THE PLANNED DECISION TO TRANSFER AN ENTREPRENEURIAL COMPANY (SUMMARY)

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SUMMARY

THE PLANNED DECISION TO TRANSFER AN ENTREPRENEURIAL COMPANY

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Principal topic

The Theory of Planned Behavior (TPB) is used to empirically study whether an entrepreneur transfers his/her firm, conditional on exiting the firm. TPB posits that entrepreneurial intentions drive actions, here the transfer of a business. Independent attitudes affecting intentions are the perceived desirability of the outcome to the individual (personal attitude), the acceptability of the outcomes to the social norms of a reference group (subjective norms) and the perception that the behavior is feasible (perceived behavioral control). While intentions represent motivational aspects of behavior, on themselves they are inadequate to capture the implemental aspects that help translate intentions into behavior. Specifically, it is argued that the act of explicitly planning the transfer – which is completely under control of the entrepreneur - increases the probability of actually transferring the firm. Therefore, we expand the TPB framework by assessing whether formal and informal planning of the exit process further explains the remaining gap between intentions to transfer and the actual transfer.

Method

We surveyed 198 Belgian entrepreneurs that exited their company between 2001 and 2006. Structural equation models and hierarchical logistic regressions are estimated to confirm the applicability of TPB to entrepreneurial business transfers and to assess the role of planning.

Results and implications

We show that TPB explains both the intention to transfer and the actual transfer with a significant amount of variance. When deciding to transfer, an entrepreneur bases his/her decision on a careful consideration of the personal desirability, perceived feasibility and – to a lesser extent – social pressures. (1) attraction and enthusiasm toward the transfer predict the desirability of a transfer, (2) importance to family and friends predict social norms toward the transfer and (3) perceptions of self-efficacy predict the feasibility of the transfer. The original TPB-model is superior to a model of TPB augmented with planning. Formal planning is influenced by intentions but does not further aid in transferring the firm. Our results indicate that the TPB could be a more comprehensive framework in understanding transfer behavior: it does not only offer that planning is important, but it also explicates how planning is important.

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