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ENTREPRENEURIAL EXIT AS CULMINATION, DEPARTURE, AND RECYCLING (SUMMARY)

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≈ SUMMARY ≈

**ENTREPRENEURIAL EXIT AS CULMINATION,
DEPARTURE, AND RECYCLING**

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Principal Topic

Entrepreneurial exit is a critical component of the entrepreneurial process and one of the distinctive domains of entrepreneurship research. Yet, the academic research is relatively sparse compared to other components of the entrepreneurial process. Following leaders in the field, we approach entrepreneurial exit as a multi-level phenomenon (Wennberg, 2009) and propose that entrepreneurial exit varies on two dimensions (firm exit and founder exit). Our model consists of three potential exit outcomes which we define as entrepreneurial culmination (both firm and founder exit the market), entrepreneurial departure (the founder exits the firm, but the firm remains in the market), and entrepreneurial recycling (Mason & Harrison, 2006) (the firm exits the market, but the founder remains engaged in entrepreneurial activity).

Method

This study is a longitudinal analysis of founders in two industry sectors in the United States. In 2005 data collected from firms identified characteristics of founders who had an exit strategy and their likelihood of exiting through various exit routes (DeTienne & Cardon, 2011). In 2009 we re-examined these firms using secondary data including company documents, census data, internet sources (e.g. Linked-in) and direct contact including emails and telephone calls. Two researchers were employed to categorize the exits into the outcomes of entrepreneurial culmination, (2) entrepreneurial departure, or (3) entrepreneurial recycling.

Results and Implications

We began this research by proposing a more nuanced conceptualization of entrepreneurial exit using a multi-level typology. In our sample of 50 firms we found 19 instances of entrepreneurial culmination, 17 instances of entrepreneurial departure, and 8 instances of entrepreneurial recycling. We were unable to classify 6 entrepreneurs and/or entrepreneurial firms. Our findings provide evidence that our classification scheme is a legitimate method of categorizing entrepreneurial exit; however, we found, while parsimonious, the classification scheme may be overly simplistic due to the existence of important sub-classifications. Within entrepreneurial culmination we found both failures and deliberate closure. Within departure we found both succession and harvest. In support of early research in entrepreneurial recycling, we found varying levels of engagement (e.g. Hessels, Grilo, Thurik, & van der Zwanis, 2010) (e.g. new venture creation, board membership, investment) exist. We develop a sophisticated model of entrepreneurial exit which has implications for researchers, policy makers, and educators.

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