Frontiers of Entrepreneurship Research

Volume 35 | Issue 16
CHAPTER XVI. ENTREPRENEUR OTHER

Article 18

6-13-2015

ANTECEDENTS OF CHANGE: ANALYZING THE CHANGE OF EXIT INTENTIONS AND EXIT STRATEGY (SUMMARY)

Tobias Deutschmann
RWTH Aachen University, Germany, deutschmann@time.rwth-aachen.de

Julia Gösswein
RWTH Aachen University, Germany

SUMMARY

ANTECEDENTS OF CHANGE: ANALYZING THE CHANGE OF EXIT INTENTIONS AND EXIT STRATEGY

Tobias Deutschmann, RWTH Aachen University, Germany
Julia Gösswein, RWTH Aachen University, Germany

Principal Topic

The high practical relevance of entrepreneurial exit is underpinned by the fact that US$ 2.4 trillion of worldwide M&A deals took place only in 2013 (Thomson Reuters, 2013). Nevertheless, academic research on entrepreneurial exit has received increasing scholarly attention only in recent years. Both external and internal triggers (e.g., DeTienne & Cardon, 2008; 2012; Wennberg, Wiklund & DeTienne, 2010) have been found to influence entrepreneurs' exit intentions and strategies.

This is the first study, however, to analyze environmental conditions and firms' financial, human and technological resources that may imprint the firm at founding and their development over time with respect to their impact on entrepreneurs' exit intentions and strategies.

Method

This study is based on a survey conducted among the CEOs of a random sample of young, Germany-based ventures in the IT-services and machinery-industries. In general, questions are phrased for current and retrospective (time of venture emergence) perception. We operationalize the likelihood of various exit strategies according to DeTienne, McKelvie and Chandler (2014) on a 7-point Likert scale. All dependent variables used are based on well-established measures. We apply hierarchical linear regression to test our hypotheses. Among others, we control for venture age and performance.

Results and Implications

Our analysis reveals that in many cases changes in external and internal factors are more important drivers of entrepreneurs' exit intentions and exit strategies than their initial level at founding of the firm. For both scholars and practitioners alike, our findings raise doubts regarding the impact of firm imprints on entrepreneurial exit.

In terms of external factors, our findings suggest that low levels of environmental uncertainty at founding and even more decreasing environmental uncertainty over time lead founders to favor stewardship strategies such as sale to an employee or another individual. In terms of internal factors, we show among others that an increase in firm size and total funds increase the likelihood for financial harvest strategies. Contrasting our remaining findings, we find initial innovativeness to be an important driver of exit strategy, however, no proof that change in innovativeness has a significant impact on the matter.

CONTACT: Tobias Deutschmann; deutschmann@time.rwth-aachen.de; (T): +49 175 318 3396; Chair of Innovation and Entrepreneurship, TIME Research Area, RWTH Aachen University, Kackertstr. 7, 52072 Aachen, Germany.