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A Conceptual Framework on Entrepreneurial Team Member Exits: A Starting Point for Further Research

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Abstract

In recent years, entrepreneurial teams and entrepreneurial exit have been emerging fields of study in entrepreneurship research. However, current efforts often neglect the dynamic nature of such teams and especially the exit of individual team members from ongoing team ventures. This lead to scattered and often implicit knowledge as well as contradictory findings on entrepreneurial team member exits in current literature, which have not yet been merged into a comprehensive overview of the topic. Entrepreneurial team member exits are a prevalent occurrence with distinct consequences for the exiting individual, the remaining team members and other stakeholders. The authors apply a systematic literature review methodology including 41 scientific articles to map past research on the process of team member exits. Results provide knowledge in terms of antecedents on different levels of analysis (individual, team, and organizational), portray information on initiation processes and routes of the exits, and offer an overview of sometimes contradicting findings concerning consequences. The article depicts that an exit in a team context is a complex yet under-researched social phenomenon with fragmented and inconsistent findings in contemporary research. It mainly contributes to the scientific discourse in four ways: First, it collects and takes a stock of current knowledge of entrepreneurial exits in a team context. Second, the authors propose a process framework on entrepreneurial team member exit for further engagement showing the interrelatedness of the process. Third, this work identifies prominent theoretical perspectives underlying the reviewed publications as well as theories not yet utilized to their full potential. Fourth, it reveals auspicious avenues for future research all along the process.

Keywords: *Entrepreneurial exit, Entrepreneurial team member exit, Entrepreneurial teams, Exit process, Systematic literature review, Team composition,*

Track: *Entrepreneurship*

Word count: 9.753

1. Introduction

The economic theorization of the entrepreneur as a lone individual has been adopted as the foundation of entrepreneurship research for many years (Harper, 2008). Recently this notion has been challenged by the ongoing emphasis of scholars on the importance of entrepreneurial teams (Cooney 2005; Schjoedt and Kraus 2009; Schjoedt *et al.* 2013; Ben-Hafaïedh and Cooney 2017). As Gartner *et al.* (1994) phrase it, “the entrepreneur in entrepreneurship” is not an individual but mostly a group of people. The majority of new ventures are founded and led by a team of entrepreneurs (Kamm *et al.* 1990; Ruef, Aldrich

and Carter; Beckman 2006; Loane, Bell and McNaughton; Tihula *et al.* 2009), which reach better results than single-founder ventures, due to their positive impact on firm growth and performance (Cooper and Bruno 1977; Lechler 2001; Stam and Schutjens 2006). Furthermore, teams in entrepreneurship also have considerable effects on the economy by founding new ventures, generating jobs as well as introducing innovative products to the market. Thus, scholars are led to the insight that “The Myth of the Lonely Only Entrepreneur can be and should be laid to rest” altogether (Schoonhoven and Romanelli 2009).

Team’s actions can severely influence the course of development of the venture, particularly in young firms (Eisenhardt and Schoonhoven 1990; Eisenhardt 2013). The composition of teams as well as its impact on venture performance have been the focus of several studies in this field of research (Ensley and Hmieleski 2005; Visintin and Pittino 2014; Zhou, Hu and Zey 2015). However, the composition of entrepreneurial teams is dynamic and thus changes over time with the addition of new members and the exit of current members resulting in differing implications for the venture as well as the team itself (Ucbasaran *et al.* 2003; Chandler, Honig and Wiklund 2005; Loane, Bell and Cunningham; Breugst, Patzelt and Rathgeber 2015). Scholars argue that such entrepreneurial exits represent an essential part of the entrepreneurial process (DeTienne 2010; Aldrich 2015).

Similarly, to the high rate of team start-ups (Ruef 2010), exit of individual team members in those ventures occurs frequently (Hellerstedt, Aldrich and Wiklund 2007; Hellerstedt 2009) and holds consequences for the individual members and the respective company (Breugst, Patzelt and Rathgeber 2015). While research on entrepreneurial exit gained momentum in the past decade (DeTienne and Wennberg 2016), current work on exit in the context of entrepreneurial teams is rather scarce but could provide important insights in the topic of team dynamics and venture success (Wennberg and DeTienne 2014).

In order to shed light on this ambitious topic of research the underlying paper aims to present a systematic literature review on exits in context of entrepreneurial teams. This article provides an (1) analysis of past research on the exit process (antecedents, initiation, routes, and consequences), (2) identifies theoretical perspectives and (3) demonstrates avenues for future research in this field.

2. Definitions

Entrepreneurial Teams

There is no consensual use of a standardized definition for entrepreneurial teams among scholars (e.g. Kamm *et al.* 1990; Ensley, Carland and Carland; Cooney 2005; Harper 2008), causing existing research to frequently draw upon existing ones and sometimes establishing own definitions (Schjoedt *et al.* 2013). Some authors define entrepreneurial teams as two or more individuals in a jointly established firm with a financial interest (Kamm *et al.* 1990; Cooney 2005). Others focus on the involvement in decision-making processes (Gartner *et al.* 1994; Klotz *et al.* 2014), direct influence on the strategy of the new venture (Ensley, Carland and Carland) or occupation of an executive position (Eisenhardt and Schoonhoven 1990). The ownership of a significant equity stake is arguably important to be considered an integrant (Ucbasaran *et al.* 2003). There are definitions, which are meticulous and sophisticated trying to incorporate as many distinctive features as possible (e.g. Schjoedt and Kraus 2009), but also rather open definitions with room for interpretation (e.g. Harper 2008). In addition to definitional incongruences, the extensive terminology provides challenges for this field of research. Besides entrepreneurial teams, the literature utilizes top management teams, new venture teams, start-up teams, family teams, or founding teams (Ensley and

Hmieleski 2005; Wu *et al.* 2009; Hauser, Moog and Werner 2012; Zhou, Hu and Zey 2015) in order to describe this phenomenon.

Apparently, the terminology is vast and there are several synonymous terms in the literature (Schjoedt *et al.* 2013). To avoid the exclusion of articles due to narrow definitions and in and to prevent scientific misconceptions, this work strives for a rather broad definition of teams within the entrepreneurial context. We therefore emphasize the rationale of Cooney (2005, p. 229), stating that an entrepreneurial team consists of “two or more persons, who share a significant financial interest in the venture and participate actively in the development of the enterprise.” This definition considers the pre-start-up phase as well as the evolutionary character of entrepreneurial teams and thus represents a fitting definition for the underlying research.

Entrepreneurial Team Member Exit

Definitions of entrepreneurial exits are depending on the level of abstraction and can be divided into the individual perspective, implying the exit of an individual entrepreneur, and the organizational perspective, which comprises market exits or the dissolving of enterprises (Wennberg and DeTienne 2014). As we focus on the exits of individual team members in entrepreneurial teams, an individual approach is needed. In accordance with the individual perspective, DeTienne (2010, p. 204) defines the entrepreneurial exit as “the process by which the founders of privately held firms leave the firm they helped to create; thereby removing themselves, in varying degree, from the primary ownership and decision-making structure of the firm”. Since the definition implies the completed foundation of the business and the entrepreneurial process doesn’t necessarily start with a legal foundation, the underlying paper relates this definition to pre-start-up teams. Additionally, an emphasis is put on the importance of the company or the respective team in remaining operative without the exiting team member. If this prerequisite is not fulfilled, the exit may be considered as organizational. Moreover, it is possible for team members to leave the team but not the company, e.g. when giving up their equity stake and changing into an employment relationship (Loane, Bell and Cunningham). Therefore, we define entrepreneurial team member exit as the process in which a member of an entrepreneurial team leaves the team, while the remaining team member(s) continue(s) to develop the (prospective) company.

3. Methods

This review applies a systematic review approach, which is characterized by transparency and reproducibility and should reduce subjectivity and bias in data collection (Tranfield, Denyer and Smart 2003). Such a review is carried out in three phases - planning, conducting, as well as reporting and dissemination of results of the review (*ibid.*). Alongside this method, the analysis is oriented towards the review process model used by Wang and Chugh (2014) and de Mol, Khapova and Elfring (2015).

As common with every methodology, a systematic review approach is not without limitations or challenges (Pittaway *et al.* 2004). Still, it contributes to scientific rigor and limits the application of simple heuristics (Crossan and Apaydin 2010). The first screening of potential articles led us to the notion that generalization of findings will not be possible since research in this area of study is underrepresented and seldom deals with the same research questions. Therefore, a meta-analysis and quantitative approaches seem inappropriate (Tranfield, Denyer and Smart 2003). Hence, this article opts for a rather open and qualitative way to analyze and interpret the discovered articles.

The first step asked to produce a formal document named review protocol containing the exact process of the search strategy (Tranfield, Denyer and Smart 2003). The research

objective, conceptual boundaries, search terms, search boundaries, potential search terms, cover period as well as the inclusion and exclusion criteria of the articles were defined.

Following the setting of the research objectives, the key concepts were delineated in order to narrow down the search and fit our research objectives. In this case, these conceptual boundaries consisted of “entrepreneurial teams” and “entrepreneurial exit” as well as a synthesis of those key terms.

Primarily, we searched for articles in the databases of Web of Science and EBSCO Host. Additionally, Google Scholar was used to confirm the results from those databases. We refrained from specifying a definite starting date for the search. Articles prior to 1990 were not expected as this was the year when Kamm *et al.* (1990) published one of the more influential articles theorizing entrepreneurial teams (Cooney 2005; Harper 2008; Schjoedt and Kraus 2009). All articles until May 2017 were included, marking the end of the cover period.

In relation to the conceptual boundaries, several search terms were identified. Due to synonymously used concepts (e.g. Beckman, Burton, and O'Reilly, 2007; Zhou, Hu and Zey, 2015) and the “proliferation of terminology” (Schjoedt and Kraus 2009) regarding entrepreneurial teams, different search terms were required in order to cover the broad spectrum of teams. Similar to entrepreneurial teams, there is a considerable number of expressions describing an exit of team members. Search terms, therefore, were rather extensive (see appendix).

The search strategy included an individual search of two researchers and a subsequent fusion of the search results. This increased the search efforts due to overlapping results but offered an additional way of search validation.

After screening the titles, abstracts, and keywords, 133 articles were shortlisted for further investigation. These 133 articles were thoroughly checked and further exclusion criteria were applied. In this step, articles that neither offered the context of new ventures or pre-start-ups nor showed focus on teams were eliminated. Furthermore, papers dealing with topics of firm- or business exits, which imply the dissolution of the whole team, were excluded, as they did not fit the proposed definition of entrepreneurial team member exit. Articles emphasizing changes or turnover concerning employees and corporate teams, e.g. work groups, temporary teams and project teams, were neither appropriate due to the definitional incongruences. Articles published in books, conference proceedings (with the exception of Frontiers of Entrepreneurship research, as it is listed in the VHB Journal Rating) and working papers were eliminated. This phase has discarded 92 of the 133 articles. The final sample consisted of 41 articles for in-depth analysis.

Remaining articles were screened for variables derived from the research objective and exit literature (Wennberg 2007; Wennberg *et al.* 2010; Wennberg and DeTienne 2014) on antecedents, routes and consequences of entrepreneurial team member exits. We added the initiation of the exit as a variable within the process to identify the party, which is triggering the exit – the exiting individual, the remaining team member or corporate stakeholders (Gregori and Breitenacker 2017).

The articles were coded manually and independently. Both authors inspected the coding of the respective other author, subsequently fusing the coded articles. Differences between the codes were discussed and findings were streamlined. Overall, the articles were analyzed content-focused, i.e. articles providing information on team member exit were included although they do not solely focus on this topic (see the Appendix for the process model of the review).

4. Results

4.1 Journal characteristics

Although interest has been growing in recent years, research on entrepreneurial exit and on entrepreneurial teams is still in its infancy (Klotz *et al.* 2014; DeTienne and Wennberg 2016). The earliest two articles were published in 1993 followed by one article in 1997 and then in the year 2000. Since 2002 there is a continuous stream of publications of at least one article per year in our sample, with a small peak in 2006 and 2015. Overall, the number of papers fitting the conceptual boundaries and therefore the topic is negligible.

The 41 articles were published in 20 different journals (see table 1). The Journal of Business Venturing and Entrepreneurship Theory & Practice, which are among the top of the field of entrepreneurship, have the highest count in terms of publications with nine and eight papers respectively. In terms of the number of publications, they are followed by the Academy of Management Journal with three publications and Organization Science, Journal of Small Business Management, International Small Business Journal and Frontiers of Entrepreneurship Research with two articles in each case. Every other journal contributes one publication to the sample. With the Journal of Small Business Management, International Small Business Journal, Family Business Review, Small Business Economics and International Journal of Entrepreneurship and Small Business, there are several journals, which are at least partly dedicated to the field of entrepreneurship.

Table 1: Distribution of publications per journal per year (in intervals)

Abbr.	Journal	199	199	200	200	201	sum
		3	8	3	8	3	
		199	200	200	201	201	
		7	2	7	2	7	
JBV	Journal of Business Venturing	2	1	5		1	9
ETP	Entrepreneurship Theory & Practice		1	3	1	3	8
AOM							
J	Academy of Management Journal	1	1			1	3
OS	Organization Science			1	1		2
JSBM	Journal of Small Business Management			1		1	2
ISBJ	International Small Business Journal				1	1	2
FER	Frontiers of Entrepreneurship Research			1		1	2
JF	Journal of Finance		1				1
MS	Management Science				1		1
AOM							
R	Academy of Management Review					1	1
IJMR	International Journal of Management Reviews					1	1
JWB	Journal of World Business			1			1
FBR	Family Business Review			1			1
SBE	Small Business Economics					1	1
JBR	Journal of Business Research				1		1
	International Journal of Entrepreneurship and Small						
IJESB	Business			1			1
JEC	Journal of Enterprising Culture					1	1
NJ	Negotiation Journal				1		1

IBR	International Business Review					1	1
JOC							
M	Journal of Organizational Change Management					1	1
Total		3	4	13	8	13	41

4.2 Methodological approaches and samples

Quantitative approaches dominate by almost 61% and include different regression models like probit (e.g. Grilli, 2011; Junkunc and Eckhardt, 2009) and logit (e.g. Fiet *et al.*, 1997; Hellerstedt, Aldrich and Wiklund, 2007), hierarchical models (e.g. Chandler, Honig and Wiklund, 2005; Ensley *et al.*, 2002) or event history analysis (e.g. Boeker and Karichalol, 2002; Busenitz, Fiet and Moesel, 2004). In comparison, qualitative approaches are underrepresented and used only by about 22% of the papers. All of these articles employed a case study approach with the exception of one article, which conducted six in-depth interviews and grounded theory for theory building (Forbes *et al.* 2006). Two studies utilize mixed-methods to answer their research questions. Although both articles focused on qualitative methods in their analysis, the studies also incorporate quantitative measurements. The remaining 12,20 % of the papers are conceptual or theoretical in nature. The sample comprises systematic reviews (de Mol, Khapova and Elfring 2015) and critical reviews (Wennberg and DeTienne 2014).

In terms of geographical regions, the majority of articles focused on developed western countries like the United States of America, Belgium, Italy, Germany, Norway, Sweden, Canada or Ireland. Only two of the 36 empirical studies examined less developed countries, thus indicating underrepresentation. These two articles draw their sample from Honduras and Indonesia.

4.3 Theoretical perspectives

Past research has utilized diverse theoretical perspectives. This review focuses on the most prominent ones, which have already been utilized in empirical works: the upper echelon perspectives, the agency theory, the social-capital theory, the resource-based view, the organizational life-cycle theory, and the human capital theory.

The core theme of the upper echelon perspective emphasizes the “the portrayal of upper echelon characteristics as determinants of strategic choice, and through these choices, of organizational performance” (Hambrick and Mason 1984, p. 197). According to this theory, the organization is a reflection of its top management team and can explain consequences of team changes in form of exits. Team member exits are altering team characteristics and composition and therefore impact the venture performance (Vanaelst *et al.* 2006).

The agency theory explains the relationship between two parties, where one party is “acting for” the other. The agency relationship occurs when one party (the principal) engages another party (the agent) to perform some tasks and make decisions. The agency problem emerges due to the shift and divergences of interests, goals and risk preferences (Jones and Butler 1992). This theory is, for example, applied in explaining the relationship between entrepreneurial teams and venture capitalists (Rosenstein *et al.* 1993; Fiet *et al.* 1997; Junkunc and Eckhardt 2009).

The social-capital concept emphasizes the importance of the individual in the organizational process. Social capital is a combination of cultural and economic capital, which is based on social relations, the access to, and use of resources embedded in social networks as well as on the solidarity and reproduction of groups (Lin, Cook and Burt 2001). Results of publications show that this perspective is potentially viable for explaining the consequences for the firm as

well as the performance after a team member exit (Bamford, Bruton and Hinson 2006). Moreover, the social-capital theory provides insights into antecedents of team exits and additions as it explains resource-seeking behavior of individual team members (Forbes *et al.* 2006).

The resource-based view, as well as the knowledge-based view, claim that the most significant resources of a company, include tangible and intangible assets, thus among others emphasize production inputs and knowledge, as the fundamental determinants of competitive advantage and performance (Wernerfelt 1984; Grant 1996). This perspective is utilized to understand the potential influence of team member exits in the resource- and knowledge base of the firm (Loane, Bell and Cunningham) and describes the consequences of exits for a firm's performance (Le, Kroll and Walters 2017) as well as its propensity to internationalize (Hauser, Moog and Werner 2012).

The organizational life-cycle theory assumes that firm development follows certain stages in which every phase poses specific characteristics and challenges (Haire 1959; Phelps, Adams and Bessant 2007). This concept is employed to explain antecedents of exits as team member exits might occur due to different needs in different stages of development of the enterprise (Drazin and Kazanjian 1993; Boeker and Wiltbank 2005). Furthermore, it provides insights into the consequences of team member exits because the benefits of such an event might be contingent on the stage the enterprise is currently in (Chandler, Honig and Wiklund 2005).

The notion of human capital includes resources such as experience, intelligence or judgment of individual managers and/or workers of a firm, which yield competitive advantage (Barney 1991). Shifted to entrepreneurial teams, each team member provides different forms of human capital, therefore, adds potentially unique resources (Ucbasaran *et al.* 2003). Similarly to the resource-based view, changes in team composition therefore can change available resources of the firm and team member exits can influence venture performance (Grilli 2011). Moreover, revised articles show that reasons for team exits and additions differ in a human capital perspective (Ucbasaran *et al.* 2003; Forbes *et al.* 2006).

4.4 A process framework for entrepreneurial team member exits

In the review process, we gradually categorized the findings of the literature review and derived a framework, which is presented in figure 1. While analyzing the articles, the provided information on antecedents has been categorized on different levels of analysis, namely individual level, team level, and organizational level. The individual level describes individual characteristics of the involved person for example personal ambition (Vanaelst *et al.* 2006), individual skills (Goi and Kokuryo 2016), age or salary (Hellerstedt, Aldrich and Wiklund 2007), which exert an impact on the exit of a team member. In addition, the team itself provides another level of analysis including, for example, team heterogeneity

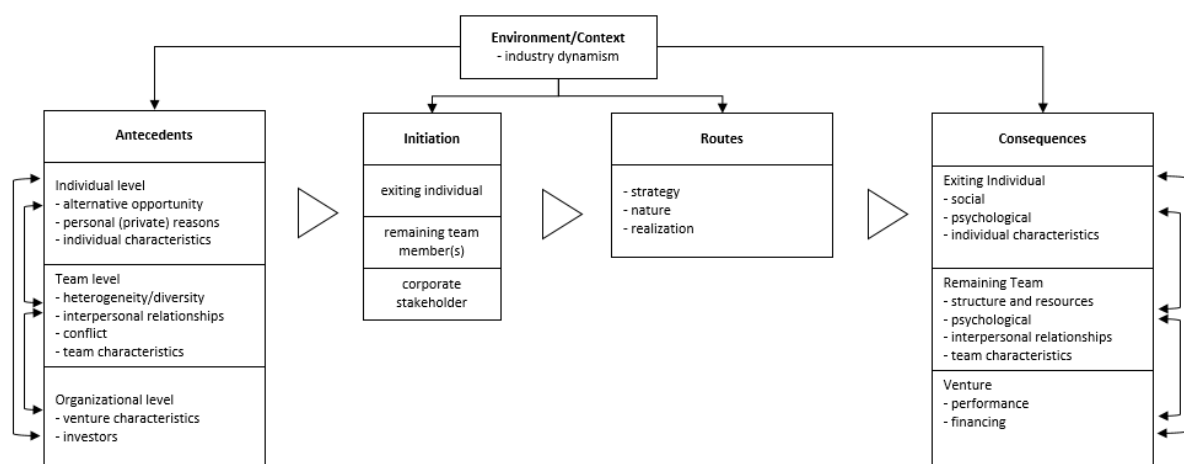


Figure 1: Framework for the process of entrepreneurial team member exit with current findings

(Chandler, Honig and Wiklund 2005), interpersonal relationships between team members (Clarysse and Moray 2004; Breugst, Patzelt and Rathgeber 2015) or contrasting perspectives (Ensley, Pearson and Amasone). The organizational level explains influence of other stakeholders not included in the team such as venture capitalists or business angels (Rosenstein *et al.* 1993; Hellmann and Puri 2002; Collewaert 2012) as well as the aspects of the venture itself such as performance factors (Bamford, Bruton and Hinson 2006), firm size (Boeker and Karichalol 2002) or different stages of venture development (Drazin and Kazanjian 1993). In this regard, further sub-clusters of antecedents on the different levels were added, which were derived from the results of the literature review. The exit routes have also been specified by adding strategy (Wennberg and DeTienne 2014), nature (Loane, Bell and Cunningham) and the realization (Junkunc and Eckhardt 2009) of the team exit.

We divided consequences into categories of the exiting individual, remaining team and venture, i.e. social and psychological consequences for the individual (Breugst, Patzelt and Rathgeber 2015), structural or interpersonal consequences for the remaining team (e.g. Beckman and Burton, 2008; Clarysse and Moray, 2004) or performance consequences of the venture (Guenter, Oertel and Walgenbach 2015). We also emphasized the contextual embeddedness and environmental influences of the whole process (Chandler, Honig and Wiklund 2005; Wennberg 2007), which in turn may influence every stage of the process. This framework and concomitant categories and subdivisions served as the foundation for the final classification of the reviewed articles (the complete list of articles and classification according to variables can be provided by the authors upon request).

Results show that the process of entrepreneurial team member exit is intertwined. For example, in entrepreneurial exits, it is unlikely that there is one singular reason for an exit (Ronstadt 1986) and therefore it is possible that every presented level of antecedents may play a role in an exit process at the same time, which are interrelated and anticipatively not explicitly separable in unique cases. The same can be said about consequences. If an exit has an impact on the remaining team (e.g. work norms), this might also influence consequences for the venture and vice versa. This is represented by arrows connecting the different levels of analysis of antecedents and perspectives on consequences. Moreover, every part of the process may be connected e.g., different antecedents may lead to different initiators, which in turn can influence the route of the exit as well as the consequences.

4.5 The process of entrepreneurial team member exit

Antecedents. Several antecedents lie explicitly in the sphere of the *individual level*. Results show that a member of an entrepreneurial team may leave because of better prospects elsewhere (Loane, Bell and Cunningham). Exiting due to other opportunities is considered as a typical reason for exit in the literature (DeTienne 2010). Entrepreneurs pursue other opportunities, which include internships, job offers, and studies (Goi and Kokuryo 2016). Furthermore, lifestyle issues or family reasons can also trigger exit (Muske and Fitzgerald 2006; Loane, Bell and Cunningham; Goi and Kokuryo 2016). Another factor of influence is the individual role and skills of the team member. An exit is, therefore, more likely if the entrepreneurial team member is working in research and development or he/she is one of the original founders (Boeker and Karichalol 2002) and an overall lack of role of the individual in the venture may also lead to an exit (Goi and Kokuryo 2016). Related, an exit or replacement of the team member can happen due to insufficient skills (Goi and Kokuryo 2016) or the need for different skills, which the individual cannot provide anymore (Drazin and Kazanjian 1993). Emotional and/or psychological feeling towards their current work within the team and the enterprise is also mentioned as a reason for team member exits. For

example, a team member may leave because she/he no longer feels suitable for the job (Collewaert and Fassin 2013). Additionally, individual characteristics like advanced age and higher salary of the team member in their current venture make exits less likely (Hellerstedt, Aldrich and Wiklund 2007).

In terms of *team level* characteristics, team heterogeneity is of utter importance for team member exits. Heterogeneity concerning education, functional expertise, industry experience (Chandler, Honig and Wiklund 2005), entrepreneurial experience (Ucbasaran *et al.* 2003) as well as age and industry experience (Hellerstedt, Aldrich and Wiklund 2007) is positively related to exits in a team context. Team heterogeneity leads to conflict among team members, which in turn results in a team member exit (Chandler, Honig and Wiklund 2005). Contrary, functional diversity among team members mitigate team turnover (Boeker and Wiltbank 2005) and sex diversity has a negative effect concerning team exits (Hellerstedt, Aldrich and Wiklund 2007). Thus, different forms of heterogeneity or team diversity can have different effects on the team and the respective exit of team members.

Diverging views and attitudes of the team members can also affect a possible team exit. Differing ambitions (Vanaelst *et al.* 2006), diverging understanding of how to conduct business (dedication) (Discua Cruz, Howorth and Hamilton 2013) or contrasting perspectives of team members may lead to alienation, anger and conflict (Ensley, Carland and Carland), which in turn peak in an exit. Team members may also be dismissed by their colleagues to overcome conflicts, if they perceive them to have a different strategic approach (e.g. unwillingness to internationalize) (Loane, Bell and Cunningham) or lacking productiveness (Hauser, Moog and Werner 2012). In addition, incongruences of entrepreneurial team passion among team members are theorized to shape the departure of single members (Cardon, Post and Forster 2017).

Interpersonal relationships between team members play a pivotal role in team composition. The strength of the ties between individual team members affects exit intentions (Zolin, Kuckertz and Kautonen 2011). Similarly, friendship within the entrepreneurial team can matter in a sense that lower levels of friendship among team members hinders team formation and facilitates team member exit (Francis and Sandberg 2000). Further results reveal the importance of distrust within the entrepreneurial team. Low intra-team trust leads to conflict and low team cohesion and exits (Discua Cruz, Howorth and Hamilton 2013; Breugst, Patzelt and Rathgeber 2015).

Other dimensions positively affecting team member exits include higher average generic and specific work experience (Grilli 2011) and higher specialized knowledge within the entrepreneurial team (Muske and Fitzgerald 2006), younger age of team members as well as larger team size (Chandler, Honig and Wiklund 2005; Hellerstedt, Aldrich and Wiklund 2007).

In relation to characteristics on an *organizational level*, several articles emphasize the influence of investors such as venture capitalists or business angels (Busenitz, Fiet and Moesel 2004) and/or the advisory board (Breugst, Patzelt and Rathgeber 2015). The influence of decision making by investors is undisputed and can have a paramount impact on the composition of the entrepreneurial team (Busenitz, Fiet and Moesel 2004; Lim, Busenitz and Chidambaram 2013). Venture capitalists professionalize firms they invest in and therefore change the team to fit their expectations (Hellmann and Puri 2002) and dismissals by investors can occur due to different needs in the different stages of growth of a venture (Drazin and Kazanjian 1993). Furthermore, if members of the entrepreneurial teams are underperforming or dissenting, investors can cause an exit (Beckman, Burton, and O'Reilly 2007; Loane, Bell and Cunningham). Results also show that ethical issues could be an

antecedent for entrepreneurial team member exits. In a case of Collewaert and Fassin (2013), an investor dismissed a team member due to the unethical behavior of embezzling money. In some instances, the replacement of an entrepreneurial team member is a prerequisite for venture capitalists to invest in the company at all (Clarysse and Moray 2004). The overall influence of outside equity is therefore expected to be moderated by the ownership within the enterprise. Higher levels of ownership and control by investors by venture capitalist are positively associated with team exit (Fiet *et al.* 1997; Boeker and Karichalol 2002).

The interpersonal relationship between entrepreneurial team and investors further affects possible exits. A study found a strong positive relationship between positional bargaining in the pre-investment period and member dismissals after the investment. If investors use this specific bargaining strategy the affected entrepreneurial teams tend to experience more exits (Erikson and Berg-Utby 2009). Hence, the way of negotiation of investors and team members may influence their interpersonal relationship and thus, team member exit. Additionally, tensions between the team of entrepreneurs and investors can arise leading to relationship conflicts (Lim, Busenitz and Chidambaram 2013), as well as task and goal conflicts (Collewaert 2012), potentially causing exits. In this regard, scholars found that mutually fair treatment (procedural justice) reduces the exit of team members (Fiet *et al.* 1997).

Additionally, companies with lower profits (Muske and Fitzgerald 2006) and larger in size (Boeker and Karichalol 2002) experience more team member exits.

In terms of influencing factors on the *context level*, only one article explicitly deals with such factors. Chandler, Honig and Wiklund (2005) made efforts to incorporate industrial dynamism into their research and show that more dynamics lead to more team exits.

Initiation. Initiation describes which of the actors involved in the team member exit are triggering the exit (Gregori and Breitenacker 2017). The majority of articles deal with entrepreneurial team member exits initiated by stakeholders, i.e. venture capitalists (e.g. Busenitz, Fiet and Moesel 2004; Erikson and Berg-Utby 2009) and business angels (e.g. Collewaert and Fassin 2013) or broadly termed investors (e.g. Lim, Busenitz and Chidambaram, 2013). However, there are also some examples of exits triggered by the exiting individual. Here the exiting individual confronts his/her team members with the decision to leave the entrepreneurial team (e.g. Discua Cruz, Howorth and Hamilton, 2013; Goi and Kokuryo, 2016). Additionally, we could identify cases where the remaining team member(s), which stay with the company after the exit, dismiss one individual of the team (e.g. Hauser, Moog and Werner, 2012; Loane *et al.*, 2014). For example, a remaining team member initiates the exit of a colleague to carry on the venture without him/her. Therefore, the articles provide examples of team member exits triggered by (1) the exiting individual, (2) team member(s) staying within the team/enterprise or (3) corporate stakeholders.

Routes. Little research exists in regard to the distinct ways of how team members are exiting an entrepreneurial team. Team member exits may be hostile or amicable in nature (Loane, Bell and Cunningham). Either way, selling the shares of the exiting individual to another team member is the most frequently applied exit route (Junkunc and Eckhardt 2009; Loane, Bell and Cunningham). There may be differences between solo entrepreneurs and teams concerning the ways to exit. Teams more often lead high-growth ventures and therefore it is a necessity for those teams to focus on performance. Hence, individuals of team ventures should be more focused on explicit harvest strategies (Wennberg and DeTienne 2014).

Consequences. The consequences of the exit of *exiting individual* are hardly analyzed in the reviewed articles. Breugst, Patzelt and Rathgeber (2015) provide the only example and explains that the exiting individual isolated himself not only from the remaining team and enterprise but also from his other social environment. He not only deleted his social media

account and changed his telephone number as well as his e-mail addresses, but also left the country for quite some time.

On the other hand, research on the consequences of the exit of a member for the *remaining team* is more frequent. Beckman and Burton (2008) emphasize that the exit of a team member alters the functional structure of an entrepreneurial team. The roles of the remaining team members change (Vanaelst *et al.* 2006) and teams that experience exits tend to hire new members or managers (Ferguson *et al.* 2016). The departure of team members can lead to a critical lack of competencies, which needs to be compensated by adding new team members (Goi and Kokuryo 2016). Such an influential event might affect motivation, interactions, the way of working, and dynamics of the remaining team (Breugst, Patzelt and Rathgeber 2015). Furthermore, authors claim that the exit impacts the shared strategy of a team (Loane, Bell and McNaughton), the shared entrepreneurial vision (Preller, Breugst and Patzelt 2015) as well as the team entrepreneurial passion (Cardon, Post and Forster 2017). Additional results imply psychological consequences for remaining team members, for example, if a friend is leaving (Francis and Sandberg 2000).

Consequences for the *venture* are manifold. Most of the examined studies focus on the venture performance measured by indicators such as IPO, sales, revenue, or venture capital funding. Positive effects have been found on IPO, venture capital funding (Beckman and Burton 2008), and profitability (Chandler, Honig and Wiklund 2005). Contrary, Beckman, Burton, and O'Reilly (2007) shows that founder exits lead to fewer IPOs. Further, scholars demonstrate negative effects on the survival rate (Haveman and Khaire 2004; Le, Kroll and Walters 2017), and an increased risk of failure (Guenter, Oertel and Walgenbach 2015). However, the literature suggests that the positive and negative consequences of team member exits might heavily depend on the role and timing of the leaving individual (Haveman and Khaire 2004) as well as the development stage of the venture (Chandler, Honig and Wiklund 2005).

5. Discussion and future research

Theoretical Perspectives

The theoretical concepts mentioned in the reviewed articles help to obtain a generic explanation of antecedents behind the exit of entrepreneurial team members as well as its consequences. Each of the theoretical perspectives illuminates different parts of the process of entrepreneurial team member exits and therefore the utilized theories can explain aspects of the process depending on the research question. We also find that a combination of perspectives provides a more comprehensive picture of team member exits.

Most theories stem from organizational or management research. However, theories from other fields like sociology or psychology enable us to better understand the phenomena of entrepreneurial team member exits. For example, the theory of organizational ecology can be utilized to explain how social, economic and political conditions affect the diversity and thus, collaboration and potential composition over time (Freeman and Hannan 1989; Boone, Wezel and van Witteloostuijn 2006). In addition, our review also revealed theoretical perspectives which have not yet applied yet offer interesting foundations for further research, e.g. entrepreneurial team cognition (de Mol, Khapova and Elfring 2015), team entrepreneurial passion (Cardon, Post and Forster 2017) or the theories of faultlines (Lim, Busenitz and Chidambaram 2013).

Process of Entrepreneurial Team Member Exits

Antecedents. On an *individual level*, we could find alternative opportunities (e.g. jobs, studies), personal reasons (e.g. marriage, children) or individual characteristics (e.g. age,

skills, salary). Findings of entrepreneurial exit research on an individual level could also enrich team member exits in this regard (e.g. Cooper 1985; Ronstadt 1986; Parastuty *et al.* 2016). Nevertheless, one should keep in mind that there are important differences between conventional entrepreneurial exits and team member exits because of the team context. For example, the role of the individual entrepreneur within the team, which is also considered as an individual characteristic, may be a reason for an entrepreneurial team member exit (Goi and Kokuryo 2016). Therefore, antecedents may differ significantly between solo-founder and team context.

On the *team level*, we identified team heterogeneity (e.g. education, expertise experience, functional), interpersonal relationships (e.g. strength of tie, friendship, trust), conflicts (e.g. over strategy, views, dedication) and team characteristics (e.g. team entrepreneurial passion, collective cognition, average age, team size, distributive justice) derived from the screened articles. Although some interesting findings are presented, our knowledge about team level antecedents is fragmented. Especially the mechanisms within teams leading to change in team composition are not sufficiently studied. Breugst, Patzelt and Rathgeber (2015) tried to open this black box proposing that negative interaction spirals lead to more exits in a team context. Still, further research is needed in this regard to expand our knowledge about the interpersonal relationships among entrepreneurial team members and their impact on potential exits. Furthermore, the question arises whether conflicts are the main reason for team member exits as for example Vanaelst *et al.* (2006) postulate. Related, one could ask what the relationship between different heterogeneity measures, conflict and team exits is.

On the *organizational level*, the characteristics of the company (e.g. age, performance, size) may influence team member exits as well as investors. Especially latter are in the focus of several scientific contributions, which deal with the influence of business angels or venture capitalists on the team composition. Future research could investigate the role of other stakeholders such as employees in the process. Additionally, further research concerning the specific reasons and motivations of venture capitalists changing team composition could enrich our understanding of their actions.

As for *context*, we could find one article dealing with industry dynamism (Chandler, Honig and Wiklund 2005). However, it is conceivable that contextual factors like cultural norms, laws, regulations or institutional logics (Dufays and Huybrechts 2017) also influence the process. This perspective should gain more attention in future scientific works.

Initiation. In contrast to entrepreneurial exits of single-owner entrepreneurs, exits in team context do at least have two actors, which could initiate an exit – the leaving individual or the remaining team member(s). Additionally, our results show that corporate shareholder could have the power to trigger the exit of a team member. Hence, various actors with their personal their personal subjective reasons are involved in the decision of initiating a team member exit. Those reasons indicate different antecedents and can influence the exit process (Gregori and Breitenacker 2017). Looking at the entrepreneurial team member exit from the process perspective, it is conceivable that the “who” and “how” of the initiation will subsequently also influence the exit routes as well as the consequences of the exit for the exiting individual, the remaining team member(s) and the venture. Although some of the reviewed articles shed light on the initiation of the exit, the focus of them lies elsewhere and most of the time information on the triggering party is implicitly given within the presented cases of the articles. Further research should capture this mechanic more explicitly and try to associate it with other parts of the process.

Routes. In terms of routes to exit in a team context, the screened articles provided little insights. We know little about different strategies, options or realization of the exit after the

initiation. Here, exit strategies like cessation, which includes the bankruptcy of the firm (DeTienne, McKelvie and Chandler 2015; Parastuty *et al.* 2016), or liquidation as an exit route (Wennberg *et al.* 2010) are excluded by definition. Hence, not every exit route of conventional entrepreneurial exits is readily applicable. The selling and retaining of the shares of the exiting individual is briefly discussed as a possible way to exit (Junkunc and Eckhardt 2009; Loane, Bell and Cunningham). However, there is limited research on the topic of how entrepreneurial teams handle a team member exit. Besides the rather formal description of an exit route respective strategy, there is also an interpersonal component between the involved actors while carrying out the exit. More in-depth details on how the team members and other stakeholders interact and negotiate the exit might be beneficial as this can also have severe implications for the consequences of the exit itself. It is possible that hostile exits have other effects on the remaining team member(s), the exiting individual or the overall venture.

Consequences. Results show consequences of entrepreneurial team member exits on the exiting individual, the remaining team and the venture. Interestingly, only one article is explicitly providing examples of consequences for *exiting individuals* (Breugst, Patzelt and Rathgeber 2015). Considering the sometimes massive psychological, social and financial consequences mentioned in the entrepreneurial exit literature (DeTienne 2010), this calls for further investigation. Speaking in terms of the parenthood metaphor of entrepreneurship (Cardon *et al.* 2005); the exiting entrepreneurs do not only leave their “baby”, which they nurtured and looked after. They also leave their social environment where they spend a large amount of time to promote the development of the mutual venture, which also includes friendships with other team members. Thus, there are differences between consequences for the exiting individual in team ventures and single-owner ventures and further research should thoroughly engage these differences.

The articles of the literature review suggest that an entrepreneurial team member exit can have paramount consequences for the *remaining team*. An exit might have an impact on the shared team characteristics but also individual characteristics of the remaining team member(s). Furthermore, it can have consequences for interpersonal relations, psyche, structure and resources of the team member(s). With the exception of Beckman and Burton (2008), who found significant negative effects of team member exits on the functional structure and prior experience of the team, all other articles were conceptual or qualitative. Further research should quantify presented notions and constructs. Another interesting way to look at consequences could be entrepreneurial learning (e.g. Cope, 2011; Politis, 2005) and exit as an entrepreneurial failure (e.g. Jenkins and McKelvie, 2016). What does the remaining team learn from such an event and/or does they consider it as a failure?

Concerning consequences for the *venture*, we found contradictory results. While some scholars found positive effects of team member exits on the performance (Chandler, Honig and Wiklund 2005; Beckman and Burton 2008), others show negative consequences for said performance (Bamford, Bruton and Hinson 2006; Guenter, Oertel and Walgenbach 2015; Le, Kroll and Walters 2017). Therefore, our overview portrays the inconclusiveness of research on this topic. Reasons for differences in consequences could be manifold. Articles used different indicators for performance, e.g., IPO (Beckman and Burton 2008), survival rate (Haveman and Khair 2004) or risk of failure (Guenter, Oertel and Walgenbach 2015) and different team definitions. Moreover, some articles show the importance of contextual factors (Chandler, Honig and Wiklund 2005) and the role of the exiting individual (Haveman and Khair 2004; Hellerstedt, Aldrich and Wiklund 2007; Beckman, Burton, and O'Reilly 2007) for consequences on an organizational level. This leads to the conclusion that team member

exits are very dependent on contextual dimensions. Thus, one should not ask if an exit of an entrepreneurial team member has positive or negative effects on the venture, but rather what consequences occur under certain circumstances. Knowledge of effects on the exiting individual and on the remaining teams are also fragmented and should be treated in a similar fashion.

6. Conclusion and limitations

In conclusion, our knowledge on this topic is fragmented on different levels of analysis. Although some work shed light on different parts and perspectives of the process, further research is needed in order to achieve a more comprehensive view of the phenomenon. Entrepreneurial team member exits are socially complex in nature and therefore provide a fruitful starting point for the application of different theoretical perspectives and methods in further research avenues.

The search comprised of relevant search terms and was conducted with major search engines. Nevertheless, the literature search may not have included every source relevant to the topic. Furthermore, we validated our clustering and coding of the articles by applying an independent coding strategy and subsequently discussing and streamlining our results. Other researchers, however, may have come to other results in terms of coding. We did not include working papers and books in the review.

The elaborated framework presents a possible outline for the process of entrepreneurial team member exit. The framework incorporates variables and sub-clusters derived from the literature review and is therefore not encompassing by any means. It is rather a presentation of findings and offers a foundation, which should be extended with future contributions. Furthermore, like most frameworks, it represents a simplified abstraction of a much more complex reality. However, with the classification, we do not aim for a comprehensive representation of team member exits as they happen in everyday business life but instead try to offer an overview of current findings, reveal possible gaps in research and present a map for scholars to find explicit or implicit information on parts of the process. The presented framework displays the complex nature of the process but also calls for further refinement and additions through new insights in the future.

Due to our approach to give an overview, we could not elaborate on the different facets of the broad topic. Hence, we encourage other scholars to use this article as a roadmap to look into the presented aspects in more detail.

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Appendix

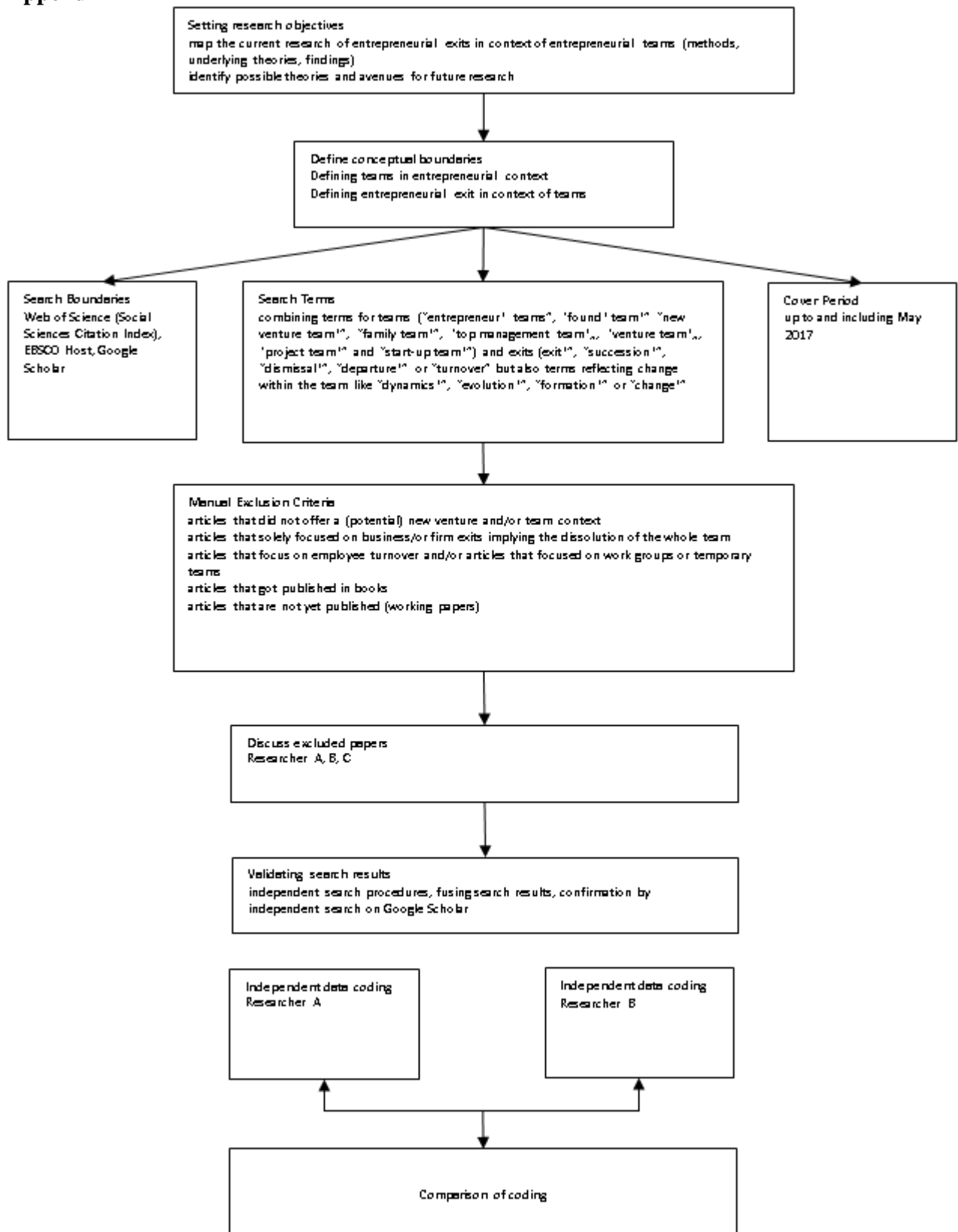


Figure 2: Literature review process