JOINING, AND LEAVING ENTREPRENEURIAL TEAMS: WHAT IF YOU’RE MARRIED? (INTERACTIVE PAPER)

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Principal Topic

A growing number of new ventures are founded by entrepreneurial teams (ET), which are more highly represented in high tech, high growth and high value enterprises, such as international new ventures that are associated with comparatively rapid pace of gestation activities (Davidsson & Honig, 2003). An important stage in new venture formation involves the recruitment and retention of team members. ET turnover, which involves members joining or leaving, could unsettle the team, but for different reasons. Boeker and Wiltbank (2005) found that turnover of top management in new ventures decreased with managerial ownership. Adding of founders in top management teams has produced conflicting positive and negative effects on. But top management team research cannot be assumed to apply to ETs, which often differ in terms of their context, formation motives, turnover, liability distribution and efficiency. And not all ET are the same. Spousal Entrepreneurial Teams (SET) have distinctive demographic characteristics and dynamics. Joining and leaving SETs will likely have different antecedents and effects compared to other entrepreneurial teams (OET). Therefore, SET must be distinguished from OET when discussing ET diversity and turnover. Financial performance of the firm could also an impact members joining or leaving the team. We ask why members join and leave entrepreneurial teams and how SET and OET differ.

Method

To investigate this we analyse data from the CAUSEE (Comprehensive Australian Study of Entrepreneurial Emergence) database of 561 young firms. The CAUSEE panel data was collected through randomised national telephone surveys in four annual waves.

Results and Implications

We find significant differences between SET and OET in the factors that influence ET turnover in young firms. Besides differences in the rates of joining and leaving, SET were different on all antecedents except age diversity. The antecedents of joining and leaving OET differ. Age diversity and profit in year two increased the likelihood of joining but not for leaving the team. Entrepreneurial experience was positively related to both entrances and exits, possibly because Serial entrepreneurs are quicker to bring in new people and also let team members go. Finally, good financial performance was associated with higher profits in year two, indicating that either performance attracts more team members or larger teams perform better. This research contributes to ET literature by identifying how joining and leaving differ for SET compared to OET. It also contributes to team diversity literature by measuring team diversity as the percentage of heterogeneous dyads in the team.

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