

## BEGINNING'S END: HOW FOUNDERS PSYCHOLOGICALLY DISENGAGE FROM THEIR ORGANIZATIONS

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**Exit is a critical part of the entrepreneurial process. At the same time, research indicates that founders are likely to form strong identity connections to the organizations they start. In turn, when founders exit their organizations, the process of psychological disengagement might destabilize their identities. Yet, limited research addresses how founders experience exit or how they manage their identities during this process. Through a qualitative, inductive study of founders of technology-based companies, I developed a theoretical model of founder psychological disengagement that delineates how founder work orientations relate to the disengagement paths that founders follow when leaving one organization and starting another. In elaborating on theory of psychological disengagement, this study has implications for understanding the psychology of founders, how founders exit and begin again, and psychological disengagement more broadly.**

*We have it backwards. Endings are the first, not the last, act of the play.*

(Bridges, 2004: 132)

*The ability to exit, then, is the ability to see yourself, to give yourself a break, to make yourself a new life.*

(Lawrence-Lightfoot, 2012: 115)

Exiting a venture is an essential part of the entrepreneurial process (DeTienne, 2010; Wennberg, Wiklund, DeTienne, & Cardon, 2010). At the same time, entrepreneurs who found organizations likely form a “deep identity connection” (Cardon, Zietsma, Saporito, Matherne, & Davis, 2005: 37) with their ventures in the course of investing time, energy, and resources toward developing and nurturing growth, and might even come to view their organizations as their children (Wasserman, 2012). This deep investment suggests that founders might have difficulty extracting themselves both physically and psychologically from their organizations as they let go during

exit events, even when this exit occurs as a result of success (such as an acquisition). Although recently scholars have begun to consider the role of identity in the entrepreneurial process (Cardon, Gregoire, Stevens, & Patel, 2012; Cardon, Wincent, Singh, & Drnovsek, 2009; Fauchart & Gruber, 2011; Hoang & Gimeno, 2010; Powell & Baker, 2014), they have yet to fully consider how identity, or self-referential meanings (Ashforth, Harrison, & Corley, 2008; Pratt, 1998), impact exit, and, specifically, voluntary exit.

Exit might involve two separate, but related processes—physically leaving (i.e., no longer going to work at the same organization) and psychological disengagement—or the process of both cognitively and emotionally withdrawing from the organization. Psychological disengagement might happen before, after, or at the same time as physical departure from an organization. For example, research indicates that some people continue to participate in job activities despite beginning to deidentify with the organization (Pratt, 2000) or continue to identify with the organization following their departure (Mael & Ashforth, 1992; Rousseau, 1998; Walsh, 2009). This temporal disconnect between physical and psychological disengagement might be problematic for new ventures. Founders who have psychologically, but not physically, disengaged might be less committed to their work, the organization, and their co-workers; whereas, a founder who has failed to psychologically disengage, despite physically leaving, might be unable to fully commit to their current work, organization, and

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co-workers. Deciding when and how to withdraw, both literally and figuratively, from an organization, then, is central to a founder's exit strategy. Nonetheless, we do not have adequate theory to explain what tactics founders use to psychologically disengage, why and when they use those particular tactics, or what the repercussions of those tactics are for founders and their organizations.

As the opening quotes suggest, endings and exits set the foundation for future action; understanding how founders psychologically disengage from organizations likely has repercussions for how founders redefine their identity, for how they begin their next venture, and for the organization being exited. Investigating these dynamics is important not only because exiting is a routine part of the founder experience, but also because past experiences likely impact how founders begin again (Haynie & Shepherd, 2011). Indeed, people carry "hangover" identities (Ebaugh, 1988)—the role residual from previous roles or positions—into new organizations, so exits cannot simply be understood as entrances in reverse (Ebaugh, 1988; Vaughan, 1986). Without a clear grasp on how founders psychologically disengage from prior organizations, we cannot fully understand how founders connect with future organizations. Therefore, the primary research question for this study is: How do founders manage psychological disengagement from their organizations when they choose to leave them? In investigating this, I also address the question: How do psychological disengagement processes influence how founders begin again?

In the interest of understanding these questions, I conducted an inductive, qualitative study of founders of technology-based companies. I theorize that founders follow two different disengagement paths comprised of different tactics, as they balance both their desire to stay and leave when negotiating voluntary exit. I propose that founder work orientations, which describe what founders value in their work, influence the disengagement path they choose. Moreover, the different disengagement paths relate to variations in identification-related processes, emotions founders experience as they psychologically disengage, and when founders start their next organizations. Before introducing the findings and theoretical model, I first situate the research questions and study within the current literature and describe my methodology. I conclude by delimiting the study's implications for understanding founders and for a more comprehensive theory of psychological disengagement.

## THEORETICAL BACKGROUND

### Founder Exit

In order to complement our understanding of venture founding and creation, scholars have called for more research on the role of exit in the entrepreneurial process (e.g., DeTienne, 2010; Wennberg & DeTienne, 2014; Wennberg et al., 2010). Following DeTienne, I focus on exit as the process in which founders "leave the firm they helped to create; thereby removing themselves, in varying degree, from the primary ownership and decision-making structure of the firm" (2010: 203). In other words, exit is defined by the actions of the founder, rather than by what happens to the venture itself (e.g., merger, IPO, closure, etc.). The exiting process is critical to all founders, because every founder eventually experiences an exit, and habitual entrepreneurs (founders who start several businesses) exit multiple times within their careers (DeTienne, 2010). Exits are important to understand, not only because they have psychosocial implications for the founder, but also because how an exit occurs potentially impacts the firm being exited, the industry, and the economy (DeTienne, 2010).

The literature on founder exit tends to assume that exit represents failure, yet it is important to distinguish between the two—not all exits should be considered failures (DeTienne & Cardon, 2012; Ucbasaran, Shepherd, Lockett, & Lyon, 2013; Wennberg & DeTienne, 2014; Wennberg et al., 2010). Given the prevalence of failure within entrepreneurship (Hogarth & Karelaia, 2012), however, scholars have concentrated their attention on business failure, or "the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the entrepreneur" (Ucbasaran et al., 2013: 175). Failures involve negative emotional experiences that can drive founders out of an entrepreneurial career (Ucbasaran et al., 2013; Wennberg & DeTienne, 2014), but they might also provide opportunities for founders to learn about themselves and venture management (Cope, 2011; Ucbasaran et al., 2013). In order to harness the benefits of failure, founders need to be able to overcome their experiences of loss and engage in grief recovery (e.g., Shepherd, 2003; Shepherd, Patzelt, & Wolfe, 2011). While a focus on failure highlights the emotional repercussions and learning that can emerge from exit, founders can also employ different types of exits and some of these exits might be viewed as successes; an exit might even be considered the ultimate goal of the entrepreneurial process

(Wennberg & DeTienne, 2014). In order to understand exits, we need to better understand founders' exits during successes, not just failures.

Literature that does consider a broader range of exits, both successes and failures, focuses on how individual differences and contextual factors impact whether a founder exits and the specific exit type; in doing so, such work emphasizes strategic decision-making. For example, organizational factors, such as size, growth, and ownership structure, influence whether founders depart, (Boeker & Karichalil, 2002) and age, education, and experience all influence the specific type of exit strategy that entrepreneurs pursue (e.g., liquidation, acquisition, family succession) (DeTienne & Cardon, 2012; Wennberg et al., 2010). Wennberg et al. (2010: 373) also suggest that experience helps entrepreneurs "to build value and their willingness to harvest this value." In other words, experience indicates a "willingness to let go of previous businesses" (Wennberg et al., 2010: 365). While scholars acknowledge that other psychological factors—motivation, psychological connection to the organization, and identity, more broadly—might influence founders' decisions on how and when to exit (Boeker & Karichalil, 2002; DeTienne, 2010; DeTienne & Cardon, 2012; Dobrev & Barnett, 2005), these factors remain underexplored empirically. Further, in considering exits during successful transitions, we lack a general understanding of how founders *experience* exit. How do they manage the emotional experience of leaving, for example? Pursuing this focus requires moving beyond a consideration of the factors that influence intentions to leave to consider how founders navigate the process of leaving and the repercussions of choosing particular tactics for future entrepreneurial activities.

The work on habitual founders also speaks to founder exit since, by definition, these founders experience exit multiple times across their careers. While scholars have lamented that we know relatively little about habitual founders given the large number of firms they create (Parker, 2013; Spivack, McKelvie, & Haynie, 2015), initial research suggests that it is critical to distinguish between types of habitual entrepreneurs—serial and portfolio founders. A serial founder sells his/her original business and then later "inherit[s], establish[es], and/or purchase[s] another business," while a portfolio founder keeps his/her original business when s/he establishes formal involvement with another (Westhead & Wright, 1998: 176). In other words, serial founders have no overlap in involvement, whereas portfolio founders do. Serial and portfolio founders have

different motivations (Westhead, Ucbasaran, & Wright, 2009), personal attitudes toward entrepreneurship (Westhead & Wright, 1998), cognitive mindsets (Westhead, Ucbasaran, & Wright, 2005), heuristics (Westhead et al., 2009), and views on failure (Jenkins, Wiklund, & Brundin, 2014). This work suggests that the process and experience of exit might be different for serial and portfolio founders, but research has yet to fully explore this distinction.

## Founder Identity

Identities, or self-referential meanings that relate to the question, "who am I?" (Ashforth et al., 2008; Pratt, 1998) are fundamental to understanding how we make sense of and act within organizational life (Gioia, 1998). It is not surprising, then, that founders' identities influence their decisions. Extant research has articulated social (Fauchart & Gruber, 2011) and role (Cardon et al., 2009; Fauchart & Gruber, 2011; Hoang & Gimeno, 2010; Murnieks & Mosakowski, 2007) identities that are particular to founders and has also explored bridges between these types of identities (Powell & Baker, 2014). Thus far, research suggests that founder identities influence strategic responses to adversity (Powell & Baker, 2014) and firm creation (Fauchart & Gruber, 2011), since people attempt to align their actions with their identities. Research also suggests that because founders invest their time, energy, and selves into organizations when they conceive and launch them, founders' identities are tightly linked to the organization (Dobrev & Barnett, 2005), so much so that founders might liken the starting of their organization to the birth of a child (Cardon et al., 2005).

This tight identity connection might pose challenges during founder exit. Research on career transitions suggests that a person's identity becomes destabilized as they question who they are, now that they are entering new situations and no longer occupy a prior role or membership in a prior social group (Ibarra, 2003; Sveningsson & Alvesson, 2003). Furthermore, during exit, founders may need to deidentify (Pratt, 2000) or lessen the extent to which their organizations are self-referential or self-defining. This destabilization might be more significant and difficult to manage when an individual strongly identifies with his/her role (Ashforth, 2001). During exits, then, founders' identities might become destabilized, regardless of whether the exit is voluntary or involuntary. More generally, considering identity underscores the emotional, not merely the calculative, nature of decisions. In order to understand

founder actions, and particularly actions around exit, we need to incorporate and consider founder identities.

Taken together, this review highlights that exit is a critical part of the entrepreneurial process that impacts how and whether founders start their next organizations (and potentially become habitual entrepreneurs). While we have a basis from which to understand how failures impact founders and their actions, we have little understanding of how choosing to exit during times of success impacts founders. Further, while research tends to assume that founders rely on logic to make decisions, work on failure and founder identity both suggest that decisions are influenced by emotions and identities; yet, these psychological factors are relatively undertheorized. In this study, I consider how founders manage psychological disengagement from their organizations when they choose to leave them, as well as how they start their next organizations. In order to build new theory, I leverage insights from the identity literature in the findings and discussion sections. In doing so, I answer calls for more qualitative work to “explore, challenge and build theory on exit” (Wennberg & DeTienne, 2014: 12) and for research that develops “a more comprehensive understanding of the psychology of the entrepreneur” (Spivack et al., 2015: 13) and reveals “how it [entrepreneurship] is personally experienced” (Morris, Kuratko, Schindehutte, & Spivack, 2012: 11).

## RESEARCH APPROACH AND METHODS

Qualitative researchers attempt “to make sense of, or interpret, phenomena in terms of the meanings people bring to them” (Denzin & Lincoln, 2008: 4). Additionally, Creswell (1998) suggests that qualitative research is appropriate when the research question focuses on process, or how something occurs, and theory needs to be developed or elaborated. As this study is concerned with how founders manage psychological disengagement from the perspective of the individuals themselves, qualitative methods provide a strategy for addressing this how, or process-related, question. Specifically, I conducted a grounded theory study, as described next.

### Sample

In order to select participants, I worked with a start-up office facility dedicated to emerging technology and life science ventures based in the northern United States. At any given time, the facility

houses approximately 250 start-up organizations. Given the focus of the facility, all of the potential study participants were founders who worked in technology and life sciences. Further, all of the founders had reached the stage in business growth where they required office space for at least one business.<sup>1</sup> This eliminated pure inventors who only focus on the development of ideas to sell. Given the focus on technology companies, these founders were likely to experience similar start-up processes. With these criteria, I worked with the director of the facility to contact and conduct interviews with approximately 15 founders.

Once I began my analysis in tandem with data collection, I recognized that founders who had recently, or were in the process of exiting, were more theoretically important to my story than novice founders who were considering exit. Therefore, I continued to seek out and contact additional founders that seemed to meet this need. I conducted initial interviews with 34 founders, as detailed next. Table 1 includes descriptive details of the sample.

### Data Collection

My primary method of data collection involved semi-structured interviews designed to gather narrative data. Scholars suggest that narratives provide a means of understanding identity and issues related to the self (Ashforth et al., 2008; Scott, Corman, & Cheney, 1998). Ashforth et al. (2008: 340) claim: “Individuals construct an identity narrative. . . generating a story that integrates ‘who I am now’ with ‘who I have been,’ while suggesting ‘who I might become.’” Therefore, narratives are theoretically useful because stories link identities across time and events. Riessman (2008) suggests that generating narratives requires the participant to have extended time to talk and to tell stories. Therefore, I designed the interview questions to elicit stories. For example, I asked each participant to “tell me the story of the business with which you are currently involved from the idea stage up until the present point in time.” From this initial story, I probed for further information related to the transitions between organizations and other key events in the organizations’ histories. I also asked participants about where they hoped their current organization would be in five years and where they realistically thought the organization would be.

<sup>1</sup> Not all of the participants were active renters of space within the facility, but had at least at one point rented space within the facility.

TABLE 1  
Sample Grouped by Founder Work Orientation

Founder	Sex	Age at Interview #1	# of Companies Founded at Time of Study End	# of Successful Exits Discussed	Work Orientation	Idea Stockpiling	Side Business Developing	Recruiting Replacements	Empowering Others	Idea Searching
Fnd11	M	32	1	WFA	SF	x	x			
Fnd27	M	39	6	WFA	SF	x	x			
Fnd33	M	32	2	WFA	SF	x	x		x	
Fnd01	M	42	4	2 & WFA	SF	x	x			
Fnd34	M	46	5	2	SF	x	x	x		
Fnd04*	M	40	3	1	SF	x	x	x		
Fnd05	M	34	4	1	SF	x	x			
Fnd06	F	37	4	1	SF	x	x			
Fnd22	M	35	6	1	SF	x	x			
Fnd31	M	25	3	1	SF	x	x	x		
Fnd12	M	57	1	0	SF	x	x			
Fnd17	M	29	1	0	SF					
Fnd18	F	38	1	0	SF					
Fnd25*	M	46	6	0	SF					
Fnd10	M	30	3	3 & WFA	SF & St		x			x
Fnd09*	M	50	4	3	SF & St		x			x
Fnd02	M	47	5	2	SF & St	x				x
Fnd08	M	32	2	0	SF & St					
Fnd21*	M	35	2	0	SF & St					
Fnd30	M	27	2	0	SF & St					
Fnd32*	F	40	1	0	SF & St					
Fnd07	M	56	5	3	St			x		x
Fnd13	M	70	1	1	St			x		x
Fnd14	M	35	1	1	St					
Fnd15	F	37	2	1	St			x	x	
Fnd16	F	54	3	1	St			x	x	
Fnd19	M	34	5	1	St			x		x
Fnd20*	M	42	2	1	St			x		x
Fnd23	M	36	1	1	St			x		x
Fnd26*	M	36	2	1	St					
Fnd28	M	38	7	1	St				x	
Fnd29*	M	35	3	1	St					
Fnd03	F	39	1	0	St					
Fnd24	M	40	2	0	St					
6 F/ 28 M			Average = 40	Average = 2.94						
				30 Exits/5WFA						

Notes: WFA = Working for acquirer.

SF = Self-fortifying work orientation.

St = Stewarding work orientation.

\* 2nd interview not completed.

This allowed participants to talk about any exit plans in the near future and how they saw those plans unfolding.

All interviews involved additional questions related to how founders viewed themselves as entrepreneurs and how founders viewed their relationship with the organization at various stages during the history of the organization. In order to facilitate discussion of this relationship between founders and their organizations, I adapted a version of the aided visual diagram for organizational identification developed by Bergami and Bagozzi (2000) to use as a discussion probe. Specifically, I asked the founders to indicate how their relationship with the organization, in terms of how much the organization defined them, had changed over time and to indicate these changes on the chart. Throughout data collection, I also modified the interview protocol to address emerging themes (Spradley, 1979).

I used theoretical sampling to choose founders for follow-up interviews based upon the need to gather more data about certain categories or issues. In initial interviews, several founders, particularly those who had begun investing in other start-ups, focused on their philosophy of entrepreneurship, rather than on their particular experiences. I did not conduct follow-up interviews with these founders, since in the follow-up interviews my aim was to focus on concrete, recent experiences of psychological disengagement. I therefore conducted follow-up interviews a year following the initial interview with 26 of the participants, for a total of 60 interviews. These interviews allowed me to develop some emerging themes and attempt to capture additional incidents of exits.

## Data Analysis

My initial data collection was focused broadly on understanding how founders exited their organizations. However, as I have described, scholars have focused more attention on failures or involuntary exits. To complement this research, the analysis in this paper focuses on founders who left an organization voluntarily when the organization was still considered successful (either before or after an acquisition) and intended to, or did, start another organization. This focus on voluntary exits provided the opportunity to study the disengagement process prior to and following the physical departure, as well as to connect the exit to the founder's next beginning. My data contained stories of voluntary, successful exits from 30 organizations and 5 experiences of founders currently working for the acquirer. All of

the founder interviews were used in the analysis that led to the development of founder work orientations.

I employed grounded theory analysis, supplemented by more general qualitative analysis techniques (Boje, 2001; Glaser & Strauss, 1967; Riessman, 2008; Strauss & Corbin, 1990). Specifically, after each interview, I wrote field notes and completed a contact summary form (Miles & Huberman, 1994). I used these forms to document main themes and reoccurring topics. During data collection and analysis, I also wrote research memos to explore themes and trace ideas throughout the process (Charmaz, 2006). Using these preliminary steps, I identified key themes around which I would focus more extensive analysis.

I began my analysis by conducting a preliminary coding of longer segments of data (Spradley, 1979), in order to identify first-order codes while at the same time maintaining the context around each coded piece of data (Boje, 2001). I wrote memos about the codes which were emerging for each founder's venture, concurrently. Through this process, I was able to notice the clustering of certain codes within the context of particular founders and particular ventures. Specifically, I began to notice themes around how founders understood entrepreneurship, as well as themes around tactics founders used to psychologically disengage from their ventures. From this initial clustering, I was able to generate the broader theoretical categories (second-order codes) of *founder work orientations*, by iterating between theory, in particular theory on work orientations (e.g., Bellah, Madsen, Sullivan, Swidler, & Tipton, 2008; Pratt, Pradies, & Lepisto, 2013; Wrzesniewski, McCauley, Rozin, & Schwartz, 1997), and my data. Thus, I moved from more open to axial coding (Strauss & Corbin, 1990). Also, after identifying initial types of *disengagement management tactics*, I began to compare and contrast the tactics along conceptual dimensions (Strauss & Corbin, 1990), like trigger, timing, justification, and outcomes, to deepen my understanding of the key dimensions and properties of the tactics. At the same time, I began to notice that these tactics related to concepts from literature on identity and role transitions (Ashforth, 2001; Ashforth et al., 2008; Ebaugh, 1988; Pratt, 2000) and iterated between these theories and my emergent categories to begin to theorize how these tactics might function to describe the disengagement process over time. I returned to each of the interviews with these developed categories to identify the specific founder work orientations and tactics each founder used, which helped me

understand the relationship between founder work orientations and tactics.

Finally, I considered how these theoretical categories fit together to tell a coherent theoretical story. I developed preliminary theoretical models and then considered these models as I continued to collect and analyze data. Through this iterative process, I was able to both delve deeper into emerging themes within my interviews and re-examine whether my theoretical story fit with the new data I was collecting.

## FINDINGS

In this section, I describe how founders psychologically disengaged when they chose to leave their organizations during times of success, and I build a process theory of psychological disengagement. First, I describe two founder work orientations that emerged through my analysis; these orientations help explain differences in psychological disengagement. Then, I specify two psychological disengagement paths—serial and portfolio. These paths describe different disengagement management tactics that founders employed when leaving their organizations; the choice of tactics related to variations in identification-related processes and the emotions founders experienced throughout disengagement, as I will detail.

Before describing differences in founder orientations and experiences, it is important to note that the majority, if not all, of the founders described having total overlap between themselves and the organization at some point within the organization's life cycle. During interviews, when indicating on the Bergami and Bagozzi (2000) identification chart how much overlap they felt between themselves and their organization, most founders pointed to the circles that were totally overlapped at some point during their descriptions. This suggests that in terms of amount of organizational identification, all founders described similar strong organizational identification, which aligns with extant literature (Cardon et al., 2005; Dobrev & Barnett, 2005); however, critical differences emerged when founders discussed their experiences of psychologically disengaging from their organizations.

### Founder Work Orientations as a Driver of Differences in Psychological Disengagement Paths

In trying to understand why founders took different disengagement paths, my analysis revealed two

different ways that founders understood and related to their work as a founder, illustrated in the data structure in Figure 1 and supported by data presented in Table 2. I label these aggregate dimensions “self-fortifying” and “stewarding” founder work orientations. Work orientations are the “internalized evaluations about what makes work worth doing” (Pratt et al., 2013: 175). Work orientations describe what individuals want from their work and what motivates an individual to work (Pratt et al., 2013). While scholars tend to describe work orientations as a general approach to work (e.g., Bellah et al., 2008; Pratt et al., 2013; Wrzesniewski et al., 1997), the orientations that emerged in my study were grounded in the experience of being a founder. In other words, the work orientations in this study describe what founders desired and valued in their work as a founder, and what motivated them throughout the entrepreneurial process. As I will describe in subsequent sections, these orientations shaped the psychological disengagement paths founders took by providing a framework for founders to relate themselves to their organizations within the broader context of their careers. Specifically, different orientations related to whether organizationally or occupationally based identities were more salient, leading a founder to view themselves primarily as a founder (organizationally based) or as an entrepreneur, designer, inventor (occupationally based). Further, these orientations established a goal hierarchy in which founders either gave preference to their own needs or those of the organization.

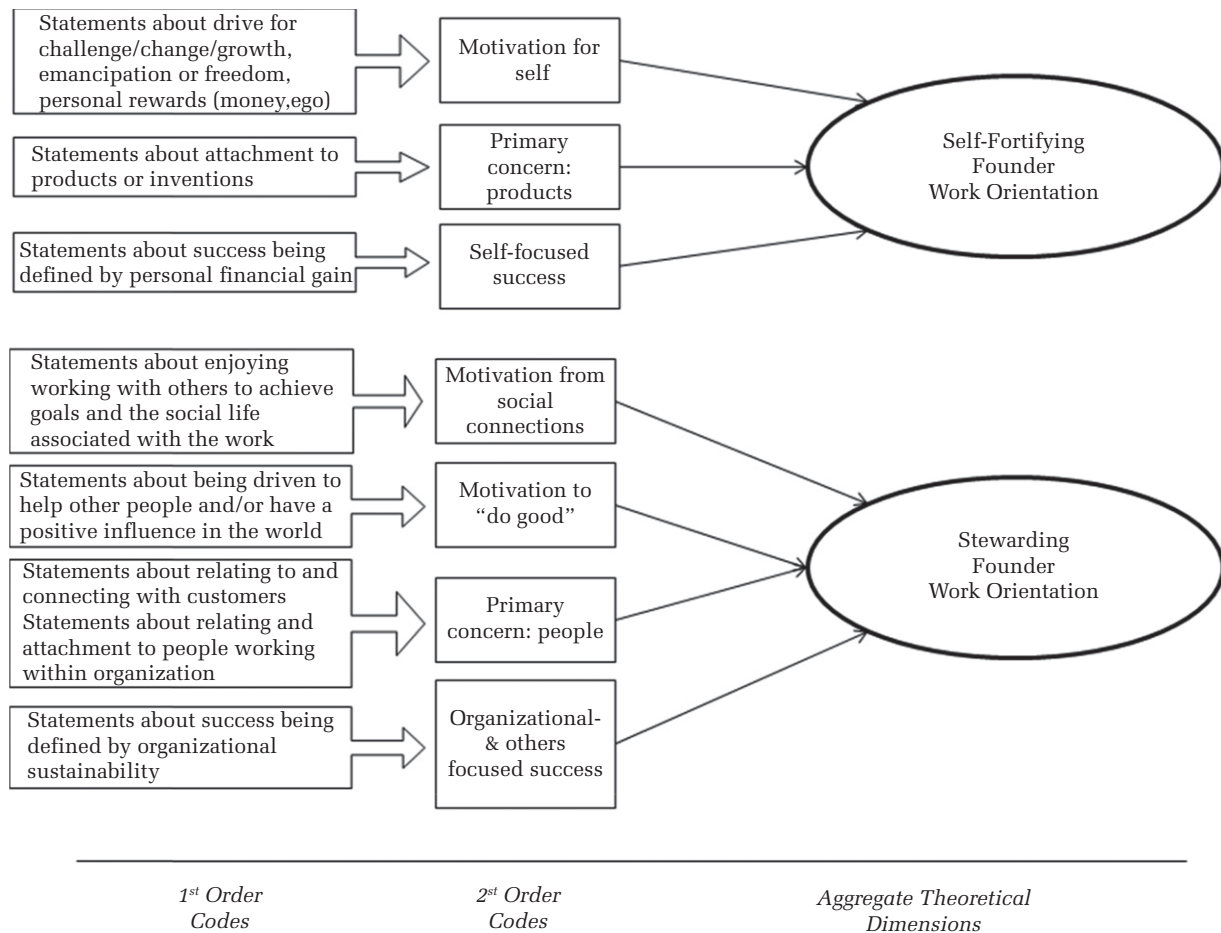
**Self-fortifying founder work orientation.** With the first orientation, founders focused on themselves and their ideas and were motivated to achieve personal benefits that included money, learning, and ego-gratification. For example, FND08<sup>2</sup> described:

It's a little bit of the Wild West...the wanting to eat what you kill and going out and doing it yourself and being the lead dog on something... I think there is something to be said about working hard and seeing the spoils of your labor. It's much more directly visible when it's your own thing.

These founders also viewed the organization primarily as a way to get their ideas out into the world. One founder (FND31) described how this focus on ideas and solving problems supported his own self-interest,

<sup>2</sup> I assigned each participant a unique numerical identifier, starting with FND for founder. Also, any company names have been replaced with pseudonyms.

**FIGURE 1**  
**Data Structure for Founder Work Orientations**



"My goal is to always build the experience that would allow me to sell myself to a better position after this. I guess that's also what drives me to succeed in what I'm doing." Aligning with their motivations, success was typically defined in terms of the personal benefits of money or recognition. One founder (FND01) described how he viewed his recent successful deal, "It's 4.4 [million dollars] for me. For 2 years, that's an okay cash out."

This orientation seemed to generate a specific framework for founders to understand their relationship to their organization. Ashforth and Johnson (2001) argue that people have multiple identities that can be nested and vary in their degree of organizational specificity; certain identities may be more or less salient depending on how subjectively important or situationally relevant the identities are. A subjectively important identity is one that is "highly relevant to his or her goals, values, or other key attributes" (Ashforth &

Johnson, 2001: 32). Work orientations, as they describe values and preferences, relate to the subjective importance and ultimately the salience of a given identity. For founders with a self-fortifying orientation, occupationally based identities seemed to be most salient. For example, one founder (FND31) claimed, "I'm an entrepreneur and I did the entrepreneurs club. I want to help other entrepreneurs." In other words, the target of their identification lay outside of the organization, more at the occupational level as an entrepreneur. Similarly, another founder (FND01) described, "Even if the company is acquired, hopefully people still associate those inventions and those creations with me... I feel like there is a residence for being a prolific inventor and a prolific designer that's associated with lots of different projects." In focusing on ideas or products, these founders focused on their occupational identity as a generator of ideas and products (i.e., an inventor, designer, or founder).



**TABLE 2**  
**Representative Quotations for Founder Work Orientations**

Sub-themes and first order codes	Representative Quotations
<b>Self-fortifying</b>	
Motivation for Self	<p>FND11: It's the freedom of doing what I like to do and setting my own priorities and kind of deciding on myself on what to do, what I want to make work and what not. . . I think that's freedom in the productive sense. I mean you're free if you just relax and do stuff but freedom with still something to do, something that I'm kind of chasing after.</p> <p>FND22: I get a rush. It's like crack. It's like—it's literally like crack and you don't realize how bad it is for you until you keep—just do it.</p> <p>FND12: But the other thing that has happened for me is that money has become a real driver.</p> <p>FND05: Money is always a factor. . . and I think there's a certain amount of "I did it."</p>
Primary Concern: Products	<p>FND01: And so if I go back to [the company] and I see there are five or six devices like the [x] and [y] or some products that are sort of scattered around the lab and everyone when I walk through they were like "oh that's the guy that did those things." And so I still hopefully forever associated with "that's the guy that did that thing."</p> <p>FND09: I mean they're inventing stuff that's their own kind of personal hobby and interest, right? They're not thinking about—in many cases, they're not thinking about whose lives they're going to change with this invention. They're thinking about how their peers will see them as inventors.</p> <p>FND11: I've seen that I thrive and I have a lot of passion for things where it is about making an idea or a product.</p> <p>FND05: I mean it was exciting. It was a sexy product.</p>
Self-focused Success	<p>FND22: I do a very simple sort of cost benefit or ROI, and so I want to make—on a business I want to make five to six times above what I would have made if I was taking a salaried job because I feel like—if I'm going to put that much time and energy and like not work out and kind of kill myself a little bit, then I should be able to get that kind of factor out of my businesses, and so far I've been able to do that.</p> <p>FND18: I am a greedy son of a bitch, in a nice way. I like the money and I like doing the good work. It's the adrenaline. When you win that client, that's the adrenaline. I want to win. The only thing that fundamentally matters is getting the win.</p> <p>FND04: [In response to the question: How do you measure success?] Initially you think it's the money and of course it has a lot to do with it but it's not entirely the purpose. It's really just, I don't know, I think somebody that likes keeping score but it's not the measure of the human being. How you measure yourself as an entrepreneur is your created path. So this is the whole problem with the ego again. . . it's almost like a God-like creative power. I can create something out of nothing.</p>
<b>Stewarding</b>	
Motivation from Social Connections	<p>FND08: I love the way my wife describes it. She says it's more of a club than a company and that was like, you know, I've been lucky enough to hire really great people. I really think highly of them. I think they think highly of me. We have really nice working dynamic like going to their weddings, they come to my daughters' birthday parties. . . But my hope is that number 19 and 20 are as good friends as number 1 and 2.</p> <p>FND19: Like it's great to just be in this organization everyday with people that you love and that are all working toward a common goal.</p> <p>FND15: I don't do things just purely out of profit motive. I like working with people, I'm a people person in a way.</p>
Motivation to "do good"	<p>FND07: It was again something that I was passionate about and it was something that was exciting, and there was some aspect of bringing something good to more people.</p> <p>FND23: I wanted to do something that I thought would add real value to the marketplace and if something's adding value to the marketplace. . . And I wanted to do something that was going to turn the world.</p> <p>FND28: I wanted to start a company where we benefited when the customer benefited. . . it can create something that someone needs and it fills an unmet need for them.</p> <p>FND29: I mean for me it's really about the organization and the impact it has on its customers it's not really the type of product or you know I don't actually care that I made something.</p>

**TABLE 2**  
**(Continued)**

Sub-themes and first order codes	Representative Quotations
Primary Concern: People	<p>FND15: We switched from serving families to serving small businesses, and that is really exciting for me because I get to get serve customers, people that are like me. So they are my people and if understand them really well and so I'm really happy that I can serve them.</p> <p>FND09: So what is in our organization? It's the people, right, and customers, by people I mean employees, right? There's customers, right? And I don't know if this is you as your peers, right? Because ultimately, otherwise what else is there.</p> <p>FND03: I see the company is all the employees, all the authors, it's the cleaning people, it's the plants, the flowers come once a week, we have team appreciation day once a month, that to me is [the organization] just as much. It is just doing something in a quality way with quality people.</p> <p>FND16: What you need to do is to always be focused on making the right decision for your business, for your employees, for your customers.</p>
Organizational & Others focused Success	<p>FND10: Starting it out and making it [the organization] successful is like a personal goal. There is no reason why you couldn't.</p> <p>FND24: I would feel disappointed if we just got the money but then it floundered I'd feel sad about that.</p> <p>FND20: It's almost important for it that I step out. Do you know what I mean? So, that it can mature as a sustainable growing enterprise.</p> <p>FND19: So to me that's my definition of success. It's building something a little bit more substantial and meaningful.</p> <p>FND16: She [a customer] sent me a note a couple of weeks ago with \$5 in it and she said, "I want to contribute to the site, I want you to know what it means to me." She referred to my little site as the most powerful thing in her life. And that she now knows what she wants to be and has given her self-esteem—her letter is like two pages long, she drew all these pictures on it and just thanked me for making a difference in her life.</p>

These founders also tended to care about their own needs. For example, FND06, described how her other team members claimed she was not focusing enough on the well-being of her current organization, "You are not spending enough time with us' . . . I just felt, they are right but I also felt like it doesn't have to be me who does this." Another founder (FND27) claimed, "If the company fails, it doesn't matter. I'm in this to win and doing everything I can to help it win, but now it comes down to what I need." This suggests that these founders might be operating from an individual-level self-construal or concept in which they view themselves as separate from other people and focus on their uniqueness and needs (Brewer & Gardner, 1996; Cooper & Thatcher, 2010). A self-fortifying work orientation, then, provides a framework through which founders make sense of their relationship with their own organizations, focusing on their own occupation and needs.

**Stewarding founder work orientation.** With the second orientation, founders were more socially focused and motivated by the relational aspects of working with other people or by having a positive impact on the organization and the world. For

instance, FND14 described his motivation for starting his company:

Working with people, growing a team, creating a company that is kind of interlinked in that ecosystem with other companies, providing a meaningful product to meaningful customers. . . . What do I love most about doing that? I think really working with people, growing it, and getting satisfaction from that fact that we provide a valuable service for our customers, and also building an organization.

As this quote illustrates, some founders with a stewarding orientation were motivated by providing some social service or good through their work, as well as working with other people to achieve a goal. FND09 said: "What's interesting to me is how can I sort of improve people's lives through this invention. The creating part of it that jazzes me is if it can change a lot of people's lives, then it's had impact." Success, then, for those embracing this orientation is determined by the impact the product or service has had on others. For some, this takes the form of the technology successfully changing people's lives: "I get really excited when I'm in hospitals, and I see it. The technology was phenomenal. We saved lives" (FND16). Founders with

a stewarding orientation also viewed the organization as an important entity worth sustaining: “You know sustainability is definitely something that’s very important. It’s definitely a measure of how I would view it as a success.” These founders valued being part of the organization, working with people, and serving their customers. Therefore, these founders might be more likely to operate from a social (either interpersonal or collective) self-concept or orientation (Brewer & Gardner, 1996; Cooper & Thatcher, 2010), viewing themselves as tied to others.

Given these founders’ focus on the well-being of the organization, it is perhaps not surprising that these founders also identified as being a founder of the specific organization and often put the organization’s needs above their own. One founder (FND07) stated, “I don’t think an entrepreneur is a title you have without having a business you are being an entrepreneur with.” Therefore, rather than the salient target of identification lying outside the organization, their primary referent group and source of identification was the organization itself. Another founder (FND21) claimed, “This is my only baby right now and I want it to succeed.” In order to allow their “baby” to grow, these founders were willing to sacrifice their own needs. For instance, FND23 explained his rationale for why he felt it was important not to think of himself first in trying to grow the organization, “you’ve got to think about the growth of the enterprise and a much bigger picture saying, ‘Okay, we’ll sacrifice this for this gain over here’ . . . You just sort of take a step back,” even though he described it as “difficult” for the founder. This suggests that a stewarding work orientation provides a framework through which founders make sense of their relationship with their own organizations, situating their identity in reference to the organization and often favoring the needs of the organization over their own.

**Summary.** Taken together, founder work orientations shape how founders view themselves (i.e., whether occupationally or organizationally based identities are more salient) and how they think of their own needs in relationship to the organization. While these different mental frameworks might influence a range of activities and decisions in the entrepreneurial process, I focus next on how these frameworks related to the psychological disengagement paths founders took. In other words, through these mechanisms (shaping identity salience and needs hierarchies), work orientations related to differences in psychological disengagement paths—the behavioral tactics founders used to psychologically

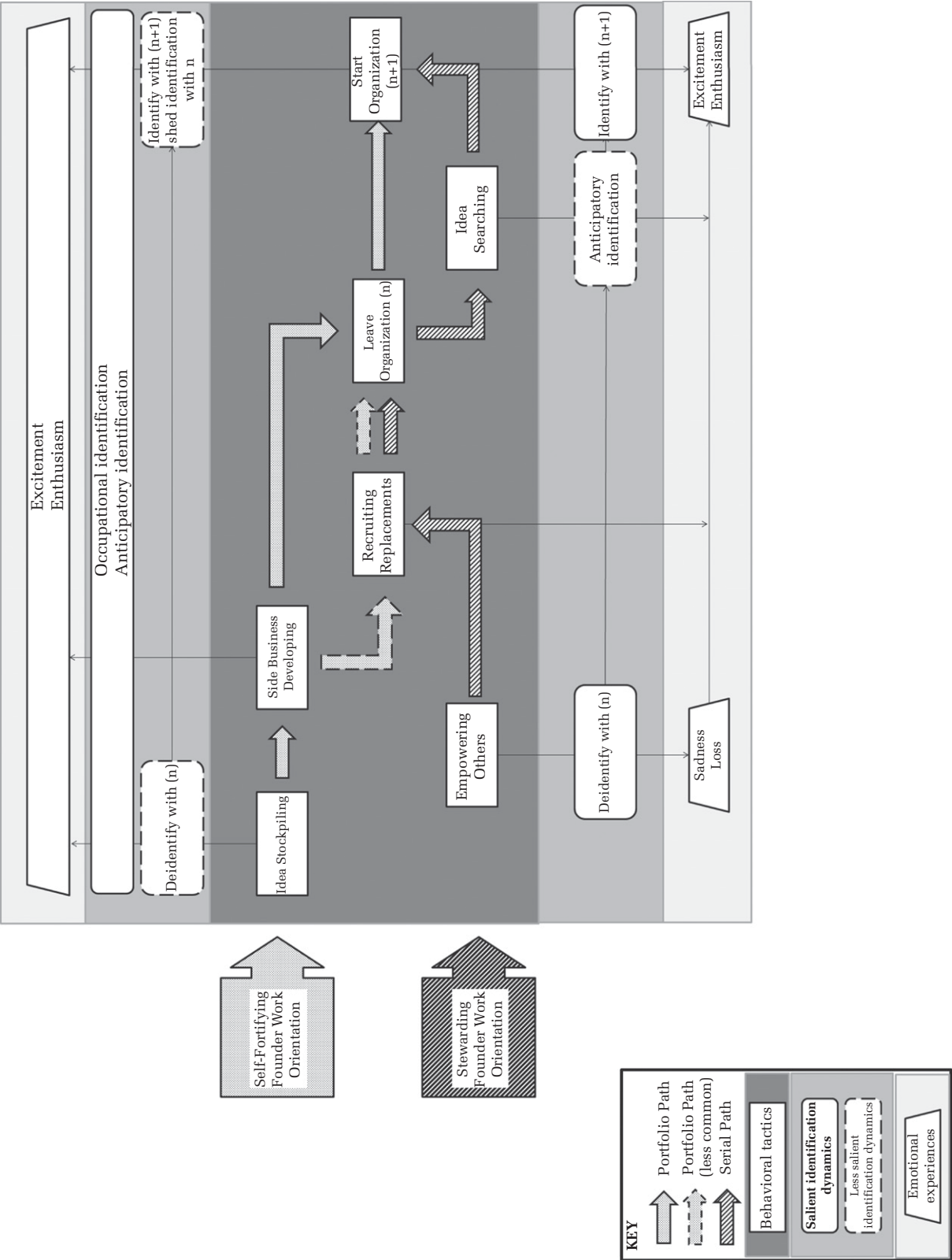
disengage, the sequence of these tactics in relation to physical departure, the emotional experience of disengagement, as well as when and how deidentification occurred.

### Portfolio and Serial Psychological Disengagement Paths

In this section, I build a process theory of founder disengagement that addresses the cognitive, behavioral, and affective components of psychological disengagement. Initially, my analysis focused on how founders psychologically disengaged (i.e., the behavioral tactics they used) and the relationship between founder work orientations and behavioral tactics employed. As Table 1 illustrates, particular tactics were associated with one another and with particular orientations. Founders with a self-fortifying orientation tended to use “idea stockpiling” and “side business developing” prior to leaving, and then quickly started their next organizations. In contrast, founders with a stewarding work orientation tended to use “empowering others,” “recruiting replacements,” and “idea searching” tactics, which caused a temporal gap between physically leaving one organization and starting the next. I label the path related to a self-fortifying work orientation the *portfolio path* since it conceptually relates to the overlap in organizations described in prior research on portfolio entrepreneurs (Westhead & Wright, 1998), and I label the path related to a stewarding work orientation the *serial path* since it relates to serial entrepreneurs who do not overlap founding organizations. Next, in addition to describing the details of each tactic, I also describe the cognitive and affective implications of the tactics, focusing on identification-related dynamics and emotional experiences that occurred during psychological disengagement. The two different paths are illustrated in Figure 2.

**Portfolio path: Disengagement management tactics.** With a self-fortifying orientation, founders focus on their ideas and their personal development; each potential idea serves as the map to the next individual success. This focus relates to the use of the tactics of idea stockpiling and side business developing. In idea stockpiling, founders described keeping a running list of new ideas as a way of mentally bracketing entrepreneurial avenues to be pursued when they left their current organization, such as following an acquisition. For founders who engaged in this tactic, the next problem or challenge was always simmering in the back of their minds. One founder (FND01) claimed, in describing his use

FIGURE 2  
Psychological Disengagement Paths



of idea stockpiling, “You’re always looking for the grand slam where you can get the 10 or 20 or 30 million dollar cash out for you personally.” This tactic, then, was very much in line with a self-fortifying orientation. These founders described having as many as 10 potential “next ideas” percolating at once. A founder (FND04) described this tactic as representing the “stereotypical entrepreneur. . . . They can’t stop themselves; they are always trying to fix things and create things.” Several mentioned keeping a notebook of all of their potential ideas. One founder (FND05) described:

Half my time was spent kind of tinkering with things in new areas. I keep a running list of just a simple notepad file on my desktop of ideas. I can’t—I have to stay focused because otherwise it will kill this business. . . . I can still have the idea and it’s still there; it’s just maybe for another time.

As this founder described, the motivation for this tactic was to try to stay focused on the current idea and not become side-tracked by other new ideas. In other words, in the process of generating new ideas, founders begin to psychologically disengage from their current business; idea stockpiling offered a means of delaying this emergent disengagement by storing the ideas for a later date without occupying too much attention.

Not surprisingly, this mental bracketing of potential ideas was typically only temporary, and eventually founders pursued one of these stockpiled ideas and engaged in side business development. In side business developing, founders actively became involved with new entrepreneurial organizations while still committed to their current organization. This tactic often occurred when the founder’s venture was acquired but while the founder was bound by financial incentives (“golden handcuffs”) to remain committed to the acquirer for a certain period of time (approximately two years was a common time frame in my sample). Although in some cases a founder’s ability to pursue active involvement in other organizations was an explicit part of the acquisition agreement, more often founders needed to be subtle about their involvement in other startups. One founder (FND27) described how he was engaging in what would likely be his next organization, while he was bound by financial incentives to his recently acquired organization. In this case, the agreement with the acquirer was more upfront, “I have started the next thing. These guys [the acquirers] are gracious enough to let me stay involved in that, and my investing activities, things like that.”

Founders typically served as angel investors, board members, or informal advisors of organizations that were based on their ideas until they could formally cut ties with their acquired organization.

This side business developing often followed idea stockpiling. As FND22 described:

Oh [the current venture is] going well and you know all of a sudden you find yourself talking about this other thing. And like, damn it. That wasn’t supposed to come out of my mouth because the most important and interesting thing in my life should be this [current business]. . . . But I am looking at my own history and I am like yeah, I would start something not even having finished or rolled up another one.

Another founder (FND33) described how he wished to pursue one of these stockpiled ideas, even though his current company was continuing to grow and expand:

I’m sort of itching to build a couple of products right now especially having been a part of a couple different companies and those are products that are complimentary to the services that we brought to our clients. . . . But this one specifically that I want to build out, it’s almost worthwhile to shut the company down and start this other idea which is how good I think it is.

Thus, while stockpiling ideas temporarily allowed the founder to remain connected with the current organization, considering these ideas eventually led the founder to psychologically disengage and pursue a new idea. At times, the pursuit of the next ideas outweighed concerns of whether the current organization continued to exist, even when it was considered successful.

By the time a founder physically leaves, s/he might have psychologically disengaged to the point of not caring what happens to the organization. For instance, a founder (FND05) reflected on an acquisition he prompted to start a different organization:

If it’s growing, I’m not bored, but the growth hits a certain level of required bureaucracy and then it’s just a pain in the ass. . . . I mean I cashed out so I feel like I had been—I had success under my belt and I walked away with some money. So for me [the company] was a great success. I don’t feel good that it didn’t work out for them. I mean I certainly wouldn’t wish that on anybody but I don’t feel sad that it’s not in existence anymore.

This founder epitomizes the self-fortifying perspective when he claims that “for me” it was a great success but he “doesn’t feel sad” that the company ended up dissolving following the acquisition. Also,

it was not uncommon for founders on the portfolio path to describe a seamless overlap between ending contractual (or physical) obligations to one company and beginning another. As one founder (FND05) explained, "So that [involvement] was ending with the combination of this other thing starting up." Given the overlap between organizations, founders on the portfolio path quickly transitioned from one organization to the next.

On occasion, some founders with a self-fortifying orientation did use tactics focused on the current organization. For example, some founders with a self-fortifying orientation recruited replacements; although recruiting replacements was more often associated with the stewarding orientation and the serial path, as I will describe in the next section. With this tactic, founders described needing to move out of their role as CEO or president and switch to a more advisory role, often through board membership, in order to allow the organization to continue to grow without the founder's strong involvement. For founders with a self-fortifying orientation, recruiting a replacement provided a means to exit an organization responsibly, given their proclivity for working with other ideas on the side: "It's another opportunity for dysfunction that I try to avoid by hiring myself out of a job constantly. I spend all my time hiring great people, because I know I'm already looking for the next thing" (FND34). As this person describes, founders with a self-fortifying orientation are always looking for the next idea, but at times they do balance their own personal needs with actions that help sustain the organization. Additional data examples for each of the tactics are provided in Table 3.

**Portfolio path: Identification-related dynamics.**

As described earlier, most founders, even those on the portfolio path, described feelings of strong identification with their organizations at some point. For example, FND27 claimed, "My identity was fully baked in this thing for ages." Initially, the organization is focused on realizing ideas; but as the organization grows and develops, ideas become less of a primary focus (cf. Cardon et al., 2009; Dobrev & Barnett, 2005). Consequently, the organization itself becomes less important to founders with a self-fortifying orientation as they continue to focus on ideas and begin to psychologically disengage from the organization.

The tactics of idea stockpiling and side business developing enabled founders to begin to deidentify—the process in which the organization becomes less, or not, self-referential—from the business prior to physical departure. At the same time, the next idea was already present in their mind. This suggests that while founders were *deidentifying* they were simultaneously

engaging in *anticipatory identification*—the process of identifying with an anticipated target—a process which seemed more salient than deidentification. In this case, the targets of identification were the founders' ideas for their next organizations and the organizations themselves. Ashforth (2001) describes how during role transitions, alternatives might be somewhat vague, but over the disengagement process these alternatives become more concrete and real. At some point, people begin to focus more on the future, rather than present, as the possibilities become more specific and refined. In doing so, people begin to imagine and internalize future possibilities and engage in anticipatory identification (Ashforth, 2001). As one founder (FND27) put it, "I got it [the next idea]. I am obsessed," even though he was still working for the acquirer of his organization. FND01 described how having multiple ideas allowed for a more connected transition:

I think the preparing for those sources or feelings of loss are good and people jokingly say like, "go get a hobby," but there's a lot of truth in that. Especially if you've been so manically focused on this thing, you really have to, you know, actively redirect it. You could parallel it to the breakup of a relationship or something. ... Building identities in other places seems to be a really important part of managing the hobby.

In other words, engaging in the hobby, or the side business, allows founders to engage in anticipatory identification (Ashforth, 2001) prior to physically leaving their current organization and to focus on moving forward rather than on what they are leaving. Consequently, the starting of the next organization represented more of a shedding of identification with the prior organization, rather than a conscious deidentification.

A continual focus on the next idea supports the founder's occupational identity as someone who generates ideas or products; thus occupationally based identities were salient for founders with a self-fortifying orientation. When these founders disengage from their organization, they continue to identify as entrepreneurs or designers rather than focusing on how their identity in relation to the organization is changing. For example, one founder (FND31) claimed, "You're still an entrepreneur even if you don't start your own company or you're not running your own company. Being an entrepreneur just means being able to do something very resourceful and that's why it wouldn't matter where I go." Similarly, FND34 described:

**TABLE 3**  
**Representative Quotations for Disengagement Management Tactics**

Tactic	Representative Quotations
Idea Stockpiling	<p>FND22: I mean I'm sure I have like 5, 10 ideas all the time. I already know like the next two could be—I have like this notebook where I just keep ideas that could be interesting that I haven't done any analysis. But that's just like the first phase. You're just like thinking through it.</p> <p>FND31: I have ideas; [I] just keep them shelved, keep them on the side, certainly develop them in the back of my mind you know trying to find validating ideas the thoughts you know move into the market that might validate the idea.</p> <p>FND27: The idea for the next company came before, came in like '06 and I decided to not pursue it. . .but I always, I just felt it was something that needed to happen.</p>
Side Business Developing	<p>FND02: While I was working for the acquirer, I was spending an awful lot of my time looking, starting to do my research that ultimately became the next company but that was all kind of informal.</p> <p>FND33: I was doing stuff before I sold the company too. So I'm not going to stop those things. Like I own 50% of a company that we're trying to get funded, right. And these guys I've been working with for two years. I'm like I'm not going to stop that just because of that, you know. . .I have hands in a lot of different things right now.</p> <p>FND09: So that was a connection. So I took this concept of [Adstore]—and in fact, some of the engineers at [Adstore] were moonlighting with me at [MVT] and I started [MVT] out of my office at [Adstore].</p>
Empowering Others	<p>FND33: Empowering like giving them the power and actually giving them the accountability to make sure that they're doing what they need to do is such a huge relief because it detaches me. It makes me feel like, "If I walk away it's not the end of the world."</p> <p>FND15: I was gone for ten days. . .and I was like, okay, don't call me, you can do this. You don't need me.</p> <p>FND16: These were people that I trusted. I had always been a delegator; I am not someone who micro manages.</p>
Recruiting Replacements	<p>FND23: [The company] is at a stage now where there's a lot that has to happen with the culture, and what the employee base needs or what the customer base needs isn't necessarily what I'm good at. This isn't going to work with me sort of being the leader because it's not my style. So we should look to hire somebody.</p> <p>FND09: I had brought companies up to \$10 million and I was pretty confident I could run this \$30 million business, but I felt as a shareholder and not as the CEO, you have to be—these are two different motivations that you have and sometimes they're in conflict, but you have to be dispassionate and you have to really look at and say, "As a shareholder, am I the right CEO? Right?"</p> <p>FND15: So I learned very early on and in my role in organizations from people older than I that my most important job was to find my successor and create an organization that was sustainable beyond me.</p>
Idea Searching	<p>FND33 [describing the idea searching of others]: One of my friends, the best piece of advice he gave me was like he sold his business and he had a three year contract and he didn't think about what was next until the day after it was done. And he said it was the biggest mistake he ever made.</p> <p>FND14: I don't know exactly what it's going to be, but it will be something entrepreneurial.</p> <p>FND17: You know it's interesting I don't think I thought that much about other ideas and I think, I just said I was going to take some time off because you know I was a little burned out at that point. . .I have you know fortunately sold the company. . .I didn't have something that I was going to jump into necessarily. And yeah so I mean I was just looking forward to taking a break basically.</p>

My identity is a startup guy. Part of my identity is you have an idea, you have a mission, and you need to get that started, get it off the ground. I can help you do that. My identity is about the part of the process. Maybe that's a weird thing, but it's true. That's really how I think of myself.

In grounding their identities at the occupational level (e.g., entrepreneur, designer, inventor), these founders are better able to maintain a sense of coherence of self (Sveningsson & Alvesson, 2003) by focusing on an identity that is portable even during periods of transition and separation. Moving between organizations possibly even reinforces the occupationally based identities that are salient for

founders with a self-fortifying orientation. In summary, then, founders on the portfolio path engage in anticipatory identification with their next organizations, while simultaneously reinforcing their identity at the occupational level.

**Portfolio path: Emotional experience.** The ability to retain a strong sense of coherence in the time of transition, as well as a focus on moving toward their next organization, might explain why founders on the portfolio path rarely discussed a sense of loss or sadness, but instead seemed filled with excitement about the next idea. In interviews, the energy around these un-pursued ideas was palpable; founders often wanted to spend more time talking about these

stockpiled ideas than about the current organization of which they were a part. For instance, one founder (FND22) started discussing another potential idea about swimsuits when he was telling me about how he had left prior companies: "I've got this idea for—this is crazy. I have this idea for like swimwear. . . I did some analysis. . . Once I start analyzing it, it's like, 'Forget it. That's it for me [I'm leaving].'" Another founder (FND11) described how new ideas were more fun and his energy was drawn to them "That challenge of turning something like this into [something else]—that's what for me is the most fun. So currently, I find myself diverting time [to that]." Very rarely did these founders describe feelings of loss or sadness and their energy and excitement indicated a psychological readiness to move on to the next idea. It is also possible that these founders always understood the organization at the idea level, rather than as a social entity. In other words, when they claim to have strong organizational identification, these founders might see the organization as the embodiment of their idea, rather than as a collection of people in which they are the founder; for these founders, deidentification might involve separating from an abstract idea, rather than from a group of people. In focusing on the idea rather than the people, these founders may be able to avoid or deny some feelings of loss. Rather than tending to the emotions around leaving and what was being left, these founders were pre-occupied with the next opportunity.

***Serial path: Disengagement management tactics.***

In contrast to founders with a self-fortifying orientation, founders that embody the stewarding orientation believed it was critical to continually fully invest in their current organizations in order to make them sustainable. Accordingly, prior to physically leaving their organizations, these founders used tactics such as empowering others and recruiting replacements in order to promote organizational growth, even at their own expense. In empowering others, founders described consciously removing themselves from regular activities in order for the organization to continue to grow. For example, FND16 described:

I needed to be able to step back and say this is the way it is, you guys are in control. And if you're not [going to step back] the company can't grow because one person can't do it all and you'll hold it back. So you have to be comfortable with letting it go and believing that you've hired the right people.

This quote illustrates how empowering others is fundamentally about doing what is best for the

organization—if the founder does not empower other people, "the company can't grow." Similarly, another founder (FND07) described:

I started it [the company] and when I left it had 10,000 people. Obviously, in between 1 and 10,000, there's a lot of management structure. . . Many entrepreneurs, if they're not doing it themselves, they are uncomfortable, and that's not true for me. I like to do things. I like to be involved where it's appropriate and where I can add value, but I'm not someone who—for better or worse—I don't sort of say, "Oh, this company is too big for me." And so when you have a management team that's functional, it allows you to separate.

By empowering others and having a "functional" team, founders are able to separate themselves. These examples suggest that by consciously separating from the organization founders might be able to psychologically disengage effectively. Similarly, in describing recruiting replacements, founders emphasized the need to view the organization through the perspective of shareholders and to critically ask themselves whether they would continue to be the right CEO for the organization. One founder (FND04) explained:

Making the decision to do that, to exit a company on my own terms, was just the most logical thing; it was a very rational thing to do. You have to check your emotions and you have to do what's right for the company and that's not easy because we are not all capable of doing that. I went to our investor and said, "This is my decision. I don't want to be CEO anymore because I don't think the company will do as well with me in charge as it would with somebody else."

Prior to leaving, then, these founders were most concerned with making sure the organization would be sustainable rather than what they would personally be doing in the future. Therefore, despite removing themselves from organizational activities, they were still fully invested in the well-being of the organization.

As a consequence, upon leaving, these founders often took breaks from founding activities to engage in the tactic of idea searching. Whereas idea stockpiling was driven by wanting to stave off disengagement, idea searching occurred after founders had physically left the organization and needed to come up with their next idea. For example, FND29 explained, "I think part of my goal is to find like a tiny niche and over the next four years I'm trying to expand my backup finances and to look around before I go back to it." Also, unlike in idea stockpiling, where ideas were continually emergent, this tactic entailed



a more methodical search. As FND23 described after leaving his organization, “I’ve got this document and right now it’s got like 13 different things on it. Just random ideas from you know, do I want to start like a web magazine?”

In describing why they waited to consider other ideas, founders often said they believed that remaining fully committed to the organization, including employees and investors, was the right thing to do to until the point of departure. In other words, “the captain goes down with the ship” (FND26). Thus, like the tactics of empowering other people and recruiting replacements, founders were focused on wanting to do what was right for the organization, whether or not it was in their best interests. In many instances, idea searching resulted in an extended vacation or break between organizations. For example, in my first interview with FND02, he described how he needed to take a break and mentally reset after he left his prior organization following an acquisition, “It took me about six months just to like stop shaking. It had been five and a half years of very intense drama, pretty continuously, and I was pretty upset.” But, by my second interview a year later, the founder had started his next business. He described finding the right idea to pursue and claimed, “I would lay on my deathbed regretting that I didn’t try [starting another organization] one more time, maybe two more times, maybe three more times.” Thus, these founders often ended up starting new organizations, but there was little overlap with the prior organization.

**Serial path: Identification-related dynamics.** Unlike the portfolio path, in which founders focus on anticipatory identification prior to leaving, founders in the serial path focus on deidentification. For example, one founder (FND13) claimed, “my heart is still with the company.” This distinction is driven by the differences in tactics that founders with a stewarding orientation employ. The tactics of empowering others and recruiting replacements are focused on separating the self from the organization, or deidentification, and involve little, if any anticipatory identification. It is only after physically leaving, that these founders engage in anticipatory identification through the tactic of idea searching. Nonetheless, some of these founders described still feeling identified with a company even long after leaving. For instance, one (FND07) described, “Some of the way I think of myself as the guy who founded and ran that for many years, and that makes me . . . but I feel some identity with the people and with the success.” Therefore, it is unclear whether some of these founders ever fully deidentified. For founders with a stewarding orientation, deidentification

seems more salient than anticipatory identification throughout the disengagement process.

At the same time, as described above, with a stewarding orientation, founders’ identities are located and connected to their organization. Because organizationally based identities are salient, these founders tended to describe needing to deidentify, figure out what the next organization would be, and then identify with that next organization. Unlike in the portfolio path, where founders focused on their occupational identities, these founders focused on the change occurring at the level of their organizationally based identities. Therefore, idea searching represented a truly liminal period (Ashforth, 2001) between organizations, in which founders did not have something to “latch on to” (FND23), since they were between organizations. In the serial path, then, deidentification was salient and reinforced by the founders’ focus on organizationally based identities. As I describe next, the process of deidentification followed by new identification is reflected in the sense of loss that founders described in extracting themselves from the organization and the need to take a break, not only to discover the next idea, but also to fully psychologically disengage from the prior organization.

**Serial path: Emotional experiences.** Unlike the excitement and energy that was associated with the portfolio path, founders on the serial path expressed many more negative emotions. For example, one founder described the emotional challenge of recruiting a replacement: “It was hard because we’d made it so far and it was like such a hard fight, to have gotten to that point just realizing I wasn’t the right person to be leading the company and so I had brought in my replacement” (FND28). The emotional challenge comes from needing to separate one’s own interests from those of the company to make a decision that is in the best interest of sustaining a growing organization, despite having made this decision for one’s self. FND13 described the challenge in allowing people to step into roles he once had:

I didn’t really want to give up. I had put my heart into the company and really, really had an image of this company growing very quickly and very large, and I still see that happening someday. But I just got to the point where I started to feel I was getting in the way because I’m still in many other decisions and meetings and as [the replacement CEO] was training them, it was not efficient and not productive from what I can see. And I didn’t think we were using our time in the best way. . . . I felt the only honest thing to do was to get out of the way, and so I kind of decided to ease out.

In not “really want[ing] to give up,” this founder expressed the sense of loss that accompanies disengagement by putting the needs of the organization ahead of his own. It is also possible that in addition to dealing with the loss around the organization, these founders are also dealing with loss around particular relationships, and their role as a founder, as they are more likely to view themselves in terms of relationships or at the interpersonal level (Brewer & Gardner, 1996; Sluss & Ashforth, 2007). For example, one founder (FND07) described after leaving, “I certainly feel close to people who work there [former organization]. You know the ecosystem, there are some relationships on the outside [clients] I certainly have attached to.”

The sadness, pain, and loss started to dissipate as founders employed idea searching and they began to focus on the next opportunities. For example, a founder (FND23) described his use of idea searching after having chosen to replace himself and physically leave the company, “It’s painful and I think that that was sort of like the first month or two. The advice I got was to start ideating and thinking about it, and as soon as that happened then the hurt and the anger started to disappear.” Thus, idea searching provides a means of moving forward psychologically. One founder (FND29) described how while he did not think he would start the next organization “for some time,” even though he had left his prior organization, he described the search process as “a kind of exhilarating experience and it’s just very high intensity and it’s generally good.” Therefore, while the excitement and enthusiasm was not as palpable in the serial path these founders did indicate a move toward these more positive emotions with time and engagement with their next organization.

**Summary.** Figure 2 illustrates how the two different work orientations relate to the different behavioral tactics employed by founders (contained in the central darkest gray layer in the figure); these tactics are associated with identification dynamics (medium gray layer) and emotional experiences (lightest gray layer). Taken together, these paths reveal that founders with different founder work orientations can have vastly different experiences of psychological disengagement when physically leaving their organizations. First, they engage in different behavioral tactics over time, despite accomplishing the same primary task of leaving one organization and starting another. Second, while the majority of the study participants described how at some point in the founding process or in the life-cycle of the company they felt strong organizational identification, they differed in

the extent to which deidentification or anticipatory identification was salient and when anticipatory identification occurred; for founders with a self-fortifying orientation the process of *becoming* was salient throughout the portfolio path, while for founders with a stewarding orientation the process of *unbecoming* was salient through the serial path. Finally, the emotional experience of psychological disengagement differed such that founders with a self-fortifying orientation had positive emotional experiences throughout disengagement, while founders with a stewarding orientation felt experiences of sadness and loss and eventually moved toward more positive emotions. In other words, given seemingly similar starting points, significant differences in the psychological disengagement processes can occur, and these differences are related to differences in founder work orientations.

## DISCUSSION

This study began with the primary research question: How do founders manage psychological disengagement from their organizations when they choose to leave them? In the course of inductively investigating these psychological disengagement processes, a second question emerged: How do psychological disengagement processes influence how founders begin again? This research addresses these questions by: (1) illustrating that during exits founders experience and manage psychological disengagement with different behaviors, cognitions, and feelings; (2) theorizing that these differences relate to different founder work orientations; and (3) showing that these differences relate to whether founders begin their next organizations in a serial (no overlap) or portfolio (with overlap) fashion. While this study is grounded in the experience of founders, this research also has implications for understanding psychological disengagement processes more broadly. First, I discuss these general implications and then I address the more specific implications for founders and entrepreneurship.

### Delimiting an Experience-Based Process Theory of Psychological Disengagement

Studying the psychological disengagement process of founders provides a springboard for building a more generalized theory of psychological disengagement. Beyond the entrepreneurship literature, other literatures are concerned with and address organizational exit, yet do not fully address psychological

disengagement. For example, the turnover literature focuses on the decision to leave, as well as the behaviors that lead up to physical departure from the organization (c.f. Holtom, Mitchell, Lee, & Eberly, 2008). Work on role transitions focuses on the cognitive stages of psychological separation (Ashforth, 2001; Conroy & O'Leary-Kelly, 2014; Ebaugh, 1988). For the most part, though, extant literature has focused on the behavioral and cognitive components of organizational exit with the greatest attention paid to the events leading up to the exit. What these bodies of work address less clearly is the full experience of psychological disengagement, including: the behavioral, affective, and cognitive processes; how these processes unfold before and following physical exit; and how these psychological disengagement processes influence how people begin again.

Theory on identification perhaps provides the clearest foundation for building theory around psychological disengagement in the context of organizations, since this theory speaks to a specific type of psychological attachment between individuals and organizations. Nonetheless, current research primarily focuses on what leads to identification (e.g., Dutton, Dukerich, & Harquail, 1994; Glynn, 1998; Kreiner & Ashforth, 2004) and how people identify (e.g., Ashforth et al., 2008; Elsbach & Bhattacharya, 2001; Kreiner & Ashforth, 2004; Pratt, 2000), rather than how this identification breaks down or dissolves. Thus, very little theory unpacks deidentification processes over time. Extant work indicates that the breaking of identification, or deidentification, does exist (Fiol, 2002; Pratt, 2000), but this initial work focuses on the role that managers and leaders play in deidentification. For example, Pratt (2000), in the context of socialization, describes how the failure of organizational sensebreaking can lead organizational members to deidentify and fail to identify with the organization. This study, in contrast, focuses on how individuals manage their own identification-related practices through the use of particular behavioral tactics when they choose to leave organizations and it also elucidates the different emotional experiences associated with deidentification. Furthermore, this study shows how multiple identifications (e.g., occupational and organizational) impact transitions. Founders, like most people, have multiple identities which can vary in salience, and these differences in salience influence how transitions unfold. Therefore, in developing a theory of psychological disengagement, this study compliments and extends a growing body of work

concerned with identification as a process, rather than a state (e.g., Ashforth et al., 2008; Kreiner, Hollensbe, & Sheep, 2006).

Scholars acknowledge that leaving processes likely involve a simultaneous coming and going (Ashforth, 2001; Ebaugh, 1988; Ibarra, 2003)—in leaving we move away, but also toward something else. For example, Ashforth (2001) theorizes that anticipatory identification might enable deidentification, yet we have little theory that addresses these simultaneous processes. This study draws attention to the dynamic interplay between these processes, and to the fact that individuals experience this simultaneous coming and going differently. Not only are there different *targets* of identification at play throughout psychological disengagement, there are also variations in the *time orientation* of identification: is the focus of identification the present or the future? In the portfolio path, anticipatory identification appears much more salient than deidentification and founders experience more positive emotions in the leaving process. In the serial path, deidentification appears much more salient than anticipatory identification and founders experience more negative emotions. This research also sheds light on how the timing of these two processes might vary during disengagement; in the portfolio path, anticipatory identification occurs prior to physical departure, while in the serial path anticipatory identification only occurs following departure. This suggests that important variations exist in how and when the related processes of anticipatory identification and deidentification occur during and following organizational exit.

By focusing on the role of work orientations, as a driver of differences in disengagement processes, I draw attention to how factors, within the individual, impact how disengagement processes occur. Work on role exit focuses on how factors such as the voluntariness of the exit and the availability of alternatives impact exit (Ashforth, 2001; Ebaugh, 1988). Existing work, then, tends to focus on how factors, outside of the individual, impact how a transition unfolds, rather than on how the way people view themselves and their work shapes these processes. This study illustrates that in order to understand how psychological disengagement occurs, we need to understand how people view their work, since differences in work orientations relate to disengagement processes. This study does not address, however, why founders embrace particular work orientations. Theory on identity orientations, which describes how people define themselves in relationship to others,

suggests that the activation of specific identity orientations might be impacted by factors such as relationship quality and group and organizational characteristics (Brickson, 2000). Extending this logic to founder work orientations, one might imagine that similar factors might influence whether a founder embraces one work orientation over the other. Over their careers, founders might have different life events that shape their financial needs, their desires to help other people, and their definitions of success; these factors likely influence which work orientation, and consequently identification target, is salient.

In theorizing how people act, think, and feel during psychological disengagement, as well what influences this process, this study moves toward a more complete theory of psychological disengagement that has implications beyond founders. Specifically, the patterns I observed in terms of disengagement management tactics, identification-related processes, and emotional experiences might hold in other situations in which CEOs or employees leave their organizations. While the work orientation framework proposed here is grounded in the founder experience, this framework might help explain other career transitions by focusing on the underlying dimensions of motivation and conceptions of success, as well as differences in identity salience. For example, these dimensions might help explain why, for example, “some people quit their jobs to make space before they have figured out what they want to do next [while] others stay, if only nominally, in old roles until the leap is a forgone conclusion” (Ibarra, 2003: 164). While the nature of the old job or career might provide one explanation for differences in these approaches (Ibarra, 2003), so too might differences in work orientations. Regardless of profession or occupation, people with a self-fortifying orientation might be more likely to consider multiple options before choosing to leave, while those with a stewarding orientation might need to leave to figure out what they would like to do next.

### Specific Implications for Understanding Founders

***Delineating how founders psychologically disengage and the consequences.*** Research to date has focused on the strategic decisions that entrepreneurs make around the type of exits they employ (DeTienne & Cardon, 2012; Wennberg et al., 2010), rather than on the experience of founders as they engage in the exiting process. As Morris and colleagues (2012:11) recently observed, “[i]f entrepreneurship is fundamentally experiential, we know surprisingly little about the nature of the experience.” In conducting

a qualitative study, this research explicitly focuses on the experience of founders as they exit organizations. This study reveals that founders experience exit differently despite having seemingly similar starting points (i.e., total overlap between self and organization) and these different experiences relate to differences in when founders start their next organizations.

I outline a repertoire of disengagement management tactics that founders use—idea stockpiling, side business developing, empowering others, recruiting replacements, and idea searching—that can be arrayed along several dimensions. These tactics vary in the goal the founder hopes to achieve through the tactic (engaging or disengaging with the organization), the timing of the tactic (when the founder employs the tactic), and whether the tactic primarily concerns considering alternatives (Ashforth 2001) or delegating to others. I also demonstrate that specific tactics cluster together to propel different disengagement paths over time. These psychological disengagement paths are not only important because they describe *when* and *how* founders disengage and *start again*, but also because they relate to differences in the identification processes that occur and the emotions founders experience.

These different identification and emotional experiences potentially relate to learning outcomes that influence future entrepreneurial activities. In the serial path, founders might be characterized as having a loss coping orientation (Conroy & O’Leary-Kelly, 2014; Shepherd et al., 2011; Stroebe & Schut, 1999), since they seem to process the loss associated with leaving their organizations in order to help them move on to their next organization. In dealing with the loss, negative emotions are present throughout the disengagement process; but once the loss is processed, founders seem able to begin to focus on the positive experiences of starting their next organizations. Research suggests that a loss orientation is associated with more learning during project failure (Shepherd et al., 2011); it is possible, then, that founders on the serial path engage in more learning during the disengagement process. In focusing on their next organizations, founders in the portfolio path might be characterized as suppressing or avoiding the loss associated with leaving, which is suggestive of a restoration coping orientation (Conroy & O’Leary-Kelly, 2014; Shepherd et al., 2011; Stroebe & Schut, 1999). However, rather than proactively focusing on other sources of stress during loss, which is typical in a restoration orientation, these founders redirect their attention to the next opportunity. This avoidance reduces negative emotions associated with leaving, but

also likely limits the opportunity to learn from the leaving experience (Shepherd et al., 2011). While learning and experience have been the focus of entrepreneurship research (Cope, 2011; Hmieleski & Baron, 2009; Ucbasaran et al., 2013; Wennberg et al., 2010), this study suggests that learning around psychological disengagement might influence how founders relate to and found their organizations in the future. By understanding the prior experiences of founders (both in terms of identification dynamics and emotional experiences), we can better understand the “baggage” with which founders enter their next organizations. This “baggage” shapes future choices and strategies.

By focusing on *voluntary* exits, this research also offers a more nuanced understanding of the entrepreneurial exiting process and suggests that similarities might exist between exits in times of success and failure. While we might expect failure to be associated with emotional and traumatic experiences (Cope, 2011; Shepherd, 2003; Ucbasaran et al., 2013), it is unclear whether the process of exit itself, regardless of whether it occurs during failure, might prompt similar emotional and traumatic experiences. Particularly given the strong identity connections between founders and their businesses, is failure traumatic or are all exits traumatic? My analysis reveals that under certain circumstances (i.e., in the serial path) founders might experience the negative emotional experiences such as loss and grief typically associated with failure. Therefore, exit, even when it is chosen, can be difficult to manage. In the portfolio path, founders with a salient occupational identity as an entrepreneur, designer or inventor, seem better able to moderate the disturbance of exiting. While extant research on failure has focused on how the way individuals process and recover from loss (i.e., coping orientations) impacts their emotions and learning and how they move forward (Shepherd, 2003; Shepherd et al., 2011), this study suggests that the salience of particular identities might also impact how people exit and move forward. This research, then, complements work on failure in the entrepreneurial process (e.g., Shepherd, 2003; Shepherd et al., 2011; Ucbasaran, Westhead, Wright, & Flores, 2010) by highlighting critical differences in founder experience during exits in times of success and by illustrating how these differences engender different habitual founding patterns.

***Extending our understanding of differences in habitual entrepreneurs.*** In exploring *why* different psychological disengagement paths occur by relating

founder work orientations to the exiting process, this study also suggests that founder work orientations might provide an explanatory mechanism for differences between portfolio and serial habitual entrepreneurs. I found that a self-fortifying orientation was related to a psychological disengagement path resembling the behavior of portfolio entrepreneurs (entrepreneurs who retain their current business while engaging in new businesses). A stewardship orientation, in contrast, was related more to a path that resembled the behaviors of serial entrepreneurs (entrepreneurs who sell their original business and later become involved with another). The existing definition of portfolio versus serial entrepreneurs focuses on formal involvement in organizations (Westhead & Wright, 1998). My data suggest, however, that this distinction might represent a broader *approach* to entrepreneurship characterized by a particular way of thinking about oneself as a founder (founder work orientation) and by the use of more informal tactics for managing the relationship between oneself and the organization. Therefore, founder work orientations provide a more comprehensive framework for understanding the different psychologies of portfolio and serial entrepreneurs. Moreover, as noted above, this study specifies critical differences in the behavioral, cognitive, and affective elements of psychological disengagement between portfolio and serial entrepreneurs. This research suggests, then, that more work is needed that distinguishes between these types rather than considers all habitual entrepreneurs as similar.

***Bringing the identity and founder literature together in new ways.*** Scholars have outlined two primary typologies for understanding founder social and role identities and have demonstrated how these typologies inform how founders engage in entrepreneurial activities (Cardon et al., 2012; Cardon et al., 2009; Fauchart & Gruber, 2011; Powell & Baker, 2014). Fauchart and Gruber (2011) describe the social-based identities of Darwinians, communitarians, and missionaries, while Cardon and her colleagues describe the role-based identities of inventors, founders, and developers (Cardon et al., 2012; Cardon et al., 2009). These identities describe how founders might answer the question, “Who am I?” in the context of their work. This study builds on this growing emphasis on the role of identity in entrepreneurship by illustrating how founders’ different social identities vary in salience. Some founders focus more on their organizationally based identities and some focus on their occupationally based identities. This work, then, relates to literature that examines how different targets

of identification compliment or contradict one another (e.g., Gouldner, 1957; Vough, 2012). I demonstrate how the salience of two socially based targets, the organization and the occupation, influence the exiting process. In addition to the organization and the occupation, founders also forge relationships with individuals and work groups. This study, then, highlights the need to consider the complex, multiple identities of founders (Ashforth et al., 2008; Ashforth & Johnson, 2001) and how the salience of these identities might shift throughout, and impact, the entrepreneurial process.

### Limitations and Direction for Future Research

This study focuses on one occupation, entrepreneurship; however, the findings here are analytically generalizable (Yin, 2009) to theory about psychological disengagement, as described above. Yet some unique characteristics of founders must be acknowledged that potentially limit the transferability of this study's theory (Lincoln & Guba, 1985) to organizational exit in other contexts. Founders likely have strong identity connections to their organizations. Yet employees, in general, vary in their levels of identification, which might impact the tactics they use to psychologically disengage. Also, some occupations in which transitions are common might normalize organizational transitions (e.g., athletes for whom trades are routine), changing the way that disengagement is experienced and managed. Additionally, the founder role, unlike other role-based identities, persists despite new leadership—organizations can only be established once. An important direction for future research, then, lies in exploring how these findings apply to other people in other occupations and roles. Such explorations will allow us to determine both similarities and differences in building a deeper theoretical understanding of psychological disengagement.

My data hint at the possibility that founder work orientations might shift over time, since some founders appear to embrace different orientations with different organizations. Over their careers, founders might have different life events that shape their financial needs, desires to help other people, and definitions of success, and ultimately influence what orientation is salient. Also, particular constraints and characteristics of the particular organization, such as the extent of investor involvement or the competence of co-founders and employees, might also shape orientations and the choice of tactics. For example, founders that have taken venture

capital funding might feel more of an obligation to the organization and therefore might be more likely to use particular tactics like idea searching; and founders that trust their employees might feel more comfortable pursuing side businesses. While the timeline of my study constrained my ability to explore these dynamics, future research might investigate these shifts longitudinally over founders' careers and across multiple organizations to better understand how the tendency to embrace a self-fortifying or stewarding orientation changes over time. Also, given the sample size, I was unable to fully explore relationships between demographic and organizational characteristics and orientations. Scholars, in the future, might conduct research with larger samples to unearth these potential relationships. Finally, one of the strengths of this study is a focus on the experience of founders. The study did not address the repercussions for the organization being left. Future research might consider how each of the tactics impacts the organizations (both those left and started), acknowledging that what might be good for the founder might not be good for the organization.

### Implications for Practice

This study has implications not only for the founder who is doing the leaving, but also for those being left, as well as any venture capitalists (or other stakeholders) who have invested in the person doing the leaving. For founders, I was struck by the lack of attention that many founders seemed to pay to eventual exits, despite an exit being the desired outcome in many cases. This lack of attention and unpreparedness might increase the emotional challenges faced by founders, even in the context of success. This study shows that even "successful" founders might experience loss as they watch the organization grow beyond them. This loss might be even more complicated to manage than during organizational failure, because other people might expect founders to be happy and proud of their accomplishment, neglecting to recognize what the founder left behind. Many founders I interviewed described the interview as cathartic because it was the first time they had really spoken about and processed the emotions around leaving. This research, then, suggests that founders could benefit from not only more preparation in understanding the challenges associated with psychological disengagement but also from explicitly considering strategies to navigate these challenges.

This study also highlights the ways in which founders with different work orientations might be more or less likely to put their needs over those of the organization. If a founder prematurely abandons his/her business, does not ensure a proper succession plan, or even sabotages that plan, the founder's departure might negatively impact the organization and inhibit the organization's ability to grow (Cardon et al., 2005). Thus, a founder's failure to consider the needs of the organization might generate significant problems for the people left within the organization. Further, venture capitalists and other investors might wish to consider a founder's work orientation in choosing whether and/or how to invest, as the work orientation shapes whether a founder is likely to devote all of his/her attention to one venture or be part of a larger portfolio of ventures. My data reveal that founders might not always be upfront about their side businesses, so being able to determine and understand a founder's orientation might provide an important piece of information for understanding how a founder views his/her relationship to the organization and whether s/he is likely to put the organization above his/her own needs. A founder with a particular orientation might be a better fit given the investor's particular needs.

## CONCLUSION

By highlighting how founders exit organizations, I elaborate on theory of psychological disengagement. In doing so, this research broadens our understanding of how people act, think, and feel during exit by illustrating two different psychological disengagement paths. This study also reveals that, in order to understand why founders use particular tactics, we need to understand what founders value in their work. Without understanding how people psychologically disengage and the important role of people's view of themselves in the process, we fail to fully understand how and why people leave and start again.

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