



## **The Impact of Executive Turnover on Entrepreneurial Company's Performance: The Moderating Role CEO's Prior Work Experience in Algeria's Entrepreneurial Business Companies**

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**Abstract:** In this study, we examine the effect of executive turnover on the performance of entrepreneurial companies. Additionally, we evaluate the moderating impact of the CEO's prior experiences to prove how founders' firsthand knowledge reduces the adverse effects of executives' departure. Our empirical research uses data from a company's C-level survey, including 209 entrepreneurial companies in Algeria. The empirical findings demonstrate that executive churn lowers firm performance, which may affect longer-term investments in new initiatives. We also demonstrate that the longer the founder CEO's prior employment history, the stronger the favorable impacts of executive change are. Our research indicates that the founder and CEO's entrepreneurial spirit, founded on valuable prior practical knowledge, lessen organizational instability. Our results reveal how executives behave should also be considered, even though the firm's component is crucial for a new entrepreneurial company's longevity.

**Keywords:** Executive turnover; CEO; Managerial Experience; Company's performance

### **1. Introduction**

Due to new endeavors, new enterprises are characterized by more significant ambiguity regarding resources, practices, products, and environments (Li, J. and D.K. Dutta, 2018). According to studies on entrepreneurship, a challenging environment enhances the significance of the top management team aspects for a new firm. While earlier research has mainly shed light on how a firm's characteristics and interactions with other enterprises affect performance (Ensley et al., 2002), this study seeks to contribute to the literature concerning the top management team's issues in new ventures, focusing on executive turnover and the founder CEO's experience. A worrying trend is the discontinuity of executive management services since it impacts longer-term strategy investment, which is crucial for bolstering performance's key strengths. The impact of a CEO's leave on new ventures' innovation is a critical issue to solve to promote the expansion of new ventures. We concentrate on executives to test the boundary condition concerning the CEO's experiences. We examine how the founder CEOs' earlier experiences attenuate the executive turnover effect because they are the focal point of a new venture's emergence and ongoing business performance. Understanding the dynamics of the company's performance requires identifying the various effects of the founder, CEO, and executives on the entrepreneurial firm's performance.

Executives with substantial managerial or industry knowledge, particularly for new initiatives, are a problem when utilizing and growing the naturally constrained resources of new ventures. Additionally, previous entrepreneurship studies have demonstrated that CEOs' continued management service is a crucial component of venture businesses' innovation as the ongoing R&D process necessitates their continuing commitment and focus (Cummings, T. and A.M. Knott, 2018). Executives who stop providing managerial services because they are on leave risk losing the unique insider information about a company that fosters innovation. Finding a suitable replacement with comparable skill sets or knowledge entirely fitted with the venture's ongoing business process is complex. The newly elected executive needs time to absorb new information to address numerous business concerns and the time and expense associated with the latest recruiting. Due to the reduction in the continuity of the innovation process and firm-specific knowledge assets, we propose that an executive's departure impacts new ventures' current business performance investment efforts.

The study of Entrepreneurship has concentrated on the value of an individual entrepreneur. Executives are the venture businesses' significant human resources. According to the idea in entrepreneurship research, entrepreneurs contribute skills and knowledge that are imprinted on a business enterprise. The founding CEO's qualities are essential for venture

longevity because young businesses struggle with limited resources and uncertain business situations. We contend that the founder CEO's aforementioned experiential knowledge moderates executive turnover's detrimental effects on R&D investment. It is claimed that the founder or CEO's previous experiences will likely affect new ventures during the entrepreneurial process (Paeleman et al., 2021). Therefore, founder CEOs are attractive inclined to rely on their decisions, when faced with a circumstance with considerable uncertainty, on the managerial expertise they had before creating the new businesses. We propose that prior work experience offset the detrimental impact of executives' departure on company performance because founder CEOs' previous work-related experiences may affect their managerial abilities, values, and ambitions.

This study contributes to the literature by enhancing our knowledge of CEO turnover's effect on entrepreneurial firm performance. Our findings support the long-held hypothesis that CEO traits significantly impact the implementation of new ventures and add to the growing body of research showing that CEO leave influences long-term strategic decisions. Our findings suggest that the continuity of the management team and the executives' ongoing services may contribute to the constant investment in new initiatives. Additionally, this study divides the top management team into executives and founder CEOs to demonstrate the synergistic effects of several TMT components. We emphasize the significance of the founding CEO's contribution to early-stage investment in organizational instability following the departure of the executives. We demonstrate that the founder's earlier professional experiences are associated with considerably higher organizational stability, enhancing the company's performance. This study has the following format. The past research and literature regarding the connection between executive turnover and entrepreneurial companies' performance spending are undertaken in Section 2. The research methodology and samples used in the empirical analysis are described in Section 3. Section 5 discusses and concludes the research's conclusions after Section 4 gives the findings of the empirical study.

## **2. Literature Review and Hypothesis Development**

### **2.1 Executive Turnover and Company's Performance**

A key indicator of how well a company resolves the two principal-agent issues is executive turnover and its relationship to business performance (Kato, T. and C. Long, 2006). Examples include the conflicting interests of top management and shareholders, which could lead to managerial entrenchment, and the contradictory claims of controlling and minority shareholders, which could result in the appropriation of the latter by the former or "tunneling," as it is known in the literature. The diverging interests between top management and shareholders may result in managerial entrenchment and the diverging interests between controlling and minority shareholders, which may lead to the appropriation of the latter by the former or "tunneling," as referred to in the literature.

Executives place a great deal of reliance on the people who are essential resources and who have knowledge assets unique to their company. Furthermore, when CEO departures from the company affect team cohesion, building an innovation strategy and organizational structure for continuous innovation is disrupted. Due to the reduction in the continuity of the innovation process and firm-specific knowledge assets, we propose that an executive's departure negatively impacts ongoing firm performance and investment efforts. The impact of a new venture's team qualities on strategies or outcomes has been extensively demonstrated by earlier entrepreneurship research. For instance, (Eva, N. et al., 2019) highlight the CEO's involvement in boosting performance, and (Chandler et al., 2005) demonstrates the link between the CEOs of new venture personalities and performance. Although the CEO's involvement has long been acknowledged, little research has been done on the strategic effects of executive resignation (Chandler et al., 2005). Because new ventures are businesses that primarily depend on organizational resources to succeed, we know less about how senior departures affect them. In this study, we focus on capability investment, which is crucial in bolstering the core competencies of new ventures and is carried out from a long-term perspective to explore how CEO churn affects innovation in new enterprises.

Because entrepreneurial businesses usually depend on exceptional executives with a vision and resources that allow them to succeed, frequent executive changes in the CEO position may result in organizational instability (Lester, R.H. et al., 2006). The effects of executive turnover are extensive. First, organizational change hinders continuous innovation efforts. One of the chief executive officer's primary responsibilities is to use tacit knowledge to implement a successful plan. Nielsen, S (2010) turnover results in the loss of priceless implicit and explicit knowledge. It is anticipated that development will not always be prioritized in organizations with a high CEO turnover rate. The continuing business performance calls for abilities to appreciate both the value of the business and the firm-specific context in the ongoing business process. Thus, consistent assistance from executives familiar with the continuous revolution is necessary (Cummings, T. and A.M. Knott, 2018).

Second, the CEO turnover may reflect a less coherent CEO, undermining current initiatives to create longer-term plans. CEO cohesion is a crucial factor in enterprises' performance since it affects team members' commitment and motivation (Klein, H.J. and P.W. Mulvey, 1995). The new venture CEO must be united, given their volatile business environment.

According to Ensley et al. (2002), cooperative teams facilitate effective management since they have already exchanged tacit knowledge and value inside the company. Without reviewing the conditions and goals again, they make a decision hastily. Such cohesion in TMT is superior for problem-solving and responding quickly to strong interpersonal links, which increases business performance (Smith et al. 1994). Therefore, when a cohesive team is upset, future projects no longer profit from that team's efficiency.

Thirdly, according to Dess, G.G. and J.D. Shaw (2001), executive turnover increases costs for the business since it necessitates new recruiting, training, and a reduction in output during the vacant position. The evident and covert costs of executive departure could strain finances. Furthermore, it takes time for newly hired executives to integrate and learn company-specific information, even though they may have managerial experience. Their anticipated contributions, therefore, initially offset the costs of recruiting those (Dai G. et al., 2011). Resources are in short supply, which is problematic for startups. Significant losses in human capital and the resulting financial costs could pressure new enterprises to keep up their development spending. Based on the abovementioned arguments, we formulated the following hypothesis.

**Hypothesis 1 (H1).** Executive turnover positively affects entrepreneurial firms' performance.

## **2.2 Moderating Effect of CEO's prior Work Experience**

According to research on entrepreneurship, the founder's prior administrative experience is a crucial source of knowledge and influences the entrepreneur's decision-making Cope, J (2005). Only when the founder or CEO attempts to comprehend organizational procedures or make commercial decisions can they gain managerial experience (De Cock, R et al., 2021). A founder CEO's knowledge base for administrative decisions is their experience, which they draw upon to identify or seize business possibilities Atsan, N., (2016). Even though it has been extensively studied in earlier research (Oliveira E. et al., 2017), the relationship between experiential knowledge and performance is not limited to new endeavors. Since most initiatives lack a formal management system, we contend that the founder CEO's experience is more valuable. They heavily rely on the founder's ability to perform. We anticipate that founder CEOs with managerial experience can successfully lead a new company even when executives' departures raise organizational instability since founders' managerial experiences are thought to produce experienced practical knowledge. (Dencker, J.C. and Gruber, M., 2015), seasoned entrepreneurs have a valuable toolbox of possible organizational and strategic moves.

Compared to less experienced founders, their reactions to environmental changes are superior. As a result, although executive churn burdens young businesses with managerial issues, experienced founder CEOs exhibit great ability to deal with such challenges and encourage firms to set priorities by pursuing significant R&D investments. We suggest three prior work experiences closely related to managerial skills to analyze the value of founding CEOs' previous managing experiences. First, spending time in the industrial area is beneficial for understanding the market and industry. Prior work experience is a crucial source of knowledge that helps entrepreneurs better recognize and develop business possibilities (Mathias, B.D et al., 2015). As such, we offer our second hypothesis

**Hypothesis 2 (H2).** Work experience weakens the positive relationship between executive turnover and firms' performance

## **2.3 The Effect of CEO's Work Experience on Firms' Performance**

Finally, yet importantly, we anticipate that the founder and CEO with experience forming other businesses would have a superior understanding of the business cycle of new initiatives. Understanding what must be done to run a new firm is related to founding experience successfully. It builds up as a result of dealing with issues unique to new businesses, like managing new staff and creating new goods or services (Delmar, F. and Shane, S., 2006). Tzabbar and Margolis (2017) present a link between entrepreneurial experience and creativity and explain how previous entrepreneurial experience creates tacit knowledge that can aid new venture management in identifying development strategies. Additionally, these entrepreneurs' varied experiences enable them to see additional prospects, which supports the innovation process. Being a founding member of an organization gives you a better grasp of its nature and growth plan because you have already faced the hurdles of running a newly founded business.

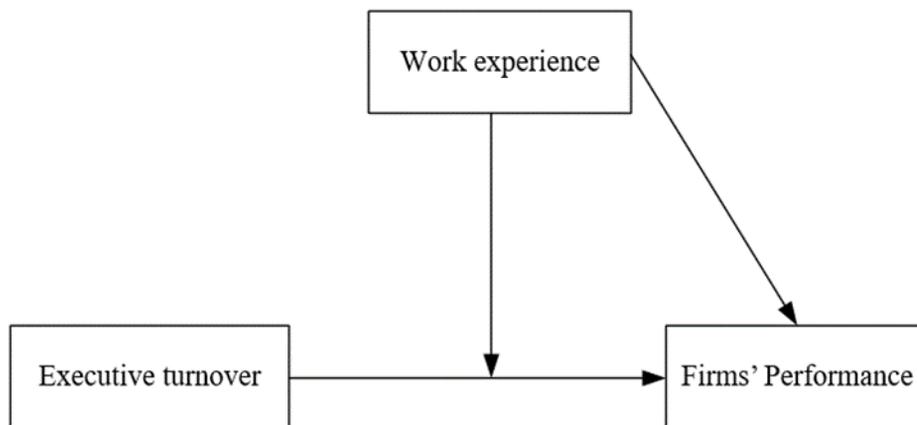
Furthermore, we can anticipate that a founder CEO with founding experience is more likely to be socially connected to venture capitalists or industry professionals, increasing the usage of beneficial managerial and financial resources (Deb, P. and Wiklund, J., 2017). This shows that founder CEOs would be less affected by unforeseen occurrences, like executive turnover, if they had managerial experience particular to new ventures. These experiences equip founding

CEOs with the skills necessary to develop goals and plan activities with a strategic focus without being interrupted by executive change. Based on the abovementioned arguments, we propose the following:

Hypotheses 3 H3: Executive working experience has a positive effect on a firm's performance

## 2.4 The Study Conceptual Framework

The conceptual research model for this study was constructed based on results from earlier studies. Earlier, there was a limitation in research on Entrepreneurial firms' performance and prior work experience of the executives. To our knowledge, there is no similar research on Entrepreneurial firms' performance in Algeria. In contrast, the new contextualized insight constraints are the moderator variable and executive turnover. Hence, as shown in Figure, entrepreneurial companies' performance is the outcome variable—the executive turnover variable. Based on the prior literature review and following the development of hypotheses, we propose a research model presented in Figure 1.



**Figure 1:** Conceptual framework

## 3. Methodology

### 3.1 Design of the Study

This study examined the effect of executive turnover on entrepreneurial companies' performance, considering the moderating role of working experience in Algeria's entrepreneurial companies. By incorporating some restrictions other scholars have not yet studied, the study created the moderator variable for executive prior working experience. Researchers implemented a quantitative research design and used a deductive reasoning method to examine the relationship between variables (Kumar, R., 2018). The independent variable for this study was an executive turnover. The model also considered the company's performance as the dependent variable and working experience as a moderator variable.

Both primary and secondary data sources were employed in the investigation. The critical data sources were individual responders, including the startup business's CEOs, managers, and marketing managers. An entrepreneurial business, annual government reports, policy documents, and literature were used to gather the secondary data. Therefore, this study looks at how entrepreneurial executive turnover affects companies' performance throughout the moderator of working experience for entrepreneurial companies in Algeria. In general, 15 standardized structured questionnaires were used in the study, and the questionnaire items were measured using a Likert five-point scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).

### 3.2 Data Sampling

The researchers of this study utilized the purposive sampling technique to estimate the sample size of entrepreneurial businesses, which was drawn from Algiers, Algeria. The authors chose 209 entrepreneurial companies as responders, using primary and secondary data from these businesses. The researchers gave out 300 questionnaires. The PLS-SEM statistical tool was used to compile and evaluate 230 questionnaires. Our empirical research is based on a 2019–2021

firm-level survey of manufacturing startups in Algeria. By gathering data annually, the survey seeks to comprehend how entrepreneurial company enterprises in Algeria function and change. A sample of businesses from different industries and sizes was carefully chosen to represent venture firms' original population accurately. Depending on the situation, a structured questionnaire is disseminated via email, fax, or online survey. Since the majority are unlisted companies, it is helpful that this dataset allows for gathering specific data that is typically either unobtainable or confidential. Additionally, the survey offers a benefit analysis because it only includes responses from venture companies. We only have 209 firms compared to the dataset's 300 enterprises.

### 3.3 Measures

The sales ratio represents the firm's performance and is the dependent variable. We develop executive turnover, defined as the ratio of administrative leave to total employment size, to analyze the impact of executive turnover on company performance. The number of working years is the founder's job experience

## 4. Empirical Results

### 4.1 Measurement Model Analysis

The measurement model is the part of the model that examines the relationship between the latent variables and their measures (Al-Mekhlafi, A.B.A, et al.,2021). The measurement model helps to establish the reliability and validity of the constructs. In PLS-SEM, the measurement model is the first step in examining the validity and reliability of indicators.

### 4.2 Reliability and Validity Test

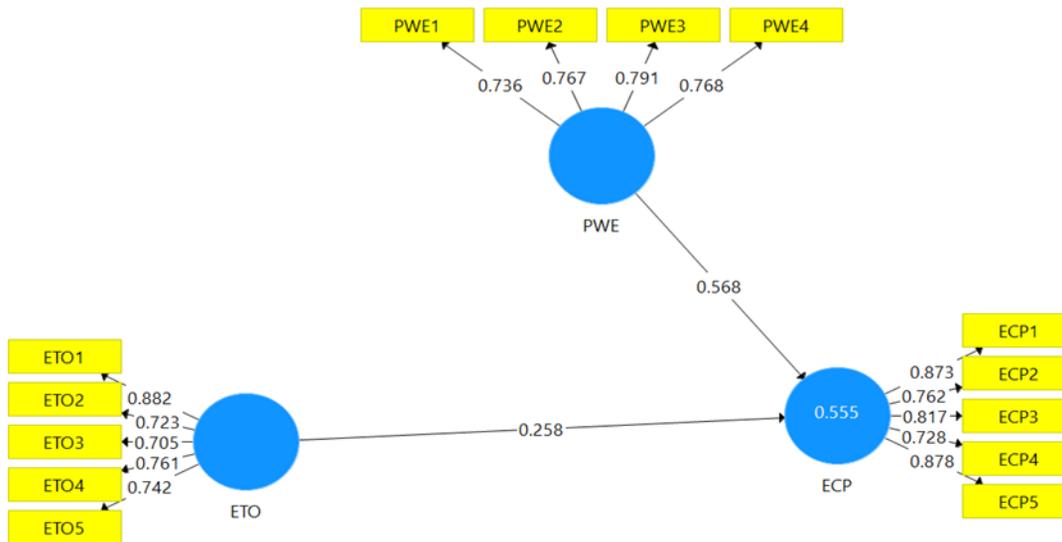
This study checks the validity and reliability of all pertinent questionnaire items using PLS-SEM statistical software. The measurement model examined the validity and reliability through factor loadings, Cronbach's alpha, composite reliability, convergent validity, and discriminant validity (Hair, J. et al., 2017). Accordingly, the convergent validity results of the study are portrayed in Table 2 below. Cronbach Alpha and composite reliability measure scale items' internal consistency (Ab Hamid, M.R et al., 2017). According to the rule of thumb, Cronbach Alpha and composite reliability (C.R.) should be greater than 0.70.

In contrast, the average variance extracted (AVE) and factor loadings should be greater than 0.50 (Miras Rodríguez, M.D.M, et al., 2020). In the current study, Cronbach Alpha and C.R. values are higher than 0.70, as shown in table 2, confirming that the sample data is stable and reliable. The result also revealed that the importance of AVE and factor loadings are more significant than 0.50, indicating high relationships between items and valid convergent validity.

**Table 1:** Measurement Model Analysis

Constructs	Items	Factor Loading	Cronbach's Alpha	C.R.	(AVE)
Company Performance	ECP1	0.873	0.871	0.907	0.662
	ECP2	0.762			
	ECP3	0.817			
	ECP4	0.728			
	ECP5	0.878			
Executive Turnover	ETO1	0.882	0.828	0.875	0.586
	ETO2	0.723			
	ETO3	0.705			
	ETO4	0.761			
	ETO5	0.742			
Prior Work Experience	PWE1	0.736	0.765	0.850	0.586
	PWE2	0.767			
	PWE3	0.791			
	PWE4	0.768			

**Note:** ECP = Entrepreneurial Company's Performance; EPO = Executive Turnover; PWE = Prior Work Experience



**Figure 2:** Measurement model assessment (output)

### 4.3 Correlation Matrix and Discriminant Validity

Next to the convergent validity and reliability test, the study conducted a statistical analysis of discriminant validity. The purpose was to confirm that no two items within the same construct measure the same thing, resulting in data redundancy (Hair, J.F.,2011). Three techniques were employed to establish discriminant validity in SMART-PLS (Henseler, J.et al., 2015). The Fornell-Larcker criterion, cross-loadings, and Heterotrait Monitrat (HTMT) ratio analysis. Firstly, the study used the Fornell-Larcker correlation to examine discriminant validity (Nasution, M.Iet al, 2020). According to Fornell and Larcker's principle, discriminant validity is ensured if AVE's square root for a particular construct is higher than its correlation with other constructs (Henseler, J.et al.. 2015). As shown in Table 2, the squared AVE value in the bold diagonal is greater than the inter-construct correlation, indicating no discriminant validity issue. This means a construct is unique and explains concepts not reflected in the model by other constructs (Fornell, C. and Larcker, D.F, 1981).

**Table 2:** Fornell Larcker

	ECP	ETO	PWE
ECP	<b>0.814</b>		
ETO	0.579	<b>0.765</b>	
PWE	0.714	0.565	<b>0.766</b>

Note: ECP = Entrepreneurial Company’s Performance; EPO = Executive Turnover; PWE = Prior Work Experience

Secondly, cross-loadings has employed to check discriminant validity. According to this technique, a particular item should have higher loadings on its parent constructs than others in the study (Nasution M.Iet al, 2020). In the present study, the specific item has higher loadings than others, indicating a low relationship among variables and valid discriminant validity, as shown in Table 3.

**Table 3:** Cross loadings

	ECP	ETO	PWE
ECP1	<b>0.873</b>	0.498	0.607
ECP2	<b>0.762</b>	0.378	0.512
ECP3	<b>0.817</b>	0.481	0.622
ECP4	<b>0.728</b>	0.456	0.556
ECP5	<b>0.878</b>	0.528	0.597
ETO1	0.526	<b>0.882</b>	0.447
ETO2	0.301	<b>0.723</b>	0.284
ETO3	0.268	<b>0.705</b>	0.312
ETO4	0.367	<b>0.761</b>	0.385
ETO5	0.588	<b>0.742</b>	0.597

PWE1	0.493	0.511	<b>0.736</b>
PWE2	0.544	0.501	<b>0.767</b>
PWE3	0.594	0.397	<b>0.791</b>
PWE4	0.549	0.336	<b>0.768</b>

**Note:** ECP = Entrepreneurial Company's Performance; EPO = Executive Turnover; PWE = Prior Work Experience

Finally, the Heterotrait Monotrait (HTMT) correlation ratio is another measure of discriminant validity. According to Henseler et al. 2015). Afthanorhan et al.,2021) propose if the path model includes constructs that are conceptually very similar, a threshold level of 0.90 is acceptable; if an HTMT value is above 0.90, it indicates a lack of discriminant validity. In our case, the result below in Table 4 shows that all of the HTMT values were less than 0.90. The result confirms the low relationships among variables and acceptable discriminant validity.

**Table 4:** Heterotrait monotrait ratio

	ECP	ETO	PWE
ECP			
ETO	0.625		
PWE	0.871	0.667	

**Note:** ECP = Entrepreneurial Company's Performance; EPO = Executive Turnover; PWE = Prior Work Experience

**Table 5:** Multi Collinearity test result

Items	VIF
ECP1	2.722
ECP2	1.744
ECP3	2.012
ECP4	1.534
ECP5	2.886
ETO1	2.597
ETO2	1.878
ETO3	1.705
ETO4	2.042
ETO5	1.387
PWE1	1.602
PWE2	1.659
PWE3	1.668
PWE4	1.623
ECP1	2.722

**Note:** ECP = Entrepreneurial Company's Performance; EPO = Executive Turnover; PWE = Prior Work Experience

### 4.3.1 Hypothesis Testing

After the outer models' reliability and validity have been established and the multi-collinearity problem checked, the inner models hypothesized relationships are evaluated. In this case, the result of the direct effects of independent variables on the dependent variable is shown in Table 6. The significance level of the path coefficient can be determined by their magnitude sign, +1, and by using t-statistic values. As a rule of thumb, the recommended range for the t-value is 1.96 and above. The bootstrapping technique has been used to determine the significance of each structural path in the study. In the first hypothesis (H1), executive turnover (ETO) is assumed to contribute positively to an entrepreneurial company's performance (ECP). As shown in figure 3 and Table 6, (ETO) has a positive and significant effect on ECP ( $\beta = 0.245$ ,  $t = 5.003$ ,  $p\text{-value} < 0.001$ ). As a result, the research supported the hypothesis (H1). In H2, the study claimed that Prior work experience positively contributes to an entrepreneurial company's performance. The findings revealed that (PWE) significantly influences entrepreneurial company's performance at the estimation values ( $\beta = 0.608$ ,  $t = 13.290$ ,  $p\text{-value} < 0.001$ ). This shows that increasing (PWE) by 1 unit increases a company's performance by 60.8 units, and the study confirmed the hypothesis (H2). Furthermore, in H3, the study proposed that prior work experience (PWE) positively moderates the relationship between executive turnover and a company's performance; the result revealed that (PWE) is influenced significantly and positively as a moderation effect ( $\beta = 0.13$ ,  $t = 4.016$ ,  $p\text{-value} < 0.000$ ). To conclude, the data confirms the direct hypotheses and moderation effect.

**Table 6:** Summary of hypothesized results

Hypotheses	Paths	$\beta$	T-value	p-value	Decision
H1(+)	ETO → ECP	0.245	5.003	0.000	supported
H2 (+)	PWE → ECP	0.608	13.290	0.000	supported

Explained variance for each dependent variable ( $R^2$ )

	ECP	55			
Moderation Effect	PWE-ETO x ECP	0.13	4.016	0.000	Supported

Note: ECP = Entrepreneurial Company's Performance; EPO = Executive Turnover; PWE = Prior Work

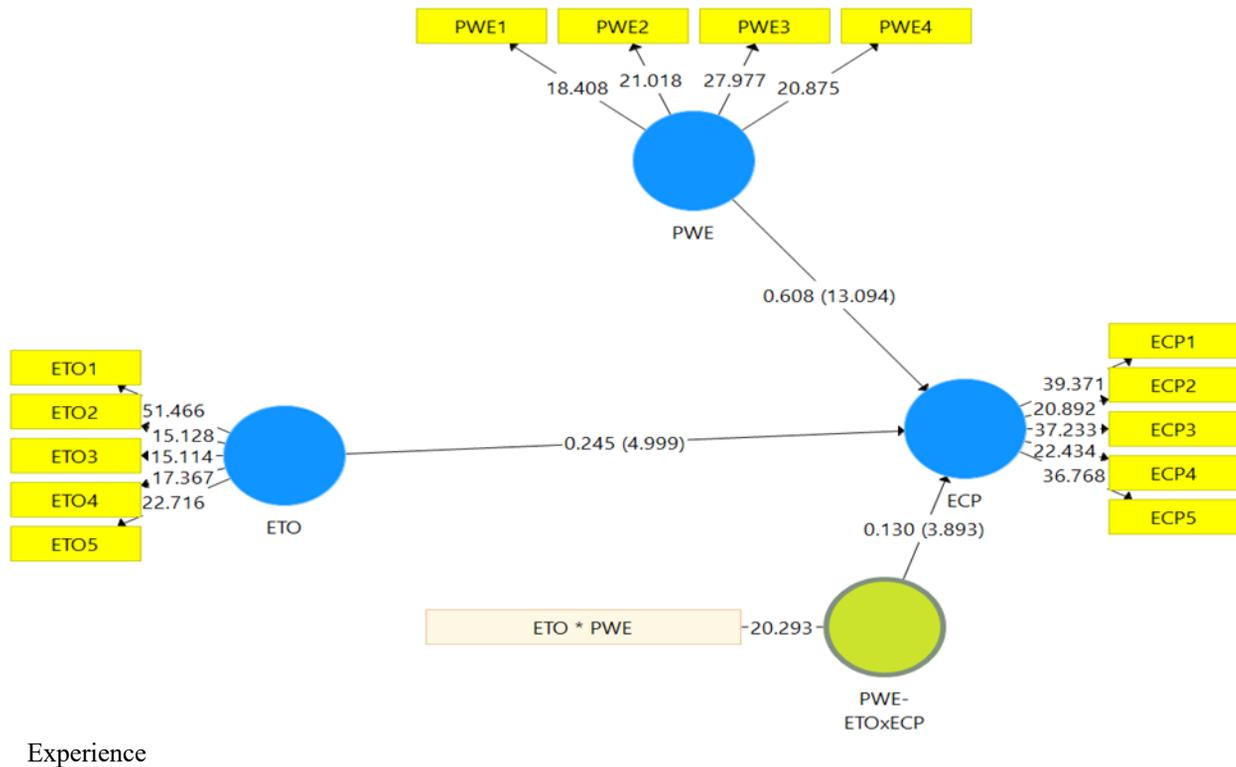


Figure 3: Moderation Effect results

## 5. Discussion and Conclusion

This study includes two main research objectives to comprehend the connection between CEO turnover and the performance of entrepreneurial organizations. The first topic covered is the performance of an entrepreneurial company's executive turnover. Research on how organizational instability brought on by executive turnover would result in such performance activities should be highlighted, as academics have underlined that executive turnover is a critical predictor of a sustainable company's performance. Second, it examines the conditional impact of the CEO's prior employment history that modifies the effects of executive turnover on business performance. We offer insight into how CEO turnover issues affect the operation of the entrepreneurial company because ongoing business efforts are one of the aspects that promote business competitiveness and survival. We offer empirical proof that executive churn lowers a company's performance because it interrupts managerial service and causes the CEO to lack coherence. It implies the significance of an entrepreneur's passion and knowledge for long-term business and investment in Algeria that a CEO's prior managerial experience is a boundary condition that weakens the negative impact of executive churn.

### 5.1 Theoretical Contribution and Implications

This paper makes significant theoretical advances and has broad consequences. First, our empirical findings improve our comprehension of how administrative leave affects new businesses. While the dynamics of top management teams have received much attention in entrepreneurship research, little is known about how organizational instability brought on by a CEO's departure affects the business's success. The findings imply that the performance of entrepreneurial companies may be enhanced by the continuity of the management team and the executives' services. Therefore, the stability of the senior management team has an impact on both organizational performance and investment. We provided the foundation for a detailed analysis of this relationship after empirically confirming the link between the executive departure and the company's performance in the undertaking business scenario. By examining executive turnover and proposing that CEO coherence and stability foster continual innovation efforts for new businesses, it advances the field of entrepreneurship research.

Second, we demonstrate a joint influence of executives and founding CEOs, in contrast to earlier research focusing on the CEO. It showed, in particular, that the senior management team's entrepreneurialism positively impacted the organization's business success. However, we asserted that the founder and CEO are entrepreneurs at the center of the new venture's conception and development and suggested that this could impact the relationship between executives and business performance. According to our data, while executives greatly influence R&D spending, the founder or CEO is a critical component that can vary this impact. According to the findings, the founder CEO's experiential expertise gained via earlier experience aids new businesses in concentrating more on inventive capabilities. This research supports the imprinting theory since it shows how an entrepreneur's traits—in this case, those of the founder and CEO—lead to the imprinting of specific skills and knowledge on businesses. Additionally, it implies that understanding the dynamics of the top management team may be helped by recognizing the distinction between the entrepreneur and other executives when studying the impact of TMT-related features on firm performance.

## **5.2. Limitations and Future Research**

There are several limitations to this study. First, a founder's decision or a voluntary leave of absence can result in an executive exit. By distinguishing between voluntary and involuntary turnover, further study is anticipated to examine the impact on company performance. In addition, even though the cause for the executives leaving is unknown, the difference between unexpected and voluntary absence may be more problematic for young businesses. These turnovers should be structured in future research to examine various angles. Second, the ratio of administrative leave to total employment size was used in our study to assess executive turnover, which was then used as an independent variable to evaluate the data. The traits of each member of the top management team are therefore not taken into account. The CEO has been the subject of previous top management team studies. Still, other TMT members, including the chief financial officer, chief operating officer, chief marketing officer, chief information officer, and chief strategy officer, have also received attention. Third, cross-sectional data analysis was performed using the data. Although the sample size for the company's performance benefits from our data, the time-variant component has not been addressed. Further investigation utilizing a longitudinal dataset is required due to this constraint.

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