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## THE INFLUENCE OF TEAM MEMBERS' EXIT AND ENTRIES ON NASCENT VENTURE GROWTH (SUMMARY)

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## ≈ SUMMARY ≈

**THE INFLUENCE OF TEAM MEMBERS' EXIT AND ENTRIES ON NASCENT VENTURE GROWTH***Philipp Eska, University of St. Gallen, Switzerland**Miriam Bird, University of St. Gallen, Switzerland***Principal Topic**

Entrepreneurial founding endeavors are commonly characterized by high uncertainty and limited resources as well as individuals who are often new to their role and new to each other (Eisenhardt, 2013). Stinchcombe (1965) termed the challenges associated with the founding context as “liability of newness”, making it highly demanding for new ventures to survive their early days. In the founding context it is not surprising that forming and maintaining an effective team within new firms is not always successful and can ultimately lead to a turnover event (i.e., entry and exit of team members) within the entrepreneurial founding team (EFT) (Kamm, Shuman, Seeger, & Nurick, 1990). Since the entrepreneurial founding team is central for the new venture's success (Eisenhardt, 2013), the question remains how team members' entries and exits impact new venture growth.

**Method**

To investigate our research question, we draw on a sample of nascent firms provided by the Centre for European Economic Research (ZEW). It includes German start-ups that were founded between the period 2005 and 2012. We also have information if and when an external person was added to the entrepreneurial team and if an existing member of the entrepreneurial team resigned from his or her position. To investigate the impact of EFT turnovers on venture growth, we applied the difference-in-difference approach on a propensity score matched sample.

**Results and Implications**

Our study offers important theoretical contributions to entrepreneurship research as well as implications for practitioners. Prior studies have primarily focused on the antecedents of entries and exits of team members (Ucbasaran, Westhead, Wright, & Flores, 2010) we find that experience with business failure was associated with entrepreneurs who are less likely to report comparative optimism. Portfolio entrepreneurs are less likely to report comparative optimism following failure; however, sequential (also known as serial, however, research has scarcely investigated the effects of team members' entries and exits on firm growth. Our study extends this line of research by showing that additional team members' entries have no impact on firm growth, however, team members' succession (i.e., the exit and subsequent entry of another team member) has a negative impact on firm growth. Finally, we show that the effect of the entrepreneurial team members' turnover on firm growth depends on whether relationships between team members are of triadic or dyadic nature.

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