ATHABASCA UNIVERSITY

THE ICT FOUNDER'S EXIT NAVIGATION:

AN INTERPRETIVE APPROACH

BY

HAMID SHIRAZI AGHA

A DISSERTATION

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

DOCTOR OF BUSINESS ADMINISTRATION

FACULTY OF GRADUATE STUDIES

ATHABASCA, ALBERTA

APRIL 4, 2024

Athabasca University
Faculty of Graduate Studies

Approval of Dissertation

The undersigned certify that they have read the dissertation entitled

**THE ICT FOUNDER'S EXIT NAVIGATION:
AN INTERPRETIVE APPROACH**

Submitted by:

Hamid Shirazi Agha

In partial fulfillment of the requirements for the degree of

Doctor of Business Administration

The examination committee certifies that the dissertation
and the oral examination is approved

Supervisor:
Dr. Kam Jugdev
Athabasca University

Dr. Robert Nason
McGill University

Committee Members:
Dr. William M. Foster
University of Alberta

External Examiner:
Dr. Shavin Molhorta
University of Waterloo

April 4, 2024

1 University Drive, Athabasca, AB, T9S 3A3 Canada
Toll-free (CAN/U.S.) 1.800.788.9041 (6821)
fgs@athabascau.ca | fgs.athabascau.ca | athabascau.ca

Dedication

To my parents, Ahmad, and Monir (RIP), who always helped me learn
and encouraged curiosity.

To Mitra and Artina, for their endless love, support,
and patience during this journey.

To entrepreneurs, everywhere.

Acknowledgements

I heavily relied on continued support and guidance from some of the greatest teachers and mentors I have ever had in this journey, for which I am thankful.

Dr. Kam Jugdev: Thank you for believing in me and helping me see a better path in searching for answers. Your patience, sage advice, and contagious optimism honed my thinking and sharpened my writing for greater clarity. Your continued guidance kept me on track and helped me overcome obstacles and explore new depths of thinking.

Dr. Robert (Rob) Nason: Thank you for opening my eyes and mind to seeing entrepreneurship through an academic lens, writing in a better style and more precisely. Also, your suggestions helped me examine a topic or issue from different angles in so many ways. You improved my ability to be a better integrative thinker by weaving thoughts or observations to communicate research findings.

Dr. William (Bill) Foster: Thank you for teaching me qualitative research and guiding me during this dissertation. Qualitative research is a vast and fascinating domain for new researchers and academics to navigate and grasp. You shared the gift of inquiry and a pragmatic approach to qualitative research, including your speech at ASAC in 2019. I have learned about data collection and analysis beyond what I could imagine working as a practitioner in a business setting.

Dr. Shavin Malhorta: Thank you for giving me the honour of having you as the external examiner and for your valuable comments. I hope to stay in touch and learn from your academic activities in international business and entrepreneurship.

Abstract

This study's research question is, "How do Information and Communication Technology (ICT) founders navigate the exit process from their firms?"

Exit concludes an entrepreneurial process. Despite its importance, the entrepreneurial exit, a process by which firm founders remove themselves from primary ownership and decision-making – has received insufficient attention from academics and entrepreneurs. Most of the literature has historically focused on venture creation and growth. Exit is a process that is influenced mainly by triggers at individual, firm, and environmental levels. Most entrepreneurs are not as aware, prepared, or experienced in exit. However, their financial and personal satisfaction from an entrepreneurial entry depends on the success of their exit.

This qualitative exploratory study focused on the founders of ICT firms in Ontario as the level of analysis. The study had a sample size of 20 for interviews and adopted the Gioia methodology to explore new themes. Three key findings emerged in this study. First, the motivation for the founders' entry could be internal or external. Generally, entrepreneurs with a lifestyle motive ran their businesses longer than those with growth-oriented motives. Many founders did not have clear goals or a defined exit plan, and the exit motives were as heterogeneous as entry motives. Second, arriving at an exit decision was more emergent than deliberate (due to many known/unknown variables). Third, exit triggers beyond the individual level, at the levels of firm and environment, influence exit.

This study had an unexpected but significant discovery, which could be missed by outcome-focused (success or failure) quantitative research. This study showed how several founders had a premature or failed exit attempt that led to further development or new activities towards the same or a different exit mode. The findings are elaborated in greater detail in Chapter 4, and a concept highlighting the emergent nature of entrepreneurial exit is presented.

There are recommendations for further research and implications for academics, practitioners, and policymakers. More informed decisions, better advice, and reduced exit barriers would amplify the personal and social gain in entrepreneurship.

Keywords: Entrepreneurship, exit, entrepreneurial exit, exit process, exit triggers.

Table of Contents

List of Tables

List of Figures and Illustrations

List of Abbreviations

CEO: Chief Executive Officer

CFIB: Canadian Federation of Independent Business

CVCA: Canadian Venture Capital Association

EBO: Employee Buy-Out

ICT: Information and Communications Technology

IPO: Initial Public Offering

ISED: Innovation, Science, and Economic Development (A Canadian Federal Ministry)

ITAC: Information Technology Association of Canada

M&A: Merger and Acquisition

MBO: Management Buy-Out

TPB: Theory of Planned Behavior

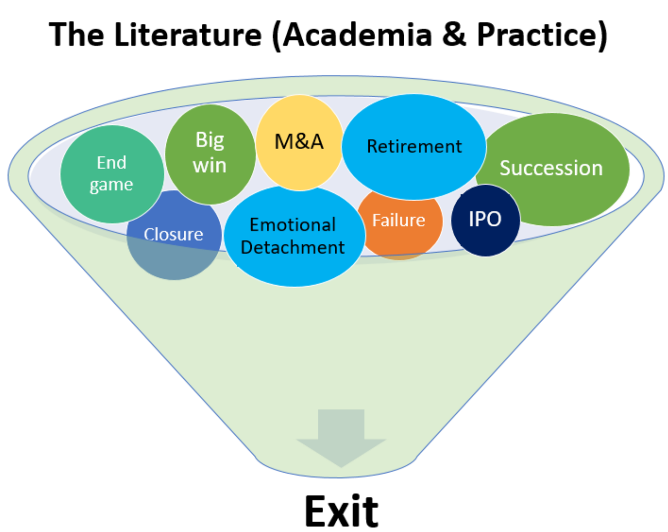
VC: Venture Capital

A Note to the Reader (and metaphorically speaking)

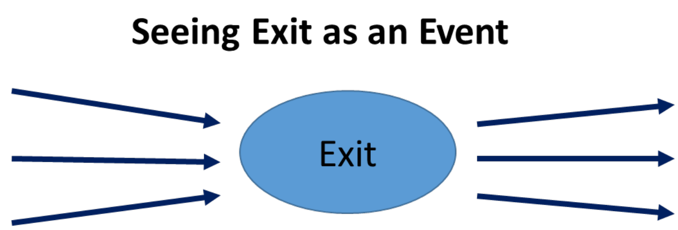
Perspectives matter. Sometimes, seeing parts does not always help us to see the whole. This quote explains that well.

> We are blind people and strategy formation is our elephant. Since no one has had the vision to see the entire beast, everyone has grabbed hold of some part or other and "railed on in utter ignorance" about the rest. We certainly do not get an elephant by adding up its parts. An elephant is more than that. Yet to comprehend the whole we also need to understand the parts. (Mintzberg et al., 1998, p. 3)

Exit encompasses a wide range of terms and expressions among academics and practitioners. A literature review highlights an angle or lens commonly used by authors to scope or explain outcomes or processes without a consistent definition or application of the term.

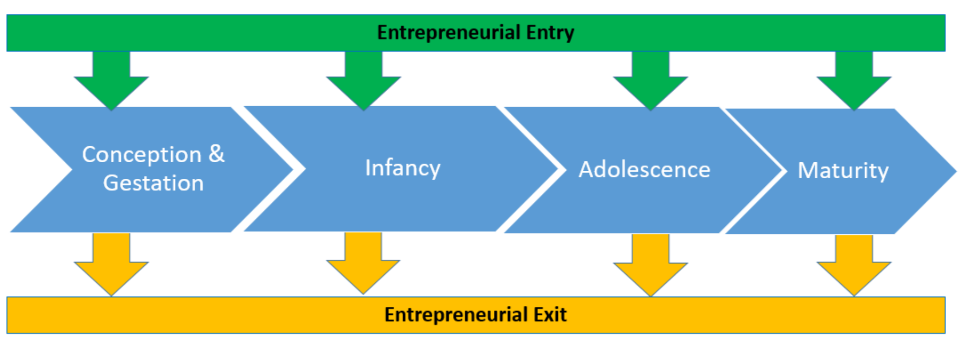


The literature might discuss exit as an event. It can be a pleasant, satisfying, or unfortunate outcome (e.g., a life-changing reward or failure). It can also be the trigger for new personal and business events that follow (e.g., mental health issues or re-entry into another venture). The difference is how researchers consider exit as an independent or dependent variable. Many examples follow in the literature review section.



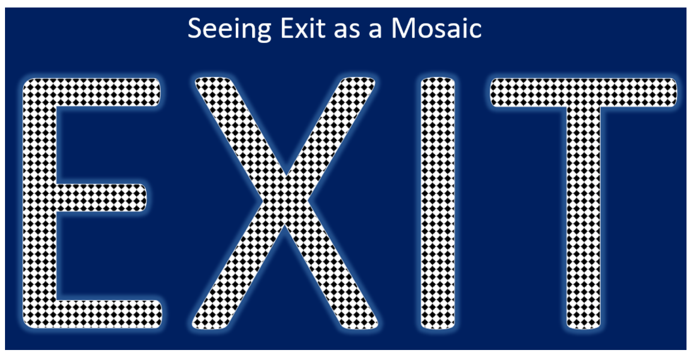
The literature also discusses exit as a process. Usually, triggers (at different levels of individual, firm, and environment) initiate a decision, followed by a varying degree of action (to prepare for and complete exit).

This study focuses on founders. Not all entrepreneurs in a venture are always founders. As ventures grow or scale, new entrepreneurs (and likely part owners) can enter and leave at different stages of firm growth.



Founders in this study played a role in venture creation and subsequent growth from its very early stages. Some founders were first-time entrepreneurs, and some were serial entrepreneurs with previous experience. Some of these founders were growth-oriented entrepreneurs who wished to create a venture, grow, and exit within a few years. Some were lifestyle entrepreneurs who ran the company for an extended period before they exited the venture.

This dissertation briefly touches on recognizing others' contributions to the domain by examining the questions of who, what, how, where, and why for added context. It might help to view the exit as a mosaic. The term should be recognized not as a single piece but as a lens without a precise implication and consistent meaning for many scholars and practitioners who need to mention, measure, understand, or explore exit for a specific purpose.



This study explores exit as a sub-process within the broader and widely recognized process of entrepreneurship. Entrepreneurs will ultimately exit their ventures. It takes time, and there are steps to arrive at an exit decision. It often requires preparation, a choice of exit mode, legal requirements, business negotiations, and other considerations regarding how an exit begins and ends. Exceptions exist due to sudden founders' deaths or natural disasters and wars that could bring a devastating cease to any operation, which is not the focus of this study.

Chapter 1. The Significance of the Problem

Davidsson (2016) explains entrepreneurship as a change in the marketplace arising from introducing a new economic activity. In doing so, entrepreneurs initiate a process (i.e., entry) in which a typical venture goes through several stages of conception/gestation, infancy, adolescence, and maturity (DeTienne, 2010), and it ends with an exit that can occur at any of the stages listed above.

So much effort goes into the opportunity identification and venture ideation, creation, and growth by entrepreneurs (if they make it that far). However, as we learn in chapters 1 and 2, the most critical aspect of entrepreneurship will depend on a successful exit. The exit concludes the entrepreneurial process, yet there are many gaps in the understanding of exit among practitioners and academics. Exit determines financial gain and emotional satisfaction among founders. Also, when the outcome (or progress) is not as expected, a timely exit can prevent unnecessary financial and emotional loss, provide learning, and maybe help undertake another opportunity more successfully.

Most founders are poorly prepared, which is a crucial motivation for this study. From a practitioner's perspective, only 55% of Inc. 500 CEOs (a U.S. magazine ranking of fastest-growing companies) had an exit strategy when they started their companies (DeTienne, 2010). A Canadian study shows that the lack of exit planning is a general business issue among privately owned firms, where only eight percent of business owners had a formal written exit plan (Cruz, 2018). Looking at the issue through a demographic lens, the lack of exit planning could point to a broader economic issue, where almost 60% of business owners are 50 years or older and expect to exit before 2022 with no intention to acquire a new business (Corner & Ratté, 2017). A poorly planned or executed exit has economic implications for the entrepreneurs to maximize benefits and for the society for wealth creation or transfer. For example, 71% of business owners who are about to exit within five years are reluctant to take risks or improve their businesses' performance – that in a competitive market could result in decreased valuation at the time of exit (Corner & Ratté, 2017).

From an academic perspective, entrepreneurship scholars have focused more on opportunity recognition, ideation, venture creation, and growth. However, the exit is an important and under-explored facet that defines entrepreneurship (DeTienne, 2010), particularly at an individual level of analysis where the focus is on entrepreneurs. Exit has personal, economic, and social implications for entrepreneurs, firms, industries, and the economy. There has been a significant rise in exit literature in recent years, yet many entrepreneurial exit facets lack depth and a higher degree of knowledge integration in this domain. There is no systematic understanding of how founders approach exit planning and why founders ultimately decide to exit their firms. This topic's significance is two-fold. First, an optimal approach to exit results in a greater valuation (and financial return) and increased personal satisfaction, where the non-monetary aspects of an exit are important to founders. Second, ICT is an economically important and dynamic industry sector. Greater awareness of exit and enabling more successful exits benefits the economy.

There are several definitions of exit in the literature, and they might manifest differently with expressions such as process, experience, journey, phenomenon, and phase.

This study adopts DeTienne’s (2010) definition of entrepreneurial exit as follows:

> "Exit is the process by which the founders of privately held firms leave the firm they helped to create, thereby removing themselves, in varying degrees, from the primary ownership and decision-making structure of the firm" (p. 203).

This dissertation studied how the founders of Information and Communication Technology (ICT) in Ontario approached the exit.

1.1 Introduction

Despite its importance, entrepreneurial exit is a nascent topic with less understood causes and consequences (DeTienne & Wennberg, 2015). Historically, exit at the firm-level has received substantial attention. In contrast, understanding exit at the individual and team levels is still limited (DeTienne & Wennberg, 2015; Parastuty, 2018; Wennberg & DeTienne, 2014).

However, exit at the individual level is significant as it determines how entrepreneurs seek financial or emotional gain from their ventures or failing that could result in loss of wealth and health. This study addressed the limited understanding of how ICT founders align their exit motivations (i.e., the "Why" behind exit) with their chosen exit mode (i.e., the "How" of their exit) in the ventures that they created.

DeTienne (2010) emphasized the importance of understanding the exit process and paths across different countries. The exit literature also lacks a Canadian perspective, as some past studies maintained an economic or labour lens to examine firm closures and entry or exit from self-employment. A more in-depth Canadian insight enables researchers to compare and contrast research findings as academics and practitioners learn more about this topic. The Canadian context may differ due to industry sector dynamics and size (see section 1.5 for details) or the business environment's regulatory aspects. For example, Austria has regulations to support temporary closure. In Belgium, courts order the liquidation of financially troubled firms. In addition, Table 10 shows two inputs from Canadian founders about location attributes and how they expressed a preference for Canada or a desire not to mimic Silicon Valley.

This study responds to calls for further exploratory research on entrepreneurial exit. Studying a salient sector such as ICT adds to the body of knowledge on entrepreneurial exit within a Canadian context. The ICT sector experiences high entry and exit rates and ranks among Canada's top sectors for Venture Capital (VC) investment activity, as shown in Figure 2.

Further dissemination of information from this study will contribute to a more informed and evidence-based entrepreneurship, small business, and regional economic development policy. This study's findings will help highlight the significance of entrepreneurial exit among researchers, practitioners, and policymakers through a deeper understanding of factors that cause exit at the individual level and the likely barriers to exit planning that could hamper entrepreneurial exit.

Given their motivations and circumstances, founders may choose one of the several options to exit their firms. Among examples of exit modes are Initial Public Offering (IPO), Merger and Acquisition (M&A), Employee Buyout (EBO), Management Buyout (MBO), liquidation, and closure. IPO highlights a public stock offering by listing the company on an exchange. M&A refers to a transaction in which two companies become one or own the other and remain separate identities. EBO means when owners extend the ownership to all employees (to varying degrees). MBO is when the management team takes ownership of a company from investors/other owners.

Liquidation references sales of assets for cash. Closure is when a business ceases operation.

1.2 Background

Because exit can happen at different levels of analysis, as illustrated in Figure 1, it is essential to be mindful of such differences in examining entrepreneurship and exit. What follows next will provide a high-level context for a clearer view of exit at the firm level (within industries) and individual level to remind of differences.

1.2.1 Firm-level Exit

Firms enter and exit industries regularly in any dynamic market. For example, Canada had an average of 96,000 new firms entering the economy from 2002 to 2014, representing a 9.4% annual birth rate. During the same period, 63% of new firms survived five years, while 43% survived ten years, implying that 57% were not in operation (i.e., exited) within ten years (Archambault & Song, 2018). The rate of entry and exit differs among industry sectors and depends on the overall market and economic and regulatory conditions, to name a few.

1.2.2 Individual-level Exit

Founders of entrepreneurial ventures will ultimately exit their ventures (Wennberg & DeTienne, 2014). Entrepreneurs are heterogeneous individuals with different personal motives, needs, and thresholds. Such a difference will influence exit. DeTienne (2010) conceptualized four phases of conception, gestation, infancy, adolescence, and maturity in venture creation and growth, but not all follow that. Many might assume that exit happens at maturity, but that is untrue. The exit is not necessarily limited to the maturity stage. Entrepreneurs can enter and exit at different phases of entrepreneurship (or a venture's life cycle). DeTienne (2010) argues that entrepreneurs exit their ventures for different reasons, such as more lucrative opportunities, loss reduction/avoidance, retirement, and career change.

This study focuses on the founder(s) who have exited at any phase of their entrepreneurial process. Those who opted to leave before a maturity phase could reveal insights into why entrepreneurs exit. DeTienne (2010) also argued that certain early decisions in the firm's life for financing, legal structure, and organizational structure could impact exit. There might be instances where firms remain in operation while their co-founders exit (for different reasons). A few founders in this study fall under that category.

The entrepreneurial exit could follow two distinct paths. First, exit as a dependent variable could shed light on certain independent variables, such as the founder's motivation or education/skill level. Second, exit as an independent variable could provide more critical details on post-exit issues such as grief, well-being, and identity issues among entrepreneurs (i.e., excessive attachment to the business or employees).

Studies show that most entrepreneurs do not have an exit plan. The ambiguity on exit would pose the risk of not knowing when to evaluate personal goals or how to alter direction to achieve desired objectives (DeTienne et al., 2015). There are examples in this study about founders who had to pause and assess the options to examine further growth or an earlier exit due to changes that could affect business and personal interests.

1.3 Research Question

The understanding of entrepreneurial scholars and practitioners concerning exit at the individual level is fragmented. The extant literature lacks details of why founders exit and how they choose and execute their exit mode. Failing to plan and execute an exit without alignment between exit motivations and the chosen exit mode could jeopardize the founders' financial and emotional outcome. This study aimed to add to the body of knowledge about founders' exit by undertaking an exploratory study to answer the following research question:

How do ICT founders navigate the exit process from their firms?

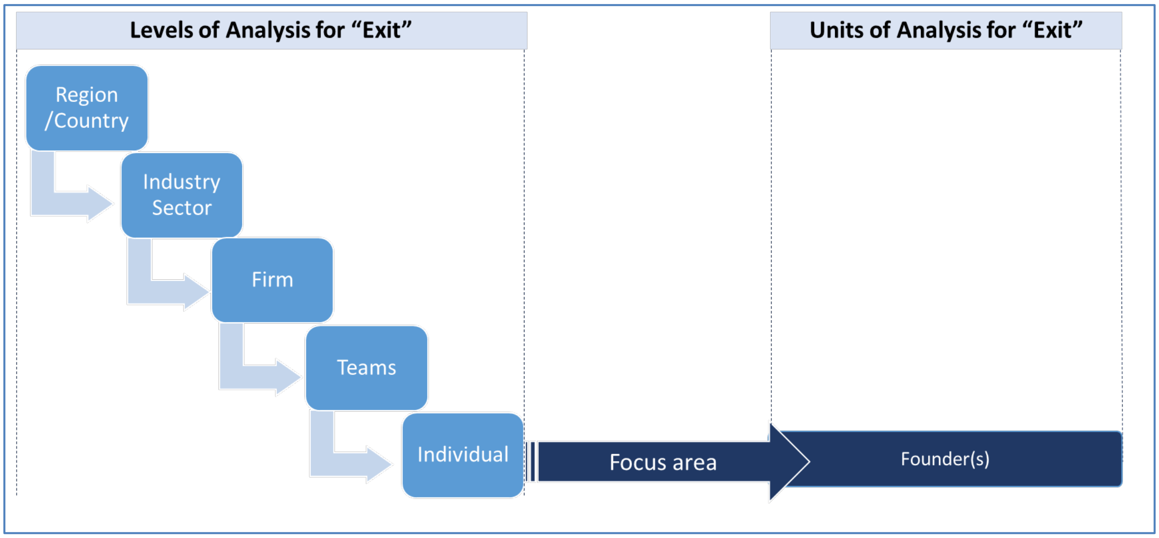
Section 3.2.3 will explain how emerging findings and analysis contrasted initial perceptions about the exit process based on common theories from quantitative studies, proving qualitative research's importance in exploring new themes.

1.4 The Scope of the Study

The level of analysis for this dissertation was the individual. The primary unit of analysis was the "founder(s)" who played a role in venture creation and decided to exit it at a later phase, pursuing any exit route (Figure 1). Within this context, the founder's exit was a dependent variable. Then, the study examined privately held firms in ICT as a dynamic and economically important sector in the Province of Ontario and within a Canadian context.

The intention is to focus on one sector, in one geographic area, and by one type of ownership (i.e., private sector) to minimize variations that could trigger an exit. Therefore, operating in a similar environment/condition would enable a greater focus on founders' heterogeneity in light of a shared environment.

Figure 1: Boundaries for the level and unit of analysis (scope of the study)



The extant literature lacks details on how founders decide, prepare, and execute the exit. It is then critical to understand why and how founders exit, which necessitates a broader understanding of influencing factors, such as the environmental and firm-level analyses, should they come up during the interviews.

1.5 The ICT Industry in Canada

Entrepreneurial exit has received insufficient attention, and this lack of knowledge also applies to an economically important industry sector, such as ICT, in Canada. Innovation, Science, and Economic Development (ISED), a federal ministry in Canada, views the ICT sector is an economically significant industry in Canada. There were over 52,000 firms in 2021, with CA$ 242 billion in revenues and 717,597 workers (ISED, 2021).

The average salary for workers in this sector is CA$ 89,630, which is 52.5% higher than the Canadian average and signifies the sector's importance to the Canadian economy. The ICT sector generated CA$ 104.5 billion in Gross Domestic Product

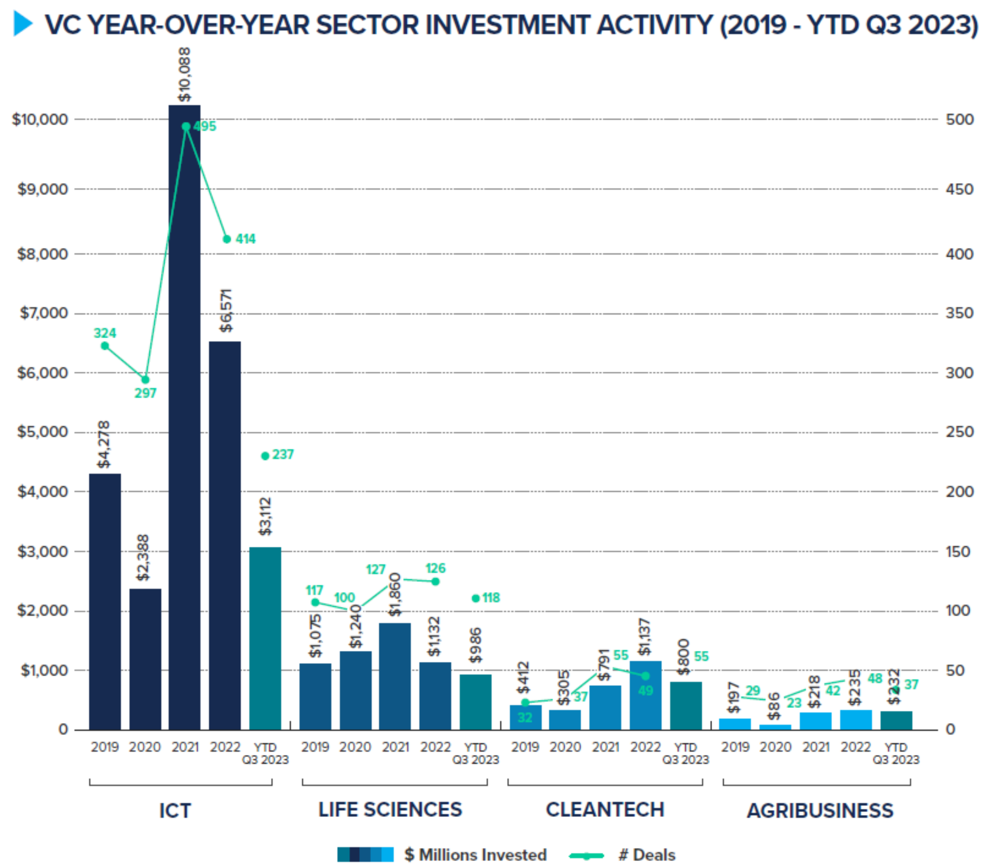
(GDP), which accounted for a 5.3% share of the Canadian economy. The ICT sector also accounted for CA$ 31.6 billion in exports, of which CA$ 9.7 billion was in goods and CA$ 21.9 billion was in services (ISED, 2021).

ISED (2021) also states that 91.6% of ICT firms are in software and computer services. Other categories include ICT wholesaling (3.8%), communication services (2.8%), and ICT manufacturing (1.9%). From a firm size perspective by employees, ISED (2021) highlights that 85% of the ICT firms have nine employees or less. The second-largest category is 10-49 employees at 11.4%, followed by 50-99 employees at 1.9%, and 100 or more at 1.7%. The significant number of micro firms with less than nine employees could make them more susceptible to market (e.g., demand and product life cycle) and economic risks (e.g., recession) or opportunities for M&A that may trigger an exit. ISED (2021) study lacks data on the age of ventures.

As shown in Figure 2, at CA$ 3.1 billion, the ICT sector received the highest venture capital (VC) investments by the third quarter of 2023. With 227 transactions, the ICT sector also had the highest number of deals than the life sciences (at 118), cleantech (at 55), and agribusiness sectors (at 37).

According to the U.S. International Trade Administration (data retrieved in April 2024), the ICT market is the largest tech sector in the world and is valued at US$1.9 trillion, which accounts for over 10% of the national economy and 12.1 million employees. To compare, the ICT sector in the USA has over 557,000 firms in software and IT services, which makes it about ten times larger than it is in Canada (in number of firms). Greater access to capital and the pool of acquiring firms in the USA were mentioned in interviews with ICT founders in Ontario.

Figure 2 – Canadian VC Investments by sector (2019-Q3 2023)



Source: Canadian Venture Capital Association (CVCA)

Notably, the ICT sector had the highest interest in private equity investments at CA$ 1.2 billion, representing 20% of all investments, while it ranked second in the number of transactions at 98 in 2023. The industrial and manufacturing sector was the most active in deals with 106 transactions but attracted CA$ 936 million in private equity investments, compared to the ICT sector in 2023 (CVCA, 2023).

1.6 Significance of Research

The significance of this study is two-fold. First, Entrepreneurial exit has a considerable economic impact. About 71% of Canadian business owners intend to exit their business within ten years, during which CA$1.5 Trillion in assets will be transferred to new business owners (Cruz, 2018). Also, some entrepreneurs' post-exit activities include engaging in entrepreneurial recycling by deploying their wealth and knowledge into new ventures or as business angels and venture capitalists (Mason & Harrison, 2006). In addition, a timely exit can provide valuable learning experiences for the next re-entries (McGrath, 1999; Westhead & Wright, 1998). The extant literature has focused on firm exit with little attention to exit at the individual within the broader domain of entrepreneurship and industry-level perspective in Canada. The literature review in chapter 2 will bring a critical lens on personal factors that influence the founders' decision to exit and the environmental conditions that expedite an exit decision for entrepreneurial gain (or loss prevention). Existing studies may reflect aggregated national data on all business owners examined through an economic lens (e.g., transition to and from self-employment) and without much industry sector focus (e.g., ICT). Some studies also view exit through the lens of succession planning or an ageing population that is less relevant or recent (Bruce & Picard, 2006; Cruz, 2018). Therefore, this study adds to a relatively new and still emerging domain on exit at the individual level. Second, Canada's ICT sector accounts for a 5.3% share of the economy by GDP. With over 52,000 firms, of which 85% have less than nine employees, there is no publicly available research on the founder's exit that the author of this study has seen as of January 2024. According to data from CVCA, the ICT sector remains desirable for venture capital and private equity investments, and findings are expected to guide and inform investors on considerations regarding founders' exit.

Successful exits can benefit society by generating wealth for founders (and sometimes employees). Founders who exit may decide to re-enter entrepreneurship through new venture creation, re-investing wealth as an angel/venture capitalist, or engaging in humanitarian activities.

1.7 Summary

The exit is a crucial phase that concludes entrepreneurship. Exit can free up resources to pursue better opportunities (i.e., habitual entrepreneurs), reduce financial and emotional loss, meet personal financial needs (i.e., lifestyle, retirement, or seeking employment with higher income), achieve emotional needs (i.e., pursuing a higher calling/philanthropy, personal interests, or meet family obligations), and reduce health issues (e.g., mental health or other illnesses). However, many business owners lack a formal exit plan in the USA and Canada. When founders leave, other businesses, entrepreneurs, or employees might fill the role, and the business continues operating.

At an individual level, the entrepreneurial exit is a relatively nascent topic within the entrepreneurship domain. Entrepreneurs will ultimately exit the ventures they create due to several reasons. At a firm level, entry and exit are a part of any dynamic market.

This dissertation has five chapters, and the remaining content is structured as follows:

Chapter 2 provides additional context about the entrepreneurial exit, theoretical underpinning, and a review and critique of the literature on why and how entrepreneurs exit.

Chapter 3 discusses the methodology for qualitative research on data collection and primary data analysis.

Chapter 4 presents the findings from interviews with 20 ICT founders in Ontario regarding their exit with insight into founding motives, navigating the exit process, and the exit triggers at different levels.

Chapter 5 offers concluding remarks on the contribution to the entrepreneurial exit, implications and limitations of the study, and recommendations for future research.

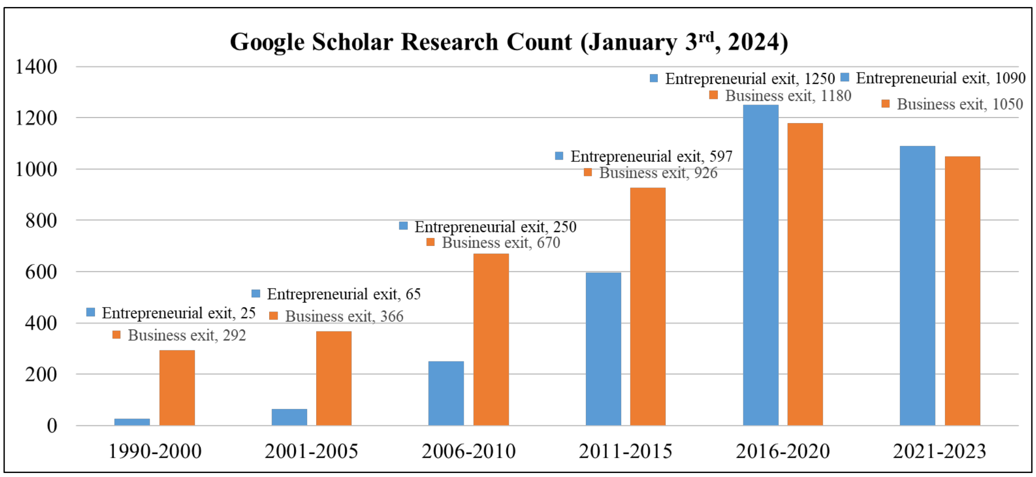
The findings add to the emerging domain of exit at large. It also presents evidence within a more specific geographic context of Canada and the ICT sector. The findings can benefit entrepreneurs by raising awareness on this critical facet. Also, policymakers can influence service delivery with a greater focus on the exit at relevant entrepreneurship hubs, networks, and business centers to maximize the economic benefits. The study also provides Canadian data for researchers in other provinces or countries interested in this topic to access and compare findings across jurisdictions.

Chapter 2. Review of the Literature

2.1 Introduction

This study builds on a growing but nascent entrepreneurial exit research domain. Figure 3 illustrates a Google scholar search (conducted on January 3rd, 2024) using the keywords "entrepreneurial exit" and "business exit" if found anywhere (in the topic or the body of the paper) in academic papers. This data would further validate statements that the exit at the entrepreneurial level has only received greater attention in academic research in recent years.

Figure 3: Growth of academic papers in entrepreneurial and business exit



Entrepreneurship is a multi-faceted domain that occurs at the national, regional, industry/population, firm, and individual levels (Davidsson, P., & Wiklund, J., 2001; Shepherd et al., 2019). This study embarks on a less explored analysis at the individual level, focusing on founders as the unit of analysis to address the literature gap, particularly within a Canadian context. According to Google Scholar, there were only 180 papers with "entrepreneurial exit" in the title of an article during 1990-2023 (search conducted on January 10, 2024). Any reference made to other levels of analysis (e.g., firm-level) is contextual and intended to demonstrate influencing factors or impacts.

The entrepreneurial exit is human-centric. Therefore, context is vital to observe and interpret data accurately. Each entrepreneur has unique life and career perspectives, abilities, emotions, and motivations to enter or exit entrepreneurship. It is also essential to view the entrepreneur as a focal point, where different personal, firm-level and environmental factors emerge around them and influence their decisions. It would not be unusual to see entrepreneurs in a similar situation act differently.

This chapter highlights the search strategy and approach to the literature review. Then, there is a discussion on the theoretical underpinning for this study, followed by a contextualization of the entrepreneurial exit for a broader perspective on the exit's perceptions (and misunderstandings). Next, a review and critique of the literature follow at the individual, firm, and environmental levels. Then, the discussion focuses on the gap in the literature, followed by a chapter summary.

2.2 Search Strategy

This literature review resulted from a multi-pronged approach. First, it included a scan of studies published in peer-reviewed journals, with particular attention given to the level of analysis for greater relevance and consistency. EBSCO and Google Scholar were two common portals used to scan for full-text papers in peer-reviewed journals. Second, it includes books or book chapters from scholars who have published extensively on entrepreneurial exit. Third, there are references to official statistics for the added Canadian context, studies led by industry associations or business-oriented media for a greater perspective from the field (e.g., entrepreneurship or ICT sector). The literature review for this study was limited to the English language and primarily focused on studies from developed economies.

Some of the search terms used for this study (and in different combinations) include "exit", "exit strategy", "business exit", "entrepreneur* exit" (to catch entrepreneur, entrepreneurial, and entrepreneurship), "firm exit", "founder exit", "closure", "financial exit", and "exit strategy". This study also benefited from a Google scholar alert set up that provided regular automatic updates about new, potentially relevant publications based on applicable keywords to enhance the effectiveness of the literature scan process. This approach saved time from regularly scheduled searches using the exact keywords.

The literature review started with a top-down approach, from a broad-level scan of exit down to the individual and founder exit, to enhance the rigour of finding relevant studies. This approach helped to become familiar with the exit landscape at different levels of analysis (as shown in Figure 1). Then, the scan continued with a greater focus on the proposed level of analysis for this study. Also, a helpful tactic was reviewing the selected studies' reference lists for relevant articles. However, specific domains may fall outside the immediate consideration as the exit domain (e.g., economic studies on small business, psychology, entrepreneurship, and strategic management). The literature scan also benefited from articles shared or suggested by the supervisory committee. A new scan of the literature for relevant studies also took place on January 28, 2024, to examine any likely additions since this dissertation started as a proposal.

2.3 Approach to Literature Review

This review highlights the empirical evidence from Canada and other countries that are among developed economies. The goal is to identify the gap(s) in the literature to make a case for this study and its potential contribution to the body of knowledge on entrepreneurial exit as a growing domain.

The exit is a nascent topic. The scholarly understanding of the causes and consequences of exit is limited (DeTienne & Wennberg, 2015). Issues surrounding how an entrepreneurial undertaking ends are under-explored (Wennberg & DeTienne, 2014). With little understanding of the exit routes, there is a need to gain a better insight into the exit process and paths in different countries (DeTienne, 2010). At the individual level, understanding the founder's exit strategies remains limited (DeTienne et al., 2015).

Definition and methodologies issues can cause inconsistency or limitation among studies. For example, when studies use survival rate as a measure of exit, it is hard to differentiate closures from venture sales to new owners, which is a different route for entrepreneurs to exit (Coad et al., 2019).

2.4 Theoretical Considerations

Gioia and Pitre (1990) define theory as any coherent description or explanation of observed or experienced phenomena. Corley and Gioia (2011) argued that there is no universally accepted theory definition, which contributes to the difficulty of finding a consensus on what constitutes an influential theory in behavioural sciences.

Weick (1995) highlights the struggle that scholars might undergo to develop or build a new theory, which often results in an "almost theory" that fails to deliver the expected outcome. Hambrick (2007) argues that theories would help management scholars organize thoughts, develop a more consistent explanation, and enhance their ability to predict. However, he views that there might be an obsession with theory or its articulation, particularly as a requirement for management research or publication in top-rated management journals. Such a view could hamper the ability to observe details in a phenomenon without a theory to explain it (at the time of observation).

For theories to explain or predict a phenomenon, they require well-defined boundaries (Gioia & Pitre, 1990), such as society, industry, firm, and individual, that usually resonate with a level of analysis. Scholars have played a key role in advancing our understanding of entrepreneurship as a domain. Also, entrepreneurship occurs at different levels of analysis (Davidsson, P., & Wiklund, J., 2001; Shepherd et al., 2019). Nevertheless, researchers might rely on a broad spectrum of theories in economics, psychology, and sociology (among others) to explain different facets of this domain.

This study focuses on the founder(s) as the level of analysis. A key consideration is complex human behaviour. Environmental/social and personal dimensions would make it difficult to explain human behaviour. The Theory of Planned Behavior (TPB) posits that intentions shape different behaviours, where its antecedents, including subjective norms, perceived feasibility or control over the behaviour, and attitudes toward the behaviour, can predict behaviours with high accuracy (Ajzen, 1991). Scholars view entrepreneurship as planned behaviour, for which intention models such as TPB are ideal for consistently predicting behaviours. For example, many entrepreneurs decide to start a venture much earlier than initiating the process of scanning for opportunities. While intention models are often used to explain venture creation, they remain helpful in explaining strategic decisions to grow or exit a business (Krueger et al., 2000).

Exit planning and preparation remain critical variables in the exit process and have received limited attention in the entrepreneurship literature. Entrepreneurs may undertake a wide range of efforts to facilitate a successful exit. Examples are meetings or consultations with advisors (e.g., legal, business, and financial) or brokers. Doing so would require allocating time and resources, which could qualify activities such as researching, learning, reflecting, planning, and strategizing efforts as a planned behaviour arising from intentions to exit (Morris et al., 2018). The literature also references Goal Setting Theory (Latham, 2004) to explain how goals affect achievements.

Therefore, this study benefited from exploring the utility of TPB and Goal Setting Theory to inform the research question and interview questions in examining exit planning (i.e., its lack of or insufficient preparation) as behaviour that arises from the intention to exit. The extant literature lacks specific details to characterize how entrepreneurs approach their exit planning and what individual or social/environmental factors trigger the intention to plan an exit (from the venture they created and exercised decision-making authority).

While TPB is a key theory to examine entrepreneurial exit, scholars might have used other theoretical lenses from other domains. A summary of prominent theories, the main assumption(s), strengths, and limitations appear in Table 1.

The majority of studies within empirical studies on theories identified in Table 1 are based on quantitative methods. One exception is Rouse (2016), who offers some perspective through a qualitative study on the psychological disengagement of founders from the firms they created. The entrepreneurial exit domain could benefit from additional qualitative methods to better understand the exit process, which is not usually obtained through quantitative methods such as surveys.

Table 1 – Select examples of theoretical concepts used in entrepreneurial exit

Theory and key Author(s)	Main Assumption(s)	Strength(s)	Weakness(es)
Theory of Planned Behavior (TPB) Ajzen (1991); Ryan and Power (2012); DeTienne and Cardon (2012); and Leroy et al., (2015)	Attitudes, perceived behavioural control, and subjective norms strongly predict intentions as significant predictors of behaviour like an exit.	Intentions enhance the likelihood of actions. Knowing what influences intentions can play a role in creating conditions to predict behaviour.	Generalizability of human needs or emotions before actions. Reliability issues in a lack of control over events. Retrospective bias when intentions examined in post-behaviour recalls.
Threshold Theory Gimeno et al., (1997); DeTienne (2010); and DeTienne and Chirico (2013)	Environmental, firm, and individual-level factors determine the threshold for performance.	It takes non-economic factors at a personal level into consideration. Inclusive in personal dimensions (e.g., age, education, and experience).	Generalizability issues due to differences in personal preferences. Acceptable performance is subjective and depends on different personality dimensions.
Goal-Setting Theory Latham (2004); DeTienne (2010); and DeTienne and Cardon (2012)	The exit is a process. The exit strategy is a set of actions that requires goal setting and execution.	Goal-setting benefits exit strategy development. Having an exit strategy as a goal in infancy would make the firm more likely to achieve it.	Not all entrepreneurs set exit goals at venture creation. Potential reliability issues when goals change during the venture life cycle. It is used to motivate employees to perform better.
Theory of Psychological Disengagement Kahn (1990); Wennberg and DeTienne (2014) Rouse (2016); and Afrahi and Blackburn (2019)	People can uncouple from work physically, intellectually, and emotionally.	Identifies meaningfulness, safety to act, and access to resources to influence engagement.	Generalizability issues as personal values and motives differ among humans. A psychological attachment could conflict exit decisions.

Table 1 provides an overview of four relevant research streams that are influential in the extant literature. These theories contribute to the body of knowledge in entrepreneurial exit without any of these to predominate others. No single theory explains the exit sufficiently at an individual level of analysis. Each of these theories might explain a specific phenomenon or behaviour among entrepreneurs.

This study did not have any planned intent to develop a unifying theory. It aimed to add to the body of knowledge by utilizing a qualitative method to generate new insight not traditionally explored through quantitative inquiry methods.

Current theories in a multi-faceted phenomenon, such as entrepreneurship, might not explain or predict specific situations. Therefore, new concepts might raise awareness to observe a phenomenon differently enough to contribute to a future theory. This approach is critical because the boundary of a phenomenon is blurry (Weick, 1995) or in an emerging domain such as an entrepreneurial exit.

2.5 Contextualizing Entrepreneurial Exit

This section discusses two topics. First, it provides some perspectives regarding the different dimensions of the exit. Then, it follows with discussions on perceptions about success and failure, survival and closure, and the divergence of practice and policy.

Entrepreneurs are individually different and collectively, a heterogeneous group (Birley & Westhead, 1994). They enter and exit entrepreneurship due to a wide range of reasons and under different personal, family, social, and economic circumstances (DeTienne & Cardon, 2012; DeTienne & Wennberg, 2016; Parastuty, 2018; Parastuty et al., 2016; Wennberg & DeTienne, 2014).

Given the many conjectures used in the literature, researchers need to be aware of such terms as they could imply exit at a firm-level analysis. Some of these include abandoned, terminated, and disbanded (DeTienne, 2010), bankruptcy (Wennberg & DeTienne, 2014), distressed sales and distressed liquidation (Wennberg et al., 2010), family business transfer or succession (DeTienne et al., 2015), temporary closure as a legal option in Austria (Parastuty, 2016), relocation within or beyond current jurisdiction (DeTienne & Wennberg, 2015), closure (DeTienne, 2010), and firm death (Coad, 2014). On a personal and emotional dimension, there are also mentions of psychological exit (DeTienne, 2010; Rouse, 2016) and disengagement (Afrahi & Blackburn, 2019).

Increased awareness of these terms would help researchers in their effort to scan, notice, and capture data from studies in the absence of a more consistent lexicon in a nascent and emerging domain such as entrepreneurial exit.

The spectrum of these conjectures would demand sufficient attention to the context and intended use surrounding exit at the individual or firm level of analysis. Nevertheless, the context is critical, as many terms do not offer universally accepted meaning across domains such as economics or entrepreneurship.

Some critical contextual considerations surrounding exit appear in Table 2 to highlight different exit dimensions at the entrepreneurial level.

Table 2: Additional Contextual Dimensions of Entrepreneurial Exit*

Why exit?	Exit completes entrepreneurship for self-satisfying goals or social benefits (DeTienne & Wennberg, 2015).
When to exit?	The exit could occur at different stages of entrepreneurship, such as the firm's conception, infancy, adolescence, and maturity (DeTienne, 2010).
How to exit?	High-level categories of exit and common exit modes are financial harvest (e.g., Initial Public Offering (IPO) and Merger and Acquisition (M&A), stewardship (e.g., Employee Buyout (EBO), Management Buyout (MBO), family business succession, and independent sales, voluntary cessation (e.g., liquidation, temporary closure in countries like Austria where it is legal, and discontinuance/closure), and involuntary cessation (e.g., ordered bankruptcy by a court of law, stressed sales/liquidation as demanded by creditors or majority owners) (DeTienne et al., 2015).
Nuances	Several terms in the literature might be mistaken as exit or might relate to certain aspects of exit. 1) Failure is not necessarily a negative outcome of venturing. Some entrepreneurs view it as successful learning towards future efforts. 2) Closure is one approach within exit options to prevent further loss, liquidate assets, or pursue better opportunities. 3) Survival (i.e., years of operation) is not a measure of success or failure. A firm might successfully exit through merger/acquisition and cease operation as a legal entity that will no longer be tracked in official statistics.

*Note: Two exit dimensions of what and who are already discussed in earlier sections.

It is essential to remember that entrepreneurs are different in their motivations, lifestyle, and career aspirations. For entrepreneurs, "when" and "How" to choose exit mode remain a personal and situational consideration (e.g., interest, performance, and recession).

Entrepreneurship is not a new business or economic domain from a practitioner's perspective or a new research field in academic circles. However, it has only been about ten years since the entrepreneurial exit has received more significant attention. This relatively nascent topic provides an opportunity to undertake more research in a growing and economically significant area.

In studying entrepreneurship, researchers can focus on a wide range of variables at different levels and units of analysis for measurement. The research question or the study's objective would dictate whether a variable is independent or dependent. For example, in selecting exit as a variable, one could study what would cause entrepreneurs to exit (e.g., poor venture performance) or what the exit could cause to entrepreneurs (e.g., grief).

The consistency of definitions is essential in accumulating knowledge, as it also applies to measurements and sampling methods to avoid comparing apples with oranges (Shepherd & Wiklund, 2009). Therefore, interpreting the intended context for nuances identified in Table 2 could enhance the relevance of the studies.

For example, firm survival and closure are contextual topics that might cause misunderstanding. Entrepreneurs could view success as achieving particular goals or needs. However, economists might use proxies such as survival to measure success and closure to measure failure. An entrepreneur's departure from a venture could be a rewarding experience. Ventures could find a new owner (and continue operation) or sell assets and close down (for financial harvest or to prevent further loss). So, while failure can be rewarding, survival might not necessarily equate to success. Smaller ventures might operate at profit levels that are not considered acceptable to larger or more effective rivals, and "keeping the light on" may not be a good measure of success. Individuals and firms have different thresholds for performance or profit expectations (DeTienne, 2010; Gimeno et al., 1997).

The divergence of policy and practice in entrepreneurship (and exit as its concluding phase) is another contextual area with no shortage of misunderstandings. For example, there are so many definitions of entrepreneurs and how they may relate (or not) to small business ownership. A differentiating dimension is often around innovativeness or growth aspiration. As such, entrepreneurs might be labelled as lifestyle or growth entrepreneurs. New jobs and economic growth are often attributed to growing firms. Surprisingly, academics have spotted that heads of state have incorrect or misleading statements that associate small businesses with entrepreneurship or high growth (Shane, 2009). For example, in the United States, President Obama said, "Small business is the backbone of our economy." In the United Kingdom, Prime Minister Cameron has said, "New businesses are the lifeblood of a healthy economy" (Isenberg & Brown, 2014, p. 2). Storey (1994), in his ground-breaking study of small businesses (in the U.K.), observed that the government spends billions of British pounds each year supporting small firms without a clear understanding of the return to the taxpayers. He argued that the government's interests, small business owners, and regions do not necessarily align. Governments want employment and economic growth, while small business owners want to pay less taxes, receive more benefits, and, for the vast majority, work the least to reach and maintain a desired lifestyle threshold.

2.6 The Empirical Literature – "The Evidence"

The multi-dimensional nature of the exit (at a firm or entrepreneurial level) would make it difficult to credit a single view or paper as a seminal perspective at the domain level. The originality of the views often resonates with a specific facet. Over the years, diverse perspectives have helped shape the understanding of entrepreneurial and firm exit. A "mosaic" metaphor comes to mind, knowing that the individual research findings could be combined to form new perspectives. An objective configuration of these perspectives would help to conduct research at different levels and units of analysis and to synthesize knowledge that answers specific research questions within the intended context.

2.7 Individual Exit: Exploring "The Why"

In a quantitative study, Gimeno et al., (1997) sampled 1,547 U.S. entrepreneurs in different industries, including construction, manufacturing, financial services, professional services, personal services, agriculture, transportation, and wholesale. The findings showed that firm performance and survival depend on several environmental, firm, and individual-level factors. These factors might not necessarily be aligned or consistent, as the individual threshold for performance varies among entrepreneurs. What one entrepreneur may find acceptable or satisfactory is not necessarily the case for others. Gimeno et al., (1997) suggested that industry-specific studies can better control environmental dimensions.

Entrepreneurs view success and failure differently. It is a subjective self-assessment of venture performance or satisfaction among entrepreneurs. Because failure is subjective, its conceptualization is unclear (Jenkins & McKelvie, 2016). Failure can reflect the state of an initiative that fell short of its desired goal. However, it may not necessarily be a negative outcome due to the learning benefits and gained experiences. It might be better to view entrepreneurship as a transitional process than seeing the phenomenon through a static success/failure lens (McGrath, 1999).

It is essential to acknowledge that entrepreneurs are a heterogeneous group with various motivations, personal backgrounds, and unique circumstances that could influence their exit journey. Therefore, it is key to understand why founders/entrepreneurs exit and how they exit to examine how they navigate the exit from their firms in such a dynamic and human-centric process.

The evidence presented in this study is based on studies from different countries (in developed economies), in different industries, and from different periods, which provides a broad perspective on exit motivations, as shown in Table 3.

Table 3 – A summary of empirical studies examining why entrepreneurs exit

Author(s)	**Methodology and sample**	**Independent variable(s)**	**Dependent variable**	**Key finding(s)**	**Driver(s) of exit**
Afrahi and Blackburn (2019)	Quantitative: 402 entrepreneurs in the U.K.	Emotional disengagement	Antecedents of exit	Emotional disengagement plays a role in stewardship and voluntary exit.	Personal emotions played a role in the exit through stewardship and voluntary mode, while not applicable to another mode, such as financial harvest.
Balcaen et al., (2012)	Quantitative: 6,118 exits in Belgium	Bankruptcy, liquidation, and M&A exit modes	Closures and liquidations	Court orders triggered bankruptcy among 41% of financially stressed firms.	Legal requirements could trigger an exit.
Bates (1990)	Quantitative: 4,429 entrepreneurs (in different industries) in the U.S.	Financial buffers	Business longevity	Financial buffers alone did not affect the longevity (or the exit probability). Education can play an essential role in exit decisions.	Education
Bruce and Picard (2006)	Quantitative: 4,311 business owners in Canada	When business owners expect to exit, how they plan for succession (if any), and what hurdles they face in implementing exit.	The existence of an exit plan (i.e., succession)	71% of business owners intend to exit within ten years, and 65% did not have an exit strategy. Retirement (82%) and move to another venture (11%). The survey was industry-agnostic.	Primarily focuses on succession planning, and it dismisses the role of technical complexities arising from taxes, insurance, and estate regulation as a driving factor. Unaddressed soft issues not laid out in a plan hampers benefit maximization.
Brüderl et al., (1992)	Quantitative: 1,849 business founders in Germany	Education, work, and industry experience	Business survival	Education, work, and industry experience could	Insufficient education, work, and industry experience.

Author(s)	Methodology and sample	Independent variable(s)	Dependent variable	Key finding(s)	Driver(s) of exit
				negatively influence exit decisions.	
DeTienne and Cardon (2012)	Quantitative: 189 entrepreneurs in the U.S.	Previous experience in entrepreneurship, industry background, age, and education	Exit and exit paths	Firm performance alone is not the sole factor in an exit. Exit paths depended on previous entrepreneurial and industry experience.	Other factors beyond a firm performance influence exit and its paths.
Everett and Watson (1998)	Quantitative: 5,196 start-ups in Australia	Macro-economic factors	Small business closures	Closure does not equal failure. Macro-economic factors impacted 30-50% of small business closures. Better economic conditions provided owners with more significant opportunities.	Better economic conditions influenced small business owners to close their businesses to pursue other opportunities.
Hessels et al., (2011)	Quantitative: 345,881 individuals across 24 countries	Education	Re-entry into entrepreneurship after exit	Education does not seem to be a critical factor in re-entering entrepreneurship after exit. A recent exit can trigger re-entry.	Education not to induce entry after entrepreneurial exit.
Johansson (2000)	Quantitative: 4,066 individuals in Finland	Education; Higher personal wealth	Self-employment entry	Higher education had a lower probability of entering self-employment. Higher personal wealth made it easier to become self-employed.	Education negatively influenced self-employment. Personal wealth overcame liquidity concerns to start self-employment.
Kammerlander (2016)	Quantitative: 1,354 SMEs in Switzerland	Emotional attachment to the business	Pricing	Owners accepted lower financial offers in exchange for access to information and influence on their business.	Personal feelings had a greater value over financial matters on exit considerations.
Lin, et al., (2000)	Quantitative: The transition of 19,654 individuals to and from self-employment in Canada	The rate of entry into and exit from self-employment. Also, several individual characteristics, labour market experience and macro-	The number of entries into self-employment and the number of exits from self-employment.	Of all individuals who entered self-employment, 42.2% were from paid-employment, 17.1% from another self-employment and 10.5% transitioned from unemployment,	This paper looked at factors reducing the likelihood of exit, such as the length of self-employment, having a spouse in the same business, and financial stability from the

Author(s)	**Methodology and sample**	**Independent variable(s)**	**Dependent variable**	**Key finding(s)**	**Driver(s) of exit**
		economic conditions affect the probability of moving into or out of self-employment.		while 4.5% of self-employed transitioned into paid-employment.	paid employment of a spouse.
Parastuty et al., (2016)	Quantitative: 381 entrepreneurs in Austria	Low market demand and intense competition	Exit	Environmental factors and opportunities led to exit in different paths.	Environmental factors include low demand, severe competition, and better job opportunities.
Pe'er and Vertinsky (2008)	Quantitative: 34,449 manufacturing firms in Canada	The entry and exit of firms in Manufacturing.	The survival of manufacturing firms	The exit of older firms in manufacturing made resources available to stimulate new entries by more productive companies. Continuously high exit rates delayed new entry due to sector-level structural changes.	Creative destruction led to the exit of older manufacturing firms.
Rouse (2016)	Qualitative: 34 founders in the U.S.	Psychological disengagement from work before, during, and after exit	Physical exit	Understanding how and why they leave is key to understanding psychological disengagement paths and what people value.	Founder's values at work.
Sørensen (2007)	Quantitative: 228,372 individuals in Denmark	The parents' occupation as an entrepreneur and family wealth.	Entrepreneurs' children to pursue entrepreneurship.	The children of self-employed parents had a greater tendency to engage in entrepreneurship.	Exposure to greater tolerance for uncertainty and more freedom in life choices might have increased the tendency to pursue entrepreneurship.
Taylor (1999)	Quantitative: 1,361 self-employed ventures in the U.K.	Education; access to capital	Exit rates	Education did not play a role in the exit. Access to capital negatively influenced exit decisions.	Education over-ruled as an influencing factor. Lack of access to capital can play a role in the exit.
Wennberg et al., (2010)	Quantitative: 1,735 ventures in Sweden	Financial distress, performance,	Exit	Firms in financial distress and with good performance	Financial distress can cause exit, even among ventures

Author(s)	Methodology and sample	Independent variable(s)	Dependent variable	Key finding(s)	Driver(s) of exit
		age, entrepreneurship experience, education, failure mitigation strategies		choose routes such as sale or liquidation.	with good performance.
Yusuf (2012),	Quantitative: 339 start-ups in the U.S.	Opportunity identification, business planning (formal and informal), product development, and external support capabilities.	Disengagement (i.e., exit)	Disengagement is heterogeneous and is not always a negative outcome, as it includes learning and leaving on time to minimize financial loss.	Discovery-oriented learning can lead to an intelligent (i.e. informed) exit that is less negative.

Most of the studies in Table 3 focus on different facets of entrepreneurial exit. Even in specific areas, such as the role and level of education on exit, they present contradictory findings, reflecting the inter-relatedness of influencing factors. From a geographic perspective, the studies identified in Table 3 include countries in North America (Canada and the U.S.), Europe (Austria, Belgium, Denmark, Finland, Germany, Sweden, Switzerland, and the U.K.), and Australia in Oceania. There is a clear gap in the literature in understanding entrepreneurial exit from Canada in general and in more specific terms in the ICT industry. This would further signify this study's justification. The current studies are mostly dated, and their objectives included self-employment or manufacturing closures.

What follows next is an attempt to generate insight from Table 3 to aggregate data and synthesize a more abstract view of the triggers in the entrepreneurial exit. The fragmented nature of studies on a multi-faceted topic such as entrepreneurial exit has presented scholars and practitioners with inconsistencies and gaps that must be addressed to form a holistic view of the entrepreneurial domain. Also, it is notable that of the 18 studies in Table 3, only one study utilized a qualitative approach. In contrast, the rest are quantitative studies, which may also identify a greater need for qualitative methods of inquiry on entrepreneurial exit. Deductive quantitative methods often pursue refinement and validation, limiting the potential to generate new perspectives - a strength attributed to qualitative methods.

Table 3 highlights a wide range of triggers that influence the exit decision among entrepreneurs. Personal triggers are individual attributes that represent entrepreneurs' control or exposure to particular knowledge or experiences, such as education or previous exposure to entrepreneurship. Environmental triggers are usually events or conditions beyond the control or means of entrepreneurs, such as economic recession, low market demand, or regulatory changes. There will also be a brief discussion on firm-level triggers later in this chapter to supplement individual and environmental triggers.

2.7.1 Personal Triggers in Individual Exit

Earlier studies identify personal triggers such as education, access to capital within a wealthy family to borrow funds (but not necessarily in a family business), emotional or psychological considerations, and earlier exposure to entrepreneurship, among factors that could trigger an exit decision.

Illustrative studies on education offer contradictory findings. Bates (1990), in a quantitative study of 4,429 U.S. entrepreneurs (in different industries), found that financial buffers alone did not affect the longevity or probability of the exit and concluded that human capital considerations such as the level of education could play an essential role in such decisions. Brüderl et al., (1992) noted that education, work, and industry experience could positively influence business survival (i.e., lower exit) in a quantitative study of 1,849 German business founders. That said, Taylor (1999) found exit rates of 40% in the first year and more than 50% in the second year of operation in a quantitative study of 1,361 British self-employed ventures, where education did not play a role in the exit. Johansson (2000), in a quantitative study of 4,066 individuals in Finland, found that those with higher education had a lower probability of entering self-employment, which could indicate more lucrative opportunities to secure employment as a qualified candidate. Hessels et al., (2011), in a quantitative study of 345,881 individuals across 24 countries, observed that education does not appear to be a critical determinant of re-entry into entrepreneurship after exit. As such, education appears to correlate positively and negatively with entrepreneurs' exit. Given that entrepreneurship is multi-faceted, other contextual considerations might explain contrasting data.

Access to capital or family wealth is another personal-level trigger that influences exit. Taylor (1999), in a quantitative study of 1,361 self-employed ventures in the U.K., found that access to capital negatively influenced exit decisions. Those with some initial capital had a better survival rate. Johansson (2000) conducted a quantitative study of 4,066 individuals in Finland who entered self-employment and found that higher personal wealth could help them overcome liquidity concerns and become entrepreneurs. Therefore, it addresses the entry rather than exit, suggesting that personal or family wealth reduces liquidity concerns and enables entry (which indirectly may reduce exit). Financial considerations are important as different situations may trigger a spectrum of exit routes. Wennberg et al., (2010), in their quantitative study of 1,735 Swedish ventures, found that entrepreneurs exit from firms in financial distress and with good performance choosing routes such as sale or liquidation (with a varying degree of human capital differences such as age, entrepreneurship experience, education, and failure mitigation strategies). Therefore, while a lack of access to capital may result in the exit, firms do and can exit for other reasons. Financial distress or a desire to pursue better opportunities may trigger exit despite good performance.

Emotional or psychological considerations are another human-level factor that plays a role in the exit. Business ownership, family business succession, and the pursuit of self-employment or personal/social passions can carry emotional dimensions that might not be explained in an entirely objective or monetary dimension. For example, Rouse (2016), in a qualitative study of 34 founders in the U.S., observed that exit at an individual level has two facets, physical and emotional, that influence how entrepreneurs think, feel, and act during an exit. Afrahi and Blackburn (2019), in a quantitative study of 402 British entrepreneurs, identified emotional disengagement to have played a mediating role on antecedents of exit in stewardship and voluntary closures, while the same did not apply to financial harvest exit mode. Also, Yusuf (2012), in a quantitative study of 339 U.S. start-ups, viewed disengagement as heterogeneous, including positive outcomes such as when they learn and leave on time to minimize financial loss. In another quantitative study of 1,354 Swiss SMEs, Kammerlander (2016) argued the notion of emotional pricing, where owners accepted lower financial offers beyond economic considerations in exchange for access to information and influence on their business. These studies' significance is the role that emotions and personal attachment to the business (or its stakeholders) could play among exiting entrepreneurs and that not all entrepreneurs pursue personal financial gain as a primary motive.

Previous exposure to entrepreneurship is another personal-level trigger that could drive exit. Sørensen (2007), in a quantitative study of 228,372 Danish individuals, noticed that the children of self-employed parents had a greater tendency to engage in entrepreneurship. They believed this to be due to exposure to a higher tolerance level for uncertainty and greater freedom of life choices among their parents. While self-employed parents had higher than average wealth, having wealthy parents did not explain the children's pursuit of self-employment. DeTienne and Cardon (2012) also observed that previous entrepreneurial and industry experience were among the factors that influenced exit paths among 189 entrepreneurs in the U.S., where firm performance was not the sole criterion. Hessels et al., (2011), in a quantitative study of 345,881 individuals across 24 countries, found that a recent exit enhances the probability of engaging in entrepreneurial activity. The likelihood of engaging in entrepreneurship after exit is higher among males, who have a low fear of failure and know an entrepreneur personally. The degree of entrepreneurial engagement after exit widely varies among countries. However, it implies that pursuing more lucrative interests or preventing further loss is a human factor consideration.

Entrepreneurs with prior business ownership and decision-making experience might benefit from a better perception than novice entrepreneurs. Such earlier exposures can take different forms. First-time entrepreneurs are referred to as novice entrepreneurs, while those with any previous experience are habitual entrepreneurs. Habitual entrepreneurs have entered and exited entrepreneurship in the past, either in a consequential process (also known as serial entrepreneurship) or in a parallel undertaking (also known as portfolio entrepreneurship), which refers to simultaneous ownership in multiple enterprises (Westhead & Wright, 1998). Learning from previous business ownership and exit could empower the next entry and exit (McGrath, 1999; Westhead & Wright, 1998).

However, studies on habitual entrepreneurs offer contrasting views. Ucbasaran et al., (2003) found that earlier exposure to entrepreneurship can be an asset and a liability. Frankish et al., (2012) questioned whether entrepreneurs learn anything from an earlier exposure as they showed no significant influence from previous entrepreneurial experience on survival rates in a quantitative study of 6,671 new firms (in the U.K.). In Germany, another study by Gottschalk et al., (2017) tracked new firm closures among 7,400 firms and found that habitual entrepreneurs are as likely as novice entrepreneurs to close their businesses as quickly and are as likely to go bankrupt in their new business. Over-confidence, over-optimism, and over-estimating abilities can negatively affect the ability to overcome business issues among habitual entrepreneurs. The study suggests that habitual entrepreneurs do not recognize unviable business situations faster than novice entrepreneurs, and their experience did not help with longer survival among new firms that closed. This study measured exit from the firm's survival data and closure by liquidation or bankruptcy. It excluded new firms that resulted from mergers and lacked any acquisition consideration. Therefore, the evidence has been inconsistent in concluding that earlier exposure to entrepreneurship will positively influence future exits.

In summary, the evidence on personal triggers such as education, access to capital, emotional/psychological considerations, and earlier exposure to entrepreneurship reveals multiple relevant factors that could influence exit decision. However, there is little detail or evidence on how entrepreneurs execute exit once they decide.

No consistent evidence suggests that exit decisions (and implementation) are unidimensional and single-faceted at a personal level. Entrepreneurial exit decisions can be more dynamic and contextual, arising from multiple triggers at more than one dimension (beyond the personal level). The following two sections discuss the evidence on the role of environmental triggers that can influence entrepreneurial exit.

2.7.2 Firm-Level Considerations on Entrepreneurial Exit

Because entrepreneurship is a multi-faced domain and takes place at different levels of analysis (Davidsson, P., & Wiklund, J., 2001; Shepherd et al., 2019), it is essential to recognize the influence of environmental and firm-level exit triggers on entrepreneurial exit.

As discussed, most studies on exit focus on firm-level and fail to adequately distinguish between firm and individual-level exit. While this study focuses squarely on founder(s) exit, it is crucial to recognize that firm-level factors may influence founder(s) to exit. The following factors can be inferred from the literature.

First, the firm and founder's exit may coincide. As a result, significant factors that drive firm-level exit, such as firm-level strategies, resources/capabilities, firm performance, team dynamics, and management (Wennberg & DeTienne, 2014), may also play a meaningful role in the founder's exit. Founders may successfully exit a firm through harvest or distress sale exit modes, and new owners carry on with the business (Wennberg et al., 2010). A founder's exit may also result in a business's death through liquidation or bankruptcy exit modes (Coad, 2014).

Second, firm-level performance may lead to the founder's exit when the firm continues. For instance, founders may be pushed out by the other owners following a poor firm performance to maximize their return. The extant literature lacks details on the dynamics of relationships in larger founding teams or the organization and governance (Wennberg & DeTienne, 2014).

Strategic management frameworks provide various factors that influence performance and may indirectly lead to firm and founder exit. These include management's quality and calibre (including partnership issues and conflicts), employee and human resources issues (e.g., training and skill-level), capabilities/tools, technological advances (influencing the firm or industry's boundaries), performance, and the firm's competitive position in the market (Barney, 1991; DeTienne & Wennberg, 2015; Fortune & Mitchell, 2012; Gimeno et al., 1997; Parastuty, 2018; Parastuty et al., 2015; Porter, 1991; Porter, 1998).

Third, firm-level factors may influence founder exit irrespective of firm performance (Kammerlander, 2016). These may include ownership's perception of leadership qualities necessary for the firm's future strategy or losing employee trust in the founder's leadership.

Thus, while focusing on the founder's exit, knowing the firm-level factors that may influence an individual founder to exit is essential. Enhanced awareness of this topic enables a richer vocabulary in developing codes for content analysis from personal interviews. As a result, it is more likely to detect unexpected patterns in forming categories or clusters during the abstraction process in this inductive study.

2.7.3 Environmental-Level Triggers in Individual Exit

This section builds on the previous section's discussion on factors beyond the founders that may influence the founder's exit. In addition to the firm-level factors, there are also environmental-level factors.

As shown in Table 3, the empirical evidence identifies environmental triggers for the founder's exit, including low market demand, severe competition, more attractive job opportunities, more favourable business opportunities, and business regulations for further discussion in this section.

This exploratory study can also pay closer attention to mechanisms such as cognitive, experiential, or analytical tools (political, economic, social, technological, environmental, legal, and ethical frameworks– known as PESTELE) that entrepreneurs use to monitor environmental triggers. As expected from qualitative studies, such awareness could help with a thick description of the exit process. Without any formal approach, entrepreneurs might rely on subjective mechanisms or perceptions that guide their decisions, which this study might uncover.

Environmental triggers are external events or conditions beyond the control of entrepreneurs that could influence or cause entrepreneurial exit. For example, in 2020, the COVID-19 pandemic imposed unexpected health and economic challenges to countries worldwide. Many businesses faced supply chain challenges or had to suspend operations in the year's first half. Therefore, from a timing perspective, COVID-19 may have added a new facet to other environmental triggers (e.g., low market demand) to cause exit among entrepreneurs. Speculatively, entrepreneurial exits can result in entry into new and more lucrative ICT-related opportunities due to market shifts (e.g., new or enhanced online shopping, demand for work-from-home enabling technologies, and health or communication applications arising from mandatory quarantine).

Parastuty et al., (2016) identified low demand/sales, severe competition, and more attractive job opportunities as exit reasons in a quantitative study of 381 entrepreneurs in Austria. Sometimes, entrepreneurs leave entrepreneurship to seek employment because of a better compensation package (particularly among those with higher education) or a downturn in economic activities.

Everett and Watson (1998), in a quantitative study of 5,196 Australian start-ups, found that macro-economic factors impacted 30-50% of small business closures due to better economic conditions. As a result, entrepreneurs opted for voluntary exits to pursue better opportunities, suggesting that closure does not equal failure.

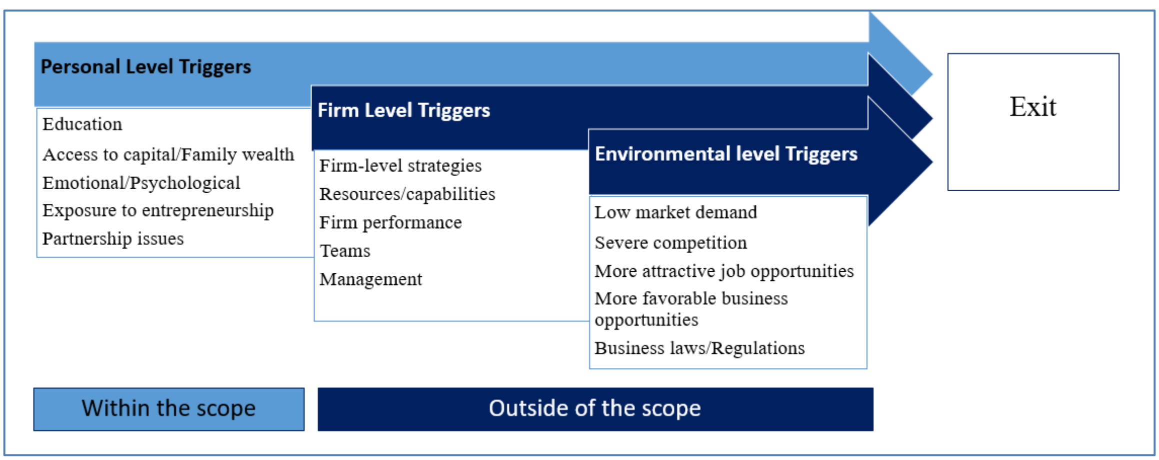
Also, Balcaen et al., (2012), in their quantitative study, examined 6,118 Belgian distress-related exits among mature firms and observed that 41% of firms were forced into legally induced bankruptcy, while 44% pursued voluntary liquidation, and 14% had a split or M&A. A key consideration from this firm-level study is the environmental factor implication for founders, where regulations could impose less efficient exit modes such as bankruptcy due to a court order.

The findings from the literature highlight the influence of financial considerations on exit (within the firm due to poor performance, also as a result of an economic downturn) and the impact of environmental triggers, such as a regulatory system, on the pursued exit mode. It is also interesting that regulations may favour entrepreneurs in a country like Austria, temporarily suspending operations temporarily and re-opening the business later (Parastuty et al., 2016).

A critical facet of this study at the individual level is how it differentiates founders based on ownership and decision-making authority in a firm compared to the non-owner management positions in broader private firms, non-profits, or social enterprises.

In summary, the literature in Table 3 highlighted environmental triggers such as low market demand, severe competition, more attractive job opportunities (i.e., entrepreneurs seeking employment), favourable business opportunities, and business laws or regulations. Therefore, the founders' exit decision and execution are influenced by firm-level and environmental-level triggers and personal-level motivations that could trigger and shape exit decisions among founders in entrepreneurial exits (Figure 4).

Figure 4 – Multi-level Triggers in the Founder's Exit – "The Why"



This aggregated view would further validate that entrepreneurial exit is a multi-faceted topic, and influencing factors from three levels (i.e., personal firm and environmental) would drive the exit decision and the actions that follow among founders on their own or in a combination. The aggregated view could represent a more integrated view of different scenarios that discuss why entrepreneurs exit. It also illustrates the contextual complexity in empirical studies from different locations or industry sectors, as presented in this section on entrepreneurial exit.

In other words, entrepreneurial exit, based on the earlier definition (DeTienne, 2010), is when the founders remove themselves from ownership and decision-making in varying degrees. This study's entrepreneurial exit is a dependent variable, highlighting an effect or outcome. Identified empirical studies point us to three distinct categorical drivers at the individual, firm, or environmental levels (Figure 3), with several triggers in each category that could cause or trigger entrepreneurs' exit decisions.

The extant literature does not provide a holistic view of the fragmented exit domain. It also fails to identify the dynamic nature of exit decisions among founders concerning the mechanisms (or their lack of) to prepare (e.g., identify, assess, and execute) their exit decision. The issue's significance lies in the differences in risk and rewards that the timing and exit mode could provide to entrepreneurs. The following section discusses how entrepreneurs exit their ventures.

2.8 Individual Exit: Exploring "The How"

Depending on the ownership, the exit could take place by the founder or the founding team, where a small group of founders leave a firm they established (Parastuty, 2018).

Earlier in this chapter, Table 2 identified some contextual considerations that would enable a more realistic view of the exit dimensions. There are different paths for founders to exit, which are influenced by the ambitions set at the entry or shaped due to conditions arising from triggers at personal, firm, and environmental levels.

DeTienne et al., (2015) classified exit strategies into three categories: financial harvest, stewardship, and voluntary cessation. Each exit category includes several exit modes. For example, financial harvest could manifest in IPO or M&A. Stewardship encompasses cases where the management or employees buy the company or the family business owner decides to exit through a succession mode. Stewardship also includes independent sales of the business.

Exit modes could also fall under categories where the owners voluntarily or involuntarily remove themselves from decision-making and ownership. Owners voluntarily end operations through the sale of assets (i.e., liquidation), permanent closure, or temporary closure in certain countries, such as Austria, where the regulations would allow it.

Similarly, as supported by the literature (Balcaen et al., 2012; DeTienne, 2010), owners may need to cease operation as ordered by a court of law or, where the creditors want to liquidate assets against the wishes of the current owner, which could be considered or labelled as involuntary cessation. Therefore, adding an involuntary cessation category could extend the DeTienne et al. (2015) framework.

Table 4 summarizes these four exit categories and potential exit modes.

Table 4: Exit typologies and potential exit modes

Financial Harvest	IPO
	M&A
Stewardship	Management Buy-Outs (MBOs)
	Employee Buy-Outs (EBOs)
	Family business succession
	Independent Sales
Voluntary cessation	Liquidation
	Temporary closure (e.g., in Austria, where it is legal)
	Discontinuance (e.g., terminate, abandon, disbanding, closure)
Involuntary cessation	Ordered Bankruptcy (by a court of law), stressed sales/liquidation (demanded by creditors)

Source: Balcaen et al., (2012); DeTienne et al., (2015); DeTienne (2010); Parastuty et al., (2016)

It is important to note that these exit categories and modes would financially and (very likely emotionally) benefit the founders and affect them differently. The greater the choice among founders to exercise a preferred exit mode, the higher the financial or emotional satisfaction. Wennberg et al., (2010) showed evidence from a study of 1735 new ventures in Sweden that the pursuit of harvest sale and harvest liquidation resulted in higher value gains for entrepreneurs than those who had to choose distress sale and distress liquidation at a loss.

The interview instrument for this study (in Appendix A) sought to understand the choice surrounding exit mode and its likely impact on financial and emotional satisfaction.

The extant literature also lacks insight into whether there is a preferred choice of exit route or exit planning approach among Canada's ICT firms. There is no empirical study to examine how ICT founder(s) approach exit planning and execution through the journey of venture creation and growth. Because it matters when and how founders exit their firms, this study's findings can inform entrepreneurs and policymakers to make better decisions in response to unforeseen personal and environmental circumstances and reduce likely exit barriers.

Seeking deep insight into this nature would require an exploratory study to examine and probe different aspects of entrepreneurial exit planning and execution ("the how" question).

DeTienne (2010) defined entrepreneurial exit as a process that is an important part of the entrepreneurial journey. During this process, founders of privately held firms leave the firm they helped create to varying degrees by removing themselves from primary ownership and decision-making in the firm. Therefore, viewing exit as a process and exit strategy or planning as a forward-looking intention is essential.

Because exit is a dynamic process, the intentions could evolve or change in response to a wide range of personal (e.g., health, divorce, new interest), firm (e.g., poor performance, partnership issues, and M&A), and environmental factors (e.g., low market demand or regulatory changes) for better or worse. Therefore, the research question explores the ongoing efforts to navigate the exit among ICT founders. While a heterogeneity of decisions and actions is expected, it would be valuable to understand how some founders might manage the process better than others, irrespective of the degree of control or influence they might have on exit triggers at different levels to engineer a desired outcome.

Intentions are more challenging to measure as they are likely to link to motivations at the start-up phase (DeTienne et al., 2015). Identified exit intentions are important, as, in another study, 70% of entrepreneurs exited in the intended path (DeTienne & Cardon, 2012). DeTienne and Wennberg (2015) argued that inefficient and costly exit choices would arise without exit efforts, suggesting a positive relationship between exit planning and harvested value for entrepreneurs, particularly for retirement and succession as a planned exit.

2.9 The Gaps in the Literature

Individual-level exit has received substantially less attention than firm-level exit (DeTienne et al., 2015; DeTienne & Wennberg, 2016; Parastuty, 2018). As shown in Table 2, the exit studies rely primarily on quantitative methods, which better show the significance and measure the effectiveness of influencing factors. However, quantitative inquiry methods might not be the best approach to exploring the complexity or nuances associated with the exit at the individual level (e.g., education, industry background, psychological attachments or disengagement).

The extant literature, particularly within a Canadian context, lacks sector-specific studies on exit, including the ICT sector. Most broad studies have also used quantitative methodology and lack the details or insight that qualitative methodologies could uncover more in-depth insight. Focus on one sector (i.e., ICT) would help minimize variations that may not be founder-related. Thus enabling a greater focus on founders in understanding personal-level exit motivation and preparations. Previous Canadian studies such as Pe'er and Vertinsky (2008), Bruce and Picard (2006), and Lin et al., (2000) are limited in number, quantitative in nature, broad in scope (e.g., looked at all sectors or one such as manufacturing), dated, and lack relevance to addresses the research question on how entrepreneurial founders navigate the exit from their firms – and in a sector such as ICT.

While the Canadian studies offer insightful findings of self-employment, small business, or creative destruction in the manufacturing sector (that led to closure in a firm-level study), they have limitations. Lin et al., (2000) examined entry and exit from self-employment based on personal and macroeconomic factors and is industry sector agnostic. Bruce and Picard (2006) focused on succession planning, which lacks sector-specific insight. Pe'er and Vertinsky (2008) focused on a firm-level exit study due to creative destruction in the manufacturing sector, which lacked relevance at the level of analysis.

Firm entry and exit rates can highlight a market's dynamism level. Entry rates could reflect innovation and experimentation in response to potential market opportunities, while exit rates could reflect removing less effective (or less desirable) business activities (Mcdonald, 2014). Geroski (1995) views exit as the most tangible consequence of entry, particularly among smaller firms in industries with a relatively high entry rate.

As measured by firms' survival rate, the official statistics on exit data are firm-level data that report on the firm's existence as a legal entity without much detail about their owners and motivations (i.e., human factors driving exit). Such data also lack details to elaborate on factors that caused exit through the merger and acquisition of innovative firms for productive and beneficial reasons. Therefore, not all exits reflect low productivity among firms or management incapability among owners.

Markets, regulations, and industry dynamics change over time. Therefore, it is likely that capable entrepreneurs identify more exciting or lucrative opportunities to pursue, which may require exit from existing ventures among serial entrepreneurs (while parallel entrepreneurs might undertake new opportunities without an exit).

Other scholars have researched exit as a cause (i.e., independent variable) to investigate the effects, such as a pursuit of better opportunities, quality of life (e.g., enhancing health/well-being), retirement, and assuming greater family responsibilities (DeTienne & Wennberg, 2016). This study aims to view exit as a dependent variable through the eyes of the founders and cofounders of ICT firms in Ontario (and Canada, if needed to access other locations to meet sufficient samples). Such examination through an exploratory study would better understand how ICT founders navigate their exit while their decisions and actions are influenced by several personal, firm, and environmental factors (Figure 4).

Given the limited understanding of exit at the individual level and the dominance of quantitative studies, this exploratory study offers new perspectives for entrepreneurs, policymakers, the investment community, and other business service providers facilitating firms' entry and exit. The study would be potentially helpful to other researchers interested in other industry sectors in Canada for comparative purposes and the ICT sector in other locations or a different period.

Exploring the reasons and strategies behind the exit preparation for ICT founders can also contribute to more effective planning and exit to minimize unrealized personal, family, and social benefits.

2.10 Summary

This chapter identified and highlighted some of the critical human and environmental factors that influence entrepreneurial exit while validating earlier observations that exit within entrepreneurship is a multi-level and multi-faceted domain.

The literature on exit is relatively nascent and remains relatively fragmented. Key differences arise from differences in the level and unit of analysis. Also, studies have used different lenses to address their research questions. As such, inconsistencies might exist in the literature on variables such as education and its potential role in exit decisions.

There has also been limited qualitative research on entrepreneurial exit, particularly within a salient sector such as ICT and within Canada from a geographic perspective. Such inconsistencies allow for a more refined approach to understanding exit at the individual level.

Personal-level factors included education, access to capital/family wealth, emotional/psychological, and prior exposure to entrepreneurship. The complexity of human factors is significant and highly contextual. Firm-level factors relate to strategies, capabilities, performance, team dynamics and management. Finally, environmental-level factors included low market demand, severe competition, more attractive job opportunities, more favourable business opportunities, and business laws/regulations that shed light on particular or more location-specific circumstances that contributed to an exit decision among entrepreneurs.

Because exit is an emerging domain in entrepreneurship, it was evident that inconsistencies existed among studies concerning some common terms that implied exit. Also, as a multifaceted domain, Table 1 identified different exit dimensions.

Moreover, this chapter highlighted some conjectures or terms associated with the exit. It discussed that exit is not necessarily a failure, and that success is subjective, given that some founders who closed their venture saw it as a success. Failure must be seen as a required element of experimentation and learning, particularly when entrepreneurs explore new opportunities (with insufficient knowledge, experience, and data) as long as its cost is absorbed in wins. Entrepreneurs who cannot successfully navigate the challenging journey of achieving a satisfactory outcome may consider new opportunities or career paths.

The next chapter will discuss the methodology for this study. The approach is an exploratory study to extract primary data from personal interviews with ICT founders. As with any other inductive study, the intent is not to test any particular theory but to explore new concept development from informants (Gioia et al., 2012).

Chapter 3. Research Methodology

3.1 Introduction

This section will discuss the considerations of empirical strategy and approach to methodology concerning the design, sampling, data collection, and interpretation of findings. Interview questions (i.e., the instrument) for a semi-structured interview appear in Appendix A. The study had a sample size of 20.

Creswell and Poth (2018) argue that qualitative research is appropriate when exploring a problem or gaining a detailed understanding of an issue. Chapter 2 discussed the literature gaps and the need for new insight concerning entrepreneurial exit. Combining the inductive approach and a qualitative research framework provides a suitable approach to generate rich descriptions and insight that would enable new theoretical frameworks (Wilson, 2014).

This study aimed to undertake an exploratory study to seek greater insight into the research question: *How do ICT founders navigate the exit process from their firms?*

3.2 Study Design

Research is a process. It consists of multiple steps that involve collecting, analyzing, recording, and interpreting the information. Research also requires integrating different concepts, such as philosophies, approaches, and strategies (Wilson, 2014).

Assuming an interpretivist approach (from an epistemology standpoint) strengthens the need for social context considerations. The researcher cannot be entirely detached from the study and would have to enter the social settings, which in this study means engaging with founders to understand or uncover more in-depth insight.

Assuming a subjectivism approach (from an ontology standpoint) enables understanding of study subjects' personal and social beliefs (i.e., founders), including their attitudes and intentions that shaped exit decisions for this study. There was also a degree of interdependency resulting from engaging entrepreneurs. This personal engagement would differentiate the study from a dominant quantitative approach in entrepreneurial exit research, where researchers maintain a value-free position.

A qualitative research design would best address questions like the above (e.g., how and why) to uncover new insights or concepts often not gained through a deductive quantitative inquiry that would test existing theories. As discussed earlier, entrepreneurial exit remains a nascent domain with many unknowns and has heavily relied on deductive quantitative methodologies. Therefore, a qualitative research method enhanced the likelihood of developing new insight from study subjects (i.e., founders) by explaining their lived experiences, using their terms, and making sense of the phenomenon under the study (Forman & Damschroder, 2007).

Gioia et al., (2012) and Eisenhardt (1989) have argued the significance of qualitative studies for sense-making and theory-building. Gioia methodology fills a gap where academics and practitioners do not talk to each other, which was evident from interviews in this study. Academics want to benefit theories, and practitioners seek valuable insight to benefit the practice (Gioia, 2021). In contrast, Eisenhardt's methodology identifies as a positivist methodology to develop and test theories (Langley & Abdallah, 2011). Eisenhardt (1989) proposes an iterative approach to building theories from multiple case studies (and their cross-section) to develop and test hypotheses.

However, theory development from rich case studies could become overly complex or narrow, which voids a theory's parsimony and practicality requirements.

From an epistemology standpoint, this study favoured Gioia's methodology as an interpretivist approach to capturing and modelling informants' data without the shortfalls of a case study that might be viewed as less rigorous and more impressionistic (Gioia, 2021). The research process in Gioia's methodology embraces inductive and abductive research principles. Inductive data collection relates to the 1st order concept development that draws from the informant's data collected during the founder's interviews. Relying on an abductive research process, the 2nd order researcher's theme and abstraction process requires an iterative transition between the data and literature to generate new concepts.

Using Gioia's methodology, informants in this study were ICT founders in Ontario who had exited the firm they played a role in establishing. While Langley (1999) makes a compelling argument to theorize from process data in strategic organizations, this study did not use a temporal analysis of the exit process. It relied on retrospectively examining the informant's lived experiences (i.e., ICT founders). Also, the focus was to hear multiple perspectives from informants (an interpretive approach that refers to supporting multiple truths or realities).

A summary of Gioia's methodology within this study's context is shown in Table 5 (next page).

Table 5: Features of Gioia's Methodology (Gioia et al., 2012)

Proposed Steps	**Key Features of the research methodology**
Research Design	• In addressing a literature gap on entrepreneurial exit and given its economic significance, this study explored the following research questing using a qualitative approach: *How do ICT founders navigate the exit process from their firms?* • There is no upfront judgement regarding the responses to allow for discovering new insight.
Data Collection	• To give an extraordinary voice to ICT founders (i.e., informants) who are considered knowledgeable agents. • Using a semi-structured instrument provides sufficient flexibility to adjust the interview based on the informant's responses. • Maintaining ethics approval during the study provided the ability to "backtrack" and go back to previously interviewed informants to ask questions that might arise from subsequent interviews.
Data Analysis	• To perform initial data coding to maintain the integrity of 1st order (informant-generated) terms. • To develop a comprehensive compendium of 1st order terms. • To organize 1st order terms based on 2nd order themes (researcher-centric themes/concepts/dimensions). • To distil 2nd order themes into overarching theoretical dimensions or abstraction process. • To assemble terms, themes, and dimensions into a data structure.
• Concept Development/Grounded Theory Articulation	• To synthesize dynamic relationships among the 2nd order concepts in the data structure. • To transform static data structure into dynamic concepts/grounded theory models. • To cross-examine developing concepts with the literature to refine emergent concepts.
Adapted (with modification) from Gioia et al., (2012)	

The breadth of potential individual exit scenarios demanded an interview of multiple informants. Such a process resulted in a rich description that, through a rule-guided technique known as content analysis, researchers can analyze and extract informational content from textual data (Forman & Damschroder, 2007).

3.2.1 Sampling

Because this research took place at the individual level of analysis, the unit of analysis was the founder(s) of ICT firms in Ontario, who ideally exited their ventures within three years prior to the interviews but could be within seven years from exit to include a larger pool for sampling.

This study relied on multiple sources to identify potential interviewees in line with a theoretical (not statistical) sampling for qualitative research - also known as purposive or judgement sampling (Eisenhardt, 1989; Wilson, 2014; Yin, 2018).

Often, a breadth of samples with expectedly different outcomes would result in a more robust concept or understanding of the issue, as the presence or lack of certain conditions could strengthen the outcome. One consideration for this study was to include founders who exited in voluntary and involuntary conditions and explore the founders' choices regarding their exit mode and how they navigated their exit, given the circumstances. The study benefited from a rich sample, where the founders were from companies in different sub-segments of ICT hardware, software, and services, as shown in Table 6.

Using a purposive sampling to identify ICT founder candidates, this study used multiple approaches including, but not limited to: 1) Reaching out to existing professional and industry contacts in different networks (including LinkedIn) for introductions; 2) Undertaking desktop research and a scan of news or industry publications for recent IPOs, M&As, MBOs, EBOs, closures, and bankruptcies in the ICT sector; 3) Using reports or resources available by industry associations in ICT or financial/legal services (e.g., Information Technology Association of Canada (ITAC) and

CVCA), commercial company databases (e.g., Crunchbase, Pitchbook, and Dun & Bradstreet's Hoovers) to identify recently exited founders; 4) Reviewing the annual "Profit 500" list published by the Canadian Business Magazine to show Canada's 500 fastest-growing firms, and it was possible to lookup firms based on their sector and the Province (i.e., to screen for ICT in Ontario), and 5) Leveraging the network of interview candidates by asking them to introduce me to other ICT founders who exited their business.

Each approach to identifying samples has limitations; individually, none are ideal. For example, methods relying on a cold call could yield fewer results. Referrals from contacts in the network might be helpful, but concerns around confidentiality of what to share (despite academic procedures and assurance) might remain. Those recognized in industry rankings might have had the publicity as a priority to influence valuation or business outcomes with the accuracy of the non-audited/non-verified data to risk validity.

Purposeful sampling would allow for the selection of informants who could provide unique experiences or perspectives, and it remained the primary sampling strategy used in qualitative studies (Creswell & Poth, 2018).

In general, considerations around the sample size in qualitative studies would seek a data saturation point, which could vary among different methods from a sample of one in a case study to 1-2 in narrative research, 3-10 in phenomenology, and 20-30 in specific grounded theory models to allow saturation (Creswell & Poth, 2018; Yin, 2018).

Langley and Abdallah (2011) highlight the importance of richness in data and revelatory potential. They mention a study using Gioia's methodology with a sample of one. Miles et al., (2020) recommend a minimum of 5-6 richly researched cases in multicase studies for sampling adequacy. This study identified and interviewed 20 informants to collect data to enable a rich collection of data in a narrow domain to generate insight.

3.2.2 Data Collection, Organization, and Management

Personal interviews with ICT founders (i.e., defined as informants in Gioia's methodology) were a primary mode of collecting data concerning their personal and lived experiences as they completed their exit.

Using different approaches to identify and reach out, as highlighted in the sampling section (3.2.1), the outcome was a pool of 120 potential candidates. Then, using LinkedIn as a messaging platform or email, all interview candidates received an invitation to participate in this study.

In addition, an online campaign with 22 teasers was created and posted on the LinkedIn social media platform between March 23 and June 21, 2021, to raise awareness about the study and assist with recruiting interviewees, which yielded no results. Direct outreach and referrals from interviewees or personal contacts were the most effective approaches.

Those who showed an interest received a consent form in line with Athabasca University's ethics board to review, sign, and return. The consent form highlighted ethical considerations and more details about the study, including the researcher's contact information, the supervisor's, and the ethics office at Athabasca University.

Personal interviews proved to be a contextually rich approach to collecting data as they added depth to qualitative writing. In total, 20 contacts agreed to an interview and completed the consent form. However, due to the COVID-19 pandemic, all interviews took place virtually using the Google Meet platform in 2021. Except for one interviewee, the remaining 19 candidates agreed to an audio recording. Virtual meetings served as a practical alternative to an in-person setting during COVID-19. As such, particular attention was paid to non-verbal communication to avoid or reduce misinterpretation (Wilson, 2014) to the greatest possible extent. A mobile phone was used for audio recordings, and Otter's transcribing app helped verify manual notes for added accuracy. The audio recordings were listened to at least twice for transcription. Then, NVivo 12 software was used for coding in addition to field notes or post-interview reflections. An additional six candidates showed initial interest but chose not to participate in an interview or did not respond to communications, which was respected with no further follow-ups.

The sampling approach met the desired outcome for a sample size of 20 with different motives, operational lengths to exit, and diverse exit modes. Participants ranged from first-time founders to serial entrepreneurs, both male and female, in locations across Ontario's leading tech hubs such as Waterloo, Toronto area, and Ottawa.

Founders' ages ranged from early to mid-career (estimated in the 30s-40s) to a few who disclosed to be in their 60s and 70s. The study did not require asking for age, gender, marital status, or educational background. However, a few disclosed such details as a part of personal experiences, emotions, or family considerations in response to broad questions.

The approach to recording the data was field notes accompanied by audio recording (with consent) and post-interview reflections about the interviews. All informants were assigned a file number for tracking interactions and a pseudonym to ensure anonymity.

Personal interviews took place in a semi-structured format to allow the flexibility required to probe specific new insights deeper while maintaining consistency among cases, using a guiding instrument (see Appendix A). Most questions were open-ended to allow research subjects to elaborate on their experiences or thinking without pointing them toward any specific direction (or the desired response). Two theories inspired interview questions (Appendix A). The Theory of Planned Behaviour (TPB) inspired questions 2, 3, 5, and 8. The Goal Setting Theory inspired questions 4 and 7.

3.2.3 Coding and Theme Development

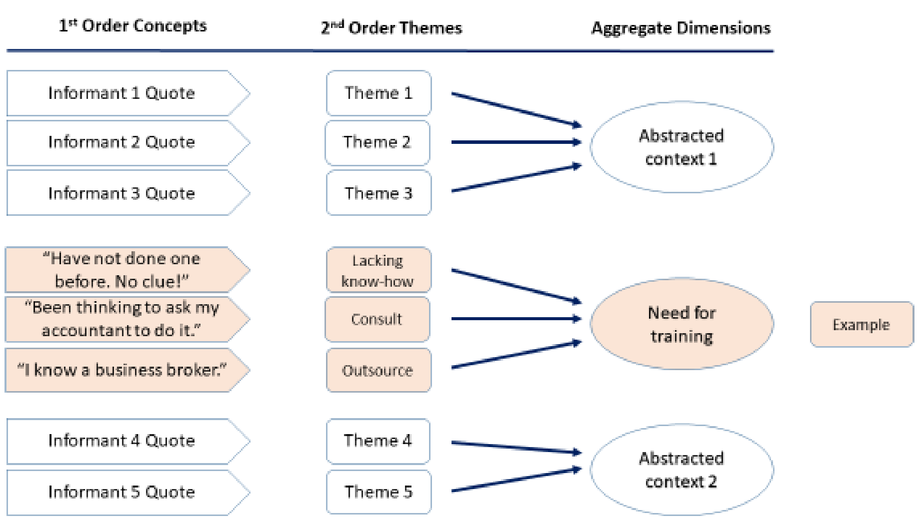
Interviews followed by a transcript of collected data (assisted by Otter software and audio playback for added accuracy) for exploratory analysis, including code development for content analysis using NVivo 12 Software. In this study, data means spoken words or written text that entrepreneurs shared in response to the interview questions. There will be no statistical method to arrive at concepts or insight (Wilson, 2014).

There is a need to acknowledge how past research (mainly with a quantitative method) relied on theories such as the theory of planned behaviour and the goal-setting theory (among others) to understand the exit at an individual level. Inspiration from such theories guided the study's research question and the questions for the semi-structured interviews. Upon data collection and analysis, and due to the inductive nature of this study, the evidence contrasted some perceptions. It turns out that entrepreneurial exit is more emergent than what some perceive to be a linear, step-by-step process with deliberately planned actions to achieve desired outcomes. As a result, the study found that how entrepreneurs attempted and completed an exit is not what many would assume.

The study will present interesting evidence and practical implications on what entrepreneurs experienced during the exit process and how they navigated their exit in Chapter 4.

This study used Gioia's methodology (Gioia et al., 2012), which provided a defined approach for capturing, coding (open and axial), categorizing patterns, and clustering themes, as illustrated in Figure 5.

Figure 5 - Illustrative example of concepts, themes, and aggregate dimensions



Author's Illustration - Adapted from: Gioia et al., 2012.

The transcripts were reviewed at least three times - a process known as immersion, which explores meaning from different dimensions (e.g., what, who, where, when, and why) to make sense of the data before analyzing it (Elo & Kyngäs, 2008). Hsieh and Shannon (2005) suggest that once codes are created and researchers have had post-interview reflections, they should categorize data into 10-15 meaningful clusters for conventional content analysis to advance the abstraction process further.

The contextual nature of qualitative research can generate a significant amount of rich data (e.g., interview transcripts) that could overwhelm (novice) researchers. During the immersion phase or the review of transcripts, 1st order coding could generate 50-100 concepts before it is distilled into a more manageable 25-30 themes (Gioia et al., 2012). Many commercial software programs help researchers manage the coding and textual analysis effectively. This study used the NVivo 12 software package to address the expected challenge, preceded by a self-directed study based on online training videos and applicable textbook(s) as reference materials.

Overall, the open and axial coding from 20 interview transcripts resulted in 1182 codes in three levels of analysis. This included 74 codes at the environmental-level, 660 codes at the firm-level, and 448 codes at the individual-level (the primary focus of this study) that emerged in nine concepts of emotions, decision-making, planning, learning, motivations, identity, family, blind spots, and habits. Then, guided by the interview questions, 17 different concepts and themes were explored in a series of iterations to identify new or novel insight, using a Gioia-style table for abstracting towards a meaningful aggregate dimension. These exercises probed the following themes: 1) Entry motivations; 2) Planned or assumed timelines to exit, 3) Exit triggers – individual; 4) Exit triggers – business; 5) Exit triggers – environment; 6) Premature and failed exit attempts; 7) Arriving at an exit decision; 8) Exploring exit modes; 9) Exploring initial stage of thinking or planning about exit; 10) The evolution of the exit plan; 11) Exit preparation and execution – sales process; 12) Exit preparation and execution – risk mitigation; 13) Exit preparation and execution – due diligence; 14) Exit preparation and execution – stakeholder communications; 15) Regrets, reflections, and lessons learned; 16) Pursuit of new interest as an exit influencer, and 17) Exit decision confidence (was it the right decision?).

Content analysis is a helpful approach in inductive studies (either qualitative or quantitative) to describe a phenomenon where the information is limited or fragmented in a conceptual form (Elo & Kyngäs, 2008; Hsieh & Shannon, 2005). When selected as a research method, content analysis can offer a systematic and objective way to describe and quantify the phenomenon of interest. Then, through a distillation process, it generates fewer concepts in a replicable fashion for building valid inferences (Elo & Kyngäs, 2008). Content analysis process of extracting meaning from specific text towards more generalized concepts demonstrates synergies with Gioia's methodology, as illustrated in Figure 4, concerning coding, categorization, and abstraction.

Similarities in some of the methodologies could be confusing. Content analysis primarily aims to extract meaning from words and, at most, could result in a concept or model, while grounded theory methods go beyond this initial analysis stage to generate a theory. Gioia's methodology falls in between on such spectrum but within a closer range to grounded theory, pursuing an interpretivist approach to deliver a process model or a novel concept and not necessarily a theory to generalize (Gehman et al., 2018; Gioia et al., 2012; Hsieh & Shannon, 2005; Langley & Abdallah, 2011).

3.2.4 Validity and Reliability

Validity and reliability form the foundation of any empirical study to demonstrate rigour, and qualitative research is no exception.

Gioia et al., (2012) have incorporated several steps in their proposed methodology to build necessary rigour in qualitative research. This includes defined steps in conducting research, as listed in Table 5, and a systematic approach to presenting findings, demonstrating connections among data, and illustrating emerging concepts that generate new insight, as shown in Figure 5.

What brings validity to this approach is giving a voice to informants by capturing their exact terms in 1st order concepts to be further examined through researcher-centric themes as informed by current established theories or constructs presented as 2nd order themes prior to the third step to abstract findings through an aggregation process. This systematic approach combines the informants' voices and the researcher(s) for greater reliability. Using the informant's voice and a review of the transcripts would enhance the validity of the gathered data.

Adding to the above, a transparent and documented chain of evidence, utilizing a sample management database (e.g., NVivo 12), documenting patterns, creating metaphors, and clustering data could enhance reliability (Miles et al., 2020; Yin, 2018).

Sampling in qualitative studies is not compared with statistical sampling in quantitative research (which requires a sufficient size to represent a population). Gioia et al., (2012) do not specify any pre-determined number as the sample size for inductive studies. However, the recommendation aligns with other qualitative inquiry methods (Eisenhardt, 1989; Miles et al., 2020; Yin, 2018) to arrive at data saturation or data triangulation for greater generalizability as a determining factor.

Data saturation implies that data patterns become repetitive, and there is a sense that any additional gain from new data collection would be minimal. For example, additional interviews would only confirm existing information without any contradiction. Also, triangulation would enhance generalizability by making a single point based on data from more than one source (Marshall & Rossman, 2016). Data saturation enhances reliability, and data triangulation adds to the validity of findings. Again, Gioia's methodology has the built-in process to meet the required rigour using the informant’s generated 1st order concepts to achieve validity and the researcher’s generated 2nd order themes to improve the reliability of the process.

Exploratory studies seek meaning by inference and do not seek causality. Once the findings are used in a descriptive or explanatory study, quantitative methodologies examine external validity when generalizing a concept or theory (Yin, 2018).

3.3 Ethical Considerations

Personal interviews under this study required engagement with human subjects and, as such, would necessitate obtaining ethics approval from Athabasca University. In doing so, there was a requirement to complete and obtain a certificate of completion on “Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans Course on Research Ethics (TCPS 2: CORE)”, which I received from the Panel on Research Ethics on November 21, 2020. Next, I applied for ethics approval from The Athabasca University Research Ethics Board (REB), which was reviewed and granted on December 15, 2020. An annual renewal process was in place to maintain ethics requirements in good standing. All approvals, research subject engagements, and data collection and storage requirements must comply with Athabasca University's ethical considerations and the client's wishes as stated in the consent form (e.g., anonymity or audio recording).

A copy of the ethics approval appears in Appendix B. The current ethics approval expires in December 2024, and a notice will be filed upon completion of the study.

3.4 Summary

Qualitative research methods, in general, have gained significant interest and credibility in business and management studies. Scholars have increasingly relied on qualitative studies to build theories or generate in-depth insight, particularly in new or emerging domains.

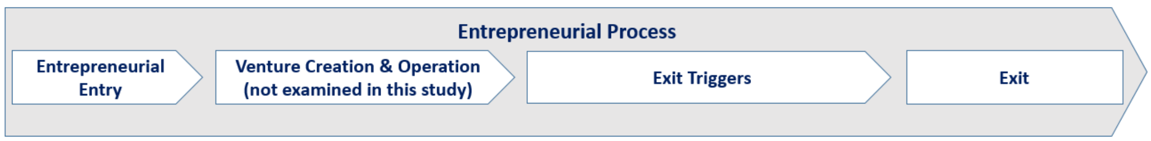
Given the limited qualitative research on this topic, research is needed using the qualitative lens to gather rich data and generate new insights. This chapter discussed the methodology developed by Gioia et al., (2012) to explore the research question. The study used a semi-structured instrument (Appendix A). As mentioned in chapter 2, the literature review informed the nature of questions based on the perspectives gained from the theory of planned behaviour and the goal-setting theory. The questions were finalized based on the input from supervisors while maintaining an option to modify them after the initial interviews. However, they proved to work well, and data collection continued with 20 informants, using a virtual meeting platform due to challenges posed by COVID-19 to meet in-person. The coding and theme development explored new meanings or concept extraction from 1182 codes in three levels of analysis. Then, through an extensive iteration and abstraction process on 17 topics, the most interesting findings are discussed further and presented in the next chapter.

The study met and complied with the required research ethics approvals set by Athabasca University.

Chapter 4. Results

This study explored How do ICT founders navigate the exit process from their firms. The study views exit as a sub-process and the last step within the broader entrepreneurial process, as shown in an abstract form in Figure 6.

Figure 6: Entrepreneurial process



The samples in this study consisted of a wide range of focus areas among the ICT firms in Ontario and with different business durations. Table 6 highlights the breadth of samples with entry/exit dates and focus areas and identifies the founders' gender.

Table 6: Study samples – Founders of ICT firms in Ontario

File Number	Entry	Exit	Duration (Year)	Gender	Focus area
101	2013	2016	3	M	Health-tech computing
102	2015	2018	3	M	Ed-Tech Software
103	2008	2018	10	M	Cloud-based platform and hardware
104	2010	2017	7	M	Analytics software for retail
105	2011	2018	7	M	Retail digital solutions
107	2001	2020	19	M	Enterprise software
108	2015	2018	3	F	Health-tech Hardware and Software
109	2005	2015	10	M	Social networking software
110	2011	2020	9	M	E-Commerce software
111	1998	2021	23	M	Software for records management
112	1995	2020	25	M	Ed-Tech Software
114	1993	2019	26	F	Communications Software
117	2012	2017	5	F	Machine-to-machine communication
118	2003	2016	13	M	Software for security
119	2004	2014	10	M	Cloud-based enterprise software
120	2018	2021	3	M	End-to-end delivery services
121	2015	2021	6	M	Software for health care
122	2012	2020	8	M	Digital marketing and social media
123	2012	2016	4	M	E-commerce software
124	2016	2019	3	M	Business Software/AI

While the study did not aim to examine a cause-and-effect relationship, the findings reflect the diversity of entry motives and the complexities of divergent scenarios (expected or unexpected) in deciding and exercising an exit. Exit decisions were primarily driven by emergent rather than deliberate processes (Mintzberg & Waters, 1985). For example, unexpected internal or external events impacted a desired exit mode or perceived timelines to exit. An unexpected observation was that several entrepreneurs experienced failed or premature exit attempts. This topic is not broadly discussed in the exit literature due to a more substantial focus on the outcome (i.e., success or failure), particularly in quantitative methodologies.

Founders in this study operated their ventures for different lengths and exited in several modes that enriched the study. The dominant exit mode was acquisition.

4.1 Entry Decision

Founders had different motives for creating their ventures (i.e., entry decisions). An interesting finding in this data set was the range of operational length to exit, which generally was longer among lifestyle entrepreneurs than growth-oriented ones. For example, some founders had ambitions to achieve specific personal, technical, or business goals (or a combination). A longer-horizon vision among lifestyle entrepreneurs may have contributed to management decisions on weathering downward economic cycles with added patience or investing in a desirable corporate culture and profit sharing with employees.

4.1.1 Founders' Entry Motivations

Most founders had created their ventures in the 2000s, including before and after the 2008-10 range. The significance of that timeline is two-fold. One highlights the financial crash that impacted many firms in the economy as an environmental factor, and the other is the launch of web-enabled phones in the wireless telecom sector as a new era of technological advancement, which enabled new applications in both corporate and consumer segments.

The sample also included three firms established in the 1995-1998 range. These firms survived both the dot.com crash of 2000 and the financial crash of 2008, which may indicate a certain level of validation concerning the management abilities, product/market fit, and the motivation behind venture creation (i.e., lifestyle).

The findings in this study reflect the diversity of motives among the founders regarding their entry motivations. Table 7 highlights the critical input from informants in this study. The aggregate dimension demonstrates internal motivations or external triggers (i.e., perceived opportunities) to create a new venture among founders.

The 2nd order themes in Table 7 revealed that internal motivations arose from personal attitudes, needs, and a higher calling or purpose. At the same time, external triggers pointed to random encounters with external opportunities and a planned pursuit of market opportunities.

Table 7: Founders' entry motivation and goals

1st Order Concepts (with file number and transcript page)	2nd Order Themes	Aggregate Dimensions
"A desire to solve problems, and build something big that delivers value" (102, p. 1).	Personal Attitudes	Internal motivations
"I saw a path to become financially successful, far more directly. To put it bluntly, if I was successful as an entrepreneur, I can make a lot of money. And that was certainly part of the motivation. I know that might not be the most polite thing to say but, you know, I wanted to make money" (110, p. 2).		
"I always wanted to be an entrepreneur and I started off when the meltdown (in 2001) happened. I created a service company" (107, p. 1).		
"My partner and I started together on a 50/50 basis. It was basically the two of us. We knew we wanted to work for ourselves" (103, p. 1).		
"So the first objective was to make enough profit so that we can all get paid. And, that took about a year and a half or two years" (114, p. 2).	Personal Needs	
"All of a sudden, I was working with this company, it wasn't my own company. So, it felt a little weird that I wasn't in charge of it" (123, p. 1).		
"I think, many entrepreneurs, they are either builders, idealists, or inventors, and that requires a certain amount of existential freedom, if that makes sense" (124, p. 12).		
"We weren't looking to raise money for our own personal use. We were raising money to give it away, to be philanthropic, so you know I'm older than maybe some of the founders that you're talking to" (117, p. 4).	A Higher Calling Or Purpose	
"To have a successful business. At the same time, it had a world aspect, it was an environmentally-friendly, and eco-friendly solution" (120, p. 1). (Note: "solution" is used to disguise an identifier).		
"I was approached to come and help them very prematurely. They approached me to help them sell their technology" (108, p. 1).	Random Encounter to External Opportunities	External Triggers
"My motivations at the time were kind of situational." And, "what I learned at that point was, the narrower and more specific you can solve a problem, the more valuable it is" (123, p. 1).		
"We had explored the interest of several governments, before we decided to pursue this as well" (111, p. 2).	Planned Pursuit of Market opportunities	
"The company was founded in an effort to digitize training in a safe environment" (112: p. 1). (Note: the wording had to be disguised to protect identity).		

Internally motivated founders had three main reasons to create their ventures. First, an interest in solving challenges above the financial rewards or fame. Second, entrepreneurship as a means to achieve independence (by generating personal wealth), control, or enhanced career satisfaction. Third, entrepreneurship as an enabler of wealth-creating activity for philanthropy or a higher calling to tackle climate issues.

The importance of independence and control was further evident in some of the founders' post-exit reflections, where they suddenly had to work in a larger company that had acquired their venture. The transaction terms required the founders to stay for a specific period, during which these founders had a new boss or were not in charge anymore as CEO. Also, the importance of independence and control weighed heavily on founders when it was taken away in a post-transition phase (i.e., after the acquisition).

The 2nd order themes also revealed two different motivations as a response to external triggers. One category highlighted a random encounter category, where, for example, a friend approached a founder to overcome a challenge or another founder whose situational awareness resulted in identifying valuable opportunities in narrow and highly technical customer problems. In another example, a founder faced significant frustration with poor recruitment processes that resulted in high staff turnover and saw that as a common pain for others. The informant said:

There was a massive amount of attrition that had cost the organization, close to half a million dollars in losses and opportunity loss. To which, my response was, we're never doing this again. There has to be a better way. And initially, I had to start developing another system. (124, p. 1)

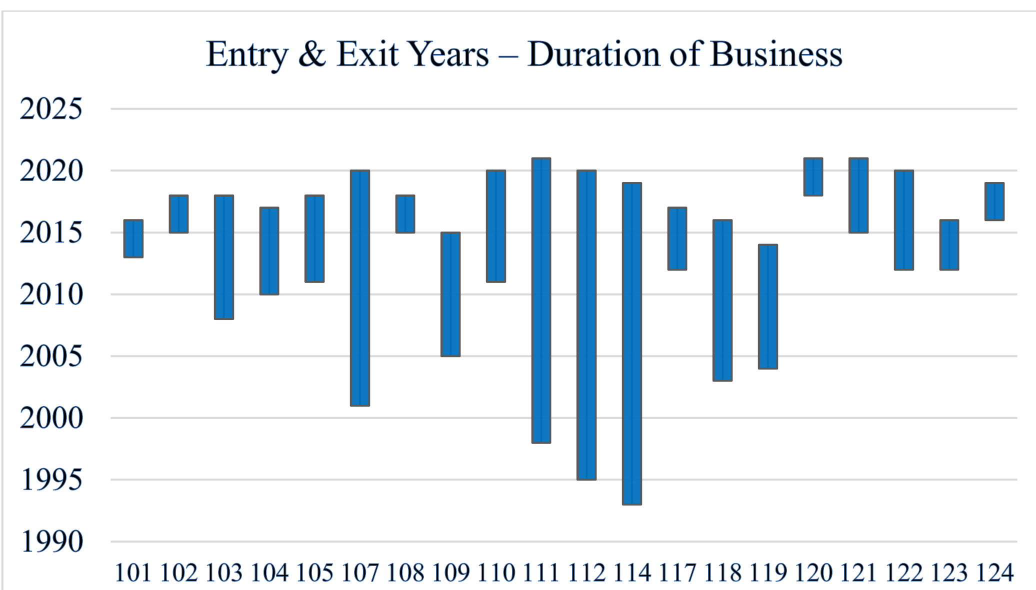
Such motives resulted in the development of a robust software solution that attracted a global actor in that domain to make an acquisition offer. Then, the second category pointed out a planned pursuit of market opportunities that the founders had explored and assessed sufficiently to justify a more calculated or risk-adjusted entry. When it came to exit, those founders made a deliberate decision and executed it.

The findings suggest that individual entry triggers among entrepreneurs originated from internal or external sources to satisfy a wide range of personal attributes, needs, and wants to pursue new interests or goals, including random encounters and deliberate pursuits of identified opportunities.

4.1.2 Operational Duration (Entry to Exit)

The samples in this study operated within a range of 3-26 years (Figure 7). Each company is plotted based on its file number (on the X axis) and the duration of operation in years (on the Y axis). The duration of the business broadly reflects different factors, such as the founder's intentions and goals, the board or investor's desires to continue or exit, and market-driven factors that influence a planned or unplanned exit.

Figure 7: – The entry & exit years of sampled firms



Source of the chart: Author

This study did not probe or seek to examine the length of operation and how it related to perceived success or the degree of happiness among founders. However, there were indications that longer years of business were associated with a lifestyle entrepreneur whose primary motivation was independence, control, or enhanced career satisfaction. In contrast, some growth-oriented founders with purely financial motives desired a shorter time from entry to exit.

4.2 Exit Decision

Shepherd et al. (2015) discuss the characteristics of an exit decision and relevant complexities that depend on many personal, business, and environmental considerations. It is more than a simple decision to exit or persist. Delaying an exit decision could have financial consequences. Entrepreneurs are heterogeneous regarding the timing of an exit in ventures that perform poorly. Exit decision depends on several factors, such as having career options, the amount of personal investment, emotional attachment, reasons for exit, the nature of exit mode, and securing time to grieve a failure or closure. While the literature discusses the factors influencing an exit decision, there is little understanding of how entrepreneurs navigate the exit process to complete the exit decision.

In this study, the founder's decision to exit was essentially an emergent process due to a wide range of factors at the individual (e.g., personal and family considerations), firm (e.g., conflict among co-founders or with the board and major shareholders), and environmental levels (e.g., business culture, regulations, and COVID-19). Changing circumstances at these levels influenced and shaped the exit trajectory of most founders in terms of decisions, timelines, and the exit mode with both desired (i.e., serendipitous) and less desired outcomes.

4.2.1 Founders' Exit Motivations

It turned out that the mindset or motives behind the exit can be as diverse as the motives to enter entrepreneurship. Some founders saw exit as a requirement from the first or early days – either as an obligation to themselves, the team, and the investors (or a combination). Founders spoke to the importance of exit in both scenarios of when things are going well, or as one founder (121) says, "if the shit hits the fan" (p. 4), in terms of liabilities, running out of money, or other issues. Some founders knew its importance but could not plan with any clarity or certainty about the exit because they did not know if they could raise capital in the early days. In at least one instance, the exit was purely a financial target, where co-founders had agreed to a specific venture valuation as a trigger to exit. When opportunities arose, they referenced them against one criterion: if they hit their number!

One founder said they exited by acquisition, which was always their goal. However, the intention came across as a vague plan without much detail on the timeline or valuation. Unsurprisingly, exit is a future decision about a state of development that depends on many determinants within and outside a company. It was evident that for most founders, exit was more of an emergent process than a deliberate one.

Deliberate choices commonly reflected a strong exit trigger at three personal, corporate, and environmental levels. First, among personal reasons were stress, family reasons, or a decision to retire. Second, an acquisition offer by a strategic buyer and management issues/conflicts influenced the exit. Third, environmental triggers such as COVID-19 forced founders (or their boards to demand founders) to exit. Table 8 provides perspective on the emergent nature of arriving at an exit decision.

Table 8 – Arriving at an exit decision

<table>
<tr><th>Exit Influencers
(with file numbers and transcript page)</th><th>Exit Triggers</th><th>Exit Decision</th></tr>
<tr><td>"It was not an expected exit" (124, p. 3).</td><td rowspan="7">Individual</td><td rowspan="11">Emergent</td></tr>
<tr><td>"I, personally, never thought about an exit. Let's say, when I thought differently, I guess would be to say in the first year we've had our first acquisition interest" (121, p. 4).</td></tr>
<tr><td>"I don't think we had pegged a specific timeframe or a number that we wanted to exit the company by like this certain date. My partner and I sat down and asked ourselves where we'd want to go at a time that we were growing at 100%. We did not know how long it would take. Basically, we asked what our options are" (110, p. 2).</td></tr>
<tr><td>"I think we are from early 60s to early 70s between the three partners. I think aside from personal motivations, obviously wanting to have comfort for retirement and family funding" (111, p. 14).</td></tr>
<tr><td>"We had three little kids. And, she (the spouse) made a very compelling pitch to me that we needed to move home to get more help to raise the family. And, that was the right thing to do" (123, p. 2).</td></tr>
<tr><td>"It is stressful to run a start-up. There is uncertainty, and there were other reasons that I think is very common in a start-up, but I think the bottom line is stress and the load of responsibility" (102, p. 3).</td></tr>
<tr><td>"I think in hindsight, it took way longer than I thought it would, but at the same time it's not like, when we started in 2011, I had this definitive number, that's like okay I wanted to quit by this date, and be able to have sold the company for this much money" (110, p. 2).</td></tr>
<tr><td>"We had a board meeting, and we determined at that point that the options were either to continue to grow the company, which would require additional financing, or to take the company to market and see if we could find an acquirer" (104, p. 3).</td><td rowspan="4">Firm</td></tr>
<tr><td>"Yes, we wanted to exit. We were talking to a few different potential buyers. I would say that we picked the right one. I think the reason why we were really happy with the deal is obviously, you know, the financial considerations aside, we felt that it was the right home for our team, or employees, because it was more cultural similar than the other options" (105, p. 3).</td></tr>
<tr><td>"When the round wasn't successful. We know this is the downside of having it strategically. So that was the very only choice we had, and so that it was an awkward situation where they knew they were the only choice we had. But equally, they were so deeply reliant on our tech, really they had no choice. There was a very interesting situation when both of us held incredibly huge trump cards, equally as damaging and then to kind of negotiate a price, so that was interesting" (107, p. 4).</td></tr>
<tr><td>"So we started that conversation, thinking that they would invest in the company, and then they made their indication that they wanted to acquire us. We went through due diligence, and then a letter of intent, and then the acquisition was finalized" (117, p. 2).</td></tr>
<tr><td>"We built it. And then, what was the big punch to the gut was COVID happened" (120, p. 1).</td><td>Environmental</td><td rowspan="3">Deliberate</td></tr>
<tr><td>"We ran into a problem with extreme mental health issues with one of the co-founders" (108, p. 3).</td><td>Firm</td></tr>
<tr><td>"Once I hit my 60s, I knew I wanted to be able to exit the firm" (114, p. 3).</td><td>Individual</td></tr>
</table>

Examples in Table 8 point out how some founders started a venture without a clear goal or path to exit. As such, new circumstances required them to ask forward-looking questions at a later stage and through an emergent process to assess options or next steps. There were also instances where founders cared deeply (more than some other founders) for the team and how the exit would have impacted them. Three examples stand out.

First, when one of the founders entered the exit process, he chose not to proceed to completion when he learned about the approach of the American tech giant toward acquisition. Here is what the informant (123) said:

> They (a U.S. tech giant as a buyer) wanted to interview every single employee and then make a decision on whether or not they're going to make it or not. And I didn't know, if I could subject my team to that sort of analysis. That'd be a big ask. So, I had a lot of reluctance. And also, what I was actually mostly worried about was, as soon as we crack the seal on this conversation, it becomes really hard to put it back together. (p. 7)

The importance of this observation lies in the emotional aspect of attachment to the employees and their well-being over and above personal or corporate goals, even when a seemingly lucrative offer presents itself. The discomfort from exposure to a not-expected exit process emerged as a decision to back away from what appeared to be an excellent decision to exit with a particular buyer. Interestingly, in this interview, the founder shared how, maybe out of luck (another instance of serendipitous opportunity), a Canadian company shows interest in acquisition during the negotiations with a well-known U.S. Tech company. The founder engaged and succeeded in following through at

75% of what the American buyer had offered. The informant (123) said: “You know, the fact that it may be a little corny, but helping a Canadian company felt better than helping this American company” (p. 9).

Second, in another interview, the co-founder said:

> The day after (the acquisition), as soon as the money hit, basically, we had prepared cheques for every single person in the company, even the summer students. So we, shared a significant amount of money with them. So, my partner and I, got to call them each into my office, one by one, and hand them the cheque and it was just spectacular. Their reactions were like some of them cried, and some of them could not believe it. So, it was really nice that we were able to really help them and, you know, change some of their lives. So it was very nice and we gave a nice amount to all the senior team as well. (114, p. 12)

Third, another founder said:

> Yeah, we used external (legal counsel) for everything. And that was to me the critical piece. We wouldn't have been successful without really good packs: corporate and legal counsel. So, that was I think some of the best lawyers we used. We used the same law firm for most of the tech deals in the region. And we used another company for the tax stuff and that really did help. And, man, looking at the tax stuff makes a huge difference. I love that aspect of the exit. We probably offered everybody (with respect to employees’ options) 20% or more boost, because we just took seriously how the tax implications were handled. (107, p. 7)

So the above examples highlight a more profound individual and human-level connection with the team, above and beyond what some TV characters or the media might portray about entrepreneurs (i.e., certain judges on the Shark Tank series and that it is all about the money). Such activities ranged from protecting employees against a new owner's heartless or objective corporate procedures to generous sharing of the windfall and boosting employees' earnings in an exit due to better tax planning.

4.2.2 Failed and Premature Exit Attempts

An emerging insight converged from speaking with the founders. For most, the exit was not a deliberate activity with predetermined details. Several founders attempted an exit and then realized they made a miscalculated decision, resulting in a failed or premature exit. Because exit determines the success or satisfaction of an entrepreneurial journey, it is also essential to understand how founders arrive at an exit decision that would be miscalculated or premature for some.

Some of the companies in this study faced issues at several dimensions of exit such as the level of organizational readiness (i.e., not having a data room containing essential information for buyer's due diligence process), acceptable product readiness (i.e., the offering or prototype did not meet the buyer's expectation), wrong exit strategy/positioning (i.e., not being clear who the buyer could be or being dependent on one), and the timing of the exit (i.e., poor macro-economic or industry sector dynamics). As such, failed exit attempts triggered new activities to identify and address gaps (or change course) toward a successful exit, as highlighted in Table 9.

Additional probing during the interviews and a deeper analysis of transcripts showed interesting context: the opposite of some of these circumstances played a positive role in an exit's success or timeliness. For example, some serial entrepreneurs had learned the benefit of having a data room (a virtual space to archive critical data) from a previous exit. That valuable learning helped them foresee the need for an exit via acquisition, which expedited the due diligence process to complete the transaction.

In another example, working with a strategic buyer resulted in a "locked-in" interest in the solutions offered by a venture and eliminated other competitors. However, such exclusivity eliminated exit options to a large degree, which posed a risk to valuation when negotiating a potential acquisition. Several ventures in this study were disadvantaged due to size disparity in negotiating a fair market value.

It also appears that the ability to predict the timing for new developments paired with optimism (or maybe over-confidence) among entrepreneurs and exposure to many unknowns would make predictions very challenging or inaccurate. A highly experienced habitual entrepreneur (120) said "I should always know that things take longer than I think they're going to take, but that's my chronic problem like that since I was born. I would think things should happen faster than that." Another founder (110) said, "I think we always wanted to move fast and you know the thing that I have learned is that it always takes longer than it appears."

There were indications that not all founders may want to pursue a poor idea to the bitter end and at all costs to arrive at an exit decision. One founder (111) said:

> "Even if I felt in a couple months from now or six months or a year from now, that things weren't going as I wanted and I said okay that's enough. I would feel happy with the financial aspects of it and be able to move on to a different stage of my life and do other things." (p. 15)

Table 9: Premature and failed exit attempts

1st Order Concepts (With file numbers and transcript page)	2nd Order Themes	Aggregate Dimensions
"We had initially looked at the possibilities of doing that (exit) back in 2012-2013, and we were pretty naive at that point. So we talked to a few people and backed away from the process once we figured out we really weren't ready" (111, p. 2).	Premature attempt	Exit readiness issues
"I felt like I have my pants around my ankles here with the potential buyer (an American tech giant). My level of exposure and risk! I was frustrated at that point, because I felt like I, I made a very predictable mistakes with them, of getting too trusting, getting into a process that I couldn't unwind, and recover from" (123, p. 9).	Over-trusting a potential buyer	
"We tried to sell it in late 2014. We went to the market. We hired an investment bank. There was a bit of a dispute between the management team. I didn't think that we were positioning what we had properly. The way it was being positioned for sale was a little bit different than, the way we positioned it. And we didn't have any takers, like we basically went through the process of trying to sell it, couldn't sell it, and by sometime in 2014, we made this step to get rid of one of the management, the guy that was leading the process to try and sell it. We got rid of him. And I'm not kidding, like 60 days later, somebody walked in off the street and said they wanted to buy our business" (109, p. 2).	Wrong positioning	Poor Exit Strategy
"Three years ago, there were conversations of exiting, but the product itself was silly, dated or old. And so, the software had to be transformed. If you wish to sell software on a CD, and the world has gone SAAS (i.e., Software As A Service), anything is on the cloud. So, we had to transform the business from a traditional software sale to a hosted SAAS, with everything in the cloud. And that disrupted the initial exit for us, but once you know, we went down the second path. And then we got delayed with COVID, but then it was finally done" (112, p. 2).	Insufficient Product-Market fit	
"We had an earlier discussion with a couple of companies, probably closer to year four - year five, where we still hadn't really achieved much in the way of revenue. And so they did not see it and value was not built, and the idea of the product yet. It hadn't really been proven in the market, and they weren't willing to pay for it" (122, p. 3).	Immature product development	Poor Exit Timing
"I certainly spent a lot of time building up exit options for us. And, but in the end, and the one we were actually seeking wasn't really an exit, it was a D round, and at the end of the D round, an IPO would have been the exit, but our D round timing wasn't good" (107, p. 4).	Poor market conditions	

Three key insights emerged around failed or premature exit attempts. First, when it came to exit preparation, some founders sold the business to the only or first offer they received. While they might have achieved an exit, they felt they could shop around for better valuation or develop more options. In a few instances, founders with prior exit experience or a decision to recruit an investment banker demonstrated satisfaction with the outcome. However, some founders were not as pleased with the performance of an investment banker. The founders who solicited several buyers and screened options showed greater satisfaction from their exit decision and process. Appendix C and D highlight examples of structured and well-prepared approaches using an intermediary such as an investment banker or soliciting buyers by the founder.

Second, regarding an example of excellent product-market fit, one of the informants said that an unknown competitor from a distant market approached him to acquire his company. This competitor had lost sales in its home market to one of the sampled companies in this study. Then, this competitor reached out to that lost customer to seek feedback, and in turn, the customer shared a demo of the product with a comment that they had paid three times more than what this competitor had quoted. As a result, this competitor flew to Ontario, requested a meeting, and offered to buy the company in an all-cash deal to gain a superior product, for which customers were willing to pay a significant premium. The founders accepted the offer, and the transaction took place. The learning from a founder’s point of view might be the openness to buyers beyond the domestic market and a welcoming mindset towards unsolicited bids. However, as convenient as this offer was, there is a likelihood that a structured and competitive bidding process will have fetched a higher valuation when founders and their boards do get along, and there is no pressing timeline to exit.

Third, the timing of external events mattered. Bad timing or unforeseen events such as COVID-19 disrupted operations for at least one company. Its business model required human-to-human interactions with workers who could receive government benefits without working. The founder expressed the experience as a punch in the gut. Good timing also mattered to one of the companies that benefited from COVID-19 as it boosted the demand for virtual mental health care delivery using technology. The company experienced several inbound offers, and the board decided to sell the company against the wishes of its co-founders, who had a vision to advance and further develop the technology. This observation highlights a tension between a founder with a vision of healthcare delivery as contrasted by return on investment among investors and the board that outvoted the founder. In contrast, habitual entrepreneurs choose to grow more organically and without less external funding to maintain control of decisions. For some founders, control outweighed the benefit of raising funds in exchange for diluted ownership.

The following section discusses additional perspectives on exit triggers beyond the founders at firm and environmental levels.

4.2.3 Firm and Environmental Level Exit Triggers

Exit triggers could arise from different domains beyond the control of entrepreneurs, mainly at the firm and environmental levels. This study identified exit triggers that influenced an exit decision. Key highlights are captured in Table 10.

Table 10: Firm and environmental levels exit triggers:

1st Order Concepts (With file numbers and transcript page)	2nd Order Themes	Aggregate Dimensions
“We ran into a problem with extreme mental health issues with one of the co-founders” (108, p. 3).	Management issues	Firm-level Exit Triggers
“We've been at it for ten years. The management wasn't getting along. We had different visions. And we decided, the board decided, to sell the company” (109, p. 3).		
“We didn't know whether we would be able to find someone to step into the CEO role and that I could retire that way. It would have been a financial risk because you never know what's gonna happen when somebody else is running your company” (114, p. 3).	Financial Risks	
“If we (co-founders) had retirement nest egg, we would have decided differently and might have taken more risk” (103, p. 3).		
“The offer that we had today, risk-adjusted, felt more effective than having to roll the dice, continue to build, and raise more money” (110, p. 4).		
“So, when we won that piece of business. We knew that kind of started the clock ticking for them buying us, and then lots of drama and games along the road because they didn't want to have to pay, you know, an obscene price, because they knew we were screwed. So that was very interesting, too” (107, p. 4).	Industry Dynamics	Environmental-level Exit Triggers
“The board meeting accelerated the exit plan. The reason that we came to that conclusion in the board meeting was that there was consolidation of vendors in the industry” (104, p. 4).		
“We had a lot of inbound interest for acquisition (5-6 companies). In the end, the board decided to exit. This was the board's decision. So, I got outvoted by the board. It is not the outcome that I would have wanted. The pandemic was the external factor. Our revenue grew significantly!” (121, p. 2).	Business Competition	
“A competitor wanted to know who it was, he lost the business to. And the customer gave him a demonstration of the software they bought from us and how it worked. He thought it was marvellous. And they told him our price was three times theirs. So, he literally flew to Ontario. He arranged a meeting in advance through LinkedIn with us and said he wanted to buy the company in an all-cash deal” (109, p. 2).		
“It was more circumstantial. I got into a hard situation. My friend came to me and asked architectural questions and was interested in co-founder role. It was a good opportunity” (118, p. 2).	Unforeseen Events	
“We built it. And then, what was the big punch to the gut was COVID happened” (120, p.1).		
“The one assumption that we miscalculated in the biggest way, apart from COVID, was insurance” (120, p. 2).	Business Regulations	
“You can't compete when there's a government that is paying people to not work” (120, p. 11).		
“I realized that sure - you could make a lot of money in San Francisco, but your quality of life, even with big amount of money is not going to be any better than what we were getting in Canada” (101, p. 2).	Location Attributes	
“We do not want to be Silicon Valley. We might want to get our own version of that” (123, p. 12).		

At the firm level, three influencing factors were management conflict, perceived succession risk by choosing the wrong candidate, and a co-founder's extreme mental health issue that led to company closure in one of the samples. The issue from the sample with the co-founder’s mental health shed light on an unforeseen circumstance that led to the closure. This decision was mainly due to the litigious nature of that co-founder and the incapacity to contribute meaningfully. The informant viewed that the laws in Canada are highly protective of the founder’s rights, which left no option for the board and the CEO to continue operations. Proving medical incapacity for a co-founder is not that clear or practical from a business perspective due to the privacy of patient records and owner’s rights. The issue might benefit from further research about the regulations in Canada that relate to the founder’s health.

The interviews also provided added perspectives on environmental factors that influenced entrepreneurial exit. Among critical topics were industry trends (e.g., consolidation), competitive forces, unforeseen events (e.g., COVID-19 or new market opportunities), business regulations (e.g., insurance needs), and location attributes (e.g., the U.S. versus Canada) that all influenced a welcoming or unwelcoming (i.e., forced by the board or major shareholders) exit decision. Table 10 highlights some perspectives for non-individual levels, including the firm and the environment that played a role in the founder(s) exit.

4.2.4 Exit Modes

Collectively, the samples in this study showed three exit modes for founders. A summary appears in Table 11. The three exit modes included acquisition by domestic and international buyers (both public and private firms), closure, and the departure of the co-founder (where other co-founders remained and the company continued its operation).

Most founders in this study exited by acquisition. The acquiring companies were from Canada, the U.S., Europe, and Asia/Oceania regions, which added unique opportunities and should remind the Canadian founders to look beyond the home market to find buyers.

Table 11: Study's Samples: The diversity of exit modes and buyers

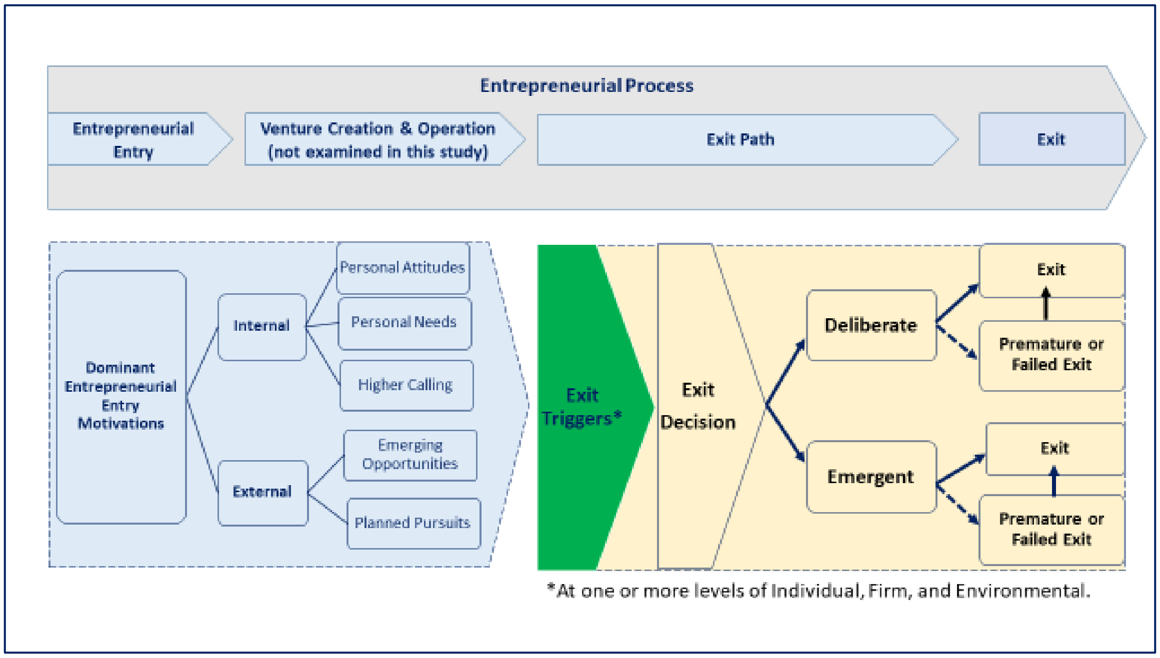
Examples of Exit Mode (in This Study)	Buyer
104: Acquisition of the company	U.S. firm (Private)
114: Acquisition of the company	U.S. firm (Public)
107: Acquisition of the company	Canadian Firm (Public)
123: Acquisition of the company	Canadian Firm (Private)
117: Acquisition of the company	European Firm (Public)
109: Acquisition of the company	Asia/Oceania Firm (Public)
108: Closure of the company	None
101 & 102: Sales (Departure of one co-founder, while other co-founders and the company remained).	Sales of shares and removing self from decision-making, followed by departure from the company.

Among the findings were factors at an individual level that influenced exit, including age (i.e., a desire to retire), family considerations (i.e., spouses and children), stress, declining motivation or energy over time, new career ambitions, financial security, and desired lifestyle played a dominant role in the exit decision.

4.3 Conceptualizing the Exit Process

Exit is a process. The evidence in this study suggests that it is, in fact, a dynamic process with factors that influence its trajectory from entry decision to exit. This study highlighted the importance of recognizing exit as an emergent or deliberate process, with triggers at multiple levels of individual, firm, and environmental, and how entrepreneurial entry motivations may have influenced the exit trajectory among lifestyle and growth-oriented entrepreneurs. Figure 8 illustrates the concept of the exit process based on this study's findings.

Figure 8: – Conceptualizing the exit process of sampled firms



Source: Author

There were indications that exit triggers initiated the exit process and were rooted at individual, firm, and environmental levels (or a combination). This study did not aim to examine the relation between entry motivation (either internal or external or both) and how it might have influenced the exit trajectory. However, findings revealed that not all founders had sufficient knowledge or preparation to execute an exit successfully once they initiated the process to exit. The findings showed preparation issues, limited exit options (either in the variety of exit modes or multiple options in one exit mode), and misreading internal and external conditions for an optimal exit can result in a failed or premature exit. Some founders had to overcome identified issues and gaps from an unsuccessful exit with repeated attempts. In doing so, founders chose the same or an alternative path as demanded by the customers, acquiring firms, majority shareholders, and imposing legal framework of a transaction as examples. In several samples, the chosen path even conflicted with a founder’s original preference or vision in what turned out to be a high-stakes negotiation, particularly among those who did not have a controlling position and had to answer to the board or significant investors. That observation may validate why some habitual entrepreneurs mentioned the importance of absolute control or a small team of co-founders who chose not to dilute ownership to minimize external influence on decisions.

4.4 Summary

This chapter presented key findings from 20 interviews with ICT founders in Ontario regarding their exits. The diversity of exit modes consisted of acquisition (most common) followed by the departure of one co-founder and company closure in one instance. Given the size of the Canadian market, international buyers presented more lucrative or faster exit opportunities. Three key findings emerged in this study. First, founders’ entry motivation could be internal or external among founders who pursued a lifestyle (with a longer time to exit) or growth-oriented (with a shorter time to exit) entrepreneurial journey as a general observation. Second, many founders did not have clear goals or a defined exit plan, and the exit motives were as heterogeneous as entry motives. The process of arriving at an exit decision was more emergent than deliberate (due to many known/unknown variables). Third, non-individual level factors also influenced an exit decision at the firm level (e.g., management conflicts) or the environmental level (e.g., the COVID-19 pandemic, industry trends, competitive forces, and business regulations).

A significant but unexpected recurrent theme in this qualitative study was the premature exit attempts by several founders that either failed to achieve intended goals or revealed gaps and inconsistencies that needed additional efforts to position the company or product for a successful exit. It showed how subjective exit readiness is among founders and how quantitative studies can miss such findings due to a focus on the outcome (e.g., success or failure) with no or minimal understanding of how founders arrived at such outcomes.

The findings from this chapter showed that exit is not purely an end event for an entrepreneurial journey but a process shaped by entry motivations and influenced by triggers at three levels. However, there are indications that lifestyle entrepreneurs may have or pursue more deliberate choices to weather firm and environmental triggers better than growth-oriented founders over a long period. Exit triggers could co-exist at different levels and are not mutually exclusive. For example, an undecided found who is about to retire (i.e., individual trigger) may see the onset of a pandemic (i.e., environmental trigger) as a compelling enough motive to exit. Or, being tired of running and growing a business in the U.S. for a Canadian founder (i.e., individual-level trigger) paired with a conflicting or incompatible management team (i.e., firm trigger) could expedite an exit decision to return to Canada.

Chapter 5 discusses the study’s significance and implications of the findings, limitations, and recommendations for further research.

Chapter 5. Discussion and Implications

This concluding chapter will discuss the study's key perspectives, contribution to the literature on entrepreneurial exit, implications for researchers, practitioners, and policymakers, limitations, recommendations for further research, and concluding remarks.

5.1 The Emergent Nature of Entrepreneurial Exit

Mintzberg and Waters (1985) argued that thinking about strategy development as an analytical exercise for building long-term goals and action plans is a severe limitation. Several approaches relate leadership plans and intentions to what happens or is realized. Most strategies fall on a spectrum of deliberate choices and emergent realization of strategies. Perfectly deliberate and perfectly emergent strategies are rare due to the required conditions to enable such strategies. Often, the executives put forward a vision and exercise control over actions, assuming that the intended outcome will be realized. However, such a process assumes external events will not interfere with prescribed actions. As Mintzberg (1994) states, a weakness of strategic planning is the underlying assumption that the world still holds, which is far from the reality that entrepreneurs face in uncertain and changing domains – an observation held in this study.

The interviews with the founders of ICT firms in Ontario showed that self-identified lifestyle entrepreneurs created and operated ventures with much longer operations before an exit. Meanwhile, growth-oriented entrepreneurs demonstrated different motives to enter and exit their ventures. In one interview, a habitual entrepreneur who thought his latest venture would be his "forever company" still decided to sell it after a while. The evidence from interviews further highlights the uncertain and emergent nature of entrepreneurial exit and may even contrast goals or desires from the entry and operation phases. As a result, it was not surprising to see that many entrepreneurs could not plan their exit with a high level of precision or certainty, knowing how exit triggers may influence the exit process (Figure 7). Several entrepreneurs showed awareness of the exit at the entry or operation as something that will eventually happen. However, it was also evident in several instances that there was room for significant improvement in areas such as preparing for an exit, reducing uncertainties around initiating an exit and navigating through its process, finding buyers or creating a competitive bidding process; knowing the requirements from buyers or legal teams to execute an exit, and knowing what would be a fair valuation in M&A exit modes.

The less-than-optimal approaches discounted the value or the level of satisfaction for some founders. Although most entrepreneurs in this study were happy with what they ultimately received as a reward, some could do better with a greater knowledge of exit or preparation. For example, one founder said, "If I had a crystal ball, I think there were a lot of potential decisions that I could have adjusted to optimize our outcome and potentially end up with more money" (110, p. 13). Another founder shared a reflection that "I should have gone out and shopped it around; that's really more of what I would do differently if I were in my shoes again (117, p. 3).

Some founders achieved results that contrasted entry motivations or goals (either short-term or long-term). In an example of exit triggered by COVID-19, the founder said:

> So the problem is, if I went back in time, the shareholders got no return on their investment. So they got their money back, but they didn't get a return on their

> investment. If I had to do it again, I wouldn't do it because that's a hell of a lot of work to get nothing. (120, p. 11)

At the same time, there were lifestyle entrepreneurs who managed through a more deliberate strategy that focused on value creation and delivery to customers over a long period until it was time to retire. In doing so, they did not focus much on short-term valuations or actively attracting buyers. They weathered the market ups and downs and unforeseen events such as the dot.com crash of 2000 or the 2008 financial crisis that led to a recession. One founder said:

> Honestly, I would change nothing. You know, it's funny because you're running a company for 26 years, and we would always say, don't try the finesse because it never works. And this was the finesse of all finesses. We sold, and we sold well. (114, p. 11)

Many founders navigated exit through an emergent process. However, how they managed an exit also critically impacted the outcome. Appendix C highlights the approach to preparation for exit using an investment banking firm to leverage external expertise. In another example, Appendix D details how a habitual entrepreneur with experience approached and completed an exit. Both examples show the value of preparation and the importance of creating options. One founder regretted hiring an investment banker who was not a good fit or as competent. Therefore, it signifies the importance of preparation and assessing options, even when hiring external help to assist with an exit.

5.1.1 Study's Contribution

Exit is a nascent topic (DeTienne & Wennberg, 2015), and there is a need to better understand the exit process and paths across different countries (DeTienne, 2010). This study extends the current perspectives in the emerging domain of entrepreneurial exit, particularly within a Canadian context and in an economically important industry sector such as ICT.

The study found gaps in the literature that could effectively respond to the many needs of founders for an exit. Chapter 1 discussed that entrepreneurship primarily focuses on venture creation and growth. Empirical evidence showed that exit is a relatively recent and less-known dimension of entrepreneurship (in academia and among founders), while it determines the success or satisfaction of entrepreneurship.

Entrepreneurship implies that a heterogeneous group of humans (Birley & Westhead, 1994) with different motives, abilities, and resources introduce new economic activities in the market (Davidsson, 2016). Also, for researchers to explain and predict events in entrepreneurship, they must draw from theories in economics, psychology, and sociology (as examples). However, for theories to be relevant, there is a need for well-defined boundaries (Gioia & Pitre, 1990). Entrepreneurial exit is a process and not an event (Figure 8). Therefore, a multi-part and dynamic process, influenced by triggers at different levels (i.e., individual, firm, and the environment), creates boundary limitations for the exit process to be viewed through the lens of any single theory (which limits their utilities or makes them irrelevant). Such limitations also affect the ability of researchers to seek more answers. For example, an exit decision based on a wide range of personal motives and competencies, influenced by triggers and unforeseen events at individual, firm, and environmental levels, would likely need to draw from several theories to make sense of events – within the exit process. This can pose challenges to constructing a suitable research method and design. Also, the literature review in Chapter 2 revealed that most exit studies come from quantitative research methods focusing on outcomes that lack nuances to explore the process. One identified qualitative study (Rouse, 2016) focused on psychological disengagement, covering a narrow but relevant trigger.

In addition, Mintzberg (1994) argued that while deliberate strategies might not necessarily be good, emergent strategies are not necessarily bad. So, a fundamental understanding of the exit should include three facts. First, entrepreneurial exit is a process rather than an event. Second, its success heavily relies on preparation, adaptability, generating options, and the ability to respond to changing circumstances (at the individual, firm, and environment levels). Third, an exit process is less about a right or wrong path in a deliberate or emergent process, as both approaches could deliver satisfying results. However, emergent scenarios could be more prevalent.

Some lifestyle entrepreneurs had little desire to exit until they wanted to retire. As such, they might have been disadvantaged in learning from past exits compared to habitual entrepreneurs in preparing for and executing an exit. Lifestyle entrepreneurs in their 40s and 50s focused more on enjoying what they had built (or were still building). Therefore, planning for the continued survival of the firm appeared to be a more critical consideration than planning for an exit. However, habitual entrepreneurs had learned from past exit(s) or at least tried to learn as much as they could (although insufficiently in several samples) to navigate the ups and downs of venture creation and growth to achieve their goals for an exit. Habitual entrepreneurs still faced new and unknown issues that did not relate to their past experiences. This could have been due to new partnerships, the pursuit of a new challenge, or unforeseen changes in the sector and the environment. Therefore, managerial experience and open-mindedness to seek external advice helped the cautious founders minimize mistakes (and maximize valuation and selling options) better than less aware or overconfident founders who assumed having sufficient expertise based on one or a few past exits. Some founders sufficiently compensated for their lack of knowledge on exit by hiring professionals (e.g., expert legal and investment banker teams) to assist with exit preparation and execution. Some founders also participated in small and intimate peer groups to share experiences and learn from each other. Some founders felt alone in navigating through the exit process and had hoped for a better understanding or external guidance. The loneliness issue was more evident among founders who exited a venture they helped to build for personal reasons while the venture continued its operation.

In addition to new perspectives on the entrepreneurial exit process, the study shed light on two topics: the knowing-doing gap and neglected post-exit emotions or psychological needs.

5.1.2 Knowing-Doing Gap

The findings showed how dynamic the exit process can be. More importantly, it is clear how divided the understanding of exit is between scholars and founders.

It does not appear (from the samples in this study) that these two groups have any or sufficient exchanges of knowledge and best practices. The practice domain is full of anecdotes and assumptions. Many examples (Parang, 2022; Peters, 2009) are based on the limited or specific experiences of habitual entrepreneurs, investors, and mentors at business incubators. Not all examples might be as accurate, reliable, and relevant to a broader group of other founders who need to understand "the mechanics of exit" better. Not only that, the interviews with founders left the impression that the ambiguity of the exit process also exists in acquiring firms to a large degree. In several examples, the evidence showed how ill-prepared the executives or even their advisors (legal or financial) were to structure the acquisition for more effective integration of capabilities and teams. The experiences of some founders revealed the mentality or the attitude of "winner takes all," resulting in less focus on "win-win" scenarios. In one example, the appointed lead from a European acquiring firm to the acquired company in Canada acted in culturally incompatible ways from the team they had just acquired. Such incompatibility and differences led to the departure of some talented team members – where access to such talent was a motivation to acquire this Ontario-based company. In addition, even somehow successful exit transactions proved to be a challenging transition phase for founders to settle in and fully contribute during an agreed-upon period. Cultural and structural conflicts, a change in role and reporting structures, the level of decision-making authority, and the onboarding procedures, among other examples, highlighted a lack of a relevant and practical "playbook" in larger organizations that acquire start-ups or new ventures to meet growth or competitiveness goals.

5.1.3 Neglected Post-exit Emotional and Psychological Needs

Several founders had to manage the less-experienced emotional gain or loss on their own and felt some of their emotional needs were neglected. In one example, the COVID-19 pandemic prevented them from adequately celebrating a successful exit. In other examples, unexpected business closure, undesired sales, and the emotional detachment from a company they had built amplified the psychological and emotional aspects of an exit for some. Some founders brought up the occasional identity challenges in adapting to a new reality in post-exit. One founder said, "Who am I, if I am not a CEO?" (101, p. 6). Or, another one said:

> I don't think I was emotionally prepared for my challenges to be at a staff level, to sort of step away from fundamentally what you created, or to go from being the quote on quote, you know, "sole leader or sole ruler" of what's going on, and I suddenly have a boss and things like that. (105, p.8)

In other examples, there were mentions of a sense of loss. For example, a founder said:

> I think a lot about, you know, the early days of business and all that we accomplished, and I kind of longing for it to some degree. Even though I'm technically still in business, I know I won't be for much longer. There is that sense of loss." (110, p. 14)

Another founder mentioned, "It is then very confusing, like what do I do tomorrow. You can walk the dog so many times a day, and that's it. (112, p. 9). Some founders also felt lonely when dealing with or navigating through challenges. One founder said:

> As you know, the problem is, there's nobody to talk to because I couldn't tell my wife, or she would have to freak out. I didn't really have anybody I could talk to in the company who would know things versus the company of people not knowing the real problems. So, I put them down as the worst time of my life. (119, p. 11)

Some founders talked to or consulted peers to better navigate exit. One founder said:

> I did talk to a lot of founders. I decided the exit was not the best path, but, you know, I spent time, so I understand that question. I talked to a lot of different founders and serial entrepreneurs. Some were giant exits, and some (like 20 of them) had smaller exits. I was trying to understand the decision-making and what that looked like. So, I talked to a lot of people to better understand what this looks like. And then I also kind of looked at things that I cared about, and so on - my values and what mattered. (121, p. 11)

The following section discusses the practice implications for researchers, founders, investors/buyers, and policymakers.

5.2 Implications of the Findings

The findings from this study would suggest several activities that can enhance the understanding of entrepreneurial exit in several fields.

5.2.1 Implications for Researchers

Scholars have discussed the gap between academic research and management practices. Many have tried to create forums to enable more significant exchanges between the two domains of academia and practice to a varying degree of success (Rynes et al., 2001).

Entrepreneurial exit has quickly become a distinctive topic within the broader domain of entrepreneurship. Despite the growing attention over the past decade, the understanding of scholars and practitioners can benefit from new research (DeTienne & Wennberg, 2015). The findings have so far helped to distinguish that an exit is not always a failure and how entrepreneurs exit from firms with good performance (Wennberg et al., 2010), how they arrive at an exit decision based on several influencing factors (Shepherd, et al., 2015); and how the positive benefits of exit for the entrepreneur and the market (Mason & Harrison 2006; Yusuf, 2012).

The current literature, as highlighted in section 2.7, showed the importance of and influence of emotions and psychological factors (Afrahi & Blackburn, 2019; Kammelander, 2016; Rouse, 2016), education (Bates, 1990; Hessels et al., 2011; Taylor, 1999), regulatory and macro-economic environments (Balcaen, et al., 2012; Everett & Watson, 1998), succession planning (Bruce & Picard, 2006), previous exposure to entrepreneurship (DeTienne & Cardon, 2012; Sørensen, 2007), low market demand and competition (Parastuty et al., 2016), and financial distress (Wennberg et al., 2010). However, the insight from these mainly quantitative studies lacked a depiction of entrepreneurial activities and exit path trajectory between arriving at an exit decision and completing the exit process due to focus on an outcome rather than the exit process.

One observation from this study was an apparent disconnect among practitioners to knowledge in academic domains (on entrepreneurship or exit). There is significant room for scholars (PhDs and DBAs) to collaborate with entrepreneurs closer to narrow the gap by developing practitioner-oriented content on entrepreneurial exit. It only makes sense to study the challenges of founders in learning and executing exit and raise awareness among scholars for more field-relevant research. Chances are that practitioners will pay closer attention to relevant research, where the implications can benefit them (assuming it is in a language easily understood by those in the field). It will also be beneficial to generate more reliable and accurate playbooks from empirical studies to narrow the knowing-doing gap between academia and practice. Founders in none of the 20 interviews referenced reading scholarly articles and empirical studies (although there was no direct question or probing on that).

The research community can play an influential role in enhancing the status quo. Scholars should pay greater attention to making research more relevant, helpful, and interesting to practitioners (Rynes, 2007). Enabling scholars to publish more often in practitioner-oriented mediums can narrow existing gaps in learning and provide access to more reliable information backed by empirical research. However, that may require changing how scholars' activities are measured and valued beyond publishing in peer-reviewed journals in academic institutions. Also, many academic journals maintain strict requirements for original data and contribution to the theory, making it challenging to include emerging views from the practice domain (Rynes et al., 2001). An idea might be to include practitioners as guest contributors to write a "call for research" in peer-reviewed journals to give those in the field a voice in raising current business issues with academics for new research intended to benefit the practice in more relevant terms.

5.2.2 Implications for Founders and Practitioners

This study's findings identify several takeaways for founders and the broader community of practitioners. First, founders, investors, buyers, and legal or business advisors could also play a role in sharing the lessons learned or issues with the research community (like those founders who participated in this study) and also seek advice from the research community to elevate the practice – based on more reliable and valid data (than purely street advice). Second, practitioners, such as graduates with a Doctor of Business Administration (DBA) degree, can play a similar role to researchers but in different capacities, such as corporate and executive advisors. DBAs can bridge findings from the literature (perceived as dry and hard to read by many practitioners) to founders, boards, investors, investment bankers, and the entire entrepreneurship ecosystem to raise awareness of exit based on the insight drawn from empirical studies. Ideally, joint publication by academics and qualified practitioners can enable greater collaboration to narrow the gaps between the academia and practice domains. Professional associations could also play a significant role by hosting focusing groups to include practitioners and academics for greater exposure to issues and interests within their fields (Rynes, 2007). Third, Based on the author's experiences from the past two decades of working with entrepreneurs in Canada, Sweden, and Norway, DBAs can also help bridge the knowing-doing gaps by hosting exit workshops for entrepreneurs, investors, corporations, and entrepreneurship or small business centers to raise awareness. In addition, social media platforms such as LinkedIn can be a powerful channel to reach the intended audience. For example, the author's business or management-related posts on LinkedIn surpassed 85,000 views from March 2023 to March 2024 without an active focus on knowledge dissemination. Ideally, there are multiple channels to share knowledge, including practitioner-oriented books, dedicated LinkedIn pages, online newsletters, and consulting or advisory services to assist entrepreneurs with exit needs. Fourth, one observation in this study also raises the idea that the boards and owners should have mechanisms to demand a power of attorney with trusted family members as a requirement of investing or founding a firm. There might be room to develop best practices to preserve wealth in case of unforeseen medical issues for co-founders instead of closing down the company. Fifth, ten percent of founders in this study had to exit as a result of mental health and stress issues (whether or not caused by entrepreneurial efforts). More founders brought up terms such as running on an empty tank or losing motivation, as efforts took longer to come to fruition. Therefore, having open discussions among co-founders or the founder with external advisors could help to raise awareness and address any issues early. Investors should also note the importance of the founder's mental health, as any return on invested capital assumes that the key members of the founding team maintain (mental) health despite all uncertainties and pressures to deliver results. Reasonable expectations aligned with the realities of the tasks and the external factors would benefit the broader stakeholder group (and the society at large by having less to suffer from mental health). Sixth, last but not least, because many activities take place in the field, where practitioners have a closer encounter with events, it can benefit both researchers and policymakers to communicate issues, opportunities, and needs to enhance learning and to address areas for improvement better.

5.2.3 Implications for Policymakers

Policymakers could recommend including exit training and mentoring within the entrepreneurship ecosystem at the community or university accelerators or incubators to raise awareness of exit with equal importance to existing venture creation and growth efforts. Such efforts could be incented by funding allocations to enhance the likelihood of adoption or as a part of subsidized mentoring services. In doing so, collecting data and promoting the evidence from increased exit awareness could eventually be adopted as a best practice within the broader entrepreneurship community and across different geographies.

Business regulation modernization efforts could also include considerations of the mental health issues of founders. Such measures would allow family members, investors/boards, or other co-founders to pursue alternative paths and avoid closure, resulting in a loss in the absence of a Power of Attorney. Canada can also assess the value of temporary closures for unforeseen environmental-level or macro-economic reasons (e.g., pandemics or economic recessions) by looking at jurisdictions such as Austria that would allow that.

5.3 Study Limitations

This study has limitations and weaknesses, like any research. First, qualitative studies are a bottom-up approach with insight grounded in data from select interviews. Compared to quantitative methods, qualitative research is more time-consuming and labour-intensive. They may not be statistically representative of the population (i.e., the ICT sector), but they are necessary when more in-depth insight is required.

Second, the scope of this study was focused mainly on an individual level of analysis, meaning the founders. The literature review left the impression that exit triggers might be mutually exclusive. As a result, the design of the interview instrument focused on founders, while it incorporated open-ended questions to elaborate on the environmental and firm-level factors. The findings suggested that entrepreneurs did not view exit triggers as separate categories in the academic literature. They openly remarked about issues or synergies at the environmental and firm-level factors I captured and added to the analysis. However, the probing of non-founder levels might not be comparable to that of a multi-level study.

Third, interviews took place during the COVID-19. In compliance with public health restrictions, they took place over Zoom or Google Meet platforms in a video format. While I could view interviewees at their comfortable location (i.e., office/home office), it might not have been a whole in-person experience to the extent expected in qualitative studies for building rapport. Overall, I feel the interviews went very well, given that they were with a community of tech leaders who seemed comfortable with such tools. I did not face any technical issues or interruptions. Using meticulous note-taking and audio recording of interviews minimized likely biases in interpreting expressions or body language if I observed any during the interview. Except for one interview where the founder did not permit audio recording, data collection for 19 (out of 20) interviews benefited from audio recording and note-taking. At the same time, they took place in a video format.

Fourth, this study benefited from the perspectives of a few habitual entrepreneurs with prior exit experience. The empirical evidence is either mixed or would not support that their exit approach is superior to that of novice entrepreneurs and family-owned businesses (e.g., succession planning or retirement as an exit route). While some benefited from prior exit experience, there were indications that they were far from mastery and could benefit from additional learning. The findings suggest the importance of more formal coaching or training on exit among founders.

Fifth, I relied primarily on the interview data. Future studies would also benefit from other data sources, such as archives. I did not come across any relevant secondary data from Canada to cross-examine the findings with prior research within the same context.

Sixth, while it is highly expected, there is the assumption that study participants shared honest and truthful answers.

5.4 Recommendations for Future Research

This study exposed exciting topics that could form the basis for additional research. First, the study viewed the ICT sector as a whole, where it consists of several heterogeneous sub-sectors such as software development, hardware/component, and services in different industries such as computing, telecommunications, infrastructure (e.g., internet networks), entertainment/media, and business or enterprise applications. Future studies may examine any sub-sector differences or similarities. ICT represents high entry/exit rates and entrepreneurial intentions that would require overcoming many product developments and market acceptance risks. It also maintains a great interest among venture capitalists as judged by the number of transactions and the amount of funding, as discussed in Chapter 1.

Second, this study did not target or exclude any specific ethnic or cultural background among founders and the influence it could have on exit decisions. Every effort was made to maintain awareness of such subtle references to ethnicity/cultural considerations concerning exit planning and execution. Given the multicultural diversity of the population in Canada, it might be beneficial to examine how founders' care for employees or economic benefits to Canada (patriotic views) could uncover new dimensions.

Third, future studies might undertake multi-level research for a broader perspective, including firm-level and individual-level analysis, to explore the inter-relations of these levels and their combined influence on firms' entrepreneurial exit.

Alternatively, further considerations might be given to environmental exit triggers, both at the firm-level (i.e., firm exit from the market) and individual-level (i.e., the founder) exits, as discussed in Chapter 2. Gioia et al., (2012) methodology may or may not result in propositions. Inductive studies may generate insight at such a deep level that it is not easily turned into a proposition for deductive studies (Gehman et al., 2018).

Fourth, entrepreneurship matters to society. Entrepreneurs create new opportunities and solve societal, scientific, or planet challenges. However, entrepreneurs must endure and overcome difficulties independently in exchange for the reward or satisfaction that might follow (with high fail rates across countries). The author found the following unfortunate example while drafting chapter 5 in late 2023.

The less glorified aspect of entrepreneurship is the impact of failure or extreme working conditions (known as grinding) on founders' mental health. Any effort to prevent and reduce the health consequences of extreme work conditions could further support making entrepreneurship a rewarding and healthy choice.

Fifth, satisfaction from exit manifested in different dimensions such as monetary reward, solving an issue, attending to family needs, and the joy or thrill of creating and building ventures, among others. Entrepreneurship and human behaviour researchers might find examining any likely links between exit satisfaction and entry motivations interesting. Because some founders identified declined energy and stress as factors contributing to their exit decisions, a better understanding of such motives at the entry phase could generate greater satisfaction from the exit.

Sixth, a multi-industry study of entrepreneurial exit can also generate insight from Canada's non-ICT sectors to identify similarities or differences.

5.5 Concluding Remarks

Entrepreneurs will ultimately exit their ventures. It is an indispensable part of an entrepreneurial journey that follows an entry.

This study opened my eyes and provided me with added insight from both academic and practice domains. The gaps in knowledge exist, assumptions are many, and the evidence is insufficient. The studies are still nascent and inconsistent across the sectors and geographies, while the impact of exit on entrepreneurs is significant.

Researchers should amplify and disseminate further evidence to enhance the practice and policy. Entrepreneurs could benefit from looking at exit with a new lens. At least they can give it more attention, enthusiasm, and rigour than they give to an entry decision. Exit will remain to be a future decision. It is distant from the present, personal needs, wants, and firm-level factors. The ever-changing circumstances at the three levels of individual, firm, and environment can expedite, delay, or derail an exit, highlighting the importance of recognizing its emergent nature. This study used DeTienne's definition of exit, which relates to founders. Davidsson (2016) acknowledges many definitions and views of what entrepreneurship entails or who an entrepreneur is and offers additional insight. Future research could expand on the definition to minimize challenges experienced in meeting definitional criteria, thus allowing opportunities to expand the conceptualization from this study.

I know that I will play my part in continuing to contribute to the entrepreneurial exit domain. I will be sharing what I have learned from this study at workshops, consultations, and advisory services with researchers, practitioners, policymakers, social media posts, and potentially a book.

I hope this study will benefit founders in making more informed exit decisions. Due to its under-recognized impact, I would feel rewarded if more researchers, entrepreneurs, and their business advisors viewed exit as a front-and-center decision rather than an end-of-journey consideration.

References

Afrahi, B., & Blackburn, R. (2019, September). Entrepreneurs exit strategies: the role of emotion. In British Academy of Management (BAM) Conference 2019: Building and Sustaining High-Performance Organisations in Uncertain Times: Challenges and Opportunities, Birmingham, U.K..

Ajzen, I. (1991). The theory of planned behaviour. *Organizational Behavior and Human Decision Processes, 50(2)*, 179-211. doi:10.1016/0749-5978(91)90020-t

Archambault, R., & Song, M. (2018). Canadian new firms: Birth and survival rates over the period 2002-2014. Innovation, Science, and Economic Development Canada, (2018). Ottawa, ON. Retrieved on May 8, 2019 From: https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03075.html

Balcaen, S., Manigart, S., Buyze, J., & Ooghe, H. (2012). Firm exit after distress: Differentiating between bankruptcy liquidation and M&A. *Small Business Economics, 39*, 949-975. doi:10.1007/s11187-011-9342-7

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management. 17(1)*, 99-120. doi:10.1177/014920639101700108

Bates, T. (1990). Entrepreneur human capital inputs and small business longevity. *The Review of Economics and Statistics*, *72(4)*, 551–559. doi:10.2307/2109594

Birley, S., & Westhead, P. (1994). A taxonomy of business start-up reasons and their impact on firm growth and size. *Journal of Business Venturing*, *9(1)*, 7-31. doi:10.1016/0883-9026(94)90024-8

Bruce, D., & Picard, D. (2006). Making succession a success: perspectives from Canadian small and medium-sized enterprises. *Journal of Small Business Management*, *44(2)*, 306–309. doi:10.1111/j.1540-627X.2006.00171.x

Brüderl, J., Preisendörfer, P., & Ziegler, R. (1992). Survival chances of newly founded business organizations. *American Sociological Review*, *57(2)*, 227–241. doi:10.2307/2096207

Coad, A. (2014). Death is not a success: Reflections on business exit. *International Small Business Journal*, *32(7),* 721-732. doi:10.2139/ssrn.2192390

Coad, A., Frankish, J. S., & Storey, D. J. (2019). Too fast to live? Effects of growth on survival across the growth distribution. *Journal of Small Business Management*, Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2997193

Corley, K. G., & Gioia, D. A. (2011). Building theory about theory building: What constitutes a theoretical contribution? *Academy of Management Review*, *36*, 12-32. doi:10.5465/amr.2009.0486

Corner, T., & Ratté, S. (2017). The coming way of business transitions in Canada. Are entrepreneurs ready to exit their company? Business Development Bank of Canada. Montreal, QC. Accessed on August 3, 2020 from: https://www.bdc.ca/en/about/analysis-research/coming-wave-business-transitions-in-canada

Creswell, J. W., & Poth, C. N. (2018). Qualitative inquiry research design. Choosing among five approaches (4th ed.). Thousand Oaks, CA: Sage Publications.

Cruz, M. (2018). Getting the transition right: Survey results on Canadian small business succession planning. Retrieved from Canadian Federation of Independent

Business website: https://www.cfib-fcei.ca/sites/default/files/2018-11/Getting-the-transition-right-succession-planning-report.pdf

Davidsson, P. (2016). Researching Entrepreneurship: Conceptualization and Design (2nd ed.). International Studies in Entrepreneurship. Switzerland: Springer International Publishing

Davidsson, P., & Wiklund, J. (2001). Levels of analysis in entrepreneurship research: Current research practice and suggestions for the future. *Entrepreneurship Theory & Practice*, *25(4):*81-100. doi:10.1177/104225870102500406

DeTienne, D. R. (2010). Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development. *Journal of Business Venturing*, *25(2),* 203-215. doi:10.1016/j.jbusvent.

DeTienne, D. R., & Cardon, M. S. (2012). Impact of founder experience on exit intentions. *Small Business Economics*, *38*, 351-374. doi:10.1007/s11187-010-9284-5

DeTienne, D. R., & Chirico, F. (2013). Exit strategies in family firms: How socioemotional wealth drives the threshold of performance. *Entrepreneurship Theory & Practice*, *37(6),* 1297-1318. doi:10.1111/etap.12067

DeTienne, D. R., McKelvie, A., & Chandler, G. N. (2015). Making sense of entrepreneurial exit strategies: A typology and test. *Journal of Business Venturing*, *30(2),* 255-272. doi:10.1016/j.jbusvent.2014.07.007

DeTienne, D. R., & Wennberg, K. (2015). *Research handbook of entrepreneurial exit. Cheltenham*: Edward Elgar Publishing. doi: 10.4337/9781782546979

DeTienne, D. R., & Wennberg, K. (2016). Studying exit from entrepreneurship: New directions and insights. *International Small Business Journal*, *(34)2*, 151-156. doi:10.1177/0266242615601202

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14, 532-550. doi: https://10.5465/amr.1989.4308385

Elo, S., & Kyngäs, H. (2008). The qualitative content analysis process. *Journal of Advanced Nursing*, *62(1)*, 107-115. doi:10.1111/j.1365-2648.2007.04569.x

Everett, J., & Watson, J. (1998). Small business failure and external risk factors. *Small Business Economics*, *11(4)*, 371–390. doi:10.1023/a:1008065527282

Forman, J., & Damschroder, L. (2007). Qualitative Content Analysis. In L. Jacoby & L. A. Siminoff, (Eds.), *Empirical Methods for Bioethics: A Primer (Advances in Bioethics, Vol. 11, pp. 39-62)*. Oxford: JAI Press. doi: 10.1016/S1479-3709(07)11003-7

Fortune, A., & Mitchell, W. (2012). Unpacking firm exit at the firm and industry levels: The adaptation and selection of firm capabilities. *Strategic Management Journal*, *33*, 794-819. doi: https://doi.org/10.1002/smj.972

Frankish, J. S., Roberts, R. G., Coad, A., Spears, T. C., & Storey, D. J. (2012). Do entrepreneurs really learn? Or do they just tell us that they do? *Industrial and Corporate Change, 22(1)*, 73-106. doi:10.1093/icc/dts016

Gehman, J., Glaser, V. L., Eisenhardt, K. M., Gioia, D., Langley, A., & Corley, K. G. (2018). Finding theory-method fit: A comparison of three qualitative approaches to theory building. *Journal of Management Inquiry*, *(27)3*, 284-300. doi:10.1177/1056492617706029

Geroski, P. A. (1995). What do we know about entry? *International Journal of Industrial Organization*, *13(4)*, 421-440. doi:10.1016/0167-7187(95)00498-x

Gimeno, J., Folta, T. B., Cooper, A. C., & Woo, C. (1997). Survival of the Fittest? Entrepreneurial Human Capital and the Persistence of Underperforming Firms. *Administrative Science Quarterly*, *42(4)*, 750-783. doi:10.2307/2393656

Gioia, D. (2021). A systematic methodology for doing qualitative research. *The Journal of Applied Behavioral Science, 57(1)*, 20-29. doi:10.1177/0021886320982715

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2012). Seeking Qualitative Rigor in Inductive Research: Notes on the Gioia Methodology. *Organizational Research Methods, 16 (1), 15-31*. doi: 10.1177/1094428112452151

Gioia, D. A., & Pitre, E. (1990). Multiparadigm perspectives on theory building. *Academy of Management Review*, *15(4)*, 584-562. doi:10.2307/258683

Gottschalk, S., Greene, F. J., & Müller, B. (2017). The impact of habitual entrepreneurial experience on new firm closure outcomes, *Small Business Economics, 48*, 303-321. doi:10.1007/s11187-016-9780-3

Hambrick, D. C. (2007). The field of management's devotion to theory: Too much of a good thing? *Academy of Management Journal*, *50(6)*, 1346-1352. doi:10.5465/amj.2007.28166119

Hessels, J., Grilo, I., Thurik, R., & Zwan, P. (2011). Entrepreneurial exit and entrepreneurial engagement. *Journal of Evolutionary Economics*, *21(3)*, 447-471. doi:10.1007/s00191-010-0190-4

Hsieh, H.-F., & Shannon, S. E. (2005). Three approaches to qualitative content analysis. *Qualitative Health Research, 15(9)*, 1277-1288. doi:10.1177/1049732305276687

Innovation, Science, and Economic Development (2021). 2021 Canadian ICT sector profile. Ottawa, ON. Accessed on January 3, 2024 from https://ised-isde.canada.ca/site/digital-technologies-ict/sites/default/files/attachments/2022/ICT_Sector_Profile2021_eng_0.pdf

International Trade Administration. Software and Information Technology Industry. Accessed on April 6, 2024 from https://www.trade.gov/selectusa-software-and-information-technology-industry

Isenberg, D., & Brown, R. (2014). For a Booming Economy, Bet on High Growth Firms, Not Small Businesses. *Harvard Business Review*, 2–5. Retrieved from: https://hbr.org/2014/02/for-a-booming-economy-bet-on-high-growth-firms-not-small-businesses

Jenkins, A., & McKelvie, A. (2016). What is entrepreneurship failure? Implications for future research. *International Small Business Journal*, *34(2)*, 176 –188. doi:10.1177/0266242615574011

Johansson, E. (2000). Self-employment and Liquidity Constraints: Evidence from Finland. *Scandinavian Journal of Economics*, *102(1)*, 123-134. doi:10.1111/1467-9442.00187

Kahn, W. A. (1990). Psychological Conditions of Personal Engagement and Disengagement at Work. *Academy of Management Journal, 33(4)*, 692-724. doi:10.5465/256287

Kammerlander, N. (2016). I want this firm to be in good hands: Emotional pricing of resigning entrepreneurs. *International Small Business Journal*, *34(2)*, 189-214. doi:10.1177/0266242614541287

Krueger, N. F., Reilly, M. D., & Carsrud, A. (2000). Competing models of entrepreneurial intention. *Journal of Business Venturing, 15(5-6)*, 411-432. doi:10.1016/S0883-9026(98)00033-0

Langley, A. (1999). Strategies for Theorizing from Process Data. *The Academy of Management Review, 24(4)*, 691-710. https://doi.org/10.2307/259349

Langley, A., & Abdallah, C. (2011). Templates and turns in qualitative studies of strategy and management. In D. Bergh & D. Ketchen (Eds.), Building methodological bridges: Research methodology in strategy and management (Vol. 6, pp. 201-235). Bingley, UK: Emerald Group. doi: 10.1108/s1479-8387(2011)0000006007

Latham, G. P. (2004). The motivational benefits of goal-setting. *Academy of Management Executive*, *18(4)*, 126-129. doi:10.5465/ame.2004.15268727

Leroy, H., Manigart, S., Meuleman, M., & Collewart, V. (2015). Understanding the continuation of firm activities when entrepreneurs exit their firms: Using Theory of Planned Behavior. *Journal of Small Business Management*, *53(2)*, 400–415. doi:10.1111/jsbm.12077

Lin, Z., Picot, G., & Compton, J. (2000). The entry and exit dynamics of self-employment in Canada. *Small Business Economics, 15(2)*, 105–125. doi:10.2139/ssrn.182648

Marshall, C., & Rossman, G. (2016). Designing qualitative research (6th ed.). Thousand Oaks, CA: Sage Publications.

Mason, C. M., & Harrison, R. T., (2006). After the exit: Acquisition, entrepreneurial recycling and regional economic development. Regional Studies, 40(1), 55-73. doi:10.1080/00343400500450059

Mcdonald, R. (2014). *Business entry and exit rates in Canada:* A 30-year perspective. Statistics Canada. Ottawa, ON. Retrieved on March 3, 2020 from: https://www150.statcan.gc.ca/n1/pub/11-626-x/11-626-x2014038-eng.htm

McGrath, R. (1999). Falling forward: Real options reasoning and entrepreneurial failure. *Academy of Management Review*, *24(1)*, 13-30. doi:10.5465/amr.1999.1580438

Miles, M. B., Huberman, A. M., & Saldana, J. (2020). *Qualitative data analysis: A methods sourcebook* (4th ed.). Thousand Oaks, CA: Sage Publications.

Mintzberg, H. (1994). The fall and rise of strategic planning. Harvard Business Review, 72(1), 107-114.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (1998). Chapter 1: "And over here, ladies and gentlemen: The strategic management beast." In Strategy Safari: A guided tour through the wilds of strategic management. New York, The United States of America: The Free Press.

Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate and emergent. *Strategic Management Journal, 6 (3)*, 257-272. doi: https://doi.org/10.1002/smj.4250060306

Morris, M. H., Santos, S. C., Pryor, C., & Neumeyer, X. (2018). The nature of entrepreneurial exit. In: Blackburn, R., & Clercq, D. D., & Heinonen, J. The SAGE Handbook of Small Business and Entrepreneurship. Sage Publication doi:10.4135/9781473984080.n13

Parang, T. (2022). *Exit path. How to win the startup end game*. New York, The United States of America: McGraw Hill.

Parastuty, Z. (2018). Systematic review of research on exit: A bibliometric analysis and future directions. *International Review of Entrepreneurship*, *16(4)*, 587-626.

Parastuty, Z., Breitenecker, R., Schwarz, E., & Harms, R. (2016). Exploring the Reasons and Ways to Exit: The Entrepreneur Perspective. In D. J. Bogenhold, J. Bonnet, M. Dejardin, & D. G. P. de Lema (Eds), Contemporary Entrepreneurship: Multidisciplinary Perspectives on Innovation and Growth Contemporary Entrepreneurship (pp. 159-172), New York, NY: Springer. doi:10.1007/978-3-319-28134-6_10

Pe'er, A., & Vertinsky, I. (2008). Firm exits as a determinant of new entry: Is there evidence of local creative destruction? *Journal of Business Venturing*, *23(3)*, 280-306. doi:10.1016/j.jbusvent.2007.02.002

Peters, B. (2009). Early exits. Exit for entrepreneurs and angel investors (but maybe not venture capitalists). Canada: First Choice Books.

Porter, M. E. (1991). Towards a dynamic theory of strategy. *Strategic Management Journal, 12(5)*, 97-117. doi:10.1002/smj.4250121008

Porter, M. E. (1998). Competitive Advantage: Creating and sustaining superior performance. New York, NY: The Free Press. doi: 10.1590/s0034-75901985000200009

Rouse, E. D. (2016). Beginning's end: How founders psychologically disengage from their organizations. *Academy of Management Journal*, *59(5)*, 1605-1629. doi:10.5465/amj.2013.1219

Ryan, G., & Power, B. (2012). Small business transfer decisions: What really matters? Evidence from Ireland and Scotland. *Irish Journal of Management*, *31(2)*, 99-126.

Rynes, S. L. (2007). Editor's afterword: Let's create a tipping point: What academics and practitioners can do, alone, and together. *Academy of Management Journal, 50(5),* 1046-1054. doi:10.5465/AMJ.2007.27156169

Rynes, S. L., Bartunek, J. M., & Daft, R. L. (2001). Across the great divide: Knowledge creation and transfer between practitioners and academics. *Academy of Management Journal*, *44(2),* 340-355. doi:10.5465/3069460

Shane, S. (2009). Why encouraging more people to become entrepreneurs is bad public policy. *Small Business Economics*, *33(2)*, 141–149. doi:10.1007/s11187-009-9215-5

Shepherd, D. A., Wennberg, K., Suddaby, R., & Wiklund, J. (2019). What are we explaining? A review and agenda on initiating, engaging, performing, and contextualizing entrepreneurship. *Journal of Management, 45(1)*, 159-196. doi:10.1177/0149206318799443

Shepherd, D., & Wiklund, J. (2009). Are we comparing apples with apples or apples with oranges? Appropriateness of knowledge accumulation across growth studies. *Entrepreneurship Theory and Practice, 33(1)*, 105-123. doi:10.1111/j.1540-6520.2008.00282.x

Shepherd, D. A., Williams, T. A., & Patzelt, H. (2015). Thinking About Entrepreneurial Decision Making. *Journal of Management, 41(1),* 11–46. doi:10.1177/0149206314541153

Sørensen, J. B. (2007). Closure and exposure: Mechanisms in the intergenerational transmission of self-employment. In M. Ruef & M. Lounsbury (Eds), *The Sociology of Entrepreneurship (Research in the Sociology of Organizations)*, Vol. 25, pp. 83-124. doi:10.1016/s0733-558x(06)25003-1

Storey, D. J. (1994). *Understanding the Small Business Sector*, London: Routledge. doi: 10.4324/9781315544335

Taylor, M. P. (1999). Survival of the fittest: An analysis of self-employment duration in Britain. *The Economic Journal*, *109(454)*, 140-155. doi:10.1111/1468-0297.00422

Ucbasaran, D., Wright, M., & Westhead, P. (2003). A longitudinal study of habitual entrepreneurs: Starters and acquirers. *Entrepreneurship & Regional Development, 15(3)*, 207-228. doi:10.1080/08985620210145009

VC & PE Canadian Market Overview. (2023, Q3). CVCA. Retrieved January 3, 2024, from https://www.cvca.ca/research-insight/market-reports/q3-2023-vc-pe-canadian-market-overview

Weick, K. (1995). What Theory is not, theorizing is. *Administrative Science Quarterly*, *40(4)*, 385-390. doi:10.2307/2393789

Wennberg, K., & DeTienne, D. R. (2014). What do we really mean when we talk about "exit"? A critical review of research on entrepreneurial exit. *International Small Business Journal*, *34*, 4-16. doi:10.1177/0266242613517126

Wennberg, K., Wiklund, J., DeTienne, D. R., & Cardon, M. S. (2010). Reconceptualizing entrepreneurial exit: Divergent exit routes and their drivers, *Journal of Business Venturing*. *25(4)*, 361-375. doi:10.1016/j.jbusvent.2009.01.001

Westhead, P., & Wright, M. (1998). Novice, Portfolio and Serial Founders: Are They Different? *Journal of Business Venturing*, *13(3)*, 173–204. doi:10.1016/s0883-9026(97)90002-1

Wilson, J. (2014). Essentials of business research: A guide to doing your research project (2nd ed.). Thousand Oaks, CA: Sage Publications.

Yin, R. K. (2018). Case study research and applications: Design and methods (6th ed.). Thousand Oaks, CA: Sage Publications.

Yusuf, J. E. (2012). A tale of two exits: Nascent entrepreneur learning activities and disengagement from start-up. *Small Business Economics*, *39*, 783-799. doi:10.1007/s11187-011-9361-4

Appendix A: Semi-structured Interview Questions

Opening:

[Interviewee name], I would like to learn the story behind your entrepreneurial journey. I am most interested in your experience and your approach to exit.

1. Tell me about your entrepreneurial journey…
    - When was the venture founded? What was your motivation?
    - What had you hoped to achieve? How long did you think it would take?
2. When did you leave (exit the venture), and how?
    - Did you want to exit at that time and in that way? Why or Why not?
    - Did anything happen that forced you to change your exit plan? What and how?
    - Thinking about the events that influenced you, your company, or the industry, what was most significant about your decision to leave? Would you tell me more, please? What else happened to play a role in your decision?
3. How many exit modes did you consider? Would you tell me how you arrived at the chosen one?
4. Looking back, would you tell me about the points in time during your venturing experience with company X that you started thinking about the exit? Did your anticipated timing for your exit stay the same or change over time? Why and How?
5. I assume that once you decided to exit, there were efforts to prepare for your exit. Can you walk me through some of those efforts? How did you gather info? Whom did you consult? How did you discuss it with stakeholders? How did you manage legal matters?

6. If you could go back in time, what would you change? Why? How would it have changed the outcome?
7. Did the pursuit of other interests influence your exit decision? Would you tell me more about them? How did you know it is the right thing to do?

Closing request/remark:

- Do you know any other founder with a unique exit experience that I should interview? If so, would you introduce us together?
- Thank you so much for your time and contribution. The data collected in this interview will respect and follow the conditions that we agreed on earlier.

Appendix B1: Research Ethics Approval (2020-21)

Athabasca University
RESEARCH CENTRE

CERTIFICATION OF ETHICAL APPROVAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: **24173**

Principal Investigator:
Mr. Hamid ShiraziAgha, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor:
Dr. Kam Jugdev (Supervisor)

Project Title:
Understanding Founder's Exit from Information and Communication Technology Firms – An Exploratory Qualitative Study

Effective Date: December 15, 2020 **Expiry Date:** December 14, 2021

Restrictions:

Any modification or amendment to the approved research must be submitted to the AUREB for approval.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

A Project Completion (Final) Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: December 15, 2020**

Weiming Liu, Chair
Faculty of Business, Departmental Ethics Review Committee

Athabasca University Research Ethics Board
University Research Services, Research Centre
1 University Drive, Athabasca AB Canada T9S 3A3
E-mail rebsec@athabascau.ca
Telephone: 780.675.6718

Appendix B2: Research Ethics Approval (2021-22)

Athabasca University
RESEARCH CENTRE

CERTIFICATION OF ETHICAL APPROVAL - RENEWAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: **24173**

Principal Investigator:
Mr. Hamid ShiraziAgha, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor:
Dr. Kam Jugdev (Supervisor)

Project Title:
Understanding Founder's Exit from Information and Communication Technology Firms – An Exploratory Qualitative Study

Effective Date: November 24, 2021 **Expiry Date:** November 23, 2022

Restrictions:

Any modification or amendment to the approved research must be submitted to the AUREB for approval.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

A Project Completion (Final) Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: November 24, 2021**

Carolyn Greene, Chair
Athabasca University Research Ethics Board

Athabasca University Research Ethics Board
University Research Services, Research Centre
1 University Drive, Athabasca AB Canada T9S 3A3
E-mail rebsec@athabascau.ca
Telephone: 780.213.2033

Appendix B3: Research Ethics Approval (2022-23)

Athabasca University
RESEARCH CENTRE

CERTIFICATION OF ETHICAL APPROVAL - RENEWAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: **24173**

Principal Investigator:
Mr. Hamid ShiraziAgha, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor/Project Team:
Dr. Kam Jugdev (Supervisor)

Project Title:
Understanding Founder's Exit from Information and Communication Technology Firms – An Exploratory Qualitative Study

Effective Date: November 2, 2022 **Expiry Date:** December 31, 2023

Restrictions:

Any modification/amendment to the approved research must be submitted to the AUREB for approval prior to proceeding.

Any adverse event or incidental findings must be reported to the AUREB as soon as possible, for review.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

An Ethics Final Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: November 02, 2022**

Paul Jerry, Chair
Athabasca University Research Ethics Board

Athabasca University Research Ethics Board
University Research Services Office
1 University Drive, Athabasca AB Canada T9S 3A3
E-mail rebsec@athabascau.ca
Telephone: 780.213.2033

Appendix B4: Research Ethics Approval (2023-24)

Athabasca University

CERTIFICATION OF ETHICAL APPROVAL - RENEWAL

The Athabasca University Research Ethics Board (REB) has reviewed and approved the research project noted below. The REB is constituted and operates in accordance with the current version of the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans (TCPS2) and Athabasca University Policy and Procedures.

Ethics File No.: 24173

Principal Investigator:
Mr. Hamid ShiraziAgha, Graduate Student
Faculty of Business\Doctor of Business Administration (DBA)

Supervisor/Project Team:
Dr. Kam Jugdev (Supervisor)

Project Title:
Understanding Founder's Exit from Information and Communication Technology Firms – An Exploratory Qualitative Study

Effective Date: December 31, 2023 **Expiry Date:** December 31, 2024

Restrictions:

Any modification/amendment to the approved research must be submitted to the AUREB for approval prior to proceeding.

Any adverse event or incidental findings must be reported to the AUREB as soon as possible, for review.

Ethical approval is valid *for a period of one year*. An annual request for renewal must be submitted and approved by the above expiry date if a project is ongoing beyond one year.

An Ethics Final Report must be submitted when the research is complete *(i.e. all participant contact and data collection is concluded, no follow-up with participants is anticipated and findings have been made available/provided to participants (if applicable))* or the research is terminated.

Approved by: **Date: January 02, 2024**

Paul Jerry, Chair
Athabasca University Research Ethics Board

Athabasca University Research Ethics Board
University Research Services Office
1 University Drive, Athabasca AB Canada T9S 3A3
E-mail rebsec@athabascau.ca
Telephone: 780.213.2033

Appendix C: Example of Structured Selling Using an Investment Banker

One of the informants (not referencing the file number to protect identity) explained the approach to selling the company with an investment banker's assistance.

The CEO identified and contacted 10-20 investment bankers (exact number not disclosed) and asked them about critical questions that prospective clients should discuss with an investment banker. Some of these investment bankers did not care to provide a satisfying answer, but one company shared a list of tens of questions, which resonated well with the management team.

From there, the management selected some of the most pertinent questions and sent them to all investment bankers, with a deadline for them to respond to screening and generate a shortlist. Investment bankers responded very differently to questions on experience, typical buyer characteristics, and valuation; some answers were terrible. This exercise narrowed the options to two companies.

Of the two, one shared relevant experience from previous transactions and generated a list of likely companies that might be good candidates to consider acquisition and likely valuation, backed by data from recent transactions. Both investment bankers were invited to present and discuss the approach in person. The same investment banker who went to extra lengths also came across as highly professional and pleasant to do business with.

Upon signing an agreement, it took nine months to execute and successfully exit. The teams on both sides spent the first three or four months on go-to-market preparation and an anonymous teaser by email to 100+ companies (exact number not disclosed), including strategic buyers and private equity firms.

As the next step, interested parties in more information had to sign a Non-Disclosure Agreement (NDA), which resulted in 50+ requests (exact number not disclosed). The investment banker kept records of progress and communications.

Then, additional information was shared with interested parties, resulting in further interest from 10+ candidates (exact number not disclosed), to which the CEO agreed to a virtual meeting. There was a learning curve in pitching the company to buyers. As they progressed with pitches, doing so became better and more manageable.

As a next step, the investment banker requested potential buyers to provide an indication of interest (IOI) to highlight valuation within a deadline (estimated around six months from the start of the process).

Then, IOIs came in from about half of the interested candidates, of whom only half had desired valuations. Upon eliminating those with a poor valuation, the next step was to meet with candidates who offered a better valuation for a detailed company presentation, with support from the investment banker. Discussions advanced with a request for letters of interest (LOI) within a deadline, which the management team reviewed, and the potential buyer was selected. Once the management decided on the potential buyer, the due diligence process was triggered, and they completed the exit within three months or so.

Appendix D: Example of a Selling on Own (Founder with Several Exits)

This CEO has significant corporate and entrepreneurial experience negotiating tens of mergers or acquisition transactions (due to exposure to various corporate boards) and executing exits independently.

When it was time to seek buyers, the CEO and the team prepared a two-page anonymous teaser document to pitch the business, the number of employees, customers, and the volume of business. Then, they shared the teaser with a broad network of those who might be interested.

Requests for further information required signing an NDA, which led to providing a lengthy deck (about 50 slides or so) and another document (10 pages or so) with many details about the business. This process resulted in several companies (in single digits – exact number not disclosed) who signed an NDA. 75% of those who signed an NDA showed more significant interest. 25% of the interested parties backed out, leaving 50% of the pool to negotiate with, ultimately coming down to two companies.

It turned out that those two had different interests in the acquisitions to acquire existing assets. One showed interest in the customer base, and the other in the intellectual property (IP) and technical infrastructure. So, the CEO decided to split the assets and sell them to different buyers at a collectively higher value than each buyer had in mind.

The CEO attributed the deal structuring to his experience, saying he would not be able to structure a deal like this in his 20s. He saw how "doing the homework" is beneficial to assess valuation based on several factors, including recent and similar transactions, where the numbers (such as customers, patents, and revenues) can be scaled up or down for a more comparable estimate.

Another piece of advice was about understanding the buyer's needs. The fact is that sellers can come up with any numbers on valuation, but in the end, what matters is what the buyers are willing to pay. Selling is a process. The seller should show the buyer the value and how much it could cost them if they wish to build the solution from scratch!

While the internal team did most of the planning, negotiation, and execution, they used a little external help for tax structuring as it could influence the deal.