethnic marginalization, and resistance to change can hinder inclusion efforts (Renee, 2014). Effective DM helps overcome these barriers enabling organizations to benefit from diverse teams (Yadav & Lenka, 2020). Its primary purpose is to increase and maintain a diverse workforce at all levels of the organization (Cox & Blake, 1991; Richard, 2000).

### **2.1.2 Importance of Diversity Management**

Managing D&I is widely acknowledged as essential for both ethical integrity and competitive success (Buttner et al., 2006; Yalina et al., 2023). Studies consistently show a link between workforce diversity and improved profitability, efficiency, and overall performance (Giffords, 2009; Richard et al., 2013; Soni, 2000; Morris, 2023). Moreover, diverse teams tend to innovate more effectively, as varied perspectives foster creativity and diverse problem-solving, strengthening organizational commitment and innovation capacity (Duke, 2012; Philips, 2014; Zou & Fan, 2022; Stahl et al., 2016). Embracing diversity also expands organizational access to a broader talent pool, while an inclusive environment enhances employee engagement and retention, making it easier for firms to attract exceptional talent in today's global labor market (Morris, 2023; Buttner et al., 2006). Furthermore, diverse teams better understand global customer needs and thereby strengthen market insights, elevating corporate reputation, and bolstering investor confidence (PwC Deutschland, 2024). Together, these factors indicate that DM is not merely a socially desirable pursuit; rather, it is a strategic imperative that drives innovation, performance, and sustained competitive advantage (Tulshyan, 2022; Velasco & Sansone, 2019; Nwoga, 2023). Therefore, it is crucial to understand what drives successful DM.

## **2.2 Leadership and HR Literature**

### **2.2.1 Role of Leadership in Diversity Management**

Leaders play a key role in implementing D&I initiatives (Chrobot-Mason & Aramovich, 2013). Cox and Blake (1991) have emphasized that top management support is required to promote diversity initiatives. More recent studies reinforce that visible and genuine commitment from leaders is essential to advance the corporate diversity agenda (Ng & Sears, 2020). When leaders advocate for diversity and demonstrate inclusive behavior, they act as role models, signalling that DM is a priority (Ng & Sears, 2020). Additionally, they facilitate the successful design and implementation of DM initiatives by recognizing the need for change, shaping the D&I agenda,

and providing suitable financial, technical and human resources to sustain these efforts (Cox & Blake, 1991; Gilbert & Ivancevich, 2000).

## **2.2.2 Factors influencing Leaders**

Several factors that influence founders' approach to managing D&I within their ventures. This section reviews relevant individual beliefs, values and backgrounds.

### **2.2.2.1 Intrinsic Values and Attitudinal Orientation**

#### *Diversity Values and Beliefs about Diversity*

Individual's values play a significant role in organisational settings and can serve predict one's attitudes and behaviours when it comes to the execution of HR practices (Harris, 2001; Kuvaas & Dysvik, 2010; Purcell & Hutchinson, 2007). They guide an individual's social attitudes and ideologies as well as their decisions and actions. Therefore, having knowledge of a leader's values can serve as a reliable predictor of their behavior in different real-world scenarios (Ng & Sears, 2012), and it is likely that leaders vary on the intensity of their diversity values (Yang & Konrad, 2011). Rokeach (1973), identified that a subset of values known as social values predict an individual's appreciation and support for social justice and diversity. Thus, individuals who support diversity values are more likely to support corresponding practices (Abramovic & Traavik, 2017), while those with weaker diversity values tend to deprioritize these initiatives (Harrison et al., 2006; Kuvaas & Dysvik, 2010; Ng & Sears, 2012; Purcell & Hutchinson, 2007). In addition to values, beliefs about diversity also play a crucial role. Leaders with positive beliefs about diversity are more inclined to demonstrate behaviors that align with them, ranging from expressing personal commitment to diversity to establishing employee resource groups and assigning diversity goals (Gilbert and Ivancevich 2000; Ng & Sears, 2020).

### **2.2.2.2 Background and Identity Profile**

#### *Demographic Characteristics*

Research has shown that demographic factors influence individuals' attitudes toward HR and diversity practices (Kidder et al., 2004; Mor Barak et al., 1998; Ng & Sears, 2012; Sawyerr, et al., 2005; Abramovic & Traavik, 2017). According to social identity theory, individuals derive a sense of social identity from personal attributes such as their demographic characteristics (Billig and Tajfel, 1973; DiDonato et al., 2011; Tajfel, 1982). Due to a shared sense of identity and greater mutual understanding, individuals may then exhibit more favourable treatment towards those who share similar characteristics (Goldberg et al., 2010; Hogg & Terry, 2000).

In this respect, personal attributes influence whether founders endorse workplace initiatives, as these characteristics relate to their social identity and shape how they treat those who share or do not share this identity.

The literature often focuses on gender, with research showing that women hold more positive perceptions of diversity and related programmes (Kidder et al., 2004; Mor Barak et al., 1998; Sawyerr et al., 2005; Ebie & Djerbani, 2011). According to Kidder et al. (2004) women have traditionally belonged to the low-status or minority groups in organisations and often benefited from affirmative action programs. These experiences of discrimination or empathy make them more inclined to view D&I initiatives positively (Mor et al., 1998).

In addition to an individual's gender, age can also influence one's willingness to support DM (Ng & Sears, 2012; Abramovic & Traavik, 2017). Ng and Sears (2012) found that older CEOs had a greater likelihood of enacting organisational diversity practices. This is attributed to greater cultural intelligence, accumulated life experience, and a desire to leave a positive legacy.

Another relevant demographic characteristic is race (Ng, 2008; Ng & Sears, 2021). According to Ng (2008), racial minority CEOs may be more sensitive to understanding the importance of effective diversity strategies and practices and actively support such initiatives because they have firsthand experience with the challenges that are linked to their minority group status.

### *Relational Demography*

In addition to individual demographics founders' relational demography plays a significant role that influences the diversity in their ventures. In the early stages of venture development, most founders do not consider the potential benefits of team diversity and rely on their personal connections to mobilize new employees (Aldrich & Kim, 2007; Ruef, 2010). According to the theory of relational demography, most founders recruit employees under "ecological constraints", which are defined by the socially and spatially proximate networks in which they are embedded (Ruef et al., 2003). Thus, founders tend to recruit individuals with whom they have direct or indirect connections from past workplaces or their residential neighbourhood, resulting in teams that largely reflect the founders' relational demography (Balachandran et al., 2019). This effect is particularly pronounced in startups, where resource limitations, lack of formal HR processes, and scaling pressures reinforce reliance on trusted, homogeneous networks.

### 2.2.2.3 Experiential and Leadership Dimensions

#### *Intergroup Contact*

Prior studies have identified how crucial past experiences are for individuals' present attitudes and behavior (Buch et al., 2013; Pettigrew & Tropp, 2006; Takeuchi et al., 2005). The intergroup contact theory suggests that contact with the out-group reduces prejudice, fostering more favourable attitudes toward both individual members and the group as a whole, even across different situations (Pettigrew & Tropp, 2006). Pettigrew and Tropp (2006) argue that the underlying mechanism of contact is that familiarity between individuals fosters affection and diminishes prejudice. Consistent with the findings from contact theory and extending social learning theory (Bandura, 1977), research in international management also shows that cross-cultural experience positively influences learning and behavior (Caligiuri & Tarique, 2012; Johnson et al., 2006; Ng et al, 2012; Takeuchi et al., 2005). According to social learning theory (Bandura, 1977), individuals learn not only from their own experiences but also become more inclined to repeat actions that have been rewarded in the past, thereby learning which actions are beneficial to them. Abramovic & Traavik (2017) have expanded this research by showing that individuals' experiences and who they are, can play a crucial role in their support for diversity practices. The results of their study suggest that the higher the quality of contact majority individuals have experienced with people from a non-Western immigrant background, the more positive they are toward HR diversity practices intended to benefit this group (Abramovic & Traavik, 2017).

#### *Leadership Style*

Another factor that influences how diversity is managed is leadership. Burns (1978) and Bass (1985) introduced the concepts of transformational and transactional leadership. Transactional leadership is based on the use of legitimate power and bureaucratic authority in the firm, and these leaders emphasize task assignments, work standards and employee compliance and use rewards and punishment to shape employee behavior (Bass 1985; Sashkin 2004). In contrast, transformational leaders motivate their followers by appealing to higher ideals and moral values. They establish and express a vision for the company, inspiring followers to implement it (Bass 1985; House & Shamir 1993; Sashkin 2004). Both leadership styles may be associated with a leader's ethical and moral orientation. Transformational leaders are often primarily focused on acting in a way that is "morally right" and protecting the rights and dignity of individuals, while transactional leaders also share an interest in protecting the rights of others,

but their focus is more on maximizing utility (Aronson 2001; Kanungo 2001). Based on this Ng & Sears (2012) proposed that both transformational and transactional leadership will influence an organisations level of DM (Ng & Sears, 2012). They argued that while transformational leaders are driven by moral correctness, transactional leaders are more likely to support diversity efforts when external pressures, such as policy regulations or business benefits, are present. However, without these external pressures, the motivation for transactional leaders to implement diversity practices is likely to decrease. The results of their study confirmed these arguments (Ng & Sears, 2012).

### **2.3 Diversity Management in Startups: Unique Challenges and Opportunities**

Diversity management in startups differs significantly from large organizations due to their unique setting and the pivotal role of founders in shaping culture.

#### **2.3.1 Distinctiveness of Startups**

Startups are typically small, resource-constrained ventures in their formative stages, where developing formal policies, such diversity programs, is often not a priority (European Commission, 2015). In these early stages, the founder and founding team directly influence hiring, promotions, and setting the overall cultural tone regarding inclusion (Picken, 2017).

Especially, in the beginning startups often face resource limitations, which creates a unique challenge when it comes to building diverse teams. On the one hand it is critical for startups to hire the right employees at the right time, but on the other hand, they are challenged by a limited number of fitting candidates. The high failure rates and low wages that characterize most startups (Burton et al., 2018), combined with the fact that new hires must be “Jacks-of-All Trades”, who enjoy a dynamic work environment and are willing to sacrifice job security (Sauermann, 2018), attract only a limited portion of the labour market. This makes it especially difficult to prioritize diversity in hiring.

In addition to these operational challenges, startups focus on developing scalable business models, achieving product-market fit, and rapidly attracting and retaining target customers (Picken, 2017). Their small teams and flat hierarchies (Picken, 2017) can enhance flexibility (Teruel & Segarra, 2017) but often result in a lack of formal management practices. Unlike established companies, where professional executives and managers commonly hold leadership roles, startups are predominantly led by their founders who take on a central role and directly influence the company’s purpose, strategic direction, and daily operations.

These organizational characteristics are further shaped by the fact that startups often operate under extreme uncertainty and high risk (Kusumaningtyas et al., 2021; LeBrasseur et al., 2003; Picken, 2017), which increases the pressure to make fast, pragmatic decisions and deprioritize more strategic issues such as diversity planning. Furthermore, startups are inherently growth-oriented and innovation-driven; they prioritize immediate survival and scalability over strategic investments such as DM (Picken, 2017).

Overall, while startups are uniquely positioned to drive innovation through rapid growth and flexible organizational structures, these same characteristics pose significant challenges to the systematic integration of diversity initiatives. The combination of limited resources, an intense focus on immediate growth, and reliance on established networks often means that diversity is not prioritized during the crucial early stages of a startup's development.

### **2.3.2 Founders' Pivotal Role**

Founders largely determine a startup's early organizational culture, including its people management practices (Schneider, 1987; Brymer & Rocha, 2023). Their personal beliefs, values, and backgrounds become imprinted on the organizational culture, a phenomenon often described as "founder imprinting" (Brymer & Rocha, 2023). Moreover, the founder's strategic choices shape crucial aspects of the venture, including how and whether DM practices are prioritized (Cox & Blake, 1991; Ng & Sears, 2020). Founders set the company's agenda by allocating resources and establishing policies that can either promote or hinder diversity (Cox & Blake, 1991; Ng & Sears, 2020). They also act as role models; their visible commitment to diversity and inclusive behavior signals to employees that DM is an organizational priority (O'Reilly, 1989; Pfeffer, 1981; Ng & Sears, 2020). Through their actions, founders can inspire employees and shape the perception of diversity as a core organizational value (Ng & Sears, 2020). Furthermore, a founder's intrinsic values and beliefs become embedded in the organization's practices, influencing recruitment, retention, and overall diversity (Rokeach, 1973; Ng & Sears, 2020). Without formal HR structures or diversity programs, startup founders have a disproportionate impact on diversity outcomes (European Commission, 2015; Burton et al., 2018). The small size and resource constraints further amplify the founder's role in shaping organizational practices compared to larger, more institutionalized organizations (European Commission, 2015; Burton et al., 2018).

### **2.3.3 German Startups as the empirical setting**

Germany provides an ideal empirical setting for examining how startup founders' personal beliefs, values, and backgrounds influence their D&I practices. First, it has emerged as one of Europe's leading startup hubs with dynamic ecosystems centred in cities such as Berlin, Munich, and Hamburg (Startup Verband, 2023; PwC Deutschland, 2024). Despite the growing awareness of D&I in the German startup scene and the recognition that diverse teams are more creative, innovative and better at understanding the needs of a globalised customer base, D&I practices remain underdeveloped (PwC Deutschland, 2024). A recent PwC study (2024) found that while almost half of the respondents (45%) stated that they actively promote D&I in their own startup, most startups (64%) have not yet implemented any concrete measures to increase D&I. Moreover, around a quarter (26%) of respondents reported low to very strong resistance to the introduction of measures to promote D&I in their own startup, with this resistance becoming greater the later a startup is in the founding process (PwC Deutschland, 2024). Additionally, with approximately one in every five startup founders having a migrant background, the ecosystem benefits from intrinsic diversity and varied perspectives (Startup Verband, 2023). The evolving nature of D&I efforts in the German startup sector (PwC Deutschland, 2024) combined with the significant role of migrant founders and existing regulatory challenges (Startup Verband, 2023), presents an important gap in current research. Thus, studying German startup enables an exploration of how founders' personal beliefs, values, and backgrounds influence diversity practices in a context with both opportunity and constraint.

### **2.4 Summary and Theoretical Contribution**

In summary, the literature confirms that DM not only enhances innovation and competitive performance but also critically depends on leadership and the intrinsic values of decision-makers (Croitoru et al., 2022; Yadav & Lenka, 2020; Giffords, 2009; Richard et al., 2013; Morris, 2023). Leaders play a decisive role in shaping HR practices and promoting inclusive cultures, with their personal values and behaviors serving as key drivers for diversity initiatives (Cox & Blake, 1991; Ng & Sears, 2020; O'Reilly, 1989). Additionally, factors such as personal beliefs, demographic characteristics, intergroup experiences, and leadership style influence how founders approach DM (Abramovic & Traavik, 2017; Rokeach, 1973; Tajfel, 1982). However, most research focuses on CEOs and managers in large corporations, where formal HR departments and institutional frameworks often support diversity. Far less attention has been devoted to startups, where founders' personal beliefs and decisions have disproportionate

weight. Startups rely predominantly on the founders' personal decisions, often leading to early patterns of homogeneity despite the recognized benefits of diversity (European Commission, 2015; Picken, 2017). The German startup ecosystem, characterized by dynamic hubs such as Berlin, Munich, and Hamburg, has a significant presence of migrant founders, and persistent challenges in implementing concrete D&I measures (Startup Verband, 2023; PwC Deutschland, 2024), provides a particularly rich empirical setting to explore these dynamics.

Thus, this study addresses the research gap by analysing how startup founders' personal beliefs, values, and backgrounds influence their approach to managing D&I within their organisations. It sought to add to the existing body of knowledge by linking founders' unique personal attributes with DM in the distinct context of German startups and offer valuable insights for both academia and policy in entrepreneurship and diversity management.

### **3 Research Methodology**

This chapter supports the research purpose by presenting the study's design, participants, data collection and analysis methods, and ethical considerations.

#### **3.1 Research Design**

The research methodology involved a comprehensive literature review and an exploration of emerging themes regarding the factors that influence leaders' decision making. The insights informed the development of the interview protocol.

To identify participants the author conducted online research on German startups, identifying approximately 110 ones. Their founders were then approached individually, resulting in six interviews. Additionally, the author's professional network contributed three more participants, two directly and one via referral, yielding a total of nine interviews.

The interviews were semi-structured, allowing participants to share authentic perspectives, while enabling the interviewer to explore emerging themes (Azungah, 2018; Bryman & Bell, 2011). This approach ensured consistency while retaining flexibility to capture unique insights. The interviews lasted 30-45 minutes, producing around six hours of video and 108 pages of transcripts. All interviews were conducted virtually. Once collected, the data was analysed to identify trends and understand perspectives.

### **3.2 Participants**

Interviews for this study were conducted with nine founders from early-stage to mid-sized startups from various industries (Appendix 1). Founders were purposively selected due to their central role in shaping company culture, offering valuable insights into how their personal beliefs, values, and backgrounds influence their approach to managing D&I. All interviewees were co-founders of their respective business and had either founded the company themselves or been part of the founding team.

To recruit participants, 110 contact requests were sent using direct messaging and LinkedIn Sales Navigator. Out of 110 requests, 14 were answered and six interviews were established, while eight declined due to time constraints or lack of interest in the study topic. Most candidates were identified through online research, particularly via the following database: <https://www.startbase.de/>. Several criteria were used to select the potential startups and founders: First, the business had to be considered a startup and had to have a relevant number of employees to make D&I. Additionally, the interviewees had to be founders of the business they are in and ideally (but not necessarily) it was already evident that they had some experiences with or connection to cultural diversity. Three additional interviews were secured through personal contacts: two via the researcher's network and one through participant referral.

### **3.3 Data Collection**

An interview guide was developed and used for all interviews (Appendix 2). Prior to each interview, participants were informed about the study's general topic; however, they were not provided with the guide in advance. The guide consisted of 15 questions, divided into two main sections: one addressing the different factors that were identified in the literature to influence leaders' decision making, the other focused on startup-specific characteristics affecting D&I.

As the interviews were conducted with German founders, all were held in German. They lasted 25-60 minutes, depending on participant availability and openness, and took place within the months of May and June 2025.

### **3.4 Data Analysis Procedures**

The primary qualitative data collected from the interviews was recorded and transcribed using Fathom AI. All transcripts were manually verified for accuracy, then translated to English and reviewed again, helping the researcher to gain deeper familiarity with the content.

The data was analysed using structuring qualitative content analysis according to the framework developed by Kuckartz & Rädiker (2022). This method offers a systematic, transparent, and replicable approach to coding interview transcripts while remaining sensitive to the contextual richness and subjective narratives typical of semi-structured interview data. It is particularly suitable for this study's goal of understanding how personal and contextual factors shape founders' views and behaviors related to D&I.

A core step of content analysis involves applying a system of categories to the textual content. According to literature there are two main strategies for developing these categories: inductive and deductive (Kuckartz & Rädiker, 2022; Mayring, 2022) The inductive category development involves generating categories directly from the data during the analysis process. By contrast, deductive category development refers to the implementation of a predefined set of categories based on existing theoretical literature. In practice, many researchers adopt a combined approach, using both inductive and deductive elements to build on established structures while remaining open to new, data-driven themes.

The analysis was carried out with the support of the qualitative research software MAXQDA, which facilitated the organization, coding, and interpretation of the data. The analysis followed these steps (Appendix 3):

- 1. Initial text work:** Careful reading and highlighting important passages initiated the analysis. Notable content and spontaneous insights were recorded in the form of memos.
- 2. Development of main categories:** As the interview guide was based on the initial literature review, a preliminary set of categories was defined deductively out of the interview guide (Appendix 4). These categories were then tested for their applicability to the empirical material through a trial coding of a subset of the data.
- 3. Data coding with main categories (1<sup>st</sup> coding cycle):** In the first coding process each transcript was read, and text sections were assigned to the preliminary set of categories. Additional to the preliminary categories further categories emerged from the data by grouping quotes that share a common topic/meaning (Appendix 5). Text passages that do not convey meaning or are not relevant to the research question remained unencoded.
- 4. Inductive development of sub-categories:** After the initial coding process, the relatively general categories were differentiated. All main categories were considered individually. In the first step, all text passages coded with this category were examined and subcategories were formed based on the material and initially compiled as an

unordered list. This list was then organised and systematised, relevant dimensions were identified, and subcategories were combined into more abstract/general subcategories where appropriate.

5. **Data coding with sub-categories (2<sup>nd</sup> coding cycle):** Once the dimensionalization has been completed and the subcategories have been formed, the second coding process involves assigning the differentiated categories to the text segments that were previously coded with the main category.
6. **Simple and complex analyses:** After the second coding process, simple and complex analyses were carried out and the presentation of results was prepared. The most suitable evaluation methods were selected to address the research questions. An in-depth analysis of the main categories was conducted to systematically present relevant content, including various aspects, dimensions, and positions.
7. **Write up results, document process:** At the end of the analysis, the findings and insights gained were put into writing. This process drew on the preliminary work from the previous phases, integrating previously written memos, text fragments, and analytical notes into a results chapter. The generated charts and tables were included for illustration purposes or served as a basis for descriptive explanations of the identified relationships, patterns, similarities, and differences.

To enhance trustworthiness and credibility, multiple triangulation strategies were used. Data triangulation was ensured by including founders from a diverse range of startup sectors and sizes, bringing varied experiences to the dataset. Furthermore, the use of both deductive and inductive coding strategies represents a form of theoretical triangulation, integrating established concepts with emergent themes from the empirical data.

### **3.5 Ethical Considerations**

All interviews were conducted in accordance with ethical research guidelines. Participants were informed that their involvement was voluntary, with the option to withdraw from the interview at any point or decline to answer specific questions. Before beginning the interview, participants were asked for their explicit consent for participation and for the interview to be recorded. They also approved the use of a transcription tool, which was added to the video call after consent was given. To ensure confidentiality, names of founders and companies were omitted. All data was used solely for this study and deleted afterward. At the beginning of the interview the topic

and the interview process were explained, and participants were encouraged to ask questions to ensure full understanding.

## 4 Results

The objective of this section is to present and discuss the main results obtained through the qualitative analysis procedure. As indicated, the results will be divided according to the coding system, which was grouped after the theoretical background.

### 4.1 Factors influencing Leaders

This chapter explores how founders’ values, demographics, and experiences influence their D&I approaches, based on themes identified in the literature that were examined through the conducted interviews.

#### 4.1.1 Intrinsic Values & Attitudinal Orientation

*Diversity values and Beliefs about Diversity*

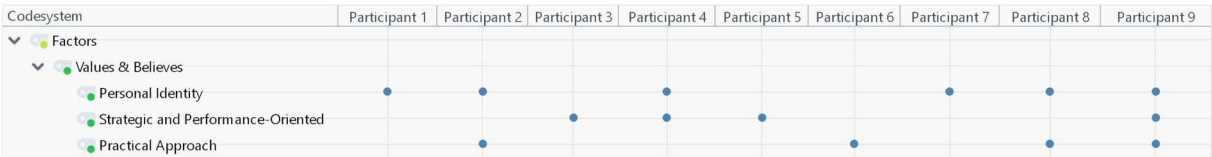


Figure 1 Codes for Values & Beliefs

According to the literature values and beliefs can guide an individual’s attitudes as well as their decisions and actions. Therefore, it can be insightful to understand founders’ values and beliefs as they can serve as reliable predictors of their behavior in different scenarios. To explore how founders’ values and beliefs shape their approach to D&I participants were first asked if diversity and inclusion are relevant areas of intervention in their startup and why. This was followed by a question on what diversity means to them personally and what role they think it should play in a startup like theirs.

While almost all participants affirmed the importance of diversity in principle, the underlying motivations varied considerably from personal conviction and moral reasoning to strategic pragmatism and a practical view on diversity with recognition of limitations or necessary trade-offs. Their perspectives revealed how deeply personal experiences and business realities intertwine in shaping leaders’ engagement with diversity.

Several founders grounded their values and beliefs in personal identity and lived experience describing their commitment to diversity as shaped by biography, upbringing and ethical conviction. For these founders' diversity and inclusion are relevant areas of intervention in their company not only for professional reasons but profoundly out of personal perspectives. Participant 1, for example described a deep-rooted connection to the topic, shaped by her multicultural upbringing and lifelong experiences of being perceived as different in Germany. Her advocacy for diversity was both moral and emotional, rooted in a belief that diversity in every form is essential and an absolute advantage:

It's so great that you can also learn from others when you're open, and I am. And that's why I think for the success of a startup, diversity in every form is, in my view, an absolute superpower, an absolute privilege, and an absolute advantage compared to others who don't think or live like that. (Participant 1, 05:14)

Participant 4 on the other hand stated a sense of moral responsibility, drawing attention to the role of privilege in shaping who has the opportunity and obligation to foster inclusion:

If you look at it, it's hard to have it easier than I do. [...] And I think one of the privileges of people who grow up with so many privileges is that they also have the privilege of dealing with these issues, even though they're not directly affected. (Participant 4, 03:13)

Another perspective emphasized by several founders was the pragmatic or business value of diversity. Founders connected diversity with better decision-making, team dynamics or competitive advantage. For example, Participant 3 suggested that varied experiences lead to stronger results:

I also think diversity is important, because different perspectives, backgrounds, and experiences generally lead to better results. (Participant 3, 01:45)

Participant 4 supported this view in stating that equality is a benefit for everyone and leads to better business results:

I firmly believe that we all benefit from equality, and that we can create a better working environment and, secondly, achieve better results in what we do. (Participant 4, 02:18)

Beyond these ethical and strategic perspectives, several founders also reflected on the limitations and trade-offs that can challenge D&I in startups.

For example, Participant 2 highlights that he perceives entrepreneurship as an expression of personal values because it gives you the opportunity to imprint your worldview somewhere and D&I plays a natural part in that. But while he recognizes diversity as valuable, he also states

that it can be constrained by team composition, market context and startup stage and it is important to have a realistic approach:

I think diversity can't just be something you declare. It can also be something you fail at. So, I believe it's important to have a realistic approach to diversity. (Participant 2, 05:57)

Participant 6 noted that while their team was naturally diverse, diversity was not a formal priority:

I wouldn't say we're overly focused on those topics, but we're not completely neglecting them either. I think for us, it's a pretty natural approach to be a diverse and maybe even inclusive team. (Participant 6, 03:20)

In summary, while founders largely expressed support for diversity, the motivations behind that support varied greatly. Some rooted their values in personal or ethical commitments, others in business strategy. The findings suggest that these underlying values and beliefs meaningfully shape the extent to which diversity and inclusion are actively pursued in practice. Founders who viewed D&I commitment as part of their core identity or moral framework tended to show a higher willingness to support it through concrete actions. In contrast, those who regarded D&I as something that naturally emerges in an organisation or is not yet urgent in their startup were typically less proactive in their engagement. Furthermore, the experts' statements demonstrate that diversity values and beliefs about diversity are significantly shaped by other factors like lived experiences.

#### **4.1.2 Background & Identity Profile**

##### *Demographic Characteristics*

Another relevant factor influencing leaders' decisions regarding D&I initiatives is their own set of demographic characteristics. To explore this potential influence, participants were asked to describe their age, gender and ethnic background followed by a reflection on whether and how these characteristics shaped their thinking or behavior related to D&I.

The sample consisted of nine startup founders. As shown in Figure 2, eight out of nine participants identified as male, indicating a strong gender imbalance within the sample. The age of the participants ranges from 28 to 40, with most participants (six out of nine) falling between 30 and 34 years old. Regarding ethnic background, the sample was evenly split: approximately half of the participants were individuals with a German ethnic background, and the other half were individuals with an immigrant background.

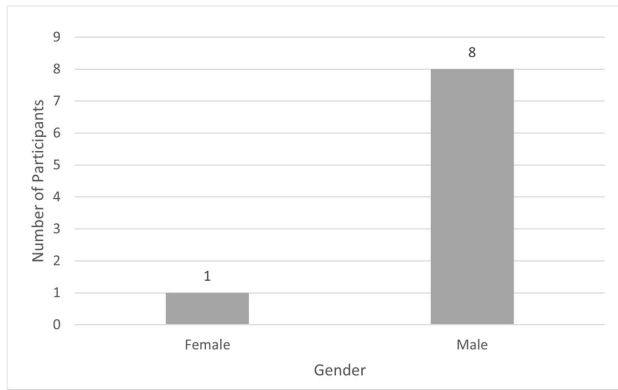


Figure 2 Gender Distribution of Participants

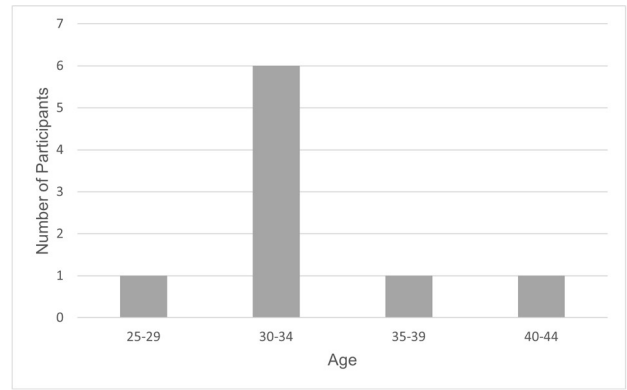


Figure 3 Age Distribution of Participants

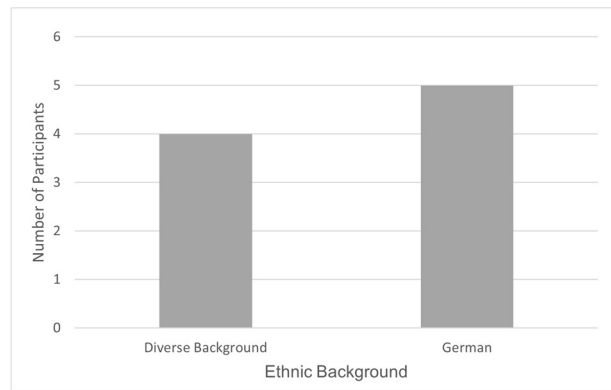


Figure 4 Ethnic Background Distribution of Participants

The results show that founders' demographic characteristics do not shape D&I attitudes in isolation. Instead, their influence is shaped by personal reflection, awareness of privilege, and direct or indirect experiences with exclusion or cultural difference. Based on the data, three distinct influence pathways emerged:

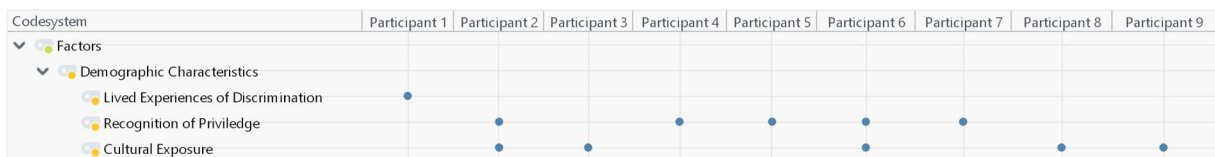


Figure 5 Codes for Demographic Characteristics

Participant 1, described how her personal experiences of being treated differently shaped her heightened sensitivity to D&I. She reported how her cultural identity visibly marked her as “other” in daily life:

I myself am German-Portuguese. I don't look German. I've basically been asked my whole life whether I'm Turkish, Arab, whatever. So, my appearance usually determines the conversation. (Participant 1, 05:14)

In addition to her ethnic background, she also identified gender as a key factor contributing to discrimination, particularly in the male-dominated startup ecosystem. She reflected on the structural disadvantages faced by female founders, especially in fundraising contexts where investment decisions are predominantly made by men.

Several other founders, predominantly white and male, emphasized opposing experiences, recognizing how their demographic characteristics shielded them from exclusion or gave them a position of societal privilege. They stated that their awareness of this advantage shaped their view and influenced their actions. Participant 2, for instance, stated:

I've gone through life with a lot of privilege — and I have to question that. For me, entrepreneurship has always been about using those privileges to take responsibility. And to say: Okay, if I've had these privileges, then I'll use them to do the best I can. (Participant 2, 20:52)

This reflective awareness illustrates how recognition of privilege can serve as a powerful motivator for inclusive leadership. Rather than leading to disengagement, it often fosters a sense of responsibility and a values-driven commitment to diversity, even in the absence of direct experiences of discrimination.

Several founders also cited their cultural exposure through international background and upbringing as having positively shaped their thinking. These exposures stemmed from their ethnic background or bi-cultural identity and cultivated openness to difference and inclusive thinking. Participant 8, for instance, stated:

I feel like I had the privilege of picking the best parts from all worlds. (Participant 8, 10:22)

Such exposure nurtured a comfort with cultural hybridity, often perceived as an asset in building diverse teams and navigating diverse environments. While this form of influence is explored more extensively in the section on Intergroup Contact (see Chapter 4.1.3), it is important to note here that participants frequently linked these formative experiences to their ethnic backgrounds or family histories.

In summary, the interviews suggest that demographic characteristics such as age, gender and ethnic background can not be viewed in isolation. In the interviews gender and ethnic background emerged as the most influential demographic characteristics. More importantly, the findings show that the influence of demographic characteristics on founders' approach to D&I

depends not only on those attributes themselves, but on how individuals reflect on their experiences, be aware of their social position, and engage with others.

*Relational Demography*

Relational demography emerged as a key factor in how founders build their teams and how this shapes diversity outcomes. The data revealed different levels of reliance on personal or professional networks and differing perspectives on how much this reliance affected team diversity.

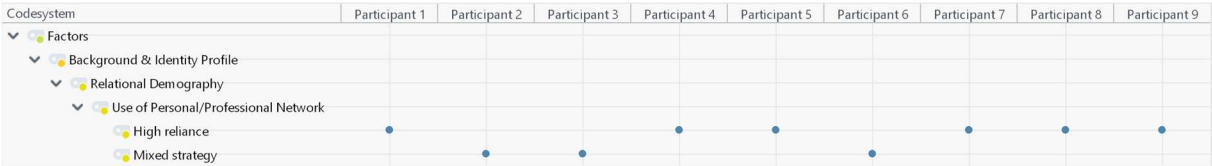


Figure 6 Codes for Relational Demography - Use of Network

When it comes to how much founders relied on their existing personal or professional networks (e.g. friends, former colleagues, university peers) all participants stated that they have used their network at least to some extent., especially in the early startup phase. The majority participants even highlighted that they’ve relied heavily on it and hired mainly or exclusively through it. This reliance was often framed as both natural and necessary, particularly in the face of limited resources and urgent staffing needs. Founders described their networks as the most immediate and trusted source of talent:

I think in the beginning I relied on it a lot. For one, you just want to hire good people. And I believe that I have a network full of cool people – and cool people know other cool people. (Participant 8, 22:31)

A few founders, however, stated that even though they used their network they’ve also used public channels like job ads or platforms to find new employees. Participant 6, for instance, reported hiring almost exclusively through public job postings and noted that some of the most successful hires came through open applications rather than referrals.



Figure 7 Codes for Relational Demography - Perceived Impact of Diversity

Regarding the perceived impact of the hiring strategies on the diversity within the ventures there were contrasting views on whether relying on one's network helped, hindered, or had no real effect on the diversity of their startup.

Most participants acknowledged that hiring through personal networks tended to limit team diversity. This was often attributed to the fact that their networks themselves were relatively homogeneous. Participant 3, for example, stated that:

It did influence diversity in the sense that we tended to hire people who were more like us, so more homogenous. (Participant 3, 15:05)

In contrast, a few founders believed that their networks were already diverse and therefore had a positive effect on team diversity. Participant 1, for instance, argued that because her personal and professional networks were highly diverse, recruiting from them enhanced diversity within the team. She also critiqued the broader startup ecosystem for having homophilic patterns in investment and hiring.

Two of the participants see no clear link between hiring through networks diversity outcomes. They argue that the selection criteria were based more on individual fit and competence than recruitment channels. For example, Participant 1 explained that, regardless of how candidates entered the process, she evaluated everyone through the same lens:

No matter who comes in, no matter what channel, I screen everyone the same. Either the person fits the culture, or they don't. Culture is one thing, and the other of course is the role. So, I'm not sure to what extent. (Participant 1, 10:39)

Participant 5 similarly emphasized that the route through which a candidate connects with the company plays no meaningful role in hiring decisions. What mattered most was mutual compatibility and shared ambition.

In summary, while nearly all founders recognized the convenience and strategic value of relying on personal and professional networks during hiring, they expressed varying degrees of awareness about the potential implications for diversity. Some of them considered their network as a driver of diversity while others acknowledged its limiting effects due to network homogeneity. Ultimately, the data suggest that network-based hiring can accelerate team formation but may reinforce existing demographic patterns unless counterbalanced by intentional, inclusive strategies.

### 4.1.3 Experiential & Leadership Dimensions

#### *Intergroup Contact*

Another factor influencing founders' views on diversity is intergroup contact. To explore this, participants were asked whether they had experiences working or living with people from different backgrounds and how these shaped their perspective.

The findings suggest that both the type of contact and its perceived value influenced the impact these experiences had on their attitude towards diversity. Participants mentioned four main types of intergroup contact: early-life exposure, cross-cultural experiences abroad, professional collaboration, and close peer networks.

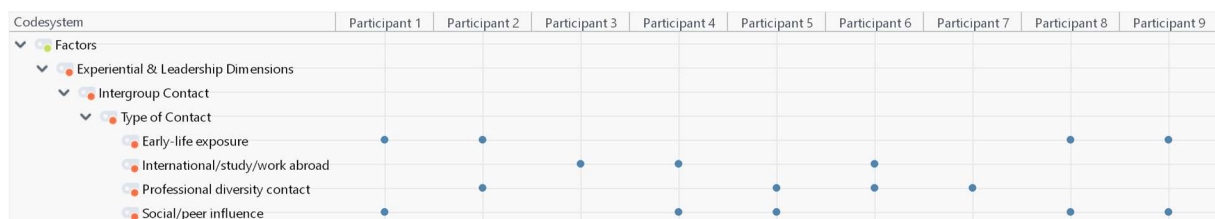


Figure 8 Codes for Intergroup Contact - Type of Contact

Several founders described early exposure to multicultural environments. For example, Participant 1 and 8 stated that they grew up in environments shaped by migration and ethnic diversity:

I grew up in a very colourful environment. So different cultures, all my neighbours had different cultural backgrounds. I grew up with Turks, Arabs, Lebanese and so on. And I myself am a mix. (Participant 1, 05:14)

Participant 2 described his early linguistic and cultural challenges when moving between countries as formative experiences:

I moved to France at age 4 and spoke French before German. Then I moved back to Germany — my name is (Participant 2) but I didn't speak any German. So you're suddenly confronted with a reality where countries and languages don't quite line up. (Participant 2, 13:41)

Besides that, experiences with diverse friendships and personal relationships were mentioned as relevant experiences. Several participants described living in intergenerational or intercultural settings or having diverse friend groups:

Another important form of intergroup contact stemmed from international mobility. Several founders gained formative cross-cultural experiences through studying, living, or working

abroad. For example, Participant 3 studied in Mexico for a year, moved to China and the U.S. for internships and did a lot of backpacking during his studies. On a similar vein Participant 6 did his master's in London where he studied together with people from all over the world and worked together with them on group projects and in teams. This experience helped him to realize that you might need to approach some people differently due to cultural differences or communicate in different ways.

Finally, intergroup contact in professional environments was seen as particularly impactful. Four participants stated that they worked in an international context where they were constantly exposed to different languages, backgrounds, and cultures.

I worked in an international context quickly through my self-employment—on international cooperative projects. And in those, it's just natural that you at least work with people from different nationalities, different gender roles, and of course different ethnic backgrounds. (Participant 7, 06:40)

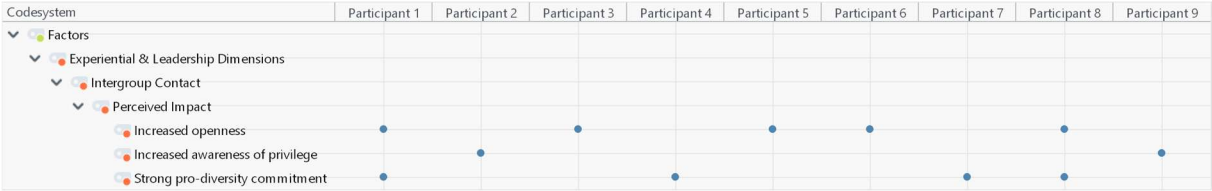


Figure 9 Codes for Intergroup Contact - Perceived Impact

Beyond the types of contact, the perceived impact of these experiences was overwhelmingly positive. All the participants confirmed that the experiences with people from different backgrounds had a meaningful impact on their attitude towards them. However, the effect that the experience had on the participants varied from recognition of one's own societal advantages or unconscious biases to a strong pro-diversity stance caused by the positive experiences.

While two of the founder's stated that their experiences helped them to recognize their own societal advantages and opened their eyes for different perspectives. The other participants focused on the huge positive effect that these experiences had on their whole stance towards diversity. They stated that the experiences helped them to develop a strong openness to other cultures, countries, and perspectives:

I really enjoyed it and developed a strong openness to other cultures, countries, and perspectives. I always found that enriching and exciting. (Participant 3, 16:52)

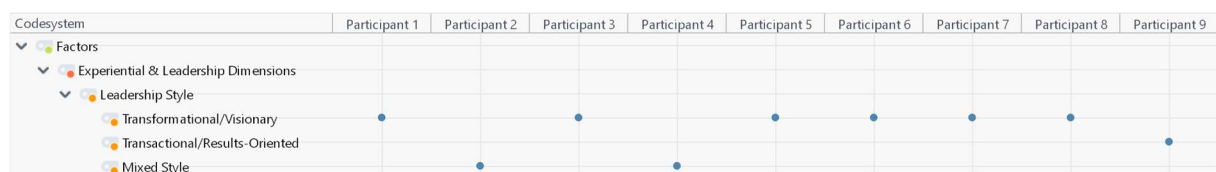
Some went beyond openness, advocating for diversity as a core leadership value. Participant 1, for instance, connected her background with a broader vision for inclusive entrepreneurship:

You can really make the world a better place when you bring together different perspectives, opinions, cultures, influences and combine the best parts of them, instead of things being very one-sided. And that's why I'm totally in favour ... And that's why I think for the success of a startup, diversity in every form is, in my view, an absolute superpower, an absolute privilege, and an absolute advantage compared to others who don't think or live like that. (Participant 1, 10:11)

In summary, all founders reported meaningful contact with people from diverse backgrounds and stated that these experiences had a positive impact on their perspective on diversity in general and within their ventures. These experiences, whether rooted in childhood, travel, education, work, or personal relationships, appear to play a foundational role in shaping founders' openness, empathy, and willingness to foster diverse startup cultures.

### *Leadership Style*

Leadership style is a key factor in understanding how startup founders shape their organizational culture and influence D&I practices. In this study, founders' leadership styles were explored through the lens of transformational and transactional models, as outlined by Burns (1978), Bass (1985), and Ng & Sears (2020). During the interviews, founders were asked to describe their leadership style in their own words. In cases where participants found this challenging, they were offered a framing based on established leadership dimensions, specifically, whether they identified more with a transformational/visionary or a transactional/results-oriented approach. The responses were then coded into three overarching sub-themes: Transformational/Visionary, Transactional/Results-Oriented, and Blended/Mixed Style.



*Figure 10 Codes for Leadership Style*

Most participants described their leadership style as rooted in values, empowerment, and trust. These leaders are typically driven by a strong sense of purpose and sought to inspire others through shared vision and autonomy. For example, Participant 1 stated a clear preference for personal autonomy, rejecting rigid structures in favour of value-driven freedom:

Everyone can do what they want, they should just, based on trust, give their best – and not just their best, but beyond that – but on their own path, so to speak, if it aligns with the vision. (Participant 1, 16:00)

Others, like Participants 3, 6, and 7, described themselves as collaborative and non-hierarchical leaders who work closely with their teams, promote self-determination, and maintain transparent, friendly work environments. Participant 8 reflected on personal transformation in his leadership journey, moving from a directive approach to one that is more about helping other unlock their potential through supportive systems. These stories illustrate a leadership style that emphasizes shared responsibility, trust, and inclusivity, all of which are characteristics of transformational leadership. Although these statements do not reference D&I explicitly, they suggest a leadership approach grounded in conditions that are often associated with inclusive organizational environments.

Some founders described a leadership approach that integrated both visionary and results-oriented elements. These leaders combined ethical foundations with practical demands, demonstrating adaptability in fast-changing startup contexts. Participant 2 for example stated that they have a more results-driven approach in their company but at the same time try to hand over responsibility and give people room to grow:

Only one founder leaned more toward a transactional approach, focusing on output and efficient task execution. However, he also mentions that he wants his employees to use him as a coach and help them to fulfil their tasks if necessary.

To conclude while leadership style was not directly discussed in relation to D&I, most founders described leadership approaches that are based on empowerment, trust and team cohesion. These findings suggest founders' leadership style can shape the organizational climate in which such practices can emerge and thrive.

#### **4.1.4 Summary**

The findings indicate that startup founders' approaches to D&I are significantly shaped by how their personal values, beliefs, and backgrounds influence their perceptions, decisions, and behaviors. Rather than assessing which factors are most influential, the analysis focused on how these personal elements interact with and inform D&I practices in early-stage ventures.

In general, founders with a strong personal connection, often rooted in lived experiences, identity reflection, or intercultural exposure, tended to integrate inclusive thinking more intentionally into their leadership. For these individuals, D&I was not only a strategic concern but also a deeply held conviction, reflected in inclusive hiring, open team communication, and deliberate culture-building.

In contrast, founders whose connection to diversity was more conceptual or instrumental, for example tied to innovation potential or team performance, often approached D&I in a more pragmatic and less structured manner. While they acknowledged its relevance, they were less proactive in implementing concrete measures and more likely to view inclusion as something that would emerge organically over time.

However, as the following section will explore, these personal factors do not operate in isolation. Structural conditions typical for the startup environment, such as limited resources, high uncertainty, and fast-paced development, also influence how D&I is enacted in practice.

### 4.2 Startup Characteristics

While the primary focus of this study is on the founder as a person with values, beliefs and backgrounds that influence how they approach D&I in their startups, the interview data also revealed that the specific characteristics of the startup context play a significant role in shaping D&I implementation. To take the distinctive setting of the startup environment into account different startup-specific factors like the small size and scale of the startup, the environment in which startups operate which is characterised by high uncertainty and risk, the informal structures and thus higher flexibility in startups and the pressing need for innovativeness were considered and addressed during the interview.

#### 4.2.1 Small Size

Founders were asked how their relatively small team sizes affected both the urgency and the feasibility of implementing D&I practices. Their responses revealed five key perspectives, ranging from seeing size as an enabler to considering it irrelevant.

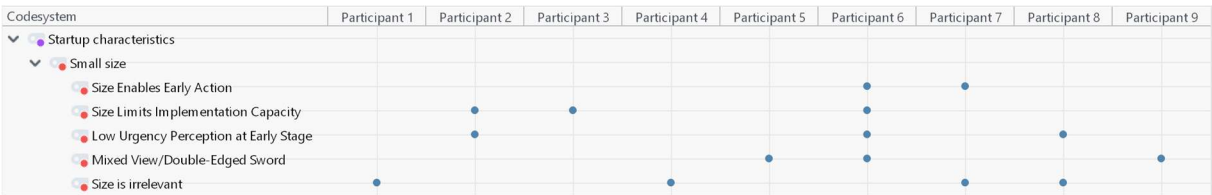


Figure 11 Codes for Small Size

Some founders viewed small team size as an opportunity to embed inclusive values and practices early on. The absence of formal hierarchies or bureaucratic requirements allows a quicker, more organic integration of cultural principles. One founder emphasized that a smaller team offers a strategic window to establish cultural norms from the beginning. Another added

that flexibility in early hiring made it easier to build diverse teams organically, even without formal policies.

In contrast, several founders expressed that the limited resources and pressing operational demands of startups especially in an early stage limited their ability to focus on diversity.

Participant 2 noted:

Diversity and inclusion do take effort. [...] And as a startup, you need to minimize any extra effort. (Participant 2, 31:03)

This sentiment was echoed by Participant 6, who highlighted that startups need to be flexible when it comes to hiring and team building and therefore don't have the capacity to focus on D&I.

Several founders admitted that diversity was not an immediate concern in the early stages of the startup and was therefore often postponed until the organization reached a more stable or mature phase. As Participant 2 put it:

In the very early stages of a startup, it's probably not that important, unfortunately. And I say "unfortunately" because that means it doesn't happen at all. There's almost no market incentive for it. Diversity isn't a factor in the survival of the startup. (Participant 2, 31:03)

Others described startup size as a double-edged sword, both enabling and limiting. This view acknowledges that the relatively small size offers both flexibility and fragility at the same time especially in the early stages of a startup. Participant 5 explained:

It's much easier for us to integrate people from different life backgrounds. [...] On the other hand, it's much harder for us to, say, maintain quotas. [...] For us, each individual person is extremely important. And if I need someone who, unfortunately, on paper is just like me—boring, not diverse—then that's just how it is. (Participant 5, 13:37)

Participant 6 added that that while formal practices may be impractical, informal diversity often emerges naturally due to hiring whoever was available and qualified.

A few founders rejected the idea that team size matters at all. Participant 1 emphasized:

From the first employee on, it doesn't matter [...] if you enjoy self-reflection and it comes easily to you, then you can set values with your intern from one day to the next. (Participant 1, 18:08)

Others saw size as irrelevant in some ways but noted that urgency often lagged other business needs.

Overall, the participants have mixed distinct opinions about the small team size of start-ups. While some perceive it as a valuable opportunity to establish inclusive values at an early stage and anchor cultural guidelines flexibly and without bureaucratic hurdles. Other participants, see the limited human and financial capacity of small startups as a clear obstacle that hinders or delays the implementation of D&I measures. Especially in the early stages of startups, when the focus is on organizational survival, the issue often takes a back seat. However, some founders make it clear that size alone is not a decisive factor and that it is rather individual attitude and management decisions that matter.

### 4.2.2 Uncertainty

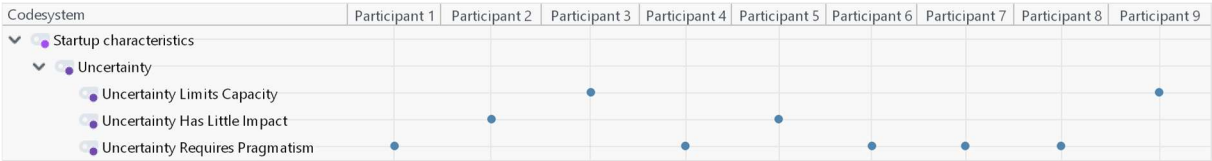


Figure 12 Codes for Uncertainty

When founders were asked how the inherent uncertainty of startup environments affects their ability to invest in D&I, three key patterns emerged.

For some, the urgency to survive in an uncertain environment restricts limited their capacity to prioritize D&I. They expressed that diversity was not necessarily a top priority in the early stages, particularly in hiring, where the urgency to fill positions often made diversity considerations feel like a luxury they couldn’t afford.

In contrast, a few founders reported that uncertainty had little impact on their D&I engagement. Participant 2, for example, stated that his commitment to diversity was always guided by personal values rather than business stability:

If you ever want to be diverse, then you need to lay the groundwork for that early on. (Participant 2, 40:36)

Participant 5 echoed this perspective, noting that in their tech environment, discrimination-related barriers were rare, allowing them to consistently prioritize D&I.

Most participants expressed the opinion that a pragmatic approach is required where basic practices that require minimal effort and resources get applied, particularly in hiring and communication. Participant 1 remarked:

You can apply a few basics, simply in the recruiting process. That’s where it already starts – that doesn’t take much effort. [...] A startup must survive. If it doesn’t survive and can’t pay salaries, then culture and diversity are completely irrelevant. (Participant 1, 20:24)

Participant 6 highlighted that due to resource limitations formal roles like a diversity officer are unrealistic at this stage and instead D&I is handled reactively by approaching a problem when it arises rather than setting up formal policies in advance. Similarly, Participant 7 described a non-strategic, organic approach to inclusion that emerges naturally in daily team behavior for example through flexible work arrangements and interpersonal culture.

In summary while uncertainty in the startup environment was universally acknowledged, founders perceived its impact differently. Some saw it as a constraint that deprioritized D&I, others viewed it as irrelevant, and many acknowledged that it leads them to apply a pragmatic approach to manage D&I. These varied responses reflect both the structural pressures and the personal values shaping D&I in early-stage startups.

### 4.2.3 Flexibility

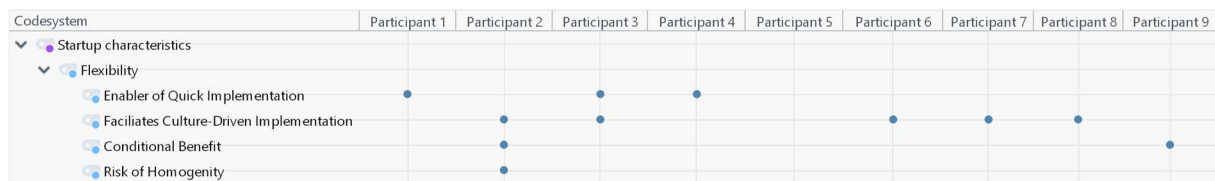


Figure 13 Codes for Flexibility

The flexibility and informal structures typical of startups can play a significant role in shaping how D&I are approached. Founders expressed a range of perspectives, highlighting both the opportunities and potential risks created by such environments.

Several founders viewed flexibility as a clear advantage, enabling quick implementation of new measures over all topics and in the whole startup. Participant 1 emphasized this agility:

Much better, much faster, much more agile. I set something up today – tomorrow it’s everywhere. (Participant 1, 22:20)

Similarly, Participant 4 noted that flat hierarchies made it easier to respond quickly to employee needs:

If an employee internally expresses a strong wish for something to happen [...] it usually gets implemented. (Participant 4, 17:22)

Others expressed the perspective that D&I in startups is often not implemented through formal processes, but rather through culture, personality and interpersonal dynamics. Several founders suggested that the value and character of the founding team have a direct influence on how inclusivity is practiced. For example, Participant 8 stated that:

So especially in startups, where decisions are fast and informal, it really depends on the founder's personality and who they surround themselves with—and that in turn depends on the kind of person you are or want to become. (Participant 8, 31:24)

Participant 7 similarly pointed out that the close and personal nature of small teams makes it easier to understand each other's needs and adjust behavior accordingly.

Opposing to these rather positive opinions of the effect of flexibility there are also some more restrained or even negative views on the impact. Some founders stated that flexibility can help, if people are aware and intentional without that awareness, informality risks overlooking bias or excluding others.

If you don't have a sense for it, then it won't be present in a startup either—because there are no institutionalized processes to flag bias [...] But if a startup is aware, then the chances are huge—because you can build that into your values from the start. (Participant 9, 24:01)

Lastly, some founders pointed out that informal structures could reinforce exclusion or bias, especially when power is concentrated. Participant noted:

When a company is small, at least in the beginning, the danger of it being and remaining a homogeneous group is much higher—that it becomes a boys' club. (Participant 2, 41:18)

In small teams, unchecked bias by a single leader can shape hiring. Whereas this could not go unnoticed in a larger company because the oversight that corporations have is often much greater.

In conclusion, while startup flexibility can enable quick, values-based D&I integration, its impact is mostly dependent on individual awareness and team dynamics. Without conscious intent, flexibility can also reproduce the very inequalities it seeks to avoid.

## 4.2.4 Innovation

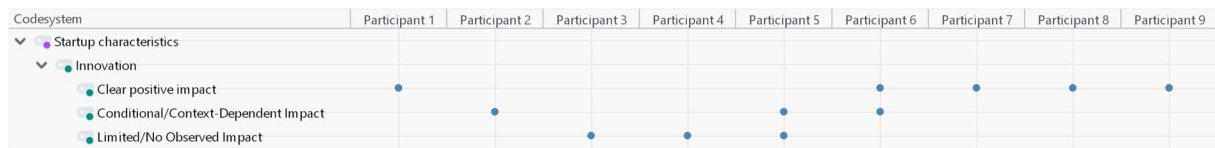


Figure 14 Codes for Innovation

According to academic literature, there is a positive link between diversity and innovation. To explore how startup founders perceive this relationship in practice, participants were asked how diversity influences their ventures' innovativeness. Their responses revealed varying degrees of alignment with this theory.

Several founders affirmed that diversity enhances innovation by introducing a broader range of perspectives, experiences and problem-solving approaches. They saw D&I not only as an ethical imperative but also as a practical advantage:

Having diverse teams has a huge impact—it simply makes you more innovative. That's just a given, because you bring together different influences, perspectives, cultures, knowledge, geographic backgrounds, and so on. It enables you to think and act in a much more innovative way. (Participant 1, 22:44)

Similarly, Participant 8 noted that constructive disagreement within diverse teams can enhance business resilience and long-term performance.

Others offered a more conditional view. They agreed that diverse teams can be more creative but emphasized that this doesn't always translate into enhanced productivity or clearly better outcomes. As Participant 6 put it, diversity can lead to innovation but doesn't guarantee it. This conditional perspective was echoed by several other founders, who acknowledged the potential benefit of diversity but pointed out its limitation or context-dependent nature. Participant 5 emphasized that diversity can have both positive and negative effects, noting that including many perspectives may enhance decision-making in some cases but also risk creating fragmentation and slowing progress in others.

A smaller group of founders expressed a more sceptical or cautious view regarding the link between diversity and innovation. They acknowledged the theoretical link between diversity and innovation but struggled to identify clear, observable evidence of that relationship in their own startups. For instance, Participant 3 emphasized that most innovations at his company stemmed from the founding team's entrepreneurial mindset rather than team diversity.

Participant 4 characterized the impact of diversity as moderate and not among the most significant factors driving innovation.

In summary, while most founders recognized that diversity has the potential to foster innovation, their experiences ranged from enthusiastic affirmation to cautious scepticism. Some viewed diversity as a clear advantage in generating creative solutions and fostering adaptive thinking. Others saw it as valuable in some situations but not just in general and highlighted how context-dependent the effect can be. A few questioned whether they had seen direct evidence of the assumed link in their own companies. These varied perspectives suggest that the relationship between diversity and innovation, while promising in theory, appears context-dependent rather than automatic.

#### **4.2.5 Summary**

The chapter discussed how typical startup characteristics, like the small size, high uncertainty, structural flexibility, and innovation pressure, shape the perceived urgency and feasibility of implementing D&I practices. The results show that these characteristics are rarely viewed as hard barriers by founders. Rather, their influence depends heavily on founders' attitudes, priorities, and willingness to engage with D&I despite structural constraints.

Founders who demonstrate a high willingness to support D&I saw the limiting influence of characteristics as moderate. They described them not as excuses, but as manageable conditions that, if approached intentionally, could facilitate early, informal implementation of inclusive practices. Especially the flexibility and small team size were seen as enablers, allowing for faster cultural shifts, closer interpersonal dynamics, and low-bureaucracy adjustments in hiring or team culture. These founders used agile processes, embedded inclusive norms organically into daily operations, and emphasized that meaningful D&I commitment does not require large budgets but rather consistency and intent.

In contrast, founders with lower intrinsic motivation to support D&I perceived startup characteristics as reasons to delay action. For them, limited resources, the need for short-term survival, and small team size justified deprioritizing D&I at the current organisational state. While they rarely dismissed the importance D&I outright, their strategies were more reactive, triggered by immediate than guided by proactive leadership.

In summary, the findings suggest that startup-specific characteristics do not determine whether D&I measures are adopted. Rather, the founder's mindset shapes how these conditions are interpreted and leveraged. Founders with a strong internal motivation for D&I saw structural constraints as challenges to creatively navigate, not as immovable obstacles. Thus, personal commitment emerged as far more decisive than structural limitations.

## **5 Discussion**

### **5.1 Theoretical Contribution**

This study examined how personal beliefs, values, and backgrounds shape founders' approaches to D&I. Through qualitative research with German startup founders, it explores not only whether these factors influence D&I practices, as established in prior research, but how they exert this influence in the distinct context of startups. Unlike previous studies focused predominantly on CEOs in large corporations, this research situates these dynamics in the flexible, uncertain, and founder-driven environments of early-stage ventures.

Previous research has established that strong diversity values and positive beliefs about diversity are linked to a greater willingness to support D&I practices (Abramovic & Traavik, 2017; Ng & Sears, 2012). The study confirms that connection but adds depth by illustrating the kind of values and beliefs that matter most. While some founders rooted their values and beliefs in personal identity and lived experience, viewing D&I as relevant area of intervention not only for professional reasons but profoundly out of personal perspectives. Others connected diversity with better decision-making and team dynamics and focused on the pragmatic or business value of D&I. These findings reinforce prior theories while highlighting a nuanced spectrum of motivations, from ethical conviction to business pragmatism.

When it comes to demographic characteristics, existing literature suggests that they influence leaders' attitudes toward D&I (Ng & Sears, 2012; Sawyerr, et al., 2005; Abramovic & Traavik, 2017). Social identity theory posits that individuals derive a sense of social identity from demographic characteristics and exhibit favourable treatment towards those who share similar characteristics (Tajfel, 1982). Moreover, prior studies indicate that leaders from minority groups, such as women (Kidder et al., 2004) or those with an immigrant background (Ng, 2008), often support D&I due to personal experiences with exclusion or discrimination. The study, however, offers a more nuanced perspective. Only one founder explicitly connected their D&I stance to direct experiences of discrimination, and none mentioned in-group favouritism.

Instead, most founders prescribed the influence of their demographic characteristics on their approach to D&I to recognition of privilege and cultural exposure due to their ethnic background. Recognition of privilege was mostly mentioned by white and male founders as fostering a sense of responsibility due to awareness of their advantage. These findings refine Social Identity Theory by suggesting that not only group membership, but also critical self-awareness of privilege, can drive pro-diversity behaviors.

This study supports the theory of relational demography, showing that most founders recruit employees from their personal network, particularly in the early stages. (Ruef et al., 2003). Consistent with this, most founders in the study recruited through personal networks. About half acknowledged that such practices tended to reinforce team homogeneity due to network similarity. However, some argued that their networks are inherently diverse and believed that recruiting from them enhanced inclusion. Others saw no connection between recruitment source and diversity outcomes, emphasizing that all candidates were evaluated using the same criteria. These divergent views refine the traditional understanding of relational demography, emphasizing that its impact is conditional on network composition and founder awareness.

Intergroup Contact Theory posits that interaction with out-group members reduces prejudice by fostering familiarity, which in turn cultivates empathy and diminishes bias (Pettigrew & Tropp, 2006). Abramovic & Traavik (2017) emphasized the role of quality contact in promoting D&I among majority-group members. This study affirms the positive influence of intergroup contact. All founders reported that exposure shape diverse individuals, whether through multicultural upbringing, international education, work abroad, or diverse peer groups, positively shaped their D&I attitudes. However, unlike prior studies, which emphasized reduced prejudice as the primary mechanism, this research revealed alternative pathways. Founders described enhanced openness, deeper awareness of social privilege, and strengthened pro-diversity stance as the key outcomes of such contact. These findings suggest that in entrepreneurial contexts, intergroup experiences may foster inclusive leadership not merely by reducing bias, but by deepening identity awareness and ethical engagement.

Turning to startup-specific dynamics, literature characterizes startups as small, resource-constrained ventures where building formal structures, like HR departments or diversity programs, is often not a priority (European Commission, 2015). This study offers a more complex picture. Some founders viewed these conditions as barriers, particularly the absence of formal HR structures. However, others saw them as opportunities to embed inclusive norms

early, benefiting from flexibility and close team dynamics. These insights challenge the assumption that formal structures are prerequisites for D&I and highlight the role of founder intent in leveraging startup agility for inclusion.

Literature suggests that startups, operating under extreme uncertainty and risk, often deprioritize long-term or strategic initiatives such as D&I in favour of immediate survival (Kusumaningtyas et al., 2021; LeBrasseur et al., 2003; Picken, 2017). However, this study revealed that most founders emphasized the importance of creating inclusive environments despite uncertain conditions. This suggests that personal attitudes may outweigh structural constraints in determining whether diversity is prioritized.

Startups' flat hierarchies foster flexibility and adaptability (Picken, 2017; Teruel & Segarra, 2017) but may also lead to the absence of formal D&I structures. Contrasting the results of the study show that this flexible environment can positively affect a startup's ability to integrate D&I into their company culture. But they also reveal that the impact is mostly dependent on individual awareness and team dynamics and that without conscious effort the flexibility can also backfire and lead to unintended negative consequences like exclusion or influence of existing biases.

Finally, while existing literature demonstrates a positive link between diversity and innovation (Duke, 2012; Philips, 2014), the findings from this study indicate that these benefits are not uniformly experienced. Some founders perceived diversity as a driver of innovation through enriched perspectives and constructive disagreement, while others observed limited or indirect effects. These mixed experiences suggest that innovation benefits from diversity may be contingent on supportive conditions such as team dynamics and company culture.

This study contributes to the literature on diversity management, organizational behavior, and entrepreneurial leadership by confirming and extending existing theories while offering context-specific insights from the German startup ecosystem. It affirms that personal values, demographics, and experiences influence D&I practices, while also shedding light on how these dynamics unfold in the startup setting characterized by small size, informality, uncertainty, and founder-driven cultures.

## **5.2 Practical and Managerial Implication**

The findings of this study offer several actionable insights for startup founders and managers aiming to foster diverse and inclusive organizational cultures from the outset. First, founders

should critically reflect on their personal values, social identity, and potential unconscious biases, as these factors can significantly influence how founders approach D&I, often without their conscious awareness.

Second, a major challenge highlighted in the interviews is the heavy reliance on personal networks for early recruitment. While pragmatic and effective in the early stages, this practice can unintentionally reinforce homogeneity. Founders should therefore reflect on the diversity in their networks and, if necessary, proactively diversify recruitment channels to broaden the talent pool and make diversity a priority, regardless of candidate source.

Third, the small team size offers a unique opportunity to establish an organisational culture that builds on inclusive norm that can scale with the organization. The participants' insights show that when founders embed inclusive values early, these norms are more likely to persist and shape the startup's future team dynamics and work environment.

The results of the study show that several founders' support the opinion that startups can benefit from implementing low-effort, high-impact inclusion strategies in the early stages of their startup to lay the foundation for a diverse and inclusive organisation early on. Special focus should be given to broadening the talent pool and promoting diverse hiring early on. But also, on measures to ensure an open and inclusive culture like transparency in internal communications and an open dialogue about team values and any possible concerns and individual needs.

Lastly, although many founders do not implement active D&I measures early on, the results show that limited time and resources should not serve as justification for postponing inclusion efforts. Even small symbolic acts, such as using inclusive language, offering flexible working hours, or ensuring fairness in daily decisions, can signal commitment and have a meaningful cultural impact.

### **5.3 Limitations and Future Outlook**

In this study, the qualitative data is subject to several limitations. First, the small sample size of nine participants limits the generalizability of the findings. Despite particular attention was given to the acquisition of qualified participants, the small size is not fully representative of all startups in Germany. Future research should expand the sample and include startups from other European countries to validate assumptions and enable more generalizable and robust conclusions

Another limitation concerns the gender imbalance in the sample, as eight out of nine participants identified as male. Although this reflects broader trends in Germany's startup ecosystem, where women remain underrepresented in founding teams (Hirschfeld et al., 2025; Kollmann et al., 2023), the underrepresentation of female perspectives may limit the depth of insights into how gender as a demographic characteristic shapes D&I attitudes and behaviours. Future studies should aim for more balanced gender distribution to explore potential differences more systematically.

Third, the study relies on founders' self-reported narratives, which may be affected by social desirability bias. Particularly on topics like D&I, participants may frame their views in a more favourable light. Without corroborating perspectives from employees or co-founders, the gap between stated values and actual practices remains uncertain. Future research could address this limitation by triangulating data from multiple stakeholders better assess alignment between intention and behavior.

Despite these limitations, this study opens promising directions for future research. Comparative studies could explore whether the dynamics observed in German startups hold true in other national or cultural settings. Incorporating employee perspectives would also offer a more holistic understanding of how inclusive practices are implemented and experienced in the organization. Finally, by intentionally including participants from more diverse backgrounds, particularly those with intersecting identities related to gender, ethnicity, and socioeconomic status, future studies could offer deeper insights into how complex identity factors inform inclusive leadership in startups.

## **6 Conclusion**

This research aimed to examine how founders' personal beliefs, values, and backgrounds influence their approach to managing D&I within their ventures, and how these efforts are shaped by the specific characteristics of startup environments. Through qualitative interviews, with founders from German startups the study offers new insights into how individual perspectives and structural factors intersect in shaping D&I practices in startups.

The findings show that that founders' personal experiences, particularly those involving cultural exposure, identity reflection, or intergroup contact, strongly influence how D&I is interpreted and enacted. Concepts from Social Identity Theory and Intergroup Contact Theory proved especially relevant in explaining why some founders adopt inclusive practices not only

for instrumental reasons but also as a matter of ethical commitment. In particular, the recognition of privilege emerged as a novel extension to existing theory, highlighting how self-awareness among majority-group founders can also drive inclusive behavior. At the same time, startup-specific conditions such as small size, flexible structures and lack of formal HR processes both enable and constrain these efforts. Rather than acting as definitive barriers or enablers, these factors act as contextual variables that interact with individual agency. The study shows that founder intentionality can either amplify or diminish the inclusive potential of flexible, fast-moving startup environments. Startups may lack formal HR systems, but their fluid structures offer unique opportunities to embed inclusive values from the outset.

Ultimately, the research underscores that startup-specific characteristics do not determine whether D&I measures are adopted. It is the founder's awareness and intentionality that play a decisive role in translating inclusive values into practice. In the context of startups, where individual agency carries heightened weight, early and values-driven decisions can leave a lasting imprint on organizational culture.

## 7 Appendix

### Appendix 1. Summary of the experts participating in the interviews

<b>Participant</b>	<b>Function</b>	<b>Sector</b>	<b>Date</b>	<b>Duration (min)</b>
Participant 1	Founder & CEO	Age Tech / HealthTech	07.05.2025	31
Participant 2	Founder & Managing Partner	Tech / AI Consulting	12.05.2025	54
Participant 3	Co-Founder & CEO	E-Learning-Provider	16.05.2025	29
Participant 4	Co-Founder	Social Impact	28.05.2025	22
Participant 5	Founder & CEO	Cloud / Technology	28.05.2025	27
Participant 6	Co-Founder	Digital Publishing	28.05.2025	41
Participant 7	Co-Founder	Sustainability / Consulting	03.06.2025	31
Participant 8	Co-Founder & CEO	HealthTech / B2B SaaS	04.06.2025	38
Participant 9	Co-Founder	Sustainability / Consulting	05.06.2025	41

## **Appendix 2. Interview Guide**

### **Introduction**

- 1) Can you briefly introduce yourself and what motivated you to start your own venture?

### **Factors influencing Leaders**

#### Intrinsic Values and Attitudinal Orientation

##### Diversity Values and Beliefs about Diversity

- 2) Are diversity and inclusion a relevant area of intervention in your company? If so, why?
- 3) What does diversity mean to you personally? And what role do you think it should play in a startup like yours?

#### Background & Identity Profile

##### Demographic Characteristics

- 4) Quickly for context: How would you describe your age, gender, and racial identity?
- 5) Do you think your own background, for example your gender, age, or cultural identity, has influenced how you think about diversity?

##### Relational Demography (Networks / Background Context)

- 6) When building your team, how much do you rely on your personal or professional network to find new hires? And how do you think this affects the diversity of your team?

#### Experiential and Leadership Dimensions

##### Intergroup Contact

- 7) Have you had any experiences working or living with people from very different backgrounds? How have those experiences shaped your views on diversity?

##### Leadership Style

- 8) How would you describe your leadership style? Are you more vision- and values-driven or more focused on results and structure?

### **Startup Characteristics and Diversity**

- 9) Given that your team is still small, how do you think that impacts the urgency or timeline through which you are implementing diversity and inclusion practices?
- 10) Startups often operate under conditions of high uncertainty. How do you navigate the uncertainty and risk in the early stages of your startup, and how does this influence your approach to diversity and inclusion within your team?

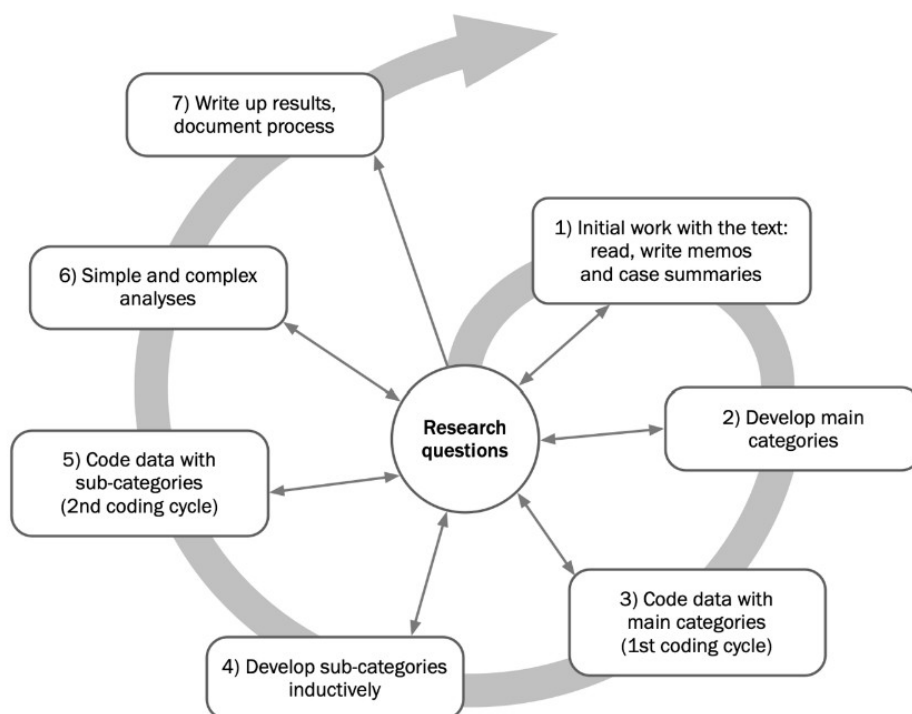
- 11) In a startup environment where flexibility is key, how do you integrate diversity and inclusion into your company's culture without a rigid structure in place?
- 12) As a startup focused on innovation, how do you integrate diversity and inclusion into your business model or product development? How do you think diverse perspectives impact your ability to innovate and disrupt markets?

### Vision & Wrap-Up

- 13) If you had unlimited resources, what diversity or inclusion-related change would you implement in your startup first?
- 14) Is there anything else you'd like to add regarding your approach to diversity and inclusion?

### Appendix 3. Procedure for structuring qualitative content analysis

The data analysis was executed by implementing the structuring qualitative content analysis according to the framework developed by Kuckartz & Rädiker (2022):



#### Appendix 4. Main categories developed from the interview guide

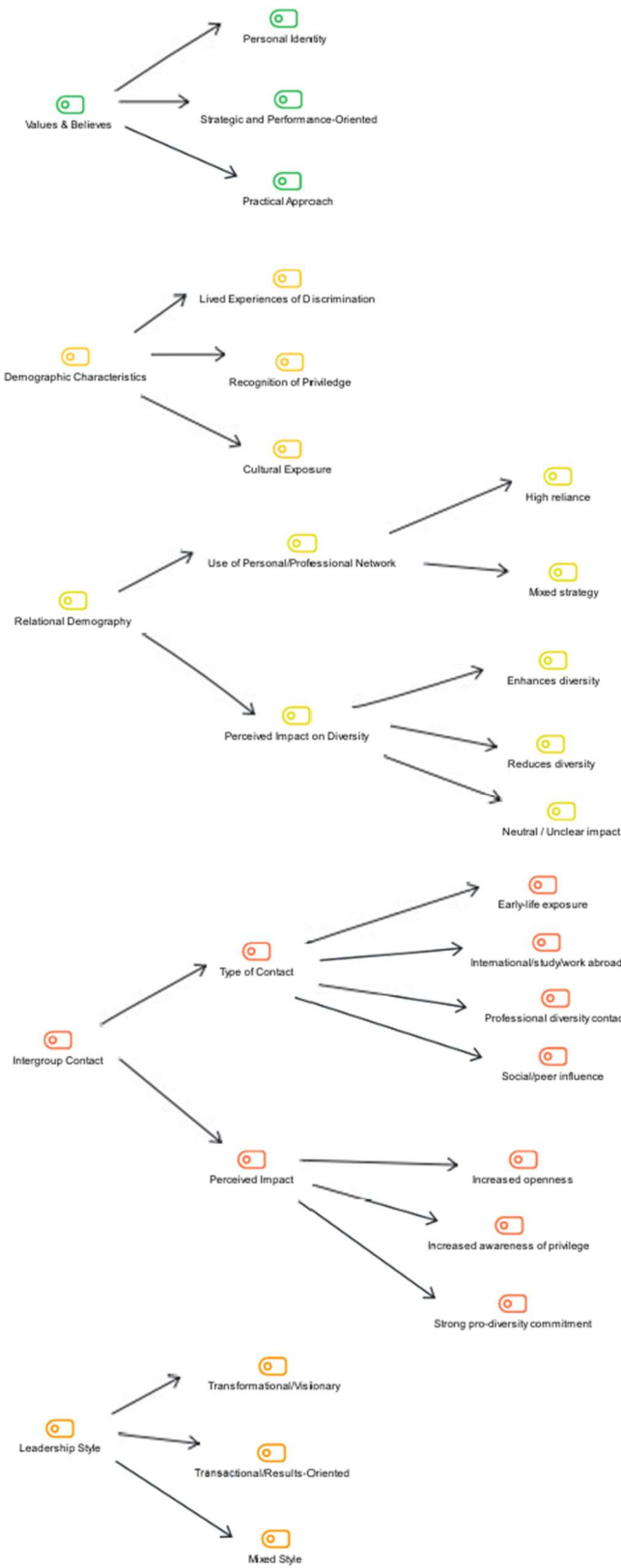
Topics and questions of the interview guide	Category
<b>Introduction</b>	
1) Can you briefly introduce yourself and what motivated you to start your own venture?	Founding motivation
<b>Factors influencing leaders</b>	
2) Are diversity and inclusion a relevant area of intervention in your company? If so, why?	Values & Beliefs
3) What does diversity mean to you personally? And what role do you think it should play in a startup like yours?	
4) Quickly for context: How would you describe your age, gender, and racial identity?	Demographic Characteristics
5) Do you think your own background, for example your gender, age, or cultural identity, has influenced how you think about diversity?	
6) When building your team, how much do you rely on your personal or professional network to find new hires? And how do you think this affects the diversity of your team?	Relational Demography
7) Have you had any experiences working or living with people from very different backgrounds? How have those experiences shaped your views on diversity?	Intergroup Contact
8) How would you describe your leadership style? Are you more vision- and values-driven or more focused on results and structure?	Leadership Style
<b>Startup Characteristics and Diversity</b>	

<p>9) Given that your team is still small, how do you think that impacts the urgency or timeline through which you are implementing diversity and inclusion practices?</p>	<p>Small Size</p>
<p>10) Startups often operate under conditions of high uncertainty. How do you navigate the uncertainty and risk in the early stages of your startup, and how does this influence your approach to diversity and inclusion within your team?</p>	<p>Uncertainty</p>
<p>11) In a startup environment where flexibility is key, how do you integrate diversity and inclusion into your company's culture without a rigid structure in place?</p>	<p>Flexibility</p>
<p>12) As a startup focused on innovation, how do you integrate diversity and inclusion into your business model or product development? How do you think diverse perspectives impact your ability to innovate and disrupt markets?</p>	<p>Innovation</p>
<p><b>Vision &amp; Wrap-Up</b></p>	
<p>13) If you had unlimited resources, what diversity or inclusion-related change would you implement in your startup first?</p>	<p>Desired D&amp;I Approach</p>
<p>14) Is there anything else you'd like to add regarding your approach to diversity and inclusion?</p>	<p>Additional Information</p>

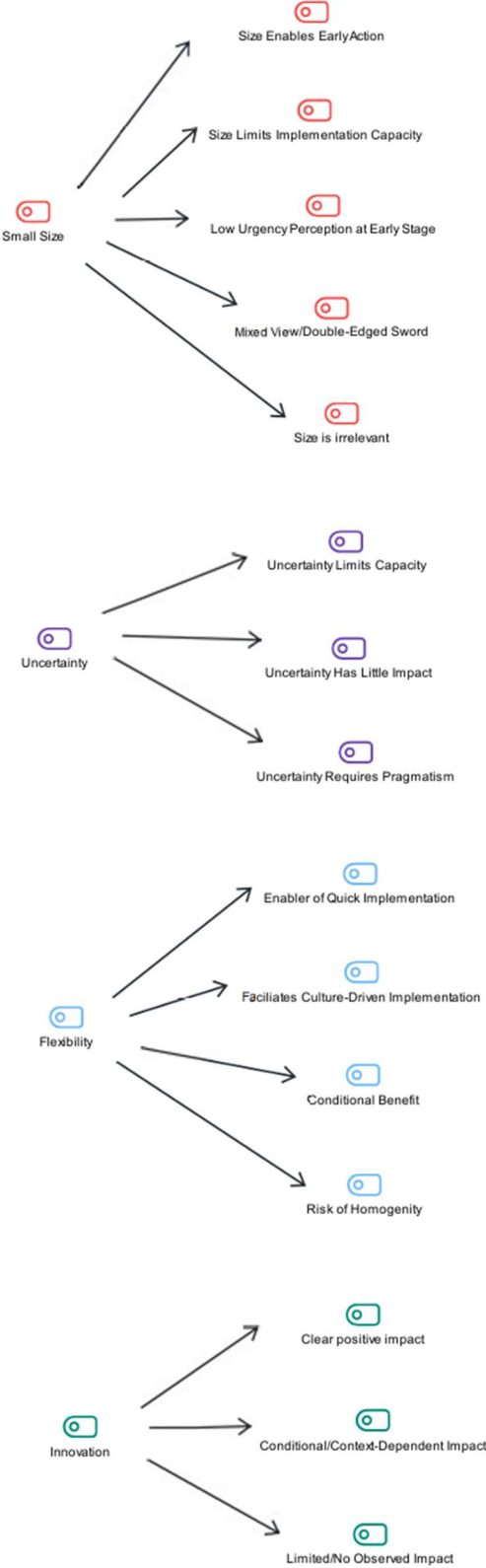
**Appendix 5. Additional categories**

<b>Category</b>	<b>Information Contained</b>	<b>Aspired insights</b>
General Attitude towards D&I	This category includes statements reflecting the overall stance toward diversity and inclusion.	To enable a comparison of founder’s general attitude across cases.
Current D&I Approach	This category includes descriptions of how diversity and inclusion are currently addressed in the startup, covering practices such as inclusive hiring, internal policies, informal norms, or lack thereof.	To enable a comparison of present-day practices across cases.

# Appendix 6. Codesystem Factors influencing Leaders



# Appendix 7. Codesystem Startup Characteristics



## **Appendix 8. Interview Transcript**

**Interviewee:** Participant 1

**Interviewer:** Jana Dahm

**Time/Place:** Google Meet on May 7, 2025

*Interviewer 01:42:* So, in total, there are 20 questions, but not all of them have the same level of priority. There are, I think, about 15 that are relevant, and the others I'll only ask if we still have time.

**Interviewee 01:56:** Alright then, let's go.

*Interviewer 01:58:* Exactly. So first, just to clarify: all the information is, of course, anonymous, meaning I won't share any names, neither of people nor companies. I will record the conversation, but only for analysis later. Alright, let's begin.

First, as a short introduction, it would be great if you could briefly introduce yourself and tell me what motivated you to start your own business.

**Interviewee 02:24:** So, I'm [...] I'm 33, originally from North Rhine-Westphalia, but I've been in Berlin for 16 years. I came to Berlin because I always said I wanted to start something of my own and be inspired. My motivation for founding a business was that I've always felt like I wanted to change the world somehow, do something meaningful. I always felt that when I leave this planet, I want to have left something good behind. But I didn't always know exactly what that would be, so I never really looked around like, "Where is there a market product?" or "Where is a good business model?", instead, I always asked myself, "What is my true passion? What would I do even without getting paid for it?". And during the lockdown, without being motivated by money or any external factors, I just started helping elderly people in my neighbourhood, and I realized okay, I really enjoy this. And then I thought, I can't apply for a regular job anymore, I just want to get paid for what I'm doing now so I can pay my rent. That was essentially my motivation: to earn money doing something I truly enjoy, so I wouldn't have to work as an employee somewhere. But I also always felt that, honestly, I had too much drive and motivation for most companies, and I always worked closely with founders and felt that 9-to-5 wasn't enough, instead I was always thinking outside the box, doing extra work, thinking ahead. That's when I realized I had an entrepreneurial mindset. I think I've always had the traits of an entrepreneur, my energy, my drive to create change, my willingness to stand up for things,

to say what I think, to lead and inspire teams. I've always done that. As a kid, I played soccer, I always wanted to be a teacher, and I was always like a co-teacher. So, everything just came together at the right time, and I said, "This is so much fun, I'm going to take the risk and I'm doing it."

*Interviewer 04:39:* Alright, after that brief intro, I'd like to move on to the actual topic of diversity and inclusion. The questions are based on different topic areas, factors that can influence leaders, which I've derived from the literature. And based on that, here are the upcoming questions. So first of all, is diversity and inclusion an important topic for you in your company? And if so, why?

**Interviewee 05:14:** So first of all, I think it's great that I'm being asked these questions because it's one of my favourite topics. I myself am German Portuguese. I don't look German. I've basically been asked my whole life whether I'm Turkish, Arab, whatever. So, my appearance usually determines the conversation. And I grew up in a very colourful environment. So different cultures, all my neighbours had different cultural backgrounds. I grew up with Turks, Arabs, Lebanese and so on. And I myself am a mix. That means for me it was always important that... So, I just find different cultures ultra exciting because of the perspectives. But I also find diversity in terms of age super exciting. My company is about combining young and old. In my circle of friends, everything is colourful, in terms of culture, age, interests. It's so diverse. And in my opinion, you can really make the world a better place when you bring together different perspectives, opinions, cultures, influences and combine the best parts of them, instead of things being very one-sided. And that's why I'm totally in favour – yeah, also like, I don't know, this whole refugee issue in this country or also the reason why I live in Berlin – because it's so colourful and because it's so great that you can also learn from others when you're open, and I am. And that's why I think for the success of a startup, diversity in every form is, in my view, an absolute superpower, an absolute privilege, and an absolute advantage compared to others who don't think or live like that.

*Interviewer 06:52:* Okay, very good. That already answered some other questions, I think. Thank you for the very detailed answer. So, the next question would have been what diversity means to you personally, but I think we've already covered that. I'll just move on to the next point. So, when you think about designing diversity and inclusion policies or approaches in your startup, which stakeholder groups – for example, employees, customers, investors – are the highest priority for you?

**Interviewee 07:32:** To integrate diversity, you mean?

*Interviewer 07:38:* Exactly, to integrate it. Or what is the motivation to integrate it?

**Interviewee 07:43:** So, I think in a company, culture starts with the founding team. And I'm the founder, the sole founder and managing director. And I live the culture the most. And to lead by example, you need integrity. You must truly live what you preach. And because diversity is important to me and I live it out in everything I do, because I prefer people from different cultures, because my circle of friends is diverse – for me it's always a plus – I'd say that I'm the priority, that the founding team is the priority, because they have to lead by example. Investors, customers, and so on can't set the example. They can say it's important, but if the management doesn't live it, then it doesn't matter. So, I'd say founding team, then management.

*Interviewer 08:44:* Yeah, I mean, if you just make rules, but then on the lower levels you notice that it's all just empty rules...

**Interviewee 08:52:** You can't put things on the wall and not live them.

*Interviewer 08:53:* Yeah, that's true.

**Interviewer 08:54:** You can't say, "We want culture," and then it's just white people and only men. Then it's all completely pointless.

*Interviewer 09:03:* Yeah, that's true. So now, another factor that's often mentioned in the literature is demographic characteristics. You've already told me that your background also causes you to often, unfortunately, be... well, that it often affects how people interact with you or that you've had a lot of experiences in that area. So, I just wanted to ask again: Do you think your own background – for example, your gender, age or cultural identity – influences how you think about diversity?

**Interviewee 09:50:** Yes.

*Interviewer 09:51:* Yeah. I strongly assumed that, but just for the record, to have it clearly stated.

**Interviewee 10:00:** Oh, totally, absolutely. I have so many examples, so many experiences, so many emotions around the topic of diversity and how I have been treated – both good and bad

– that it's completely experience-based, completely conviction-based. And conviction only comes from experience.

*Interviewer 10:20:* Yeah. Okay, then, when you're building your team, do you rely a lot on your personal or professional network to find new employees? And do you think that could affect the diversity of your team, if that's the case?

**Interviewee 10:39:** So, intros via the network are always the best. Basically, in any area. And definitely, I don't know to what extent that affects diversity, to be honest. Because no matter who comes in, no matter what channel, I screen everyone the same. Either the person fits the culture, or they don't. Culture is one thing, and the other of course is the role. So, I'm not sure to what extent – or maybe I misunderstood the question.

*Interviewer 11:20:* I think from what you've told me so far, in your case it has a positive effect, because your network is so diverse in every way – that has a positive impact.

**Interviewee 11:36:** Yes.

*Interviewer 11:37:* There are, for example, cases where – I don't know – someone studied in a technical field that's more male-dominated, then they found a startup with their three classmates, and then recruit from their own network, which then leads to the company becoming and staying male-dominated because that's just how it develops.

**Interviewee 12:00:** Absolutely. That's the negative aspect. If you're not set up in a diverse way, then of course you'll only get your own cohort, which I think is really bad. Just like WHU grads go to WHU grads, Rocket people go to Rocket people, Whiteboots to Whiteboots. In the VC bubble during funding rounds, people only invest in people like themselves. So, the guys only fund guys like them. That's why I often didn't fit in. That's why I had a hard time and had to fight harder to get money. Because I'm not like those guys giving out the money. Same as women getting less funding because the guys sitting there are men and prefer to invest in men. That's just 100% how it is. So, it's a huge form of discrimination. And if you don't actively want to change that, then it's a huge problem. And really a disadvantage for the business and for society.

*Interviewer 12:55:* Yeah, I also think that many people in that bubble don't like to talk about the topic. That's something I've noticed, because I've already contacted a lot of founders and often got the response, "Yeah, I'm afraid I can't say anything about that topic."

**Interviewee 13:11:** Yeah, you'll only get to talk to the people who already live it. But it would be really great to talk to those who don't live it.

*Interviewer 13:22:* Yeah, but they just don't want to face the questions.

**Interviewee 13:23:** Yeah, exactly. Because for me it's super easy to answer these questions. But if I don't have those lived experiences with diversity, don't know much about it, if diversity is more of a bothersome topic for me because I just don't want to deal with it – then why should I do it? Then I'd rather tell you about some business models I learned at uni. I'm better at that. That's just how it is.

*Interviewer 13:45:* Yeah, they'd rather talk about how successful their startup is and why it's successful.

**Interviewee 13:48:** Exactly, how much funding and valuation, how awesome their investors are and so on. But anyway, yeah, I think we're on the same page.

*Interviewer 13:58:* Yeah, definitely. Okay. The next question about contact with various groups from different backgrounds we've basically already covered in previous questions.

Next topic would be leadership style. How would you describe your leadership style?

**Interviewee 14:32:** Good question. How would I describe my leadership style? I don't really like the saying, but it's an old-school phrase I grew up with. It's really an awful saying, but: carrot and stick.

*Interviewer 14:46:* Okay.

**Interviewee 14:47:** So extremely familiar and loving, but very determined and very, very high standards. And I think one of the most important things for me is loyalty and ownership.

*Interviewer 15:06:* Okay. In the literature, there are basically two dominant leadership styles. One direction is visionary and values-driven, and the other is results- and structure-oriented. If you had to place yourself in one of the two categories, would it be A or B?

**Interviewee 15:27:** What does visionary mean? I get result oriented. And what's visionary?

*Interviewer 15:30:* That the vision the company has and the values it represents – both personally and within the company – essentially dominate everything.

**Interviewee 15:45:** And results-oriented means what?

*Interviewer 15:48:* Results- and structure-oriented means that there are very clear rules. It's only about what the performance is, what the result is.

**Interviewee 15:54:** No, vision.

*Interviewer 15:56:* Vision, yes. Okay.

**Interviewee 16:00:** Absolutely. That also drives me completely crazy when someone is more into these boxes and structures and so on, and I need people who see further, think further, go further, the big thinkers – I also really care about freedom. Everyone can do what they want, they should just, based on trust, give their best – and not just their best, but beyond that – but on their own path, so to speak, if it aligns with the vision. Definitely not according to criteria I set. Because I only provide – I've basically developed values, with a lot, a lot of work – and yes, I live those, and you can live your work according to these values. You have that freedom.

*Interviewer 16:51:* Okay, perfect. So now I'd like to go a bit deeper into the particularities of diversity in a startup, because there's a lot of literature about how it works in large companies – because they have more room for clear regulations – but startups are a bit of a special case.

Given the fact that your startup's team is still relatively small, how do you think this affects the urgency and the possibility of implementing diversity and inclusion practices?

**Interviewee 17:31:** You must ask the question again, properly. I mean, not properly – you asked it correctly. So corporate versus startup, and then I heard urgency and importance in the setup of a startup compared to a corporate, right?

*Interviewer 17:45:* Just simply that, since in a startup the team is relatively small, some people might see it as less urgent to deal with diversity and inclusion. And at the same time, you also have a bit less ability to implement fixed rules, because you must decide a bit more based on the situation.

**Interviewee 18:08:** So, I think from the first employee on, it doesn't matter.

*Interviewer 18:13:* Okay, yeah, but that's an attitude I think a lot of people don't have. They say, okay, no, I don't have to deal with that until I have 50 employees.

**Interviewee 18:22:** Yeah, but then I'd say that means the leader already has no values that are important to them. But every person has a working style, expectations, and so on. Putting that into values is basically the culture that's created. Some people don't feel like dealing with themselves, because they just don't want to engage in self-reflection. That's why they postpone it. But if you enjoy self-reflection and it comes easily to you, then you can set values with your intern from one day to the next. But at the latest with two or three people, when group dynamics emerge, you have to set something up – otherwise everyone just does their own thing. And that's exactly what comes next, and maybe it's also one of your next questions. If you don't set values early enough and live them, then your employees will each follow their own. And then you've got a problem.

*Interviewer 19:28:* Yeah, that's true. And then afterwards you have the problem that when you try to change it, you have to push back much harder.

**Interviewee 19:36:** Exactly, that's when it gets difficult. And then the people will resist, because they've learned it this way, because they were given that freedom. If you don't clearly set the boundaries, the tasks, the way of doing things, the tone in the company from the beginning, then each individual takes over. And I've learned that from my own experience. So, I can definitely sing a song about that.

*Interviewer 20:04:* Okay. Given the high uncertainty and the great business risk that exists in startups, how many resources do you think can be devoted to the topic of diversity and inclusion?

**Interviewee 20:24:** I do think you can apply a few basics, simply in the recruiting process. That's where it already starts – that doesn't take much effort. In the end, you look at the job description, the scorecard, and think carefully about how diverse this role can be or who is needed – and then you can incorporate that into the recruiting process, and that doesn't take much effort or money. Exactly. If we're talking about huge workshops and extensive stuff – no startup does that, it's way too unimportant. A startup has to survive. If it doesn't survive and can't pay salaries, then culture and diversity are completely irrelevant. So, there are always these three P's: Product, People, and Profit. And actually, the saying is: first People, then Profit, and then Product. That's the saying – people always say People first. But in most startups, it's lived exactly the other way around. It's Profit, Product, and then People.

*Interviewer 21:28:* Yes.

**Interviewee 21:29:** So, and that's where it already starts if you don't prioritize it. So, I think in moderation, with small hacks, everyone can do it. Yeah. Many don't. I would say they don't. Until they notice that it's not working – and then they step in, but by then it already hurts. Then something breaks first. Then they have to bring in new people, because they've learned from it – with the new people they'll do it better, or they'll do it better with their second startup.

*Interviewer 21:57:* Yeah. I can imagine that. Compared to large companies that have more rigid structures, how much does the flexibility and the more informal environment in a startup help in implementing diversity and inclusion measures?

**Interviewee 22:20:** Much better, much faster, much more agile. I set something up today – tomorrow it's everywhere.

*Interviewer 22:24:* Yeah, and it's also easier to get all employees on board when you start from the beginning.

**Interviewee 22:30:** Yeah.

*Interviewer 22:31:* So, in your opinion, how does the diversity of perspectives affect the ability to be innovative?

**Interviewee 22:44:** Well, as I mentioned earlier, having diverse teams has a huge impact—it simply makes you more innovative. That's just a given, because you bring together different influences, perspectives, cultures, knowledge, geographic backgrounds, and so on. It enables you to think and act in a much more innovative way.

*Interviewer 23:12:* Okay, I only have one last question to wrap things up. If you had unlimited resources—time, money, everything you'd need—what changes would you make in your startup regarding diversity or inclusion? Or maybe there aren't any?

**Interviewee 23:31:** Could you repeat that?

*Interviewer 23:33:* If you had unlimited resources—time, money, everything—what changes would you make in your startup in terms of diversity and inclusion, if any?

**Interviewee 23:59:** Ah, I know. I would hire a lot of older people, seniors.

*Interviewer 24:07:* Even though it takes longer to train them, of course?

**Interviewee 24:12:** Yes, absolutely. If I had some kind of system, money, and resources, I'd try to build a system to get older people up to speed—teach them the basics and give them tools—so that they're supported right after retirement. So, they don't fall into loneliness but stay capable and can contribute in ways they enjoy—for example, as a “Feelgood Grandma” in a startup, who brings her homemade cake, contributes to the culture, and can still apply her knowledge and experience to stay mentally active. I'd combine young and old, because once young and old people come together, a much more peaceful space emerges—one filled with respect and knowledge. It's so much better than just having young people in a room together.

*Interviewer 25:04:* That sounds beautiful. It's a lovely vision. Okay, is there anything else you'd like to add about your approach to diversity and inclusion that maybe didn't come up in my questions?

**Interviewee 25:23:** What I'd wish is that, globally, every single person who's able to remember things understands that inclusion and diversity have only a positive, beautiful effect—and that there's nothing to be afraid of in any way. It only brings benefits and truly makes the world a better place if we're open and curious about it. That it doesn't even need to be a topic to raise awareness anymore—it's just as normal and obvious as brushing your teeth: good, not bad. It's not about anyone losing something or being threatened in any way. That would be my biggest wish—that we get to that point one day.

*Interviewer 26:12:* That would be really nice, although I think it faces huge challenges. Many people just feel very attacked by something they don't really understand—something they think is against them, even though it's not at all.

**Interviewee 26:34:** Exactly. And that's the same with other topics like equality, feminism, and even gender-inclusive language. It's always the same challenge: how do you convey these ideas to people in a charming, non-pushy way, so they don't feel uncomfortable? How can we create empathetic spaces where this happens naturally? You can't really blame anyone for not knowing—it's about privilege. I've had the privilege to gain the experiences that brought me here. If someone hasn't had or appreciated those experiences, it's hard to blame them—the knowledge and emotional context just aren't there. That's why all we can do is meet each other with love, empathy, and openness. Truly listen to each other. And I really do understand the other side—deeply.

*Interviewer 27:27:* Yes, I think I understand the other side, too. I just wish the other side would also be open to having a conversation about it. I mean, I personally don't know everything about every topic, but I can say, "Okay, I don't know that—can you explain your perspective to me?"

**Interviewee 27:47:** And I think that's a personality thing. Then the topic itself doesn't really matter—either you're someone who's open and tolerant, or you're not. Like you said, you're open and curious, and you're willing to listen—and I'm the same. No matter the topic, even ones I don't know much about, I'm willing to hear people out. So, yes—it's about personality, mindset, upbringing, and the influences you've had. That's why, as you said, the root of the issue lies deeper, and it's not necessarily about the topic itself.

*Interviewer 28:23:* Yes, that's true. I'm really curious to see what other insights I'll gain. I just want to thank you—this was the perfect first interview. I immediately felt like I had a conversation partner who really cares, where I didn't have to explain the importance of the topic. It was really great hearing your perspectives, and now I'm excited to see what other viewpoints I'll come across—maybe even from people who see things differently but are still open to the conversation. I'm really curious.

**Interviewee 29:07:** Yes, I'm really glad you felt comfortable. Since I've conducted interviews myself, I know how it feels. So, I think it's great that we started with each other, and I hope your other interview partners are just as relaxed. I can only say—enjoy the process. You're doing great. The questions are excellent—clear, not too much, not too little. Just try to enjoy the moment so you can look back one day and say, "That was fun—I really enjoyed the process." And everyone who agrees to be interviewed already has a basic understanding and motivation. So, just chill—you're going to do great. And if you need an intro to other founders working on diversity, I know another co-founder, a guy with Lebanese roots—I can ask if he'd be open to speaking with you.

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