



Reframing Power in New Ventures: A Literature Synthesis on Capital Diversity and Strategic Influence Among Founders and Investors

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Abstract. *This qualitative literature review explores how various forms of capital—beyond financial investment—shape power dynamics between founders and investors in new ventures. Drawing on organization theory, entrepreneurship, and governance literature, the review synthesizes findings on human, social, reputational, and symbolic capital as sources of strategic influence. It challenges the traditional dominance of financial capital in venture control and highlights how non-financial assets enable founders to assert influence, co-create governance, and navigate investor relations. The analysis reveals that power in new ventures is dynamic, relational, and context-dependent, offering a reframed understanding that informs both academic theory and entrepreneurial practice.*

Keywords: *Capital diversity, Entrepreneur–investor dynamics, Strategic influence, Venture governance, Power relations*

INTRODUCTION

Power, often defined as the capacity to influence outcomes, remains a central concern in organizational studies and entrepreneurship research (Clegg, Courpasson, & Phillips, 2006; Fleming & Spicer, 2014). In the context of new ventures—where roles, structures, and resources are still fluid—the question of “who holds power” becomes especially critical. Traditional assumptions prioritize financial capital, particularly equity investments, as the predominant mechanism of influence. Investors, through their capital injections, are often portrayed as primary decision-makers, exerting control over strategy, governance, and growth trajectories (Wasserman, 2006; Garg, 2020). However, a growing body of literature calls for a more nuanced understanding, recognizing that non-financial forms of capital—such as social capital, reputational capital, and experiential knowledge—play significant and sometimes dominant roles in shaping the strategic direction of startups (Waldron et al., 2024; Clough et al., 2019; Gedajlovic et al., 2013). Intellectual capital and profitability affect financial awareness (Kusnanto, E., Permana, N., Yulianti, G., 2022)

This literature review seeks to reframe prevailing conceptions of power in new ventures by examining the diverse forms of capital that influence strategic outcomes among founders and investors. By synthesizing insights from organizational theory, strategic management, and entrepreneurship, we aim to illuminate the multiplicity of

power sources and how they interact, evolve, and redistribute over the life cycle of a venture. Our analysis is grounded in the recognition that capital diversity—not merely financial capital—is instrumental to understanding power dynamics in entrepreneurial ecosystems.

Financial Capital and the Myth of Dominance. Financial capital remains the most visible and measurable form of influence in entrepreneurial ventures. Early-stage investors, especially venture capitalists, are frequently assumed to hold substantial decision-making power by virtue of their funding contributions (Hellmann & Puri, 2000; Kaplan, Sensoy, & Strömberg, 2009). This perception is reinforced by formal governance mechanisms such as board representation, equity voting rights, and milestone-based financing structures (Connelly et al., 2010; Boivie et al., 2016). Indeed, research on venture boards has long suggested that investors use governance structures to monitor and shape firm behavior, often constraining founder autonomy in the process (Zhang, Baden-Fuller, & Pool, 2011; Garg & Furr, 2017).

Yet, financial control does not always translate into strategic influence. Empirical studies show that founders often retain considerable sway in shaping firm direction, especially in earlier stages where their vision, networks, and symbolic authority are critical (Wasserman, 2008; Fried & Broughman, 2018). Moreover, founders are frequently able to preserve their control through dual-class share structures or by framing their leadership as mission-critical to the startup's identity and valuation (Garg & Eisenhardt, 2017; Sarason & Dean, 2019).

Non-Financial Capital as Strategic Power. Recent research increasingly highlights the strategic utility of non-financial capital. For instance, human capital—including the entrepreneur's prior experience, domain expertise, and problem-solving capability—often serves as a critical asset in venture growth and survival (Boeker & Wiltbank, 2005; Datta & Iskandar-Datta, 2014). A positive relationship between transformational leadership, job satisfaction, and organizational citizenship behavior human capital (Djap, W. et al., 2022). In some cases, such capital grants founders the ability to resist investor-imposed strategies or timelines, particularly when they possess capabilities not easily replaced or replicated (McMullen & Shepherd, 2006).

Similarly, social capital, or the quality and scope of the entrepreneur's network ties, enables access to new markets, key partners, and sources of legitimacy (Podolny, 2001;

Stuart, Hoang, & Hybels, 1999). Entrepreneurs with rich social capital can leverage external endorsements to offset power imbalances with investors and navigate institutional barriers more effectively (Gedajlovic et al., 2013; Soublière & Lockwood, 2022). Notably, Clough et al. (2019) demonstrate how founders mobilize various intangible resources to convert opportunities into actualized ventures, often circumventing financial constraints altogether.

Reputational capital also plays a significant role in influencing outcomes. Founders associated with previous success, prestigious institutions, or high-profile accelerators often command influence disproportionate to their equity stake (Chen, Hambrick, & Pollock, 2008; Pollock et al., 2019). Such reputational assets can even pressure investors to defer strategic decisions to the founder, for fear of reputational blowback or diminished future deal access.

The Dynamic Nature of Capital and Power. Power in new ventures is not static; rather, it evolves in response to shifting circumstances, performance milestones, and relational dynamics (Waldron et al., 2022; Huang & Knight, 2017). Founders and investors often engage in an ongoing negotiation over roles, responsibilities, and strategic direction—negotiations that are influenced as much by personal charisma, framing tactics, and trust as by formal authority (Lockwood, Giorgi, & Glynn, 2019; Ocasio, Laamanen, & Vaara, 2018).

Waldron et al. (2024) offer a compelling case where an entrepreneur and his investors continually renegotiated influence in response to emerging challenges and opportunities. Their longitudinal analysis reveals that different forms of capital can become salient at different times—what was once a financial advantage can be overtaken by reputational dominance, or vice versa. Similarly, Aldrich (2008) argues that organizational environments continuously reshape power relationships through external shocks, competitive shifts, and internal adaptation.

Furthermore, power dynamics are affected by relational pluralism—the simultaneous presence of diverse, sometimes conflicting, logics among actors involved in venture governance (Beckman et al., 2014; Giorgi, Lockwood, & Glynn, 2015). A pluralistic governance system can serve as both a bridge and a barrier to influence, depending on how differences in capital type are managed and perceived.

Toward a Holistic Understanding. Synthesizing these strands of literature, we argue for a reframing of power in new ventures away from narrow definitions rooted in financial control toward a broader, more dynamic understanding of capital diversity. This approach acknowledges that capital is multidimensional, contextual, and fluid—encompassing resources both tangible and intangible, embedded in relationships as much as balance sheets.

Such a holistic lens has practical implications. For entrepreneurs, understanding the strategic value of their non-financial capital can empower more confident engagement with investors and better negotiation of governance roles. For investors, recognizing diverse sources of influence can improve due diligence, enhance founder relations, and reduce the likelihood of destructive power struggles (Zacharakis, Erikson, & George, 2010; Wasserman, 2017).

Power in entrepreneurial settings is neither singular nor fixed. It emerges from the interplay of capital types, actor identities, institutional contexts, and evolving venture trajectories. A more comprehensive synthesis of this complex terrain not only deepens academic insight but also offers actionable guidance for navigating the entrepreneurial journey in practice.

LITERATURE REVIEW

In the entrepreneurial landscape, power has traditionally been conceptualized as the ability to influence organizational outcomes through financial capital, especially equity (Wasserman, 2006; Hellmann & Puri, 2000). In early-stage ventures, the assumption is that those who provide financial capital—typically venture capitalists—hold dominant influence due to their ability to fund, direct, and control the venture's growth (Kaplan, Sensoy, & Strömberg, 2009). However, this financial-centric view of power has increasingly come under scrutiny for neglecting the dynamic interplay of multiple forms of capital, including social, human, and reputational resources, that also serve as critical levers of strategic influence (Waldron et al., 2024; Gedajlovic et al., 2013).

Waldron et al. (2024) argue that power within entrepreneur-investor relationships extends beyond monetary inputs, emphasizing that non-financial capital such as reputation, knowledge, and relational dynamics often drives outcomes. Their study reveals how an entrepreneur and his investors wielded different types of capital at various stages of a venture's life cycle, sometimes leading to unexpected shifts in influence. This

resonates with findings by Clough et al. (2019), who showed how entrepreneurs mobilize non-financial resources to exploit opportunities effectively. In this context, capital diversity—not merely capital volume—becomes central to understanding power dynamics.

Human capital, encompassing prior entrepreneurial experience, technical skills, and decision-making capacity, has been recognized as a foundational source of influence for founders (Boeker & Wiltbank, 2005; Datta & Iskandar-Datta, 2014). It is proven that in addition to being a precursor to the achievement of innovation performance and corporate sustainable longevity, human capital can also function as a moderator for innovation performance to achieve corporate sustainable longevity (Irawan et al., 2021). For instance, McMullen and Shepherd (2006) found that entrepreneurial action under uncertainty often depends more on cognitive frameworks and learning capabilities than on external funding. Founders with deep domain knowledge and high adaptability can resist pressures from investors, leveraging their expertise to assert strategic autonomy (Zahra & Filatotchev, 2004).

Reputational capital, as examined by Chen, Hambrick, and Pollock (2008), can also be strategically employed to offset the influence of investors. Founders associated with prestigious backgrounds or successful prior ventures may command greater deference in strategic decision-making. Podolny (2001) adds that network position and perceived legitimacy amplify the ability to attract resources and negotiate influence within entrepreneurial ecosystems. Pollock et al. (2019) further differentiate between reputation, status, and celebrity as distinct but interrelated constructs that can independently affect stakeholder behavior.

Social capital, which includes trust-based networks and relational embeddedness, is another non-financial asset that can shift the balance of power. Gedajlovic et al. (2013) articulate how social capital facilitates resource access and opportunity recognition. Similarly, Stuart, Hoang, and Hybels (1999) demonstrate how interorganizational endorsements enhance a venture's performance and credibility. These findings are supported by Huang and Knight (2017), who proposed an exchange theory of the entrepreneur-investor relationship, emphasizing the co-development of trust and mutual expectations as a mechanism for sustaining influence.

The structure and behavior of venture boards are also instrumental in shaping power dynamics. While Boivie et al. (2016) critique boards as often structurally incapable of effective monitoring, other scholars such as Garg and Eisenhardt (2017) show how boards can evolve into strategic partners through adaptive governance. Zhang, Baden-Fuller, and Pool (2011) highlight the tensions between monitoring, resourcing, and strategizing roles of boards, particularly in high-tech startups. The interplay between top management teams and board chairs has also been shown to influence board involvement and strategic outcomes (Knockaert, Bjornali, & Erikson, 2015).

Moreover, relational pluralism—the simultaneous presence of multiple, diverse relationships—can create both opportunities and barriers for influence. Beckman et al. (2014) found that pluralistic boards can either serve as bridges to diverse alliance portfolios or as constraints on decision-making, depending on how these relationships are managed. Giorgi, Lockwood, and Glynn (2015) suggest that navigating cultural plurality within organizations requires a nuanced understanding of how language, identity, and norms shape power and cooperation.

Power itself is increasingly viewed as relational and contextual, rather than static or inherent. Clegg, Courpasson, and Phillips (2006) argue that power emerges from organizational practices, discourses, and positional dynamics. Ocasio, Pozner, and Milner (2020) present a framework of political capital that incorporates structural, symbolic, and relational dimensions of power. These perspectives are echoed by Fleming and Spicer (2014), who emphasize the need for a broader theoretical integration of power in management science.

Studies on venture governance underscore that the ability to influence outcomes often lies in the ability to frame narratives and mobilize attention (Lockwood, Giorgi, & Glynn, 2019; Ocasio, Laamanen, & Vaara, 2018). Entrepreneurs skilled in narrative construction and cultural alignment can rally support even in resource-constrained environments (Soublière & Lockwood, 2022). Sarason and Dean (2019) document how entrepreneurs co-create organizational structures that enable long-term strategic control despite capital dependency.

Finally, rivalry between founders and investors over control has been well-documented. Waldron et al. (2022) explore how conflict can arise when capital holders and idea originators clash over priorities and strategic vision. Zacharakis, Erikson, and

George (2010) report that such conflicts, if unmanaged, can lead to organizational dysfunction. Wasserman (2017) encapsulates this tension as the founder's tradeoff between the "throne and the kingdom," where control and value creation are often at odds.

The literature reveals that power in new ventures is multifaceted and continuously evolving. Financial capital remains important, but non-financial forms of capital play equally critical roles. A holistic understanding of capital diversity provides deeper insight into the strategic influence exercised by founders and investors. This reframing is vital not only for academic inquiry but also for practitioners navigating the complex realities of venture creation and governance.

METHODS

This study adopts a qualitative literature review methodology aimed at synthesizing and interpreting the evolving discourse on power dynamics, capital diversity, and strategic influence in new ventures. A qualitative literature review is particularly suited for capturing theoretical pluralism and providing conceptual clarity in underexplored or fragmented fields (Snyder, 2019). Given the interdisciplinary nature of entrepreneurship, organizational theory, and governance, this method enables the identification of key themes, contradictions, and emerging frameworks that reshape our understanding of capital-based power relations between founders and investors.

The review follows a narrative and thematic synthesis approach, consistent with guidelines for qualitative integrative reviews in management and organizational research (Torraco, 2016; Baumeister & Leary, 1997). This methodology allows for the construction of a conceptual map of how different forms of capital—financial, human, social, and reputational—interact with structures of influence in early-stage ventures. The objective is not only to aggregate findings from prior research but also to reframe the discourse surrounding power in venture contexts by recognizing capital diversity as a strategic and relational phenomenon (Waldron et al., 2024).

The review is based on a systematic yet flexible selection of peer-reviewed academic literature published between 1999 and 2024. The selection criteria prioritized high-impact journals in management, entrepreneurship, strategy, and finance, such as *Academy of Management Journal*, *Journal of Business Venturing*, *Strategic Management Journal*, and *Academy of Management Review*. Key search terms included: "entrepreneurial power," "founder-investor relationship," "venture governance," "capital

diversity," "non-financial capital," and "strategic influence." Databases used, aligning with current standards for literature coverage and rigor (Tranfield, Denyer, & Smart, 2003).

The process resulted in the identification of 65 core articles and conceptual papers that were closely read, coded, and thematically analyzed. Among these were recent works that challenge financial capital dominance in entrepreneurial studies (e.g., Clough et al., 2019; Huang & Knight, 2017), and foundational contributions to the understanding of social, reputational, and political capital (Gedajlovic et al., 2013; Ocasio, Pozner, & Milner, 2020).

Inclusion criteria emphasized: Peer-reviewed academic articles. Conceptual and empirical studies on founder–investor dynamics. Explicit discussions on types of capital (financial and non-financial). Relevance to power structures in venture contexts. Excluded from the analysis were practitioner-oriented articles lacking theoretical grounding, non-peer-reviewed content, and studies focused solely on corporate governance in mature firms without direct implications for new ventures. This allowed for a more precise focus on entrepreneurial-stage capital dynamics, consistent with qualitative review best practices (Boell & Cecez-Kecmanovic, 2015).

The analytical process followed a three-step coding scheme: open coding, axial coding, and selective coding (Saldaña, 2021). During open coding, key constructs such as "capital asymmetry," "relational influence," "board control," and "strategic framing" were identified. In the axial coding phase, these codes were organized into broader thematic categories, including: (1) financial vs. non-financial capital, (2) power as relational practice, and (3) contested control and governance. Finally, selective coding connected these themes into a coherent synthesis that highlights the multidimensional and evolving nature of power in new venture ecosystems (Waldron et al., 2022).

The synthesis was interpretive rather than aggregative, aimed at theory development through the juxtaposition of diverse perspectives. As recommended by Noblit and Hare (1988) in qualitative meta-ethnography, the aim was to translate concepts across studies to generate a new integrative understanding of capital-driven influence structures.

To ensure methodological rigor, this review adhered to four quality criteria for qualitative research: credibility, transferability, dependability, and confirmability

(Lincoln & Guba, 1985). Credibility was enhanced through repeated cross-validation of themes and inclusion of multiple theoretical lenses. Transferability was achieved by contextualizing findings across different types of ventures and funding environments. A detailed audit trail of article selection, coding decisions, and thematic refinement supports dependability and confirmability.

Moreover, to mitigate bias, reflexivity was maintained throughout the analytical process, with critical attention to dominant assumptions about venture control and capital hierarchies. This aligns with calls by recent scholars for more reflective and inclusive entrepreneurship research (Welter, 2011; Zahra, Wright, & Abdelgawad, 2014).

RESULTS

This qualitative literature review reveals that the exercise of power in new ventures is not solely dictated by financial capital but is shaped by a dynamic interplay of diverse capital forms—social, human, reputational, and symbolic—which collectively inform strategic influence among founders and investors. Through thematic synthesis of recent and classical works, three dominant themes emerge: (1) the decentralization of financial capital dominance, (2) the relational nature of power, and (3) evolving governance mechanisms through capital diversity.

Decentralization of Financial Capital Dominance. Financial capital has traditionally been viewed as the core determinant of influence in entrepreneurial ventures, particularly through equity ownership and control rights (Hellmann & Puri, 2000; Kaplan, Sensoy, & Strömberg, 2009). However, recent literature suggests that this view is overly reductionist and ignores other key sources of influence. For example, Waldron et al. (2024) found that in high-stakes founder–investor relationships, reputational and knowledge-based capital often held equal, if not greater, strategic weight than financial contributions, particularly during crises or pivots.

Similarly, Clough et al. (2019) showed that entrepreneurs often convert non-monetary assets—such as legitimacy, network ties, and symbolic capital—into opportunities for venture advancement, challenging the assumption that capital equals cash. Their study provides empirical support that the ability to “mobilize” capital is contextually driven, and that financial capital alone cannot explain success trajectories in modern venture environments.

The Relational Nature of Power. Power in venture governance is relational and co-constructed rather than fixed or hierarchical. Huang and Knight (2017) proposed an exchange theory that views the founder–investor relationship as a trust-based dyad shaped over time through mutual expectations, obligations, and symbolic gestures. They argued that strategic influence grows not merely from position or investment but from relational credibility and alignment.

Gedajlovic et al. (2013) emphasized that social capital—embedded in trust-based networks—creates soft power that allows founders to push back against investors' directives without formal authority. In this sense, the founder's embeddedness in entrepreneurial ecosystems can serve as a buffer against overbearing financial stakeholders. Likewise, Stuart, Hoang, and Hybels (1999) demonstrated that endorsements and affiliations can enable founders to retain autonomy despite minority ownership positions.

Additionally, reputation serves as a powerful form of symbolic capital. Podolny (2001) found that status hierarchies in entrepreneurial markets allow founders with prestigious backgrounds or prior successful exits to gain strategic concessions from even dominant investors. This was echoed by Pollock et al. (2019), who differentiated how moral, emotional, and reputational capital each uniquely influence stakeholder behavior and expectations.

Governance Evolution through Capital Diversity. The governance mechanisms in startups evolve as forms of capital diversify and power asymmetries shift. Garg and Eisenhardt (2017) observed that the strategic influence of founders vis-à-vis boards is highly fluid, contingent on the stage of the venture and the level of interpersonal trust. As ventures mature, governance becomes less about control and more about coordination and access to resources—including non-financial ones such as knowledge and legitimacy.

Boivie et al. (2016) questioned whether startup boards are even structurally capable of effective oversight, given the founder-centric culture of many ventures. In contrast, Knockaert, Bjornali, and Erikson (2015) found that top management team characteristics, such as experience and relational competencies, significantly predict the involvement of board members in strategic decision-making, regardless of capital ownership.

Waldron et al. (2022) presented a case study of Balcones Distilling where founders and investors engaged in prolonged power struggles. Their findings illustrated that power

often shifted in response to symbolic acts (e.g., public statements), governance changes, and external legitimacy, not just capital injections.

Moreover, Ocasio, Pozner, and Milner (2020) proposed an integrated framework of political capital, illustrating how power in entrepreneurial ventures is enacted through structural positions, symbolic narratives, and relational embeddedness. This echoes Soublière and Lockwood's (2022) insight that strategic narrative construction—framing problems, identity, and intent—can help founders maintain or even expand influence during capital negotiations.

This synthesis shows that capital diversity significantly influences power dynamics in new ventures. Rather than being static or solely capital-based, power emerges through complex interactions of financial investment, relational capital, legitimacy, and governance arrangements. Founders with high levels of non-financial capital can often exert strategic influence beyond what their financial stake might suggest. Conversely, investors leveraging relational credibility and domain expertise may hold more sway than traditional governance models predict. Understanding these dynamics is essential for scholars and practitioners seeking to navigate or design effective venture governance models in an increasingly decentralized entrepreneurial landscape.

DISCUSSION

The findings of this qualitative literature review support a nuanced reconsideration of power in entrepreneurial ventures, revealing that power dynamics are rooted not only in financial capital but also prominently in non-financial forms—human, social, reputational, and symbolic capital. By integrating insights across theoretical and empirical studies, this discussion articulates three central insights: (1) the unbundling of power, (2) the relational and temporal contingency of influence, and (3) practical implications for governance and strategy.

Unbundling Power: Beyond Equity. Our review corroborates that while equity remains a visible source of power, it does not necessarily equate to strategic dominance. Hellmann and Puri (2000) posited that venture capital investment drives product and financing alignment, yet Kaplan et al. (2009) nuanced this by showing that investors often back exceptional founders (“jockeys”) rather than just ventures, reflecting a shift toward reputational and human capital-based influence. Clough et al. (2019) further substantiated

that founders frequently leverage social legitimacy and entrepreneurial skill sets (“turning lead into gold”) to shape outcomes independently of investor funding.

Comparing empirical findings, Huang and Knight (2017) emphasized that trust and relational capital mediate strategic negotiations. Waldron et al. (2024) directly challenged equity-as-power assumptions by documenting instances where reputational gestures—such as public positioning or symbolic framing—shifted control away from financial investors. Gedajlovic et al. (2013) demonstrated that network embeddedness serves as an alternative authority channel, especially when founders draw on affiliations and interorganizational ties. These studies collectively suggest that power in ventures is effectively “unbundled”—distributed across various capital types that interact to shape founder–investor dynamics.

Relational and Temporal Contingency of Power. Power is fundamentally relational and dynamic, evolving through venture stages and actor interactions. Huang and Knight’s (2017) exchange theory foregrounds this by showing that founder–investor relationships co-construct influence through reciprocal trust, not by unilateral capital deployment. Likewise, Gedajlovic et al. (2013) underscore the importance of social capital, where founders embedded in robust networks can recalibrate investor control through legitimacy and endorsement pathways.

Temporal dynamics igualmente surface in Waldron et al. (2024) and Waldron et al. (2022), which reveal that contested control emerges during critical junctures—such as pivot decisions or strategic resource constraints—when founders marshal symbolic or reputational leverage to counterbalance financial disadvantage. This echoes Kaplan et al. (2009) and Clough et al. (2019), who note that founders’ domain expertise and legitimacy often become most potent when ventures face existential choices.

Relationally, Huang and Knight (2017) and Gedajlovic et al. (2013) highlight that power emerges not through formal contract but through day-to-day interactions—board dialogues, milestone tracking, and signaling via soft governance tools such as narratives or network endorsements. This aligns with the political capital framework of Ocasio, Pozner, and Milner (2020), which positions power as relational, symbolic, and position-based.

Evolving Governance and Strategic Implications. The plural forms of capital highlighted in this review carry significant implications for governance design and

strategic management in new ventures. Garg and Eisenhardt (2017) revealed that venture boards thrive when founders and investors co-create a shared narrative of mission and roles—partly enabled by founders’ human and symbolic capital. In contrast, Boivie et al. (2016) warned of board dysfunction when formal governance channels fail to mesh with relational and cultural nuances.

Knockaert et al. (2015) further showed that the composition of top teams and chairs can substitute for formal financial leverage: experienced managerial actors help gate strategic influence. Hannah and Knight (2017) similarly found that aligned relational capital can mitigate pay-for-control pressures, enabling decision-making continuity. Such findings suggest that founders with high levels of non-financial resources can shape board agendas without dominating shareholder dynamics.

Clough et al. (2019) and Waldron et al. (2024) documented how founders use symbolic framing and cultural framing—e.g., vision-centric language or credibility-building communications—to reclaim narrative control during investor-driven events. These capabilities reaffirm Soublière and Lockwood's (2022) findings that cultural resonance is a strategic tool for rallying stakeholder support.

Despite these shifts, resistance from investors persists—Waldron et al. (2022) and Zacharakis, Erikson, and George (2010) observed that when interests diverge, capital conflict intensifies. Such rivalry requires governance architectures that accommodate multiple capital forms—blended equity–reputation mechanisms, milestone-based funding, or adaptive board roles.

Comparative Summary of Eight Key Studies

Study	Capital Type Emphasized	Key Insight	Contribution
Hellmann & Puri (2000)	Financial	VC investment shapes product strategy	Baseline for equity-as-power
Kaplan et al. (2009)	Human/Reputational	"Jockey" selection critical	Nuanced investment criteria
Clough et al. (2019)	Social/Human	Founder resource mobilization beyond money	Legitimacy as power

Huang & Knight (2017)	Relational	Trust-based negotiation of influence	Dyadic power construction
Gedajlovic et al. (2013)	Social	Network embeddedness offers legitimacy	Soft power sources
Waldron et al. (2024)	Symbolic	Narrative, reputation shape power in crises	Equity is necessary but insufficient
Garg & Eisenhardt (2017)	Human/Governance	Board as shared meaning space	Governance design implications
Knockaert et al. (2015)	Human	TMT attributes mediate investor influence	Team dynamics + capital forms

Implications for Theory and Practice. Theoretical: Encourages broader capital definitions in entrepreneurship theory. Validates relational and processual models of power (Ocasio et al., 2020). Signals a need for multi-dimensional governance frameworks that reflect capital diversity. Managerial: Entrepreneurs should actively build reputational and social capital to balance equity dilution. Investors should assess non-financial assets—founder credibility, networks, etc.—during due diligence. Co-designed governance structures—adaptive boards, mission-aligned charters—can reduce founder–investor friction.

CONCLUSION

This literature review has highlighted that power in new ventures is far more nuanced than traditionally understood through the narrow lens of financial capital. While financial resources, especially equity, remain influential in venture creation and development (Hellmann & Puri, 2000; Kaplan, Sensoy, & Strömberg, 2009), our synthesis reveals that non-financial forms of capital—namely human, social, reputational, and symbolic capital—are equally instrumental in shaping strategic influence and decision-making (Waldron et al., 2024; Clough et al., 2019; Huang & Knight, 2017).

The discussion has shown that founders and investors do not engage in power relations through financial terms alone. Rather, influence is relational, co-constructed,

and contingent upon context, timing, and interactional dynamics (Ocasio, Pozner, & Milner, 2020). This reframing disrupts the longstanding assumption that those with the most funding hold the most power. Instead, it demonstrates that entrepreneurs with strong reputations, networks, and domain expertise can often assert significant strategic authority—even when they possess less financial stake (Podolny, 2001; Chen, Hambrick, & Pollock, 2008).

Furthermore, governance structures such as venture boards play a crucial role in mediating these power dynamics, especially when aligned with relational trust and narrative framing (Garg & Eisenhardt, 2017; Zhang, Baden-Fuller, & Pool, 2011). As such, a holistic understanding of capital diversity offers a more accurate and practical account of how power is exercised, contested, and negotiated in entrepreneurial ecosystems.

For both scholars and practitioners, the implication is clear: effective venture governance and sustainable founder–investor relationships require attention to more than funding. They require intentional development of human capability, social legitimacy, and cultural resonance. Future research and practice should thus incorporate these diverse forms of capital into assessments of influence, control, and strategic value creation in entrepreneurial ventures.

LIMITATION

Despite its valuable insights, this literature synthesis is subject to several limitations. **Reliance on Secondary Sources.** As a qualitative literature review, this research is inherently constrained by the scope and availability of existing studies. The review does not generate new primary data, and therefore relies on prior interpretations, which may introduce biases or overlook emerging phenomena not yet documented in the literature.

Potential Publication Bias. The findings are based on peer-reviewed and high-impact publications, which may underrepresent practical insights from grey literature, industry reports, or unpublished field research. As such, perspectives from marginalized or underrepresented entrepreneurial contexts may be missing.

Geographic and Cultural Generalizability. Most reviewed studies focus on Anglo-American entrepreneurial ecosystems, particularly the U.S. and Western Europe (e.g., Kaplan et al., 2009; Wasserman, 2006). Consequently, the conclusions drawn may not

fully capture cultural variations in how capital and power interact in Asian, African, or Latin American contexts (Welter, 2011).

Temporal Dynamics of Venture Evolution. Power in ventures is not static but changes across stages (e.g., seed, growth, IPO). While some studies consider these dynamics (e.g., Waldron et al., 2022), the synthesis may inadequately reflect how capital diversity and strategic influence evolve longitudinally, especially in ventures with rapid pivots or multiple investor rounds.

Lack of Quantitative Validation. This review primarily draws from qualitative and conceptual literature, which provides depth but lacks statistical generalizability. Future studies might incorporate quantitative meta-analyses or large-scale empirical testing to validate the relationships among various forms of capital and power outcomes.

In sum, while this study offers a rich, integrative perspective on entrepreneurial power, it should be seen as a foundation for further inquiry rather than a definitive account. Expanding the empirical base and integrating cross-disciplinary approaches—such as political theory, sociology, and behavioral finance—will strengthen the theoretical robustness and practical relevance of future research.

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