LET GO AND MOVE ON – FOUNDER ROLE TRANSITIONS IN FIRST-TIME SUCCESSIONS (SUMMARY)

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Principal Topic

Entrepreneurs and their ventures are said to be an important vehicle for economic growth and a significant body of research has been accumulated on explaining the entrepreneurial process. Thereby, most research effort has focused on the founding process (DeTienne, 2010). Yet, the entrepreneurial process goes beyond the nascent phase of a venture and may continue until the business is harvested (Cardon et al., 2005). While entrepreneurship scholars have recently taken up the topic of business exit (Decker & Melewight, 2007), our understanding of the process until founders leave their firms is very limited. We know that professional CEOs replace the founders as primary decision makers, yet empirical evidence shows that three out of four founders stay on in a different role (Rubenson & Gupta, 1992; Wasserman, 2003). Nevertheless, our insights into the succession process are still limited and we know little about the founder’s whereabouts after being dismissed as the CEO. Therefore, in my study, I ask: How do founders upon dismissal as the company’s CEO story their transition in order to claim a new role and what are the resulting challenges for the succession process?

Method

Given the dearth of research on founder role transition subsequent to first-time successions, I adopted a multiple case study design that includes nine new ventures that went through a founder-CEO succession within the last two years and whose founder-CEO stayed on either as a Chairman of the Board or as a TMT Member. Case studies are well suited for the investigation of phenomena where causal links are understudied and too complex for a survey or experiment (Yin, 1994).

Results and Implications

I found that founders employ three different types of narratives to claim their new role (i.e. adulation, atonement, and countenance) that are tied to specific organizational, human capital, as well as external relations related challenges. Accordingly, my study not only sheds light on a so far understudied moment in the entrepreneurial process by showing how the founder’s role evolves beyond firm creation but also adds to literature on narrative identity work in the context of macro role transitions.

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