

Special Issue

Small Business Economics: An Entrepreneurship Journal (SBEJ)

“From Founder to Employee: Rethinking Entrepreneurial Career Transitions.”

This special issue of Small Business Economics is open to contributions that rigorously address important and understudied issues related to entrepreneurial founder transitions to organizational employment. While transitions from employment into entrepreneurship has been extensively studied, founder transitions to organizational employment have received much less scholarly attention. This is surprising given the prevalence of the phenomenon (Burton et al., 2016; De Vos et al., 2021; Mahieu et al., 2021). For instance, a study in Belgium found that 85% of entrepreneurs who exited their businesses between 2004 and 2016 transitioned to paid employment (Mahieu et al., 2022). Likewise, over half of the entrepreneurs tracked in the German Socio-Economic Panel from 1991 to 2016 made at least one transition from self-employment to paid employment (Koch et al., 2021).

Yet, we know little about this group of entrepreneurs, such as their motivations, well-being, and effects on the employing organizations. These are important considerations because entrepreneurs who enter organizational roles bring valuable entrepreneurial experience that may be beneficial to employing organizations (Lappi, 2023). However, hiring former entrepreneurs also poses risks to organizations (Feng et al., 2022) such that some firms may be hesitant to hire entrepreneurs (Feng et al., 2024). Thus, it is important to better understand these career transition dynamics and the implications for both individuals and organizations.

This special issue of SBEJ welcome rigorous theoretical and empirical research from a broad spectrum of academic disciplines that address issues related to the challenge, motivations, and opportunities faced by entrepreneurs transitioning to organizational employment. A detailed introduction to the topic is provided below, elucidating numerous important gaps in the literature that inform potential themes and research questions that could be addressed in the special issue.

KEY DEADLINES

Submission of abstracts for In-Person PDW: May 31, 2024

Submission of extended abstracts for Virtual PDW: December 20, 2024

Submission of full papers: June 30, 2025

See pages 5-6 for a complete timeline and submission instructions.

EDITORIAL TEAM

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RELEVANCE AND NOVELTY

For most entrepreneurs, entrepreneurship is not a final destination (Burton et al., 2016). Starting and running a business is merely a stage in their professional journey. A staggering majority of entrepreneurs eventually exit their ventures (Shane, 2008), and instead of immediately pursuing another business opportunity (Hyytinen & Ilmakunnas, 2007; Luzzi & Sasson, 2016), they frequently seek employment in organizations (Koch et al., 2021; Mahieu et al., 2022). Career transition from entrepreneurship to organizational employment, including academia, is quite common (Burton et al., 2016; De Vos et al., 2021; Mahieu et al., 2021).

Given the significant proportion of entrepreneurs who transition to employment within existing organizations, understanding the implications of this career transition would seem to be important for both individuals and organizations. Transitions from entrepreneurship to organizational employment pose significant challenges for former entrepreneurs, who must adapt to a new organizational context that may differ substantially from their previous entrepreneurial environment. It also raises important questions for organizations that seek to attract and retain former entrepreneurs as valuable human capital. Despite the widespread nature of this phenomenon, our knowledge of it remains very limited. Although there is a large literature on entrepreneurial transitions, most studies focus on transitions into rather than out of entrepreneurship (Ding et al., 2023; Kacperczyk & Younkin, 2022). Thus, there is a substantial need to better understand these dynamics and the implications for both entrepreneurs making transitions into the labor force and the organizations that consider hiring them. This major knowledge gap is the impetus for this special issue, which aims to inspire many research questions from different perspectives.

From the perspective of the employing organizations, former entrepreneurs bring a unique set of skills and experiences (Danneels & Vestal, 2020; Lerner et al., 2007) that may help organizations grow and prosper in a rapidly changing world (Faleye et al., 2020; Lappi, 2023). Despite the potential advantages that former entrepreneurs could bring to a new organization, there are challenges and opportunities that they would face in joining the organization. Former entrepreneurs could encounter various problems in the organization as they experience identity transition (Burton et al., 2016; Byrnes & Taylor, 2015) and adapt to a new organizational climate (Hsu et al., 2017). The challenge for an entrepreneur shifting contexts and environments would make sense given the socially situated nature of entrepreneurial cognition (Mitchell et al., 2011, 2014). Fearing a lack of commitment (Feng et al., 2022) and uncertainty regarding future productivity (Mahieu et al., 2021), firms may be hesitant to hire former entrepreneurs (Ding et

al., 2023; Feng et al., 2024; Koellinger et al., 2015), particularly male entrepreneurs (Kacperczyk & Younkin, 2022), and may therefore face an entrepreneurship wage penalty when transitioning to organizational employment (Baptista et al., 2012; Kaiser & Malchow-Møller, 2011; Mahieu et al., 2022).

Facing a potential entrepreneur wage penalty, entrepreneurs may be hesitant to pursue employment opportunities with other firms (Failla et al., 2017). Many entrepreneurs exhibit a strong preference to remain business owners (Lafontaine & Shaw, 2016), particularly in countries with strong pro-market institutions (Gohmann, 2012), another factor that likely contributes to their hesitation to transition from entrepreneurship to organizational employment. Despite these challenges, former entrepreneurs who transition to organizational jobs may also experience benefits such as accelerated career advancement (Baptista et al., 2012), higher earnings (Campbell, 2013; Luzzi & Sasson, 2016), and improved well-being (Mattes, 2016; Nikolova et al., 2021). Given these potential contradictions, more research is needed to better understand the motivations, preferences, and traits of entrepreneurs transitioning to organizational employment (DeTienne, 2010; Maertz & Campion, 2004), and how these, as well as contextual factors (Roach & Sauermann, 2015), may influence the type of organizations that they pursue employment (Baptista et al., 2012). This will improve our understanding of why, how, and under what conditions re-entering organizational work can be mutually beneficial for former entrepreneurs and the organizations employing them.

This special issue solicits rigorous theoretical and/or empirical studies that draw on various theoretical perspectives to examine the widespread phenomenon of organizationally employed former entrepreneurs. For example, a resource-based view could be used to understand how the former entrepreneur can contribute to the organization that they have joined (Ployhart, 2021). Socially-situated cognition theory (Mitchell et al., 2011) might be used to understand the situated and distributed nature of the cognitive processes that enable and/or constrain the former entrepreneur in contributing to the organization. Attraction-selection-attrition theory could clarify how former entrepreneurs adapt to a new work environment (Ahmetoglu et al., 2021; Hsu et al., 2017). Institutional theory may be helpful to understand how entrepreneurs gain legitimacy as potential employees and/or how differences in cultural and institutional environments shape entrepreneurial traits (Boudreaux et al., 2021; Mueller & Thomas, 2001; Nikolaev & Bennett, 2016) that may influence occupational choice dynamics (Gohmann, 2012). Theoretical perspectives that account for experiences of women, minorities, and those coming from underserved backgrounds can provide novel insights as the experience of entrepreneurship is always embedded in its societal context. In addition to advancing the theoretical understanding of this multi-faceted phenomenon, the special issue also encourages a wide variety of empirical approaches. Understanding this phenomenon in a robust way will also have practical implications for organizations or policymakers that seek to leverage the unique knowledge, skills, mindsets, and experiences of former entrepreneurs.

RESEARCH THEMES & POTENTIAL RESEARCH QUESTIONS

For this special issue of SBEJ, we seek contributions that rigorously examine important and understudied issues related to the transition of entrepreneurs into organizational employment. Below are several research themes with sample research questions that are of interest to the editorial team. However, we certainly welcome well-executed studies that address important, unresolved questions not explicitly mentioned here.

1. Knowledge Transfer and Knowledge Creation

- How do former entrepreneurs contribute to knowledge transfer and knowledge creation within organizations? What are the barriers to knowledge transfer?
- How can organizations leverage the unique skills, knowledge, past experiences, and mindset that former entrepreneurs bring to organizations to improve their performance?
- How do former entrepreneurs transitioning into organizational employment contribute to intrapreneurial activities within their new organizational context, and what factors influence their effectiveness and integration as intrapreneurs?

2. Organizational and Cultural Adaptation

- How do former entrepreneurs cope with the challenges of transitioning from entrepreneurship to non-entrepreneurial roles within an organization?
- How do the organizational or cultural norms influence transitions between modes of employment?

3. Entrepreneurial Cognition

- How does the situated context of paid employment versus self-employment shape the entrepreneurial cognitions of the entrepreneur and the entrepreneurial cognitions evident in the larger corporate context?
- What are the cognitive biases that former entrepreneurs may bring to the organization, and how such biases can be mitigated or leveraged in a positive way?

4. Well-being and Emotions

- How do individual differences in personality, resilience, and coping shape the well-being of former entrepreneurs during the transition process?
- What practical strategies can be used to promote the well-being of former entrepreneurs during the challenging transition to new organizational roles?

5. Impact on Existing Employees

- In what settings would the former entrepreneur be seen as a star employee or troublemakers? How would these outcomes affect the existing employees?
- How do existing employees perceive the arrival of former entrepreneurs in their organization? What factors shape their initial reactions and subsequent attitudes?

6. Synergy and Resource Utilization

- If a former entrepreneur leaves the employing organization to start another business, how can the organization work with former entrepreneurs to create synergies?
- What are the potential benefits and risks if an organization supports or discourages former entrepreneurs from starting new ventures?

7. Occupation Choice Dynamics

- Besides business failure, what individual and contextual factors motivate entrepreneurs to transition into organizational employment?
- What types of organizations do transitioning entrepreneurs seek employment and why?
- What role, if any, does hybrid entrepreneurship play in the transition process from full-time business owner to full-time organizational employee?

- How do cross-cultural and institutional differences influence these occupational choice dynamics?

8. Strategic Human Resource Management

- How can organizations strategically recruit and retain former entrepreneurs?
- What are the pros and cons of hiring former entrepreneurs, and how can organizations create roles and processes that maximize the benefits and minimize the risks of employer former entrepreneurs?

COMPLETE TIMELINE

- **May 31, 2024:** Extended abstracts for In-Person Paper Development Workshop (PDW)
- **June 17, 2024:** Decision on abstracts for In-Person PDW
- **August 8, 2024:** Host In-Person PDW in Chicago, IL
- **November 15, 2024:** Deadline to submit papers for Virtual PDW
- **December 20, 2024:** Decisions for Virtual PDW
- **January/February, 2025** (date TBD): Host Virtual PDW
- **June 30, 2025:** Initial Paper Submissions Due
- **October 31, 2025:** First Round Decisions
- **February 28, 2026:** Paper Revisions Due
- **June 30, 2026:** Second Round Decisions
- **October 31, 2026:** Final Papers Due
- **December 31, 2026:** Final Decisions

SUBMISSION DETAILS

The guest editors will manage the editorial and review process of the SBEJ Special Issue submissions. All papers are subject to the standard referee process of Small Business Economics. Further, guest editors will conditionally accept papers: all conditionally accepted papers will undergo a final review by the Editorial Board; only at that time will papers be formally accepted for publication.

Submissions must be original, unpublished works that are not concurrently under review for publication elsewhere. All submissions should conform to the SBEJ manuscript submission guidelines available at <https://www.springer.com/journal/11187/submission-guidelines>

Paper Development Workshops

In cooperation with the Center for Free Enterprise at the University of Louisville and the Institute for Humane Studies, the SBEJ guest editorial team will host an In-Person Paper Development Workshop (PDW) on August 8, 2024, in Chicago, Illinois, prior to the start of the Academy of Management (AOM) 2024 annual conference. The In-Person PDW is open to the entire academic community, including scholars from any discipline, and registration to AOM is not required to participate in the PDW. Selected participants will receive two nights lodging, and additional funding to help offset the costs associated with attending the PDW may be available, depending on need. Due to limited funding and the desire to provide detailed feedback, space is limited with preference given to proposals that most closely align with the SI themes identified

above and to PhD students and junior scholars who are likely to benefit the most from receiving feedback and meeting with the editorial team.

- **Abstract Submission for In-Person PDW:** Authors interested in participating in the In-Person PDW to be held in Chicago on August 8, 2024 should submit an extended abstract (max 2 pages, double-spaced, excluding references, figures, and tables), outlining the research question, hypotheses, methods, main findings, and contribution by May 31, 2024 by email to Daniel Bennett (daniel.bennett.2@louisville.edu). Please include “In-Person PDW Application” in the subject line of your email.

The special issue editors acknowledge that not all interested scholars will be able to travel to Chicago to participate in the in-person PDW, for which space is limited and preference will be given to early-career scholars. As such, the editorial team will also host a **virtual PDW in early 2025** (date TBD) that is open to the entire academic community, including scholars from any discipline.

- **Abstract submission for Virtual PDW:** Authors interested in participating in the Virtual to be held in mid-December should submit an extended abstract (max 2 pages, double-spaced, excluding references, figures, and tables), outlining the research question, hypotheses, methods, main findings, and contribution by December 20, 2024 by email to Daniel Bennett (daniel.bennett.2@louisville.edu). Please include “Virtual PDW Application” in the subject line of your email.
- Selected abstracts will be invited to join the PDWs, which aim to provide an opportunity to meet the guest editors and potential other contributors to the special issue and present initial ideas and research plans. The workshops will provide an opportunity to gain feedback, refine ideas, and strengthen the theoretical framing and empirical rigor of the proposed contributions.
- **Participation in one of the PDWs does not guarantee publication in the special issue. Also, participation in one of the PDWs is not a requirement to submit a paper to the special issue.**

Paper Submission Process

- **Paper Submission:** Please email your completed paper to **Daniel Bennett** (daniel.bennett.2@louisville.edu) and Dan Hsu (dan.hsu@ndsu.edu) no later than June 30, 2025.

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