ENTREPRENEURIAL EXIT STRATEGIES: THE IMPACT OF HUMAN CAPITAL

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ABSTRACT

Although researchers in such diverse fields as economics and organizational sociology have explored firm exit, little research has explored entrepreneurial exit—the decision by the majority-owner founders of privately-held firms to harvest their profits and remove themselves from the primary ownership and decision-making structure of the firm. Yet, all entrepreneurs in one way or another will leave the firm they created. Using theories of goal-setting and human capital we explore two specific questions: (1) why do some entrepreneurs consider an exit strategy while others do not, and (2) under what conditions are entrepreneurs most likely to utilize a specific strategy.

INTRODUCTION

“Finally, remember one inviolate truth: Eventually, every owner leaves his business. The question is, will you leave feet first on a stretcher or will you sip champagne in celebration of your victory?” (Minor, 2003: xvii)

Researchers in such diverse fields as economics (e.g. Dunne, Roberts, & Samuelson, 1988), finance (e.g. Prisciotta & Weber, 2005), strategic management (e.g. Gimeno, Folta, Cooper, & Woo, 1997), organizational psychology (e.g. Kleppera & Simons, 2005), and organizational sociology (e.g. Carroll, 1984) have explored the topic of firm exit. This research has included such topics as industry shakeout, market exit, corporate restructuring, firm exit, and CEO succession. This extant research has primarily explored exit at the firm or industry level of analysis, effectively answering the questions, “What impact does the exit of a line of business have on the multibusiness firm or the industry?” and “What impact does CEO succession have on the performance of the firm?” The dependent variables in this literature have been predominantly the rate of industry change, the rate of firm change, and firm performance—ROI, stock price, sales, and market share after exit (Dunne, Roberts, & Samuelson, 1988; Zhang & Rajagopalan, 2004).

In contrast, “Entrepreneurial exit is a strategic decision by the majority-owner founders of a privately held firm to harvest their profits thereby removing themselves from the primary ownership and decision-making structure of the firm” (DeTienne, 2005: 5). Unlike the extant exit research this perspective suggests that there is value in understanding the exit decisions of individual entrepreneurs. Some entrepreneurship scholars have called for a new focus upon the entrepreneur as a designer of the organization. For example, Sarasvathy (2004: 713) states “If we are to develop real content in entrepreneurship, we need to focus our attention on understanding it from the point of view of the entrepreneur.” In addition, the important questions in entrepreneurial exit—why, when and how entrepreneurs make a decision to exit from the firm—are unlikely to be answered exploring performance of the firm (Sarasvathy, 2004). “…from the entrepreneur’s perspective, the issue of harvesting is about more than money, involving personal and nonfinancial aspects of the harvest as well” (Petty, 1997: 71). In contrast to firm exit, the dependent variables in research exploring entrepreneurial exit might include ability to exit, length of time to exit, quality of exit, satisfaction with exit, or total harvested value. Sarasvathy (2004: 714) points out the distinctiveness of entrepreneurial exit when she states “In other words, instead of trying to explicate the relationship between the psychology of the individual entrepreneur (say, self-efficacy or risk propensity) with performance (say, survival or ROI), we could try...
to understand how entrepreneurs fashion particular strategies in particular industries or create firms with particular exit strategies….”

We focus on strategies related to entrepreneurs exiting their ventures. More specifically, we utilize human capital theory to explore the human capital factors that influence the existence and type of strategies held by entrepreneurs. A model of our hypothesized relationships is in Figure 1. Our premise is that not only does the existence of an exit strategy matter, but that the type of strategy (how the entrepreneur plans to exit the firm) is also important.

ENTREPRENEURIAL EXIT IN THE LITERATURE

We know that all entrepreneurs will eventually exit, many entrepreneurs do not plan specific exit strategies, and this phenomenon is understudied in the literature. First, it is relatively clear that one way or the other all entrepreneurs will exit the firm they have created (Engel, 1999; Petty, 1997). Entrepreneurs may be forced into bankruptcy or liquidation, they may successfully exit through the sale of the firm or make an initial public offering (IPO), they may choose to transfer the firm to a family member, or they “may die in the saddle” (Engel, 1999: ix). But, whatever the mode of exit, one thing is certain, all entrepreneurs will eventually exit and exit is a significant event for not only the entrepreneur, but also for the firm and conceivably even the industry. Petty (1997: 72) argues “…one would expect that few events in the life of the entrepreneur, and for the firm itself, are more significant than the harvest.” The fact that entrepreneurial exit is something that all entrepreneurs will experience contributes to the importance of the phenomenon. There are few other topics in entrepreneurship except, perhaps, opportunity identification, that we can conclude will occur as surely as entrepreneurial exit.

Because of the dearth of research into entrepreneurial exit, we do not have statistics that indicate the amount of annual wealth transferred as entrepreneurs exit their businesses, yet we know that it is significant. The 2000 U.S. Census indicates there are over 25 million U.S. businesses and ninety percent of those firms are privately owned firms (O'Rourke, 2005; Prisciotta & Weber, 2005). In family-businesses alone, nearly 40 percent of business owners expect to exit their firm within the next five years and within twenty years this transfer of wealth is expected to reach $4.9 trillion dollars (Prisciotta & Weber, 2005). In the well-established, middle-market sales arena Knott and McGrath (2004) report that there are 9.6 million firms with at least one or more owners who are 50 years old or older. Further, it is estimated that 18 percent of the financial assets held by U.S. households is invested in privately held firms, many of which were founded in the 1950s and 1960s with entrepreneurs who are or soon will be contemplating exit (Perry, 1997). Entrepreneurial exit is clearly prevalent in our economy.

Second, despite the fact that entrepreneurial exit is an important topic, there is preliminary research (Dahl, 2005; Holmberg, 1991; King, 2002) to suggest that fewer than 50 percent of entrepreneurs consider their exit strategy prior to making an exit decision. According to Inc. magazine (Inc.,2005), only forty-five percent of the 2004 Inc. 500 CEOs—the CEOs of the 500 privately-held, fastest growing firms in the United States as identified by Inc. magazine—report that they started their companies with an exit strategy in mind. In addition, PricewaterhouseCoopers surveyed 364 CEOs of fast growing, privately-held companies (referred to as their Trendsetter Barometer), and reports that 65 percent of CEOs indicate they plan to leave their company within 10 years, yet 43 percent have done little or no exit planning (Dahl, 2005). Other early empirical research (Holmberg, 1991) report similar numbers with approximately 40 percent of entrepreneurs giving advance thought to exit.

Third, there is very little academic research which explores entrepreneurial exit. The bulk of what we know about entrepreneurial exit is completed by consultants (e.g. Hawkey, 2002: Minor, 2003) who are intricately involved in entrepreneurial exit and aware of the challenges faced by entrepreneurs. The books and articles published by such consultants have brought forth many of the complex issues faced by entrepreneurs considering exit such as the role of accountants, financial professionals, and attorneys in the exit process. For example, an article by Prisciotta & Weber (2005) is a tutorial for financial professionals
on developing exit strategies for the closely held business owner. A book by attorney Ned Minor (2003: xiv) is written “…to supply business owners the information and guidance they need to move successfully through the process of deciding to sell their companies”. However, as noted by Handler in her methodological discussion of family business issues “…when research becomes a secondary goal, the results may actually reflect the ‘back seat’ position it has taken” (1989: 258). There is a concern that when research is a secondary issue, there may be a high reliance on underdeveloped methodologies and single case generalizations rather than systematic analysis and theoretical rigor. This suggests that rigorous theoretical and empirical attention to the issue of entrepreneurial exit is needed, and we take an initial step in that direction.

Other relevant literatures

Outside of the research conducted by consultants, there are two streams of research which are related to, and partially investigate, entrepreneurial exit. The first is the family business succession literature which is also concerned with entrepreneurial exit, albeit with one primary exit strategy. Because few family firms survive into the second or third generation of family ownership (Lee, Lim & Lim, 2003) and many of those that are transferred are to unqualified family members (Kets de Vries, 1993), the major concern in this research is the selection and development of a successor (e.g. Sharma, Chrisman & Chua, 2003) rather than a focus upon exit strategies. However, “surveys show that 80% of all business owners expect to transfer their companies to a key employee or family member when they retire—but the reality…is that the scenario plays out just 20% of the time” (Knott & McGrath, 2004: 1; Minor, 2003). Therefore, family business succession researchers might be well-served to broaden their scope and explore these issues within the larger context of entrepreneurial exit.

A second literature that is also concerned with entrepreneurial exit is entrepreneurial finance—primarily the venture capital literature. This literature has explored the exit decision from the perspective of venture capital portfolios and has primarily focused upon involuntary replacement of the entrepreneur by a professional management team (Wasserman, 2003) and the impact that replacement has on the firm. Although this research explores a similar phenomenon as entrepreneurial exit, there are critical differences. For example, the dependent variable in much of this research is post-IPO firm failure (e.g. Fischer & Pollock, 2004) and post-IPO performance (e.g. Florin, 2005). In addition, venture capital research has primarily been conducted at the firm level of analysis with founders who, in return for firm funding, have given up the requisite decision making capability and the ability to make a strategic decision. We instead focus on exit decisions made by those with the capability to make such decisions, and consider the factors that influence whether or not founders develop exit strategies, as well as the content of those strategies.

In summary of the relevant literature, we note that: (1) Entrepreneurial exit is an important topic in entrepreneurship research due not only to the fact that all entrepreneurs will experience it, but also due to the magnitude of impact that the transfer of firms has on entrepreneurs, firms, and the economy, (2) Entrepreneurial exit falls within the entrepreneurship domain and the questions, concepts, and relationships that are proposed are different from those proposed by other disciplines and are unanswerable using their research lenses (Busenitz, West, Shepherd, Nelson, Chandler, & Zacharakis 2003), and 3) the study of entrepreneurial exit will benefit from the systematic analysis and theoretical rigor that scholars in entrepreneurship can provide.

HUMAN CAPITAL FACTORS INFLUENCING EXIT STRATEGY DEVELOPMENT

One of the important areas of research in entrepreneurial exit is a basic understanding of why entrepreneurs make the decisions they do concerning exit. We specifically explore two aspects of decision making: (1) why do some entrepreneurs, and not others, give consideration to an exit strategy, and (2) under what conditions are entrepreneurs most likely to utilize a specific strategy. We use human capital theory to explore these questions.
In emerging firms one of the critical resources is the human capital of the nascent entrepreneur (Brüderl, Preisendörfer & Ziegler, 1992; Honig, 2001; Korunka, Frank, Lueger & Mugler, 2003), which may include education, previous entrepreneurial experience, age, and industry experience. Entrepreneurial human capital has been linked to learning strategies (Honig, 2001), opportunity identification processes (Davidsson & Honig, 2003), financial capital structure (Bates, 1990), and performance (Honig, 1998; Lerner, Brush and Hisrich, 1997). Other researchers have discovered a link between human capital and exit (Bates, 1990; Gimeno, et al., 1997; Preisendörfer & Voss, 1990).

Human capital is generally viewed as either general, or firm or industry specific (Becker, 1975; Buchholtz, Ribbens and Houle, 2003). According to Becker (1975) general human capital refers to the knowledge and skills of individuals that are useful in more than one job or firm, such as education, age, or previous entrepreneurial experience. Industry specific human capital refers to the knowledge and skills that are useful primarily in a single firm or a single industry (Barron, Black & Loewenstein, 1989; Becker, 1975; Buchholtz, Ribbens and Houle, 2003), such as industry experience or education in specific areas of study. Research has demonstrated the relationships between specific types of human capital and entrepreneurial outcomes. For example, Bates (1990) reports that highly educated entrepreneurs start firms with higher survival rates. In addition, Gimeno et al. (1997) report that human capital attributes of owners of new ventures help determine thresholds of performance—the level of performance at which constituents will act to dissolve the organization. They found that management experience and entrepreneurial experience are positively related to threshold of performance and that age of the entrepreneur is negatively related. Preisendörfer and Voss (1990) report that entrepreneurial human capital (age of the entrepreneur) is positively related to firm survival until age 55 at which time survival rates decrease. Therefore we hypothesize that

H1: Different levels of both general (level of education, entrepreneurial experience, age) and specific (industry experience, area of study) human capital will impact whether or not an entrepreneur considers an exit strategy.

H2: Different levels of both general and specific human capital will lead to different types of exit strategies (transfer to family member, sale to individual, sale to firm, employee buy-out, IPO, or liquidation).

METHODS

Sample

The sampling frame for this study came from the 2002 Dun & Bradstreet directory, which contains information on over 132,500 mostly privately-held companies. The database contained contact information and secondary data such as three years of sales figures, employment figures, SIC Codes, and start-up date. We selected 1334 two to five-year old firms in two SIC codes—electrical measurement instruments (SIC 3825) and surgical medical instruments (SIC 3841).

Survey Design and Data Collection

Prior to designing the survey we conducted interviews with 35 firm founders—43% from the electrical measurements industry and 57% from the surgical medical instruments industry. Mean firm age was 4.6 years, mean number of employees was 8.2, and mean sales were $757,000. Sixty-three percent of the founders had been involved in previous ventures, and 40 percent had an advanced educational degree. We utilized this information to develop the survey and pre-tested the survey instrument twice—first with 18 members of an on-campus MBA class and second with ten of the original 35 interviewees. The initial pretest led to several changes in the survey, while few changes resulted from the second pretest, indicating that entrepreneurs were able to complete the revised survey in the manner it was intended.
In order to improve response rates, we telephoned potential respondents to elicit participation and to ascertain correct mailing addresses. We eliminated 272 firms from the sample due to duplications, incorrect addresses, and disconnected phone numbers, leaving a sampling frame of 1062 firms. Following the Total Design Method (TDM) described by Dillman (2000), we mailed questionnaires, accompanied by prepaid return envelopes and cover letters, to the chief executive officers (chairman, CEO, and president) of the firms in the sample frame. The cover letters served to identify the sponsor of the study and to explain its purpose and importance. We assured executives of confidentiality and promised them a report of the aggregated findings once the study was completed. A follow-up postcard and reminder letter with a replacement survey questionnaire followed the initial mailing. One-hundred-eighty-nine firms responded with usable surveys for a response rate of 18 percent. A subset of one hundred and twenty-eight firms responded affirmatively when asked whether they had ever considered an exit strategy.

Our research uses responses from a single respondent in each company along with secondary data from Dun and Bradstreet. Some researchers question the validity of studies that rely on a single informant’s perception. However, our approach of using one informant per organization has been supported when survey instruments were well designed and executed (Starbuck & Mezias, 1996), and the key respondent is the owner/manager of the business (Chandler & Lyon, 2001). In addition, frequently in new firms the lead entrepreneur is the only person with the requisite knowledge. Non-response bias is always a concern when response is voluntary; nonresponding firms, however, did not differ significantly from responding firms in annual sales, geographic area, or SIC code.

Measures

Measures employed included scales that had been standardized and validated by previous research (Fiet, 2002; Chandler, 1996) and scales developed specifically for this study. A table of zero order correlations among measures is available upon request.

To measure exit, respondents were first asked “Have you considered a possible harvesting or exit strategy?” Potential responses were yes or no followed by the following question, “If yes, please indicate the likelihood of each of the following harvesting/exiting strategies: Transfer of ownership to other family members, sale to an individual, sale to another company, employee buy-out, IPO, discontinuance of the venture, and liquidation. Although there is little academic literature to indicate potential exit strategies, in one of the first descriptive studies of entrepreneurial exit, Ronstadt (1986) classified exit into three categories—bankruptcy, liquidation and sell-out. Birley and Westhead (1993) further explicated the potential exit strategies as five basic routes—sale to a third, independent party, sale to another business; sale to the management or employees, public quotation, and liquidation. Petty (1997) developed a list of 6 basic exit strategies—acquisition by another firm, private sale to another company, a leveraged management buy-out, employee buy-out (ESOP), transfer to family members or public stock offering. It is from these studies that we develop the seven potential strategies in this research.

Responses to the likelihood question were measured on a five point Likert-type scale anchored by “highly unlikely” on one end to “highly likely” on the other. Seventy-five percent of respondents indicated that it was highly unlikely that they would transfer ownership to family members with four percent indicating highly likely. Forty-one percent of respondents indicated that they were highly unlikely to sell to another individual with nine percent indicating highly likely. Five percent of individuals indicated that they were highly unlikely to sell their firm to another company with fifty percent indicating highly likely. Sixty-two percent of respondents indicated that it was highly unlikely that an employee buy-out would be a method of exit while four percent indicated it was highly likely. Forty-eight percent of respondents indicated that it was highly unlikely that an IPO would be a method of exit while nine percent indicated that it was highly likely. Fifty-nine percent of respondents indicated that it was highly unlikely that they would discontinue the venture while four percent indicated that it was highly likely. Sixty-one percent of the respondents indicated that it was highly unlikely that they would
choose to liquidate assets while four percent indicated that it was highly likely. Because discontinuance and liquidation were highly correlated (.88), discontinuance was dropped from further analyses.

**General Human Capital Variables**

*Level of education* was determined by asking respondents to indicate the highest educational level they had achieved. Categories included: Did not complete high school, high school or GED, some college or technical school, bachelor’s degree, master’s degree and Ph.D., M.D., or equivalent. Twenty percent of our respondents had less than a bachelor’s degree; 30 percent had a bachelor’s degree; 34 percent a master’s degree, and 16 percent a Ph.D., M.D., or equivalent. *Previous entrepreneurial experience* was measured by asking entrepreneurs to indicate the number of years of general management in which they were an owner of a firm. Responses varied from zero (forty-nine percent) to thirty-four years (one percent). The mean number of previous entrepreneurial experience was 5.25 years. Entrepreneurs were also asked to indicate their *age* by responding to the following predefined categories: (1) Less than 25 years old, (2) 25-34 years old, (3) 35-44 years old, (4) 45-54 years old, (5) 55-64 years old, and (6) more than 65 years old. Nine percent of the respondents were less than 35 years old; 33 percent between 35 and 44; 31 percent between 45 and 54; 23 percent between 55 and 64; and 5 percent over 65 years old.

**Specific Human Capital Variables**

*Industry experience* is a four item scale (alpha=.86) designed by Chandler (1996) to measure environmental similarity. Regarding these four categories (customers, suppliers, competitors, and products), respondents were asked: “How similar are the ‘customers’ in your current venture compared to what you have experienced prior to this venture?” Responses were measured on a five point Likert-type scale anchored by “very dissimilar” on one end to “very similar” on the other. We asked respondents who indicated that they had post-secondary education to choose the *area of study*. Categories included: (1) General Education, (2) Hard Sciences, (3) Medical Training, (4) Engineering, and (5) Business. These categories were chosen based upon the two industry sectors (electrical measurement instruments and surgical medical instruments) utilized in the study. Fifteen percent of the respondents had a general education background, fifteen percent hard sciences, six percent medical training, forty-two percent engineering, and thirty-four percent business (percentages do not add to one hundred as some individuals indicated more than one category).

**Control Variables**

Because age and size of the firm as well as the total initial investment may impact an entrepreneur’s exit strategy, we included these variables in the regression analysis. We obtained *age of the firm* (start date) and *size of the firm* (total number of employees) through the Dun and Bradstreet database. To measure *total initial investment* we asked entrepreneurs to indicate from the following seven categories the total amount of their initial investment: (1) Less than $10,000, (2) $10,000 to $25,000, (3) $25,000 to $50,000, (4) $50,000 to $100,000, (5) $100,000 to $500,000, (6) $500,000 to $1 million, (7) More than $1 million. Eighteen percent of respondents indicated that their total initial investment was less than $10,000; thirty-one percent indicated from $10,000 to $100,000; twenty-five percent indicated their total initial investment was between $500,000 and $1 million; and fifteen percent indicated that their total initial investment was more than $1 million.

**RESULTS**

To test hypotheses 1 we used analysis of variance, results of which are in Table 2. These hypotheses contended that the human capital characteristics of the entrepreneur would impact whether or not an entrepreneur considers an exit strategy. We found that those who considered an exit strategy varied significantly from those who had not on two variables—age of the entrepreneur (older entrepreneurs were
significantly more likely), and those with medical training (significantly less likely) indicating support for hypothesis 1.

To test hypothesis 2, how human capital variables affected given exit strategies, we used hierarchical linear regression, the results of which are reported in Table 2. We entered the control variables into block 1 of the hierarchical regression. Age of the firm and size of the firm did not predict any of the exit strategies. Total initial investment predicted three strategies—a sale to an individual, sale to a firm, and an IPO (higher total initial investment less likely to consider a sale to an individual and more likely to consider a sale to a firm and an IPO).

We entered the human capital variables into block 2 of the hierarchical regression. A family succession strategy was predicted by the education level of the entrepreneur (higher education less likely to consider family succession). A sale to an individual strategy was predicted by engineering and business training (less likely to have engineering and business training) and to a lesser degree (p<.10) previous entrepreneurial experience (more experience less likely to consider a sale to an individual). An employee buy-out was predicted by industry experience and previous entrepreneurial experience (more likely to have industry experience and less likely to have previous entrepreneurial experience) and to a lesser degree (p<.10) by CEO age (older). An IPO was predicted by level of education (higher education). A liquidation of the venture was predicted by age (older), a general education and a business education (more likely) and previous entrepreneurial experience (less). These results support hypothesis 2.

**DISCUSSION**

Scholars in entrepreneurship search for entrepreneurship’s distinctive domain (Phan, 2004; Venkataraman, 1997). Certainly since the admonishment by Aldrich and Baker in 1997 that there has been little progress in entrepreneurship, scholars have sought to better understand what is distinctive about entrepreneurship research. “Distinctiveness is better established when questions, concepts, and relationships are proposed that are different from those proposed by scholars in other disciplines and are unanswerable by them using their research lenses” (Busenitz, et al., 2003:288). In his classic work, Venkataraman (1997:120) argues that the distinctive domain of entrepreneurship should be defined “…in terms of the central issues that concern us as an invisible college.”

In this article we propose that entrepreneurial exit is a distinctive area of entrepreneurship research, and, although under-researched, is one of the central issues. We begin to show how the questions and relationships are different than those examined by scholars in other disciplines (Busenitz, et al., 2003), propose appropriate research lenses, and hypothesize and test initial relationships. Our findings suggest that human capital theory is useful for exploring factors that lead to specific types of exit strategies. More specifically, research suggests that since entrepreneurs will all eventually exit their firms, they should plan for such exits, which the majority of our sample did. This is interesting contrast to the sample of the 2004 Inc. 500 list of entrepreneurs, where only 45% had a specific exit strategy.

As expected, we found that individuals who considered an exit strategy did differ from those who had not in terms of the theoretical perspective we considered, human capital theory. Individuals who were older were more likely to have an exit strategy and individuals with medical training were less likely. Where there was an exit strategy the specific one chosen was also influenced by human capital elements of entrepreneurs.

More specifically, both general and specific human capital impacted the exit strategies considered by entrepreneurs such that entrepreneurs with higher education were less likely to consider family succession and more likely to consider an IPO. Those with entrepreneurial experience were less likely to consider a sale to an individual, an employee buy-out and liquidation. Older entrepreneurs were more likely to consider an employee buy-out and a liquidation strategy. Individuals with greater industry experience
were more likely to consider an employee buy-out. Individuals with a general education and those with business training were more likely to consider a liquidation strategy and those with engineering and business training were less likely to consider a sale to an individual.

These results suggest that a variety of human capital factors influence the existence and choice of exit strategies for entrepreneurs. These exit strategies are decisions by the majority-owner founders of private firms to harvest their profits and remove themselves from the ownership and decision-making of the ventures, and thus are an important part of the entrepreneurship picture that is distinct from the recent focus on firm failures (e.g. Shepherd, 2003).

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REFERENCES


Figure 1: Model of Hypothesized Relationships

General Human Capital
- Level of Education
- Entrepreneurial Experience
- Age

Likelihood of Having an Exit Strategy

Specific Human Capital
- Industry Experience
- Area of Study

Type of Exit Strategy
- Transfer to Family Member
- Sale to Individual
- Sale to Firm
- Employee buy-out
- IPO
- Liquidation
<table>
<thead>
<tr>
<th>Measure</th>
<th>No Exit Consideration Mean</th>
<th>No Exit Consideration s.d.</th>
<th>Considered Exit Mean</th>
<th>Considered Exit s.d.</th>
<th>df</th>
<th>SS</th>
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<tr>
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<td>1.07</td>
<td>4.43</td>
<td>1.07</td>
<td>1,183</td>
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<td>2.23</td>
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<td>8.03</td>
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<td>7.58</td>
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<tr>
<td>Age of Entrepreneur</td>
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<td>.98</td>
<td>3.92</td>
<td>1.02</td>
<td>1,183</td>
<td>5.64</td>
<td>5.50*</td>
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<td>Industry Experience</td>
<td>3.47</td>
<td>1.21</td>
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<tr>
<td>General Education</td>
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<td>.15</td>
<td>.36</td>
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<td>.15</td>
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<td>.48</td>
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*** = p<.001  
**  = p<.01  
*   = p<.05  
†    = p<.10

Table 1: ANOVA Results
Table 2: Hierarchical Regression Results for Six Exit Strategies and Human Capital

<table>
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<tr>
<th>Variables</th>
<th>Transfer to Family Members</th>
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<th>Sale to Another Firm</th>
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<td></td>
<td>( B )</td>
<td>( t )</td>
<td>( B )</td>
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<tr>
<td>Constant</td>
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*   = p<.05  
†   = p<.10