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Giving up the hats? Entrepreneurs' role transitions and venture growth

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ABSTRACT

At the start of a venture, most entrepreneurs wear many hats. However, entrepreneurs often cannot remain involved in every aspect of the venture process, and so they face important decisions about which roles to give up, which roles to retain, and which new roles to adopt. For many, this process is particularly difficult as roles represent more than just something entrepreneurs do but also an important part of who they are (role identities). Through an inductive field study, this research reveals how and why entrepreneurs add, subtract, or retain roles. We find three mechanisms—perceiving the entrepreneur as someone who ‘gives up the hats,’ discovering new meaning (new role identities) within the venture, and role identity imprinting—lead to a narrowing of one's role set, which ultimately influences venture growth.

Executive summary

Scholars and practitioners have long-viewed entrepreneurship not as a singular activity, but as an amalgamation of numerous, highly-varied activities. Accordingly, entrepreneurship reflects a process often referred to as “wearing many hats.” Wearing many hats can allow the entrepreneur to conserve resources by relying on one's self to perform a broad range of activities rather than expending resources by hiring employees; it can also help improve an entrepreneur's holistic understanding of an organization by teaching them about various aspects of the business. Despite these benefits, entrepreneurs cannot remain involved in all aspects of the business if their ventures are to grow.

However, we lack an understanding for how and why entrepreneurs give up these hats, and the important influence this has on venture growth. Through an inductive study that involved interviews with 45 entrepreneurs experiencing highly-varied growth trajectories, we explore the link between entrepreneurs' role-related perceptions and actions and venture growth. Specifically, we find three mechanisms—perceiving the entrepreneur as someone who ‘gives up the hats,’ discovering new meaning (new role identities) within the venture, and role identity imprinting—relate to a narrowing of one's role set, which ultimately impacts venture growth.

In so doing, we advance our understanding of entrepreneurship in several important ways. First, we advance venture growth theory by articulating role-related mechanisms closely associated with venture growth. Second, we add to entrepreneurial role identity theory the notion that the identities entrepreneurs possess prior to launching their venture might not be as enduring as prior research implies, and that the formation of new identities depends on key role-related mechanisms. Finally, our research offers implications for imprinting theory by explicating a new theoretical process of imprinting—role identity imprinting—which helps explain why ventures grow. Together, we develop theory around a practical and fundamental issue faced by every entrepreneur

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aspiring to grow their venture—the problem of ‘giving up the hats.’

1. Introduction

When entrepreneurs first launch a venture, most wear many hats. That is, nascent entrepreneurs often assume a wide array of roles and responsibilities in their firms (Teoh and Foo, 1997). From selecting marketing mediums and personnel to managing the books and pursuing new venture opportunities, entrepreneurs take on different roles as they identify, evaluate, and exploit new opportunities (Mathias and Williams, 2017). However, venture growth—a central goal of most organizations (Baum et al., 2001)—exerts pressures on entrepreneurs and challenges them to adapt their role sets (Kimberly and Miles, 1980; Penrose, 1959). As their ventures grow, entrepreneurs often cannot remain involved in every aspect of the venture process, and so they face important decisions about which roles to give up, which roles to retain, and which new roles to adopt (Boeker and Wiltbank, 2005; Rubensen and Gupta, 1996). This role transition process is difficult as many roles represent more than just what entrepreneurs do, but roles can become meaningful and self-defining to entrepreneurs, thus representing role identities (Murnieks et al., 2014; Powell and Baker, 2014).

Just as growth influences entrepreneurs' role transition processes, how entrepreneurs navigate these processes also affect the venture's ability to grow. For example, entrepreneurs who delegate key responsibilities free up bandwidth to enable growth, whereas those who continue wearing all the hats may limit their ventures' ability to grow. Prior research posits that the roles entrepreneurs assume influence their growth pursuits and motivations (Cardon et al., 2009; Powell and Baker, 2014). Yet, *how* and *why* entrepreneurs' role transitions influence the process of venture growth remains understudied, as prior research “largely disregards the manner by which growth has been attained” (Gilbert et al., 2006, p. 928) and neglects to consider “potentially qualitative differences in how firms achieve growth” (McKelvie and Wiklund, 2010, p. 261). Thus, we lack theoretical explanations for how and why entrepreneurs manage their role sets and the impact this has on venture growth. Specifically, current research leverages role identity theory to explain why a specific role identity leads to growth motivations or growth-related activities, but neglects to explore the relationship between growth and entrepreneurs' role-related actions. Simply, we explain how and why entrepreneurs ‘hold onto’ or ‘give up the hats,’ and the important association this has with venture growth.

To address this research question, we took an inductive approach, which primarily relied on interviews with 45 entrepreneurs. This data collection effort led to the discovery of three role-related mechanisms (perceiving the entrepreneurial role identity, discovering role identities, and role identity imprinting) that explain how and why entrepreneurs give up roles, which allows their ventures to grow. These mechanisms form the basis of our three theoretical contributions. First, a great deal of prior work rests on the notion of *an* entrepreneurial role identity that contrasts with other professions, such as manager (e.g., Farmer et al., 2011; Navis and Glynn, 2011), or that reflects role identities that vary among entrepreneurs (e.g., Cardon et al., 2009; Powell and Baker, 2014). Our work extends this research by showing entrepreneurs have two drastically different entrepreneurial role identity perceptions—a ‘wear all the hats’ or ‘give up the hats’ perspective—which reflects entrepreneurs' understanding of what it means to be an entrepreneur. Second, although research is clear entrepreneurs have different motivations for launching a venture, and as such, identify with specific aspects of the entrepreneurial process (Cardon et al., 2009; Fauchart and Gruber, 2011; Mollick, 2016), we extend this work by addressing how entrepreneurs negotiate and discover role identities within the venture. Third, although research highlights founders imprint their organizations through their decisions (Bamford et al., 2000; Boeker, 1989; Breugst et al., 2015; Mathias et al., 2015; Milanov and Fernhaber, 2009; Milanov and Shepherd, 2013), we discover a new theoretical process of imprinting—role identity imprinting.

2. Roles and growth in new ventures

Roles represent a fundamental aspect of life that reflect the myriad responsibilities and social positions individuals hold in their everyday life (Ashforth, 2001). Roles carry expectations for goals, values, beliefs, and action (Stets and Burke, 2000). Accordingly, these expectations drive behavior, as individuals look outward to determine how to interact or engage in different social settings (Barley, 1989). Within a work context, individuals assume many roles and constantly balance among them (Ashforth, 2001; Bidwell and Mollick, 2015). Such markedly different roles occur with great frequency in the workplace for a wide range of professions (Petriglieri, 2011; Ramarajan et al., 2016), which can lead to substantially different demands, obligations, and decisions (LeBoeuf et al., 2010).

In addition to possessing many, and often varied, work roles, individuals must also frequently transition between roles over time. Role transitions reflect the multiplicity of an individual's within-work roles and the need to adopt new roles while dropping others. Although some role transitions can occur with relative ease—like taking off and putting on a hat (Ashforth, 2001; Ebaugh, 1988)—other roles can become deeply meaningful and self-defining, thus reflecting role identities, which can be difficult to relinquish (Leavitt et al., 2012). While some roles may become more important, or central, over time, perhaps evolving into role identities, other roles may lessen in importance; further, some roles might become more or less frequently enacted over time (Stryker and Serpe, 1994). Even though a role may become less frequently enacted, it may remain an important, central role, or role identity, to an individual.

Individuals must not only transition between currently-held roles but also transition into new roles and drop other roles as their career develops. Thus, an individual may choose to continue ‘wearing all the hats’ or transition out of one set of roles to a new set of roles. These transitions require significant adaptation, especially if the roles confer meaning and serve as a valued aspect of one's self-concept—that is, they represent role identities. As these role-related transition processes occur, some role identities might become

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