DO THEY HARM OR DO THEY GOOD? INVESTORS’ IMPACT ON ENTREPRENEURIAL EXIT SUCCESS (INTERACTIVE PAPER)

Philipp Gebhard
RWTH Aachen University, Germany, gebhard@time.rwth-aachen.de

Malte RWTH Brettel
Aachen University, Germany

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Philipp Gebhard, RWTH Aachen University, Germany
Malte Brettel, RWTH Aachen University, Germany

Principal Topic

Building on the fundamental belief that exit is a major event in the entrepreneur-investor relationship, research in this context has gained importance over the last years (e.g., Collewaert, 2012). Particularly, determinants for a successful exit from the investor's perspective have been thoroughly investigated (e.g., Streletzki & Schulte, 2013). However, the entrepreneur's view on exit success has been neglected so far. This is surprising, since entrepreneurial exit has been acknowledged as an important research stream (DeTienne, 2010). With the newly developed scale measuring entrepreneurial exit success (EES)—being defined as the entrepreneur's personal, subjective perception of the outcome of an exit—we are able to close this gap. Drawing on RBV and on conflict theory, we analyze the impact of the investor type and of task conflict in the entrepreneur-investor relationship on EES.

Method

This study is based on a survey among 111 German-speaking entrepreneurs with exit experience, who sold their venture and had an external investor involved. EES is measured on the four dimensions “personal financial benefits,” “personal reputation,” “employee benefits,” and “firm mission persistence” (Feierabend & Gebhard, BCERC 2015). We query investor type directly and measure task conflict by applying the established scale of Jehn & Mannix (2001). We moderate the relationship between task conflict and EES by investor type, exit stage, and competitive intensity. To test the hypotheses, we apply hierarchical regression.

Results & Implications

Our results reveal a positive impact of a VC investor on personal financial benefits and personal reputation, as the VC's mindset and resources are beneficial for these dimensions. In line with current research, the findings regarding the impact of task conflict on EES are multifaceted and depend on moderators. For early-stage exits, in high competitive markets, and when a business angel is the lead investor, the impact of task conflict is more positive.

With this study, we add to the discussion and delineation of successful and unsuccessful exits (Bates, 2005) and empirically examine important antecedents of EES. By analyzing exit success from the entrepreneur's point of view, this research gains further relevance, as current literature is dominated by studies from the investor's standpoint on this topic.

CONTACT: Philipp Gebhard; gebhard@time.rwth-aachen.de; (T): +49-241-809-9396; Innovation and Entrepreneurship Group (WIN), RWTH Aachen University, Kackertstrasse 7, 52072 Aachen, Germany.