



It's not how you start, or is it?

**The relationship between motivation to start a business,
motivation to exit a business and type of exit achieved**

A research project submitted

By

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Abstract

At some stage, every entrepreneur exits his business. With planning, a successful harvest can be achieved, but without it, the timing of the business exit may coincide with the entrepreneur's exit from this world. The field of entrepreneurial exits is underdeveloped; however, research indicates that when an entrepreneur plans his exit, he is likely to exit in the way that had been planned. It is therefore surprising that according to other research, fewer than half of all entrepreneurs plan their exit, at least until an opportunity to exit presents itself. This research asks i) what motivates an entrepreneur to establish his business, ii) what motivates an entrepreneur to exit his business, iii) what routes were available to him to exit and iv) how successful his exit was. These research questions explore entrepreneurial exit on the individual level and the associated motivations, an area that has much still to be understood.

By conducting a qualitative, inductive study, I interviewed entrepreneurs who have established and exited successful businesses. Conducting semi-structured interviews with ten entrepreneurs who have exited businesses across various industries, I used an interpretive approach to process the data and understand the themes that were exposed during the process.

I have been able to contribute to the theory on what motivates an entrepreneur to establish his business and explore if a relationship exists between his motivation to establish and motivation to exit. This was achieved by developing a novel approach to viewing the motivations to exit for the entrepreneur. Contribution was further made by proposing a relationship between motivation to establish a business and motivation to exit. The research concludes by proposing that entrepreneurs' motivations to start a business are consistent with their motivation to exiting the business.

Key words

Entrepreneurial exit, exit path, entrepreneurial motivation

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

7 November 2018

Signed: Justin Hillel Jacks

Date

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1. Introduction to the research problem

This chapter outlines the value of studying all aspects of entrepreneurship and specifically entrepreneurship in South Africa, and then introduces how different entrepreneurs have different motivations for establishing and exiting their businesses. The exit strategy will be explored as the final activity in the entrepreneurial process. Finally, the necessity for this study from a business and a theoretical perspective will be clarified.

1.1. What is the problem?

At some point in almost all the interviews that took place in this study, the respondents made a comment about how his particular journey is not the “usual” journey of an entrepreneur. This corroborates the claim made by Welter, Baker, Audretsh and Gartner (2017) that the field of entrepreneurship is so stimulating and requires the need for researchers to “observe, assess and understand” the phenomena further so that the diversity can be comprehended and celebrated.

According to the Global Entrepreneurship monitor (GEM) report of 2017, South Africa is ranked 42 out of 54 countries measured (Global Entrepreneurship Research Association, 2017). As a country, South Africa rates particularly poorly with regards to government policies and education in relation to entrepreneurship (Global Entrepreneurship Research Association, 2017). The GEM report scores countries around the world on how successful they are in the field of entrepreneurship. The report takes account of self-perceptions, entrepreneurial activity, motivation, societal value placed on entrepreneurship and gender equality. South Africa’s overall ranking mentioned above (42 out of 54) in the 2017 edition, indicates that South Africa needs to drastically improve in all areas of entrepreneurship in order to grow the economy and improve job creation.

Therefore, any empirical studies conducted in South Africa that can aid entrepreneurship and add to the body of knowledge regarding entrepreneurship are vital. Unemployment remains a large problem in South Africa, at a rate of 26,7% at the end of quarter one in 2018 (Stats SA, 2018). Entrepreneurship is an obvious remedy, both for the entrepreneur himself who, if successful, will no longer be unemployed and for any potential employees he may hire in the future. In order for this to take place though, the entrepreneur must be in a position to notice

that there is an opportunity in front of him and have the ability to take advantage of that opportunity (Shane, Locke, & Collins, 2003). In the United States of America, described by Decker, Haltiwanger, Jarmin, and Miranda (2014) as the world's most entrepreneurial and dynamic economy, twenty percent of the job creation comes from start-up businesses.

Empirical research is abundant with regards to the goals and intentions that motivated entrepreneurs to start their business and there could be a variety of them such as income replacement, financial gain, necessity or simply an opportunity (DeTienne & Cardon, 2012). The area of exits from the entrepreneurial process though still remains under researched (DeTienne, 2010). It is of further interest to explore if a relationship exists between the motivations to establish and motivations to exit.

Many entrepreneurs enter business with the hope of just making it to the next week, the next month or the next year. In South Africa the average rate of small businesses to fail in the first 24 months is said to be around 50% (bizmag, 2018). Therefore, little consideration is given to an exit at inception phase. However, just as time and consideration are dedicated to the vision, mission, goals and strategy of the business, so too an exit strategy will influence how the business will be run on a day to day basis and in the bigger picture (DeTienne, McKelvie, & Chandler, 2015). If an entrepreneur at inception establishes a family business, DeTienne and Cardon (2012) suggest he may be focussed on offering services to the community within which he operates. This behaviour of going above and beyond to build relationships with customers in the community will in addition help the founder decide on who should take the reins when he retires by recognising who in his organisation shares the same outlook.

The contrasting view is an entrepreneur who opens a business due to coming across an opportunity that was too good not to take and plans on using an initial public offering (IPO) as an exit (DeTienne & Cardon, 2012). In that case, the entrepreneur will be more focussed on building a strong company with good growth, competitive advantage and a strong management team (DeTienne & Cardon, 2012). Causation based decision making, which Sarasvathy (2001) discusses, will ultimately shape the entire way the business is run. In both of the above circumstances though, should the entrepreneur "start with the end in mind", he would already be practicing a skill that most entrepreneurs lack. Only forty-five percent of the CEOs of the 500 privately held, fastest growing firms in the United States, as identified by

Inc. magazine, report that they started their companies with in an exit strategy in mind (Inc., 2005)

The literature on entrepreneurs has traditionally considered exit as a “dichotomous choice” where an entrepreneur will either remain in the business or he will exit the business with no other options researched (DeTienne & Cardon, 2012). It has been suggested that early research on entrepreneurship exits has equated exiting as a failure or at least as a negative result (Wennberg & DeTienne, 2014). However, Wennberg and DeTienne (2014) posits that this outlook is not consistent with how entrepreneurs themselves look at exiting a business.

What has surprised researchers in the field of entrepreneurial exits has been the deficiency in planning in general in what is an inevitable result and in many circumstances the desired result (Rouse, 2016). Due to this, Rouse (2016) notes that from a personal level, the entrepreneur himself may find the eventual exit more emotionally challenging than if he had provisioned for his exit earlier on. Rouse (2016) notes further that our understanding of the founder’s exit and of the choice to exit during prosperous times needs further research.

1.2. Research Scope

1.2.1. *The business needs*

From a business perspective, the results of this study could be used to educate students studying entrepreneurship who have intentions of forming their own businesses. Government or other institutions whose mandate is to provide support for entrepreneurs should be using information derived in this research to improve the entrepreneur rate of success (Malebana, 2014). Research indicates that when it comes to education currently being delivered to entrepreneurs, in terms of policies, it tends to be focused on one of the following: preparing individuals who aspire to become entrepreneurs for a career as an entrepreneur, how to access finance, dealing with failure and managing the fear surrounding failures, how to manage all the administration and bureaucracy that accompanies entrepreneurship and facilities that cater for transferring of businesses (Block, Fisch, & van Praag, 2017). This further strengthens the point that exits are given little consideration from a policies point of view.

An entrepreneur who establishes and exits a business successfully is far more advantageous to an economy in terms of combating unemployment than a business that has to close its

doors due to financial difficulty. Thus, as DeTienne and Cardon (2012) have suggested, just as courses and training are given on developing business plans prior to entrepreneurs founding their business, so too courses and training can be imparted on planning for an exit and developing an exit strategy. The results of this research would in addition benefit those offering coaching services to offer better value to their clients. Successful businesses stimulate the economy and provide jobs. As suggested by DeTienne (2010), these aspects are important to the growth of any micro or macro-economic environment. This study could also benefit investors who will have a better understanding of the exit and the exit strategies chosen by entrepreneurs based on their intentions and motivations to begin their business.

1.1.2. The Theoretical need

Welter et al. (2017) acknowledge the strides the study of entrepreneurship has taken to now be considered legitimate but they point out that our knowledge base is still far too narrow to not consider any facet of the overall phenomena of entrepreneurship for further study. It is for this reason that motivations which affect entrepreneurial exits are considered. Entrepreneurship is still in an exploratory phase which gives rise to the need for research to be conducted throughout the entrepreneurial process in order to unearth the fullness of the variations and diversity of the phenomena (Welter et al., 2017).

The research conducted and discussed below is especially relevant to the entrepreneurial process, with specific emphasis on the exit process and the motivations for passing through the phases that lead to the exit. The more seminal literature that deals with the entrepreneurship process, including Bygrave and Zacharakis (2009); Shane, Locke and Collins (2003) and Timmons and Spinelli (1994) excludes the harvesting or exit process of entrepreneurship. This points out that the focus on entrepreneurial exit has not been considered seriously enough and provides opportunity to research the exit to build a comprehensive understanding of the phenomenon.

From a theoretical perspective, this study will contribute to the overall body of knowledge on entrepreneurship. There is research that believes that entrepreneurship is a skill that can be taught and thus the need to study it is of relevance (Vanevenhoven, 2013). By focussing on relevant areas of the triggers mentioned in the figure below, the researcher will attempt to analyse them on an individual level with specific attention paid to motivations, ability to exit, satisfaction with exit and the harvest itself. Kuratko, Hornsby and Naffziger (1997) argued that

to understand the entrepreneurial process, one must understand entrepreneurs' motivation to start and sustain their venture. DeTienne and Cardon (2012) include the importance to understand the entrepreneur exit too in the process. The topic is relevant, since there is still much to be known before we fully understand how this entrepreneurial decision is made and acted upon (Fayolle, Liñán, & Moriano, 2014).

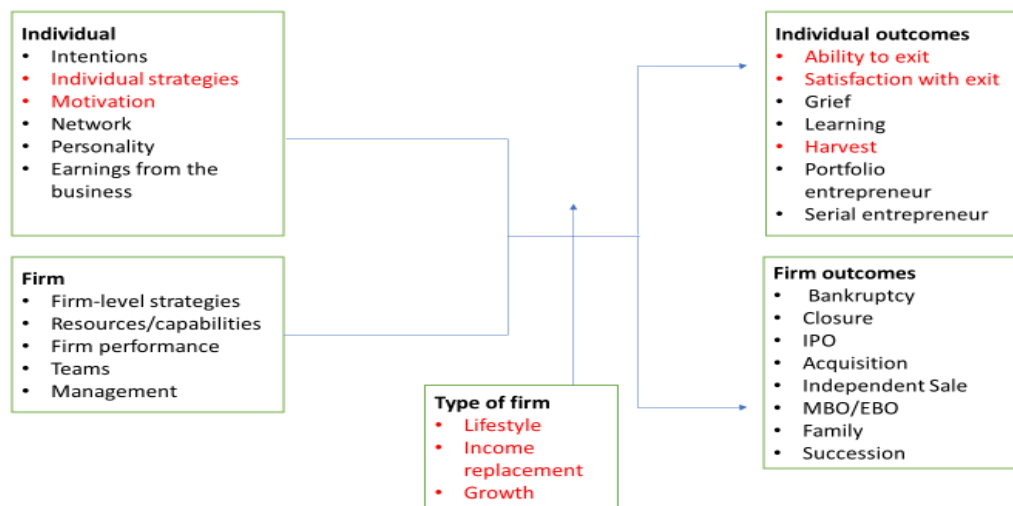


Figure 1: Triggers for and outcomes of entrepreneurial exit at the individual and firm level (Wennberg & DeTienne, 2014)

The importance of studying entrepreneurial motivation is considered specifically significant as it is the trigger for the evolution that the entrepreneur undergoes as he travels through the stages in the entrepreneurial process (Elfving, 2008; Shane, Locke & Collins, 2003). This study aims to explore and understand the motivations the entrepreneur has to exit his business. To fully appreciate this motivation to exit, consideration will be given to motivation to establish a business and become an entrepreneur too. This study looks at the individual himself without taking into consideration what happens on a firm level.

A gap in research has been identified as investigating the relationship between the motivation, intentions and goals that entrepreneurs have to start a business and their strategies for exit (DeTienne & Cardon, 2012; Wennberg & DeTienne, 2014) and a general call for more research on exits in the entrepreneurial process has been made (Rouse, 2016; Wennberg, Wiklund, DeTienne & Cardon, 2010). This research seeks to help bridge this gap.

1.1.3. Additional information

Throughout this study the researcher has referred to the entrepreneur in the male due to ease of reference however, the findings are not gender specific.

2. Literature Review

In this chapter, previous research will be examined to discover what has been unearthed on entrepreneurship, entrepreneurial motivation and entrepreneurial exits and the motivations associated with them. Within each category the relevant granular details will be explored further in order to recognise what the academic understanding at this current point in time is in each construct.

2.1. Entrepreneurship definitions

To “undertake” a task, project or an activity is the origin of the original French word *entrepreneur* which surfaced between the 17th and 18th centuries. The term coined by Jean Baptiste Say who explained that “the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (Say & Reynaud, 1953). Later on, Joseph Schumpeter (1934) famously pronounced entrepreneurship as the “creative-destructive” force of capitalism. He was explaining how the entrepreneurs serve the purpose of reforming industries specifically and the economy in general and they achieve this change by attempting and executing novel approaches to producing new products or services or even producing old products or services in a new way. This process therefore leads the entire economy forward.

Taking the backdrop of Say and Reynaud (1953) and Schumpeter, many other researchers use this as a springboard to further their own descriptions of entrepreneurs and entrepreneurship. Peter Drucker (2014) explains that not necessarily creating the change, the entrepreneurs will be the first movers to take advantage of the change that is taking place. Therefore, according to Drucker entrepreneurs are comfortable with change and regard change as an opportunity rather than a hindrance.

A relatively widely accepted definition offered by Shane and Venkataraman (2000, p218) shares the sentiment of Drucker that entrepreneurs capitalise on opportunity by which their ability to “create future goods and services are discovered, evaluated, and exploited”. This broader definition does not exclude those who consider themselves entrepreneurs yet have not been the founders of their own organisation. The definition places emphasis on the creative process playing a critical role in the process of entrepreneurship. Shane et al. (2003)

therefore argue the point that it is the difference in individuals' willingness to proactively engage that ultimately determines if they are an entrepreneur or not.

There are many definitions and descriptions for an entrepreneur, some different merely by semantics and others fundamentally different. Shane (2003, p4) proceeds further to describe entrepreneurship as "focussed on the processes by which individuals discover, evaluate and exploit business and for-profit opportunities".

The definition of entrepreneurship has been expanded by some academics to include the creation of prospects that lead to self-employment as well as recognising opportunities, whether they be in the corporate environment, social entrepreneurship, sustainability or intrapreneurship (Fayolle & Klandt, 2006).

As can be deduced from the above, there is no single lens with which to view entrepreneurship through. Entrepreneurs and entrepreneurship present in many forms. As different as each individual is so too is each opportunity and therefore defining either is a challenge. It therefore comes as no surprise that the motivation that the entrepreneur acts upon to both establish his business and to exit his business is multi-faceted. To better understand these processes the motivation of the entrepreneur will be explored. Following the motivation, the literature on exits will be examined.

2.2. Entrepreneurial Motivation to establish a business

In this section the various definitions of what constitutes entrepreneurial motivation will be examined. Attention will then be paid to understand intrinsic motivation and the factors of which it is comprised and the same of extrinsic motivation. At the end of the section a solid foundation will be established on what comprises the 'pre' motivations that exist in the entrepreneurial process in order to better understand if there is a relationship with the exit.

Fayolle, Liñán and Moriano (2014) suggest that there is a gap between the knowledge of values and motivations behind entrepreneurship and therefore much research needs to be done in this regard. Motivation has been described as the coming together of three important behaviour drivers: social, biological and cognitive (Ryan & Deci, 2000). Ryan and Deci further describe the importance of having intention combined with persistence, direction and energy in order to understand motivation, as motivation plays an important part in predicting human behaviour. In addition Ryan and Deci (2000) claim that there is a relationship between

behaviour, intention and motivation. Shane et al. (2003) argue that the factors that motivate humans in general play a significant role in the process of becoming an entrepreneur.

Previous research suggests the term “entrepreneurial motivation” has been described as the “desire to organise, manipulate and master organisations, human beings or ideas as quickly and independently as possible” (Johnson, 1990). Based on individual values, each entrepreneur will be motivated by what they perceive the reward to be (Jaén & Liñán, 2013).

Kuratko and Hornsby (1997) have found that motivation for entrepreneurs can be broken up into four broad categories, being: intrinsic rewards, extrinsic rewards, independence/autonomy and family security. In a contrasting view Yalcin and Kapu (2008) perceived four other categories regarding motivation for entrepreneurs: family tradition, recognition, financial and freedom. These researchers further explained the push and pull factors of motivation, whereby the push factors are associated with entrepreneurs who are fed up with the current status quo, be it boredom, financial or lack of flexibility/remuneration and the pull factors are associated with the perceived benefits of independence, social standing or achievement (Yalcin & Kapu, 2008). Other academics have considered motivation using different research techniques, being the quantitative and qualitative approaches. The quantitative method examines the need for achievement, risk taking, tolerance of ambiguity, locus of control, goal-setting and risk taking while the qualitative approach deals with independence and drive (Collins, Locke, & Hanges, 2000; Rahman & Day, 2012; Shane et al., 2003).

As the cognitive outlook is better understood, motivation is used as the lens with which to decipher those individuals who are able to establish if an opportunity is available versus those individuals who are unable to (Shane et al., 2003). In addition, the motivation lens has been referred to as negative versus positive (Deakins & Whittam, 2000), push versus pull (Wilson, Kickul, & Marlino, 2007), intrinsic versus extrinsic (Benzing, Chu, & Kara, 2009) as well as opportunity versus necessity (Williams & Round, 2009).

Others have found that there is a cocktail of determinants that help create entrepreneurial motivation. Estay, Durrieu and Akhter (2013) proposed that a combination of the external environment and the perception of the entrepreneurs’ abilities determines the motivation. An overlapping but slightly diverse view is that the combination that leads to entrepreneurial

motivation is of personal characteristics and the environment with which the entrepreneur is operating in (Taormina & Kin-Mei Lao, 2007). Looking at the subject from a different perspective, entrepreneurial motivation is driven by the environment with which the business operates in, the idea that the entrepreneur has and the goals of the entrepreneur (Naffziger, Hornsby, & Kuratko, 1994).

Linked to entrepreneurial motivation is the suggestion of Kuratko, Hodgetts and Frederick (2006) that the energy of start-up and growth or just the efforts of sustaining the business is important. With this in mind, entrepreneurial motivation is often thought to be the link between intention and action (Carsrud & Brännback, 2011).

Attempting to define entrepreneurial motivation as simply one thing is almost impossible as it is a complex concept. Contributing to this complexity is the ingredients towards entrepreneurial motivation which include general motivations such as need for achievement, seeking of independence, passion and vision as well as task-specific motivations such as self-efficacy and goal setting (Shane et al., 2003). Further complicating the definition, entrepreneurial drive, a part of entrepreneurial motivation, is said to differ in different countries (Hessels, Van Gelderen, & Thurik, 2008). Carsrud and Brännback (2011) further posit that entrepreneurial motivation is actually specific to each specific country. This point of view is corroborated by Wang, Prieto and Hinrichs (2010) who find that while similarities of entrepreneurs from different parts of the world exist, so do variances.

The discussion attempting to link intention to motivation and motivation to action has many contributors (Carsrud & Brännback, 2011; Fayolle et al., 2014) and much has been dedicated to describing the importance of action when becoming an entrepreneur. A good idea not acted upon will remain that - simply a good idea, and in the realm of business, entrepreneurial ability is required to both generate good ideas *and* to act upon them (Edelman, Brush, Manolova, & Greene, 2010). Possessing the ability to be entrepreneurial is simply a disposition unless you combine action with the intention to act on that behaviour. According to Ajzen (2005) it is entrepreneurial motivation that sparks the flame to convert the intention into action. Locke and Latham (2004) describe motivation as aspects within an entrepreneur that drive exploiting an opportunity combined with aspects in the environment that allow the opportunity to be grasped. This motivation affects what the entrepreneur decides to do, how

he decides to do it and to what degree of effort he decides to exert in order to achieve his intentions (Shane et al., 2003).

The traditional paradigm from which entrepreneurial motivations were initiated was believed to be for financial or economic gain (Schumpeter, 1934). More recent literature recognises that there is more to motivation than economic gain and breaks it up into intrinsic and extrinsic motivations. If the entrepreneur is motivated in order to satisfy an individual reason it is considered to be an intrinsic motivation, often described in the literature as a multidimensional need for achievement (Carsrud, Elfving, & Brännback, 2009; Carsrud, Olm, & Thomas, 1989). In cases where the entrepreneur is considered to be motivated by external reward for reaching certain achievements or milestones, it is referred to as an extrinsic motivation. Just as each business is complex and multifaceted, so too is the entrepreneur who starts it and the motivations encouraging the behaviour can be both intrinsic and extrinsic, it is not a case of one or the other (Elfving, 2008). Carsrud and Brännback (2011) further describe the dichotomy of the entrepreneur's motivation by suggesting that he may wish to achieve a goal internally and at the same time reach certain levels of prosperity and social standing externally. According to them, the majority of previous research on entrepreneurs assumes that the overarching motivation is for external rewards such as wealth, social standing and positions of influence however, this fails to acknowledge those who use entrepreneurship as the mechanism to achieve internal motivating desires. This better explains why social entrepreneurs are motivated to engage in their specific ventures - they seek internal reward and satisfaction (Carsrud & Brännback, 2011).

Broadly speaking, motivation theories can be housed in one of two camps: drive theories and incentive theories (Carsrud & Brännback, 2011). Drive theories refer to motivation that is being ignited internally such as a strong desire for achievement or fear. The individual is motivated to take actions in order to satisfy this drive. Conversely, with incentive theories there is an end goal that an individual is motivated to achieve, and he is being pulled towards completing it.

Malebana (2014) provides further evidence suggesting that entrepreneurs are both motivated intrinsically and extrinsically. He suggests that the most common motivator is for entrepreneurs to have independence and be their own boss. Other motivations that were stated are the need for a challenge, the motivation to follow a passion and to be doing

something that is interesting. Malebana (2015) found extrinsic motivation too, being the need to earn money.

The model below, introduced by Shane, Locke and Collins (2003), highlights both the motivations of entrepreneurs and how they connect to the entrepreneurial process. The general motivations mentioned require more understanding in order to establish what role they play for the establishment of the business and this will be considered below.

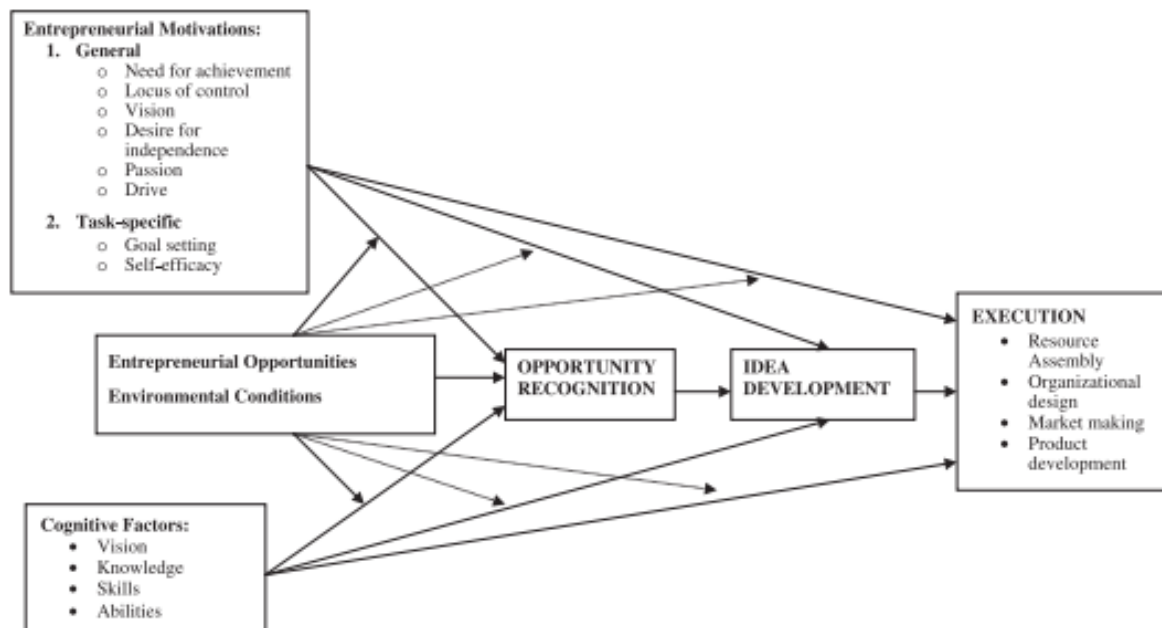


Figure 2. Model of entrepreneurial motivation and the entrepreneurship process (Shane, Locke and Collins., 2003, p276)

Shane et al. (2003) view entrepreneurship as a process and believe that the motivational factors have an impact on the change that the entrepreneurs engage in across the different stages in the process. The motivational factors that they specifically highlight are the need for achievement, risk taking propensity, tolerance of ambiguity, locus of control, self-efficacy, goal setting, drive and passion. Further validating the requirement of this research is how the process in the model above concludes at the “execution” phase. Below, the discussion will take place on the entrepreneurial exit and the importance of why it should be included in models discussing the entrepreneurial process.

2.2.1. Intrinsic motivation

A commonly used definition of intrinsic motivation is given by Ryan and Deci (2000, p56) where this is explained as “the doing of an activity for its inherent satisfactions rather than for some separable consequence”.

As might be expected, Carsrud and Brännback (2011) point out that despite money being a strong motivator for commercially minded entrepreneurs, there is usually an internal motivator too. The example they bring refers to entrepreneurs in the bio-technology industry who may be motivated more to find a cure for a disease than for the opportunity to create wealth for themselves. A further example offered to drive the point home is that of lifestyle entrepreneurs, who in general, are more motivated to achieve goals that are not about maximising wealth.

2.2.1.1. *Need for achievement*

Need for achievement cannot be discussed without mentioning the extensive research of McClelland (1961). His study originally highlighted how entrepreneurs show high levels of the need for achievement and the relationship between the need for achievement and business success. Furthermore, he explained how those individuals, due to their high need for achievement, will pursue opportunities that require the individual to be obligated to ensure the success of the task, using his skill or personal energy, despite their risks to achieve, as opposed to other, safer and easier to achieve activities (McClelland, 1967).

When the motivation to be successful has a clear incentive, and that incentive is considered to be achieved only once a particularly difficult milestone is reached, for example the establishment of a new firm, the chances of the milestone being reached will be more likely achieved by an individual with a high need for achievement or motive for success (Carsrud et al., 2009). This is consistent with the research by Rauch and Frese (2007) who established a relationship between entrepreneurs and the need for achievement.

2.2.1.2. *Desire for Independence or to be one's own boss*

Many studies conducted have confirmed that a strong motivation for entrepreneurs to establish their own firm or to be business owners is the desire for independence (Chu, Benzing, & Mcgee, 2007; Malebana, 2015; Rahman et al., 2012; Scott Shane et al., 2003; Scott Shane & Venkataraman, 2000; Zimmerman, 2013).

In studies conducted in emerging economies such as Ghana, Nigeria, Turkey, the Philippines, Kenya, Vietnam, Hungary and Romania one of the top motivators, coupled with increasing income was independence or the desire to be one's own boss (Benzing, Chu, & Callanan, 2005; Benzing, Chu, & Kara, 2009; Chu et al., 2007; Chu, Kara, & Benzing, 2008; Chu, Leach, & Manuel, 1998; Hung & Katsioloudes, 2002).

2.2.1.3. Fear of failure

Carsrud et al. (2009) explain that fear of failure is driven by the motivation of the entrepreneur to avoid disappointment. Although, according to Carsrud and Brännback (2011), many researchers on the subject tend to couple fear of failure and motivation to succeed together. Atkinson (1957) argued that they are in fact separate motivations which result in different consequences.

Research has established a link between cognitive dissonance and the need to avoid failure and how both have been proved to be strong motivators for entrepreneurs (Monsen & Urbig, 2009; Zimbardo, Cohen, Weisenberg, Dworkin, & Firestone, 1969). This point could be used to further understand why entrepreneurs will fight tooth and nail to avoid failure and show a level of resolve not seen in the general population (Baum & Locke, 2004; Baum, Locke, & Smith, 2001).

The levels and the strength of the motivation to avoid failure, especially in regard to the establishment of a new firm by an entrepreneur, is linked to the embarrassment that the entrepreneur would feel should he not succeed. Therefore, the higher the level of embarrassment, the higher the motivation to avoid failing will be (Carsrud et al., 2009).

2.2.1.4. Entrepreneurial Passion

Entrepreneurial passion can be described as “an individual's intense affective state experienced by engagement in entrepreneurial activities that are often accompanied by outwardly visible manifestations” (Cardon, Gregoire, Stevens, & Patel, 2013; Chen, Yao, & Kotha, 2009). A different description of entrepreneurial passion is feelings that are positive due to the entrepreneur involvement in actions that provide him with a sense of meaning due to his deliberate pursuing of them (Cardon, Wincent, Singh, & Drnovsek, 2009).

Passion is seen as a vital motivator for entrepreneurs to continue building their company in the face of inevitable challenges (Cardon & Kirk, 2015). Cardon and Kirk further posit that

entrepreneurial passion is a link between the trait of persistence and entrepreneurial self-efficacy. Therefore, further empirical study of entrepreneurial passion can be considered unique. Entrepreneurial passion is able to be differentiated by two components, those being i) self-identity and ii) intense positive feelings (Vignoles, Regalia, Manzi, Golledge, & Scabini, 2006).

The importance for entrepreneurs to both have and display passion can have tangible results as proven by research on entrepreneurs seeking funding (Davis, Hmieleski, Webb, & Coombs, 2017). Davis et al. prove that the more passion displayed in a pitch by entrepreneurs, the greater the chances are that the entrepreneurs will receive funding for their business.

2.2.2. Extrinsic motivation

A relatively newer definition refers to extrinsic motivation as:

“involving means-ends relationships; it is doing something in order to get some future value (or avoid some future disvalue). Because humans need to live long range, acting for the future is not only not inferior to other forms of motivation, as is sometimes suggested, but is essential to happiness and survival”

(Locke & Schattke, 2018)

Carsrud et al. (2009) explain that extrinsic motivations may be intangible or tangible. Examples given of tangible rewards are money, options of stock and compensation in other forms. The intangible extrinsic motivations would be social standing and acceptance, the status that can be achieved and even power gained from the potential successful venture.

There have been numerous academic studies to indicate that in many countries around the world the desire to increase income and have more money is a strong motivator to become an entrepreneur (Benzing et al., 2005; Chu et al., 2007; Yalcin & Kapu, 2008).

Locke and Schatte (2018) advocate that extrinsic motivation has the ability to add significant enjoyment to one's life by decreasing stress if the individual plans correctly. They are very mindful to add that the reasons for the extrinsic motivation must not be to show off or simply to impress others as this will never lead to happiness (Kenner & Locke, 2017).

Entrepreneurial motivation is a very wide area of research that is difficult to encapsulate in one paper (Solesvik, 2013). For the purpose of this study, the research considered is that which has significance for the research topic. By initially looking at the intrinsic motivations to establish a business, an understanding was gained of what an entrepreneur may feel to drive him to the point of action. Attention then shifted to the extrinsic motivation to establish a business. The motivations discussed deal specifically with establishing a business. The literature does not consider the motivations for exiting a successful business. Consideration will now be given to the exit part of the entrepreneurial process and the understanding of what the literature is explaining.

2.3. Exit from the entrepreneurial business

Although research on successful exits of entrepreneurs is a more recent academic study (DeTienne, 2010; Justo, DeTienne, & Sieger, 2015; Malebana, 2015; Rouse, 2016; Wennberg & DeTienne, 2014; Wennberg et al., 2010), it is gaining traction and interest from researchers. The *Who*, *How* and *Why* are important factors in understanding the exit and will be explained below.

Through the research of Wennberg et al. (2010) a clear line in the sand is drawn from previous research to point out that with the simple information that an entrepreneur has exited his business, it cannot be regarded as though that entrepreneur has succeeded or failed without more information being disclosed. Prior to this, entrepreneur exit was mainly considered a failure, or else only considered from a firm level. When the exit is considered a success though, our understanding is limited from a founders perspective (Rouse, 2016).

When the entrepreneur who founded a business makes an exit, it is defined by DeTienne (2010, p204) as “the transfer of control over an entrepreneurial firm to one or several individuals or an organisation, alternatively the liquidation of the firm”. The exit itself is considered to be a multifaceted area of the entrepreneurial process where the conclusions are not simply arrived at (Dehlen, Zellweger, Kammerlander, & Halter, 2014). Others explained that the entrepreneurial exit is not straight forward as economic, rational factors are not simply the only consideration as emotional attachment to the firm also come into play (Dehlen et al., 2014; Rouse, 2016). For those who do feel too emotionally connected to the

business that they may have founded, there is research to suggest that in some cases their exit may be what is best for the firm in the long run (Bhawe, Gupta, & Pollack, 2017).

For the entrepreneur who was responsible for founding the organisation, so much of himself is given to the organisation that he may struggle to disassociate himself at the time of exit (Cardon, Zietsma, Saporito, Matherne, & Davis, 2005). Some researchers have gone as far as to comparing the founding of a business to the birth of a child for the entrepreneur (Cardon et al., 2005). Within the founder's exit itself there is both a physical exit as well as an emotional exit. The emotional exit may occur before, during or after the physical exit takes place. These exits, while being associated, are separate events (Rouse, 2016). By considering exits in different manners such as 'paths' (DeTienne & Cardon, 2012), 'routes' (DeTienne, 2010) and 'strategies' (Wennberg et al., 2010) academics have been able to illustrate the qualitative difference between the exits (Wennberg et al., 2010).

2.3.1. Exit strategy and Exit intentions

Distinctions must be made when researching exit strategy and entrepreneurial exits. Exit strategy is pre-event and refers to how the entrepreneur intends to exit the firm. Entrepreneurial exit is post-event and is empirically measurable (DeTienne et al., 2015). Every entrepreneur will exit at least once in their lifetime, this may be by a sale or by death (Schubert, 2015) yet with this in mind studies show that less than 50% of entrepreneurs actually develop any plans or strategy for exit (Dahl, 2005).

Exits by means of intentional motivation is often ascribed to personal reasons by researchers (Justo et al., 2015). Around 70% of entrepreneurs who plan a specific exit eventually do exit in that manner (DeTienne & Cardon, 2012). This statistic should be a good motivator to current and future entrepreneurs to plan for the future or better yet, start with the end in mind. However, it is not a guarantee as just under a quarter (21%) of entrepreneurs exits resulted in liquidation despite intending to exit through an alternative path, although the success rate does indicate a likelihood for entrepreneurs to exit through their intended path (Wennberg & DeTienne, 2014).

Research previously assumed that the intention for the entrepreneur to exit is based on mainly financial, logical decisions (Bates, 2005; Campbell, 1992). As mentioned already, non-rational factors may also be at play. Linked to this could be the consideration that the

entrepreneur’s work life is affecting his family life to a greater extent and this alone could be an intention for an exit (Hsu, Wiklund, Anderson, & Coffey, 2016). DeTienne (2010) makes note that lifestyle entrepreneurs are less likely than entrepreneurs who establish businesses with the objective of growth to formalise an exit strategy. The motivations for establishing a lifestyle firm usually don’t include the consideration of exiting and passions are usually associated too (DeTienne & Cardon, 2012).

Serial or habitual entrepreneurs, entrepreneurs who engage in business creation multiple times in their careers, or even just more experienced entrepreneurs appear to be more engaging in planning an exit strategy early on and foster less of an emotional attachment to their businesses (Wennberg et al., 2010). Albert and DeTienne (2016) claim that firms that have an exit strategy espoused upfront organise their resources in a strategic and deliberate fashion that will allow them to exit along a certain path.

2.3.2. Exit path

In the academic literature, exit needs to be differentiated by success or failure. The terms associated with each are “*harvest*” and “*distress*” respectively (Schubert, 2015). Within each category of harvest and distress, the exit itself can be further examined by route of exit and level of exit (Wennberg et al., 2010). Route of exit is characterised by sale or liquidation. Level of exit refers to whether the exit is on the entrepreneur level or the firm level. The below table by Schubert (2015) as an adaption from Wennberg et al. (2010) succinctly helps explain this concept.

Table 1. Types, routes and levels of entrepreneur exit (Schubert, 2015)

Type of exit	Route of Exit	Level of exit
Harvest	Sale	Entrepreneur Exit
Harvest	Liquidation	Firm exit
Distress	Sale	Entrepreneur Exit
Distress	Liquidation	Firm exit

DeTienne (2010) defines an entrepreneurial exit as “the process by which the founders of privately held firms leave the firm they helped to create; thereby removing themselves, in varying degree, from the primary ownership and decision-making structure of the firm”. This study thus recognises the approach of Rouse (2016) which was more interested in the entrepreneurs themselves rather than the firm or the venture.

Although there are numerous methods for exiting, focus is made on three of the more common exit strategies, these being: Initial Public Offering (IPO), when a company makes its shares available for purchase from the public; a sale to a different company or an acquisition; or a sale to a private person(s) (Albert & DeTienne, 2016; DeTienne et al., 2015).

2.3.2.1. IPO

A successful IPO is considered to be a high risk - high return exit for the founding entrepreneur(s). The process is complex and costly yet should it be successful, the founder(s) can achieve a lucrative financial return (Babich & Sobel, 2004).

2.3.2.2. Strategic Acquisition by another company

In this form of exit, which is very common, the target company is viewed as possessing a competency that the purchaser would be willing to pay an acquisition premium for (Haunschild, 1994). For this reason, this form of sale is desirable to the seller. While benefits should exist for both the entrepreneur who is selling and the purchaser, the risk of side effects is considered to be high too (Albert & DeTienne, 2016). The figures relating to mergers and acquisitions worldwide are staggering and are believed to be in excess of Three and half trillion Dollars (Statista.com, 2018). This clearly points out that much activity takes place in this category.

2.3.2.3. Sale to a private person/s

The private sale, while very common, has the least research, due primarily to the participants in the deal preferring to keep the information private as well as the lack of public information that would be clear in an IPO. The benefit for the entrepreneur in these types of exits is control over the process and the period following the purchase, for example whereby the entrepreneurial seller remains on at the business and receives a salary for a period of time. In such circumstances the trade-off for this benefit though is usually the pay-out itself is considered to be lower than had he not stayed on (Albert & DeTienne, 2016).

When an entrepreneur makes the decision to voluntarily exit his business, research has suggested it is due to either a) alternative professional or financial opportunities or b) reasons of a personal nature (Justo et al., 2015).

2.3.3. Exit – for financial harvest

Early academics made the assumption that entrepreneurs were motivated to exit their businesses primarily to achieve financial rewards (Campbell, 1992). Later, academics stated that entrepreneurs will use the motivation of financial rewards from the sale of their businesses to stimulate the search for other opportunities (Shepherd & DeTienne, 2005). It is these types of entrepreneurs who are primarily motivated by financial reward that will attempt to seek exits that provide the largest financial harvests such as IPO's or selling to a strategic acquirer (Poulsen & Stegemoller, 2008), and considering that those types of exits are the most lucrative, it would be the target method of harvest for these entrepreneurs.

Within the context of voluntary exits for other opportunities, Bates (2005) proposes that the motivation for the entrepreneur will be that the alternative option is more desirable than the current one in which he finds himself. It is for this reason that Bayar and Chemmanur (2011) contend that the entrepreneurs whose strategic attention is on the accumulation of wealth, are the most likely to pursue an exit that rewards them with a high financial harvest. In contrast to this however, were the findings of DeTienne et al. (2015) whose research suggested that entrepreneurs who are motivated due to extrinsic factors do not share a relationship with exit strategies that are for financial harvesting. Interestingly though, they found that when it came to entrepreneurs who entered their business seeking to take advantage of an innovative opportunity, the exit was primarily for financial harvest (DeTienne et al., 2015).

2.3.4. Exit – reasons for a personal nature

The question therefore needs to be answered, if entrepreneurs are not exiting their businesses for financial harvest, then what is the motivation? Gao and Jain (2012) propose that the complexity of human nature cannot be simply explained by only the attraction of financial gain. Rouse (2016) takes this further to explain that although under theorised, many founders are driven emotionally and not financially and therefore it is often a psychological decision to exit.

Powell and Eddleston (2013) advocate that for business founders their work life and their family life are often connected. Juggling the two can be important and therefore influence the motivation to exit for the founder (Danes, Stafford, Haynes, & Amarapurkar, 2009).

Other research makes the claim that some entrepreneurs may feel their own subjective valuation of the performance of the business may be unsatisfactory which could be a motivation to exit (Holland & Shepherd, 2013). The decision to exit may have nothing to do with the business itself but rather the founders, looking for a new challenge, feel that they are getting on in age or, due to issues with family members, are required to change employment (Winter, Danes, Koh, Fredericks, & Paul, 2004).

Among reasons that are offered to describe why an entrepreneur would choose to exit his business not for financial harvest may be a motivational shift in the entrepreneur (Van Praag, 2003), retirement (Harhoff, Stahl, & Woywode, 1998), issues concerning the health of the entrepreneur (Harada, 2007) or issues that relate to the structure of the family (Marlow & Swail, 2014).

The literature on entrepreneurial exits is scant on describing the motivational factors that the entrepreneur possesses to exit his business. Rouse (2016) discusses the psychological disengagements that the individual encounters when disassociating however, the motivations to get to that exit point are not considered. Described above are various studies on motivation to establish a business. The gap that has been identified is the motivation to exit a successful business by the entrepreneur who established his business.

Having assessed the relevant academic standings of the constructs in the literature review, that being the entrepreneur, the motivation – both extrinsic and intrinsic - and the exit, a reasonable understanding should now have been gained as a departure point for this study.

[2.4 Summary of literature review](#)

Motivation to become an entrepreneur is a theme that is discussed numerous times in past literature. However, little is discussed on what motivates an entrepreneur to decide to harvest and exit his business. This literature review presented entrepreneurial exits from various perspectives and displayed the levels that exits can take place. The previous research on how these exits can take place was also presented. What was unable to be shown, as it has not been researched, is the personal journey that the entrepreneur undertakes when

deciding to exit and how his personal journey until that exit point relates to the harvest. Due to this, the research conducted in this study will be able to contribute to the body of knowledge that exists on entrepreneurship, entrepreneurial motivations and entrepreneurial exits.

From this point on, the study will explore the relationship between the motivation to become an entrepreneur and the entrepreneur's motivation to exit, how this study was conducted, what the research questions are, the findings, the discussion and the conclusions.

3. Research Questions

Harvesting should be a critical part in the entrepreneurship process (DeTienne, 2010). However, so little is understood about this phenomenon, especially in relation to all of the other bodies of knowledge on entrepreneurship (Mason & Harrison, 2006). The past research that is associated with exits has not focussed enough on the entrepreneur himself but rather on the industry, the firm or the leader succession of public or family businesses (Wasserman, 2003).

This research seeks to understand if there is a relationship between motivations to establish a business, motivations to exit and the type of exit achieved by the entrepreneur. By conducting a qualitative study, the questions that this study seeks to answer are:

1. What are the specific and individual factors affecting the motivation to establish a business?
2. What are the specific and individual factors affecting the decision to harvest by the entrepreneur?
3. Does preparing an exit strategy early result in a successful exit for the entrepreneur?
4. What were the options for exit the entrepreneur was able to successfully take advantage of when he harvested?

The following chapter will discuss the research methodology that was adopted. Thereafter chapter five will present the findings from the interviews conducted and chapter six will discuss those findings in relation to the literature review. Finally, chapter seven will draw on the conclusions to answer the research questions presented above.

4. Research Methodology

In this chapter, details on how the data was collected, why the data was collected in the way that it was and how the data was processed for the project are explained. Research methodology and design, research philosophy and research approach are discussed in full detail. Information is reported on the population, sample, time frame, data analysis and the trustworthiness and credibility of the process. The researcher then states the limitations that may be expected from this research.

4.1. Research Methodology and Design

For a researcher to better understand and interpret social science such as “human experience and meaning” using the language of words as opposed to digits, qualitative research methods are employed (Petty, Thomson, & Stew, 2012). Creswell (2008) describes qualitative research as a tool to unearth the factors driving problems that affect our society on a social and human level. The field of entrepreneurial exits still remains an area that much study is required on an academic level relative to the body of knowledge built up on early entrepreneurial stages (DeTienne & Wennberg, 2016).

The bulk of the research conducted on exits tends to be mainly quantitative though some conceptual research has been published too. Research such as Albert & DeTienne, (2016); Bhawe et al., (2017); DeTienne & Cardon, (2012); Hsu et al., (2016); Isaksson, (2007); Loane, Bell, & Cunningham, (2014); Yamakawa & Cardon, (2017) are all works of quantitative research. Conceptual research over the recent past include works by DeTienne (2010). Advantage will be gained by conducting this research in a qualitative manner as when this data is uncovered it is considered to be “more comprehensive or fine-grained” (Elliott, 2005). Even two of the more prominent academics in the field of entrepreneurial exits, Wennberg and DeTienne (2014), are surprised that “there has been little qualitative work used to explore, challenge and build theory on exit”. It has even been suggested by Dale Meyer (2011) that the “econometric methodologies and secondary databases” are holding up the study of entrepreneurship as researchers are not meeting and talking to the actual people who are the entrepreneurs (2011). Therefore, the opportunity and timing for qualitative research to be conducted with regards to exiting and exit strategy is ripe.

4.2. Research Philosophy

According to Petty et al (2012) “interpretivism” usually underpins qualitative research. Interpretive research is the meeting point between what people have seen or done and how they have internalised those experiences, processed those experiences and verbalise those experiences to the researcher (Gray, 2014). For this particular project, the researcher explored how and why entrepreneurs established their businesses and how and why they exited their businesses to determine if a relationship exists between these sets of causes. It is appropriate to be regarded as interpretivism as each entrepreneur will interpret the sequence of events that led to the process of business creation and subsequent exit for himself and the researcher in turn interpreted what had been said to ensure that it can be understood and used as valid data. Interpretive studies seek to explore peoples’ experiences and their views or perspectives of these experiences. Interpretive studies are typically inductive in nature and are often associated with qualitative approaches to data gathering and analysis (Petty et al., 2012).

As put forward by Jacob and Ferguson (2012) the motive behind the interview is to get “people to share their stories” and therefore by interviewing entrepreneurs that previously exited businesses this study seeks to establish if there is a relationship between their motivations to enter and their motivations to exit. This enables the researcher and potential future researchers on the subject “to develop some general conclusions or theories” (Saunders & Lewis, 2012).

Moreover, for this particular qualitative research, interpretivism was suited as the interviews with the entrepreneurs, the social actors, developed themes and helped build the knowledge base associated with the phenomena and numerous realities were exposed (Guest, Namey, & Mitchell, 2012; Saunders & Lewis, 2012). Creswell (2008) notes that the themes capturing the phenomena are individual assessments that have been interpreted. These themes would have initially been interpreted based on the literature review to construct the conceptual model. It was with this foundational knowledge, that the research questions were formulated (McCracken, 1988). As is the goal when conducting qualitative research, the researcher must detach and separate concepts throughout the process (McCracken, 1988). As the researcher engages in the qualitative approach, he is able to understand the entrepreneurs’ experiences from the entrepreneurs’ own perspective by stepping into their minds (McCracken, 1988).

Individual bias and assessment do raise weaknesses with the interpretivist approach though and can affect the effectiveness of the generalisation and so validation of the data and its reliability must be assessed. This is discussed below.

4.3. Approach

Saunders and Lewis (2012) note that an inductive approach to research requires that the researcher only develop the theory subsequent to having collected the data. In the research conducted, this approach was followed and, by employing inductive reasoning, the researcher analysed the data gathered in the specific interviews and thereafter applied it to concepts and theories in line with Saunders and Lewis. Having used the literature on the subject, the researcher was able to enter the interviews with a concept and a departure point from which to ask the questions and afterwards build on theory to explain the findings.

Within the environment of themes, using guidance from McCracken (1988), the researcher approached this study by observing patterns, observing potential areas of speculation and drawing some general conclusions suggested by Saunders and Lewis (2012). As has been advised by Creswell (2008) and Schreier (2012), the researchers analysis came by re-reading the transcripts numerous times and conducting an analysis each time the data was reviewed. This iterative approach meant that the transcripts were reviewed on multiple occasions and fostered flexibility so that throughout the process the importance of various themes changed based on practices by various researchers (Creswell, 2008; McCracken, 1988; Schreier, 2012; Spiggle, 1994). In addition this process helped the researcher negate initial assumptions and therefore contributed to the verification process (following the suggestion in Spiggle, 1994).

4.4. Strategy and Choice

By using a narrative strategy in this particular study, the researcher strived to understand the whole by organising the sum of the parts and interpreting them so that it can be understood both in its parts and the whole, as suggested by Elliott (2005). Throughout the interviews, it was the aim of the researcher to encourage the respondents to verbalise answers pertaining to the motivation that led them to becoming entrepreneurs. What were the factors that motivated them to actually start their business and was there any exit strategy in mind at the stage of establishment? Thereafter the aim was to discover their motivation to exit, whether or not they were satisfied with their exit and how they would approach an exit in the future.

The fact that some of the entrepreneurs chose to reflect on the details of their journey as one event or a series of events, also discussed in Creswell (2007), meant that it was the responsibility of the researcher to understand and reorganise the details into a chronological timeline (see Petty, Thomson, & Stew, 2013). According to Petty et al (2013) the researcher should be in dialogue with the participants to ensure that he fully understands the stories being told throughout the interviews. This was the case. Prior research has indicated that the narrative approach to data collection requires time for the interviewee to talk and tell their stories (Riessman, 2008). In light of this, the researcher attempted to structure the timing and the style of the interviews in this fashion. The researcher also followed Rouse's (2016) guidance in this regard by asking questions such as "tell me your story" and then preparing follow-up questions to probe further if required.

With the aim of analysing phenomena that are not fully understood, the focus of this exploratory research narrowed as it developed in line with the claims of Saunders and Lewis (2012). Throughout the semi-structured interviews, which were used to collect the primary data, themes began to emerge and as they emerged the research became clearer and more focussed. Up front all the respondents were given forms assuring anonymity and the ability to opt out if and when they chose to. This allowed the researcher to enquire further from the respondents and to be able to gather more thorough understandings and clearer examples without the respondents feeling like their trust would be compromised (following Creswell, 2008; Guest et al., 2012; McCracken, 1988). The semi-structured interview process, with open-ended questions, additionally allowed the respondents more freedom than a survey would have and this too was a valuable source of data for the researcher to penetrate phenomena that he may have initially not understood as suggested by Guest et al. (2012).

4.5. Time

This study interviewed entrepreneurs at a certain point in time. Although they were asked questions about events and mind sets spanning a few years, or even decades, it is still considered cross-sectional as the "data is collected from participants at only one period in time" (Saunders & Lewis, 2012). While it would be advantageous to interview the entrepreneur's multiple times over a long period of time, this was not feasible for this research as it was a time-bound project. However, this can perhaps be considered for future researchers. Creswell (2008) notes that by conducting a cross-sectional research study

current practices, attitudes and opinions can be looked at. It was therefore a limitation for this study that the practices, attitudes and opinions of the entrepreneurs in the past is what was of interest and these may not have been accurately described.

4.6. Population and Sampling Method

The population of this research was limited to entrepreneurs who are based in South Africa. In addition, the qualifying criteria is that these entrepreneurs have established their own business successfully. To eliminate failed businesses, which is a separate type of exit, the businesses from which the entrepreneur or founder exited or intends on exiting from, would have had to have been in business for a minimum of three and a half years. This time length is derived from the Global Entrepreneurship Monitor (figure below) to ensure that relevant established businesses are considered (Bosma, Acs, Autio, Coduras, & Levie, 2008). Finally, the entrepreneur should have either exited his business or have an exit strategy.

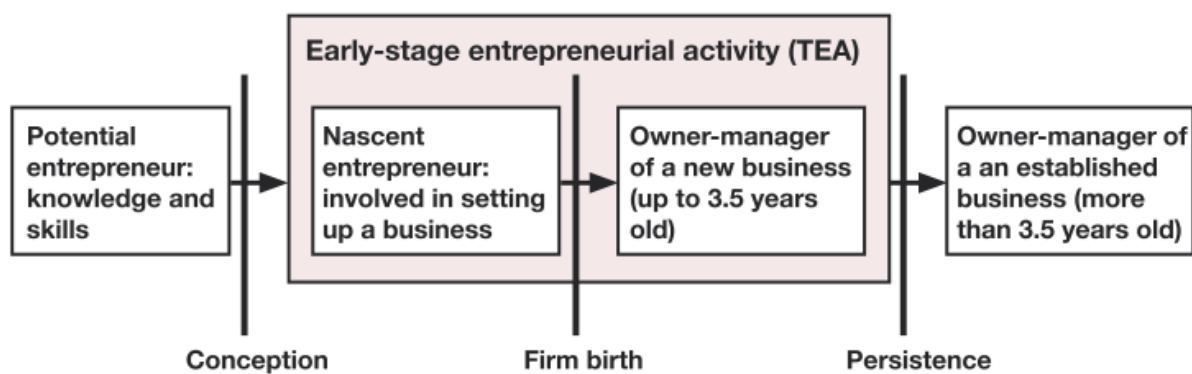


Figure 3. The Entrepreneurial Process and GEM operational definitions (Bosma et al., 2008)

In order to conduct the research, the researcher made use of a non-probability sampling method. As it is impossible to “obtain a complete list of all members of the population” (Saunders & Lewis, 2012, p137) in the case of this project, all entrepreneurs who have exited businesses after a minimum of three years trading, no sampling frame will be used. In finding these entrepreneurs, a combination of purposive (judgement) and convenience sampling was applied (see Saunders & Lewis, 2012 for explanations of these methods).

4.7. Sample Size

Initially a potential list of interviewees who met the qualifying criteria was drafted with approximately fifteen entrepreneurs who the researcher had identified or had been recommended. Saunders and Lewis (2012) suggest that the quantity of interviews required

should be established inductively, with the interviews taking place until the saturation point is reached. With in-depth interviews in qualitative research, anywhere between five and twenty-five interviews are considered sufficient (Leedy & Ormrod, 2001). Eight interviews are suggested to be sufficient according to McCracken (1988).

Initially the researcher aimed to conduct twelve interviews however, it was acknowledged that perhaps not all the entrepreneurs would be willing to sacrifice approximately an hour to the process. Finally ten interviews were conducted and this was deemed sufficient according to the minimum specified by Leedy and Ormrod (2001).

4.8. Unit of Analysis

Wegner (2016) defines the sampling unit as the entity that is being measured or observed. In this study the sampling unit was the entrepreneur who had both established and exited his business or who had planned his exit strategy. As the aim of the research was to explore the relationship between motivation to establish and motivation to exit a business, the entrepreneur, as opposed to the firm was the appropriate choice for the unit of analysis (see DeTienne & Cardon, 2012).

4.9. Ethical consideration

For this research, ethical clearance needed to be approved from the institution through which the researcher is linked. Ethical clearance involves a high-level submission detailing the proposed methodology and choice of approach that the study will look to follow as well as the interview questions. In addition, the letter of consent was drafted and submitted to the ethics committee. The purpose of this letter was to detail to the interviewees why the study was taking place and to assure them that their participation was voluntary and that they could opt out at any given time. Furthermore, the letter assured the respondents that anonymity was guaranteed, and no one would be mentioned by name in the research. Before the proposal could be submitted to the ethics committee though, the researcher's supervisor provided consent and thereafter the Ethics Committee gave approval for the researcher to continue. A copy of the consent letter is in Appendix 3.

4.10. Data Gathering Process

The researcher systematically scheduled appointments with interviewees. Initially contacts from the researchers own network were approached to set up an interview. Concurrently,

the researcher leveraged his network of business associates to recommend names of qualifying potential interviewees. Finally, the researcher used social networking environments such as LinkedIn and Facebook to reach the desired number of candidates to be interviewed. In addition, the researcher enquired from his interviewees to recommend other entrepreneurs who would meet the qualifying criteria and for the introduction to be made however, nothing concrete materialised from those introductions.

Each of these were contacted either telephonically, by email or by WhatsApp to attempt to secure an interview. Of the fifteen, approximately seven interviews were setup routinely and with little to no complications, such as delaying or cancelling. One entrepreneur refused categorically, and a number of entrepreneurs chose to ignore my requests. All the interviews, bar one, took place face-to-face in Johannesburg while one took place with a respondent telephonically who is based in Cape Town. The final three interviews took slightly longer to confirm, primarily due to difficulty in scheduling calendars.

4.11. Interview guide

In developing the interview guide, the researcher adopted the “best practices” recommended by Roulston (2010) and based on Kvale (1992). The guide was setup to elicit long answers by asking short and relevant questions. Adequate follow up on questions were planned to ensure clarity until understanding was reached. The interviewer attempted to verify his understanding of what the interviewee had explained throughout the course of the interview. The aim of the interviewer was to elicit responses that would not require extra descriptions or explanation outside the story told over by the interviewee. A copy of the interview guide is included in the Appendix 1 below.

The researcher then began the collection of data by conducting semi-structured interviews with entrepreneurs who had both established a business and exited from a business or was planning an exit. Apart from one interview, all the interviews were conducted face-to-face and ranged in duration from around thirty minutes to an hour and fifteen minutes. The one interview that was not face-to-face was conducted telephonically. Although this particular interview lasted for the shortest duration of under thirty minutes, it is not clear if this was due to the format of the interview being conducted telephonically or due to the nature of the interviewee’s personality as one who does not like small talk.

As the narrative exploratory nature of the interviews relied on the respondents to navigate the researcher through their own business history, the direction of the interviews was mostly led by the participants. The semi-structured schedule was established in order to nudge the respondents to cover certain themes that may have been unmentioned or unclear. A pilot interview took place with a family member who would have qualified to be a respondent. This pilot, done in line with Saunders and Lewis (2012) helped strengthen the reliability of the process. In addition, the piloting helped prepare the researcher for both the duration and the style of the interviews. As a form of preparation, the consent letter, with the purpose of the study was sent beforehand to the participants, in order for them to prepare their stories and deliver a well thought out response to enrich the data (see the suggestions by Saunders & Lewis, 2012)

All the interviews were recorded, and each participant was informed of this both in the consent letter and at the start of each interview. The participants were encouraged to feel safe and comfortable so that they could use their own language to convey their story and the researcher ensured not to be obstructive in the conversation, following McCracken (1988). The style and the manner in which the interviews took place was in a very relaxed and laid-back fashion. Wherever possible the researcher tried to create this environment so that the respondents would feel at ease and more comfortable to give over their personal stories, and this fashion also inhibited the researcher from enforcing his own viewpoint on the entrepreneur as suggested by Carson, Gilmore, Perry, and Gronhaug (2001). For the most part there was an enjoyable fluidity to the interviews with the respondents carrying out the bulk of the talking and the researcher only clarifying with follow up questions or prompting when necessary. Each interview was recorded and transcribed by an outsourced transcriber however, a non-disclosure agreement was discussed with the transcribers.

4.12. Data Analysis Approach

The data was arranged by applying themes to this study and analysing how it could be connected using Creswell (2008). These themes were developed from the data describing the major constructs of the study and used to assist in answering the research questions. As the analysis of the phenomenon progressed these themes also developed (as predicted by Creswell, 2008; Guest et al., 2012). Content analysis took place so that the descriptions would be more detailed (following Schreier, 2012).

Using Atlas.ti 8 as an assistance tool to the above, the researcher analysed the data. Each sentence of the transcript was coded so that the general tone of what was said could be categorised according to the phenomena (as per Spiggle, 1994). Following this code groups were established along the lines of the themes so that the researcher was able to pull reports describing an area of the phenomena and addressing a particular research question with ease (using Saunders & Lewis, 2012). The data was saved and secured in a cloud-based storage facility to reduce the risk of loss. The researcher attempted to limit each sentence to one category unless it obviously pertained to more than one, likewise there were sentences that had information that was irrelevant to this study (see Spiggle, 1994 for a discussion on such occurrences).

Core categories and subcategories existed in the analysis predicted in general by Schreier (2012), and as this study was done inductively these categories were developed through the themes as well as literature on previous research (Guest et al., 2012; Saunders & Lewis, 2012). Creswell (2008) advises that interconnecting the themes takes place and this was attempted by the researcher however, not all the themes were verbalised per se by the respondents which allowed them to be used for multiple sentences or phrases (as in Schreier, 2012; Spiggle, 1994). Throughout the data the researcher attempted to identify differences and parallels (suggested by Spiggle, 1994) which became steadily easier to identify as the coding process developed.

4.13. Validity and Reliability

Finding entrepreneurs who had successfully exited their business was part and parcel of the validity of the research. Validity is defined by Saunders and Lewis (2012) as:

“the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable”.

Having established a business and having exited a business are objective criteria, the respondents therefore selected represent the population. Saunders and Lewis (2012) further explain validity as what was measured was appropriately reflected in the research findings.

The definition given for reliability by Joppe (2000) is “the extent to which results are consistent over time and an accurate representation of the total population under study is referred to”. However, Stenbacka (2001) explains that reliability is only applicable to quantitative research due to its concerns with measurements. She goes as far as to say that when reliability is used in a qualitative study it is indicative of the study not being very good (Stenbacka, 2001). Taking this concept further Lincoln and Guba (1985) note that reliability cannot take place without validity so the researcher should be able to prove validity and reliability will be implied. Patton (2002) is in agreement with this thinking and notes that reliability is a natural consequence of validity and therefore does not need to be proven itself.

4.14. Limitations

When considering this research it is important to note that limitations existed and should be considered such as:

- 1) Although inevitable, subjectivity on behalf of the researcher in interpreting the journeys of the entrepreneurs interviewed must be considered (Spiggle, 1994). Due to the nature of this research being narrative and inductive, personal views of the researcher inevitably crept in, in analysing the data.
- 2) Non-probability sampling was used, and this meant that most of the respondents were known to the researcher. The difficulty with this is that the respondents may not have been truthful in order to not be seen in an inauspicious way (suggested in Saunders & Lewis, 2012). Having said that, the interviews took place in a relaxed manner and should there have been subject bias, it would have been limited.
- 3) The researcher himself could have qualified as a respondent for this study, having been through the process of establishing and exiting a business and therefore researcher bias may have been evident at various points in the process.
- 4) Although an attempt to contact more entrepreneurs was made, time and responses were not on the researcher’s side. Therefore, the sample size- which was smaller than what was intended- may have impacted the results.
- 5) Respondents were encouraged to share their stories, and although the researcher attempted to nudge them in the direction of the constructs towards giving responses that

were relevant to the research questions, tangents were taken and therefore the lack of uniformity of questions and structures of the interviews may have impacted the results.

5. Results

In this particular study all the entrepreneurs were pulled towards entrepreneurship due to an opportunity and therefore made a clear and deliberate decision to become entrepreneurs and go into business for themselves in order to take advantage of the opportunities that were presented to them. I will discuss the findings of the main constructs of this research; motivation to start a business and motivation for exit strategy. Thereafter, related and significant findings will, in addition, be presented to give a holistic demonstration of how the entrepreneurs arrived at their different points.

RQ 1: What are the specific and individual factors affecting the decision to establish a business by the entrepreneur?

5.1. Motivation to start the business

Very quickly it emerged that almost no entrepreneurs could fit squarely into a box of simply being motivated purely by one factor, whether that factor be extrinsic or intrinsic. All but one of the entrepreneurs interviewed verbalised motivations that indicated that their own personal story was multi-faceted and could not be explained by just the desire to make money or the desire to have independence, for example. Even within analysing particular respondents it can be difficult to decipher whether their motivation to become entrepreneurs is intrinsic or extrinsic, such as:

“when I was growing up I didn’t have much, okay? I came from a family that had a lot of money and lost it”. (Respondent 10)

A theme that became apparent in this research was that the entrepreneurs who were motivated to establish businesses for drivers that were over-arching intrinsic were motivated to harvest for non-monetary reasons. Likewise, those entrepreneurs whose over-arching motivation to establish their businesses were for extrinsic reasons were motivated to harvest due to primarily monetary reasons.

5.1.1. Intrinsic motivation

Respondents 1, 5, 6, 7 and 9, displayed an overarching intrinsic motivation to start their business. In most cases, with the exception of respondent 6 and 7, extrinsic motivations to establish their businesses were mentioned as well.

Many intrinsic motivators were established throughout the interview process. Some of the main themes dealing with intrinsic motivations that were identified in a number of entrepreneurs were: desire to succeed, independence, desire to create and build something or a passion. These findings will be presented in more detail below. The term 'hard work' was mentioned on many occasions and the context was generally as an explainer to drive a point home on one of the intrinsic motivators.

5.1.2. Desire to succeed

When the motivation to be the best came through it was a very strong motivation. For two of the interviewees it was not simply good enough to build a business that made profit. These entrepreneurs were the ones that wanted to be number one in the industry and defeat the competition.

Although the 'desire to succeed' was not mentioned by many of the respondents interviewed, for those that did have this motivation it was a very clear and dominant drive in their own journey. We see from some of these quotes the firm desire to be the best:

"to make it into a large business and be no. 1 in any industry that we found ourselves in", and "we eventually ended up in five different industries, of which we were no. 1 in four of them and no. 3 in the fifth one" (respondent 6) and "So it was going out there and challenging the self and the team to be better than everyone else!" (respondent 3)

Linked to this was the motivation to make a success of their own personal businesses. This can be likened to the need for achievement. Almost all the respondents verbalised that they felt like they had to make a success when they decided to become entrepreneurs. This motivation is different from the motivation to 'be the best' in the sense that there was no specific mention about dominating a market or an industry rather, it was more focused on self-diagnosed benchmarks that the interviewees felt they needed to achieve, evidenced in the following remark *"So, I guess for me the motivation was to do something and to succeed at it" and "I'm quite a driven guy and I like to succeed and when I choose to do something I like to do well"* (Respondent 3).

5.1.3. Independence

The theme of independence was alluded to explicitly by almost all the respondents. The more expected responses were clearly present as motivations for becoming entrepreneurs such as

“I can’t have a boss”. Yet there were some more refined responses to the theme of independence too.

At least two of the interviewees expressed that they valued the independence to make their own decisions even if those decisions were not the correct decisions or would not necessarily lead to success. *“To be the master of my own destiny”* (Respondent 2) as one particular entrepreneur explained it, was a motivation for him to get into business for himself. This gave him the comfort of knowing that whether it was a success or failure it was all his to bear.

Another interviewee felt very strongly about the concept that success was derived from being able to implement an idea or execute an opportunity identified regardless of whether logic dictated that this idea would work. Mention was made of the *“gut”* and how if you do not have full independence you are unable to attack these gut feel decisions, which in the past have proved to be able to lead to success. This is made clear by the following quotes: *“you won’t know immediately but once you’ve got an idea you’ve got to expand on it and without having constant interference and ‘but this isn’t going to work, and this isn’t going to work”* and *“the ability to run with something, even if it is not going to work”* (Respondent 7).

Within the independence theme interesting responses were given to specific companies’ listing on the stock exchange. This will be mentioned in more detail when dealing with exits, yet one subsidiary of a company that became public almost immediately felt that their own independence had been compromised when their parent company was listed. This therefore was a motivation for an interviewee to want to buy out his partners, the listed entity, as the feeling was, they *“felt it was encumbered with all the nonsense of the group”* (Respondent 5).

5.1.4. Create and build something

At least half of the interviewees identified building or creating as a primary motivator to start their businesses. The context was consistent from those who mentioned that this was part of why they began their company. For those entrepreneurs who identify the desire “to build something” as a motivator to start their business there is an innate desire to attempt to grow something that is *“different”* (Respondent 6), *“bigger and more difficult to do”* (Respondent 8) or is simply a *“world class company”* (Respondent 9).

The concept of building even manifested into the feeling of fulfilment when building staff and building a team. Some of the entrepreneurs mentioned how this facet of building gave them

continuous motivation through the process, although it was not an initial motivator to begin with: *“I enjoyed just growing and starting the business and then hiring a team”* (Respondent 5).

5.1.5. Passion for the business

Out of the 10 entrepreneurs only two outrightly admitted to starting a business in their respective field out of a passion, while a third entrepreneur alluded to it. There was mention made by one entrepreneur that he left his previous employer to start his own business because *“I wasn’t passionate about what I was doing, and I wasn’t fulfilled”* (Respondent 5). As mentioned previously, the opportunity that presented itself to the entrepreneurs allowed them on a personal level to find their passion in the business.

With this in mind, almost all entrepreneurs admitted to being passionate about their business. As one entrepreneur who sold his majority shareholding but continued operationally stated *“I would love to do this for the next ten years, I don’t want to do anything else. I think we’ve built something special and I want to see it through”* (Respondent 9). Another interviewee explained how he *“didn’t dream to one day go into cars or trucks or transport, but I got into it and I just loved the aspect of business”* (Respondent 6). What was clear from all the respondents was that during their time as business owners they were all passionate about their business. One entrepreneur even went as far as to use the word “love”.

In addition to the main themes unearthed from the interviews that pertain to intrinsic motivation, there were a number of other themes that came up too that mention must be made of. These were either only present in one or two respondents yet resonated extremely strongly within them.

5.1.6. Problem Solving

Almost contradictory to those respondents who went into business following a passion, were those who started out to problem solve. Being in environments that were *“too easy, too boring”* (Respondent 5) pushed two of the entrepreneurs to seek out other environments where they were able to be stimulated and solve problems that they could identify. One particular entrepreneur identified it in the following way: *“at the time it was just something really a big... it was just solving a problem – finished. And that’s where we saw the opportunity”* (Respondent 8).

5.1.7. Have fun and derive enjoyment

Although only three entrepreneurs who were interviewed mentioned the point of having fun, those three alluded to this point more than once in the interview. It was made exceedingly clear that being in business was something that can and should be enjoyed. As explained growing a business requires much hard work, effort and energy. These things could take a toll on relationships and so it's important to *"have fun while you do it"* (Respondent 6).

As explained, the intrinsic motivations that pull a person to entrepreneurship are many and are complex and dynamic. In some cases the above statements were blatant and easy to categorise and in other cases it was subtle and ambiguous. This is consistent with the many personalities that make up the different entrepreneurs and the environment that they operate in over- in some instances- decades.

5.2. Extrinsic motivation

Overwhelmingly the respondents all had an extrinsic motivation and more often than not, it was money. This is understandable as the nature of commerce and business in general is capitalistic. Therefore, even the entrepreneurs who never mentioned that their motivation was specifically related to money, the underlying premise was they would buy or start a business to make money in addition to whatever was driving them intrinsically.

Respondents 2, 3, 4 and 10 showed more of a bias or in some cases a strong tendency towards extrinsic motivations with regards to founding their business. Respondent 4 in particular did not express any motivations that could have obviously been classified as intrinsic. The other interviewees gave various indications that they were motivated intrinsically too, however the overarching motivation to become entrepreneurs was extrinsic. Unsurprisingly, the specific extrinsic motivation that was the most verbalised by the entrepreneurs was to make money or create wealth. This desire for wealth was verbalised across the board with statements such as:

"I had to do something to make money, I had to work or do something – there was just no money – nought". Respondent 10;

"I was young and naïve, and obviously to make money – big money – was also a goal". Respondent 5 and

“Obviously for me I am in business and therefore I want to make money”. Respondent 2.

Within the theme of extrinsic motivations there are noticeable sub-categories that emerged. These being: reputation and the drive to be wealthy.

5.2.1. Reputation

One particular entrepreneur responded that he was motivated *“not to fail”* (Respondent 3). This could be considered an intrinsic motivation however in the context of the interview the main motivation was to succeed in his business for himself yet the fear of failure was in relation to what others may think of him. So, in this case the motivation was to prevent future reputational damage. However, in the case of another interviewee there was a motivation to repair reputational damage from the past when the family had lost their wealth and assets. For the entrepreneur in that family he *“wanted to get back the family prestige, and so that really motivated [him]”* (Respondent 10). His explanation was that he

“always wanted to kind of get back to where we were, even just for like pride, you know not for like... I think that’s a bigger motivating factor than anything else”.

This is an important finding of the study as it cements the concept that extrinsic motivation is not always about making money and how powerful a driving force reputation can be, both not to lose a good reputation and to make a good reputation.

Somewhat linked to reputation was a motivation one particular interviewee felt where the *“fear of losing other people’s money drove me a lot”* (Respondent 5). Within this particular interview this justification as a driver motivated him tremendously as his particular business had outside investors from its inception.

These examples illustrate the complexity of reputation as a motivating factor for entrepreneurs in their business and for pushing for success within their business environment.

5.2.2. Wealth creation as a motivation

To illustrate the point of how unified the consensus was in terms of making money being a motivating factor to going into business the direct quotes from the interviewees themselves makes the strongest points. Below are some quotations taken from different respondents:

“Obviously for me I am in business and therefore I want to make money” Respondent 2;

“I was young and naïve, and obviously to make money – big money – was also a goal” Respondent 5;

“for me it was always about making money at the beginning” Respondent 10 and

“All my peers from my age group, I was wealthier than everyone by the time I was 30” Respondent 3.

This theme was consistent and constant and as mentioned above there is an underlying premise and understanding that in the for-profit private sector of business, which is where all the respondents were situated, all their business endeavours had a strong element of making money. Subtly, in the definitions, was noticed that motivations such as “create wealth”, “build equity” or “make money” all suggested that these entrepreneurs had a stated objective of making money for shareholders in general and for the founder in particular.

In a similar vein to making money, emerged the concept of not wanting to be poor. This was somewhat expected yet did not come through as often as may have been anticipated. Mention was made of this as a motivator where a respondent commented that growing up poor, when it came to raise his children, he *“didn’t want to ever be in that position where you had to say ‘no’ all the time”* (Respondent 10). Other interviewees were more understated about this factor being an out and out motivator rather it was only mentioned as part of their particular entrepreneurial journey for instance when an entrepreneur stated that his *“parents got divorced and things were very tight”* (Respondent 1) or another entrepreneur made mention of how his *“family came from nothing”* (Respondent 3).

5.2.3. Other extrinsic motivators for start-up

Various other findings emerged, although not in as robust a manner as the motivators mentioned above.

The desire to change the status quo of the business that one entrepreneur was operating in and the recognition that a continuation of it would lead to financial ruin. In his particular circumstances the growth of manufacturing in China steadied his realisation that it “*was trying and tough times*” (Respondent 4) and so unless the business was willing to reinvent itself, they would have been out of business in the short term. This was his particular motivation to start again and how he particularly defined the beginning of his entrepreneurial career that led to a successful exit.

Another entrepreneur was partly motivated out of the fact that he felt repelled by the corporate lifestyle, in particular the politics involved in trying to further one’s career. As an ambitious and capable person, his perception was that three quarters of success in the corporate world was based on how well you were able to play the politics game and not enough on capabilities and for him this was a reason to rather do his own initiatives.

The salient point from the above findings is that even when the motivation for the entrepreneur to enter into business is extrinsic, it is never as simple as stating that he is only in business for the money.

RQ 2 What are the specific and individual factors affecting the decision to harvest a business by the entrepreneur?

5.3. Exit from the business

When it comes to the motivations for entrepreneurs to exit their businesses it is just as complex and multi-faceted as the motivations that drove entrepreneurs to start their businesses in the first place. Through the process of the interviews it quickly became apparent that each entrepreneur’s journey is different, and this difference translates into each exit manifesting in a different way. Broadly speaking, the exits can be categorised into two themes, namely monetary and non-monetary. Once again, just as witnessed with the motivation to start a business, it was very seldom that an interviewee was able to fit squarely and neatly into just one definition.

5.3.1. Monetary motivation for exit

Within the realm of exiting for monetary motivations there exists further sub categories driving the entrepreneurs. The clearest motivation to exit is to harvest as much value for the

business or the shares that the entrepreneur held in the business and to gain maximum return on the initial and all investment. As one particular entrepreneur explained:

“you building a business not to take with you when you go to the Netherworld, but rather to create value for your retirement or your next phase in your life.” (Respondent 4)

This mindset presented itself on numerous occasions in circumstances where respondents were presented with the opportunity to harvest and would say *“If we could get a decent price for it, let’s sell it”* (Respondent 3). These entrepreneurs were strongly of the opinion that everything should be done to ensure that if *“we are going to sell and we are selling now then let’s make sure we get the best value for it”* (Respondent 2).

Closely linked to but slightly different from this motivation is when the entrepreneur exits or partly exits so that liquidity can be realised. Two of the interviewees experienced exits or partial exits for this motivation and one in particular commented on how *“for me it gave me some capital that I was able then to operate”* (Respondent 10). In this case entrepreneurs may be exiting without painstakingly ensuring that the utmost for the harvest can be realised but do so in order to get some liquidity in the shorter term.

Parallel to this, there was an entrepreneur who triggered a partial exit event in order to lessen his risk of having his entire net worth in one asset. Growing his particular type of business for many years meant that profits were reinvested and not taken out as dividends and within the context of South Africa having a *“large percentage of it is in shares in one private company, it’s obviously quite dangerous”* (Respondent 9). In this particular circumstance, his partial exit allowed him to *“to take a lump sum, stick it outside, forget about it and carry on with your day to day life”* of growing his business.

Another type of exit for monetary motivations was interestingly more for the motivations of the business than the entrepreneur. In this case the entrepreneurs realised that to grow, the business needed capital that they were unable to supply and so out of this realisation the entrepreneur decided to exit. This allowed the business to be purchased by a larger company and this larger company was then able to inject the right amount of capital to push the business on to the next level.

5.3.2. Non-monetary motivations for exit

For the majority of interviewees their motivation to exit was more based on non-monetary reasons than on the monetary motivations that have been listed above. Once again, within the gambit of this lane, there are very clear sub categories driving the motivation of these entrepreneurs to exit. One of, if not the strongest, of them being fatigue or burnout. Some of the other major sub themes are lost or lack of independence, fallout or difference of opinions with new or old partners or even the feeling of lack of personal growth.

5.3.2.1. *Fatigue or burnout*

As would be expected, many entrepreneurs deal with high levels of pressure and stress and this lifestyle can lend itself to burnout. Of the entrepreneurs who verbalised fatigue or burnout as a motivation for exit, no similarity existed in terms of age. The interviewees, who mentioned being affected by burnout in this particular study, appeared to be more connected to the services industry however, the sample size is too small to draw any conclusive results in this regard. When the entrepreneurs who were faced with the feeling of fatigue decided to exit, the opportunity to exit quickly was more of a motivator than the financial harvest. These entrepreneurs were more comfortable to accept a lower monetary value for what their shares in the business were worth if it meant facilitating a speedy exit.

Respondent 1 commented with reference to himself and his partners: *“Why we didn’t get out of it earlier because we never really made enough money to get out earlier”*. In the case of this entrepreneur and his partners, they were reactive on their exit, and only began preparing the business when the fatigue had become so overwhelming that they were unable to realise the true value of the business and landed up selling at the first opportunity that presented itself, evidenced by the remark *“according to my old partner, who’s also my cousin, that business must have been worth 8 to 10 million as per the income. But you couldn’t get it”*. Eventually around 10% of that amount was realised.

5.3.2.2. *Lack of independence*

There are two elements that were apparent with regards to the lack of independence and the motivation to exit. Firstly, a change in company structure that took place led to the entrepreneur feeling that he no longer had the independence to grow his company or to make the decisions in his company. As mentioned above, independence was a very prevalent motivation for a number of the entrepreneurs interviewed to become entrepreneurs in the

first place. Therefore, it is hardly surprising that once a situation develops where that independence is lost or perceived to be lost the entrepreneur will no longer feel the same levels of satisfaction and thus be motivated to exit. Put most succinctly by one of the entrepreneurs after the company that invested in him was bought over and became public:

“my main motivation was that I loved it and I then didn’t have the same decision making and didn’t feel it was my baby anymore!” Respondent 5.

The second element to lack of independence is loosely linked to fatigue, where after years of running their own company, there is so much reliance that the structures have on them as the entrepreneur that they no longer feel they are an independent person anymore, but rather an extension of the business, or in the words of a respondent *“I wasn’t free”*(Respondent1).

5.3.2.3. Lack of growth

The theme of lack of growth has three facets to it too:

- i) the personal lack of growth that the entrepreneur felt at a point in his business;
- ii) the effect the business’s perceived lack of growth had on the entrepreneur and
- iii) the perception that the company could still grow further but that the particular entrepreneur was either unable or unwilling to grow it himself.

In the interviews there were different interviewees who were motivated to exit their businesses by these factors. Interestingly enough all these situations played out in the listed company space however, once again more research would need to be conducted to determine if this is causal. In the case of one of the particular respondents in this study the feeling of lack of personal growth led him to feel *“a little bit claustrophobic”* (Respondent 5) and this contributed to his motivation to exit and test himself in another environment.

On the company side of the perceived feeling that it could not grow any further, one of the interviewees determined this as a contribution towards his motivation to exit and in that particular case the company was delisted, and the assets were sold to private investors.

The last situation is where an entrepreneur exited due to the perception that he was unable to grow the company further. This point links with fatigue and lack of independence as it

seems likely that all three factors played a part in these circumstances for the entrepreneur to be motivated to exit his company rather than one factor on its own.

5.3.2.4. Breakdown of partnership

In the majority of the interviews conducted, the entrepreneurs had built their businesses in a partnership. These partnerships were necessary in ensuring the success of the respondents and their businesses. Respondent 2 described a partnership in the following way:

“it is a sounding board, its vigour, its energy, its dynamism, a different set of ideas and thoughts but shared values and vision and so if you can find that partner then two, you know the sum is greater, usually that is what it comes down to.”

With the above explanation in mind it is understandable why, when the relationship breaks down, either one or all of the partners must exit the business. A business which has been built on the foundation of a partnership will find it very difficult to continue in the same way. In this particular research, one of the interviewees main motivations to exit was when his partner chose to retire. Although the business was successful, and good profits were still being made, this particular respondent was adamant *“the way we operate is completely different”* (Respondent 7) to the proposed new partners.

In another instance, the entire environment had become toxic as there was infighting which led the climate to become *“very political”* (Respondent 10) which was a contributing factor for the entrepreneur to take advantage to exit.

Other themes that came through with regards to motivation to exit were entrepreneurs who had lost the passion for their business, general frustration with their environment and little space for innovation in an industry that had become very commoditised.

These findings give a clear example of the complexity that entrepreneurs experience in making up their minds to exit a business. In some cases, the respondents would actively have to make the decision to exit and in other cases the decision would be made for them by a board or shareholders, and this too would have an effect on their motivations to exit.

I will now discuss other findings that emerged in the interviews which are related and have either a direct or indirect effect on our understanding of the main constructs of motivation to start a business and motivation to exit as well as to form exit strategy.

RQ 3 Does preparing an exit strategy early result in a successful exit for the entrepreneur?

5.4. Strategy (or lack thereof) to exit prior to actual exiting

Only respondent 4 began his business with an exit strategy in place: *“because it was it was documented, we had a blueprint, we had a document that was the as the advertising world would call it “your brief”, it was our brief” that “was a beginning to end strategy, the outset had had the final equation in mind”.*

Failure to make strategic plans to exit did have various effects on the respondents who were interviewed in this study.

“So it was very much not a strategy and in fact taking it a step further not only was it not only a strategy but many things that we did, retarded our ability to exit optimally”.

Respondent 2

Respondent 2 mentioned that *“even at a very very early stage of the business our thinking was always one day we would exit through a listing or a sell”.* This indicates clearly that there was a plan to exit however, the plan was lacking details as he goes on to explain that *“what we never did was we never actually discussed a timeline for when we wanted to exit, we never discussed who the potential acquirers were, we never discussed what an admirer would be looking for with us and how to fill the void in the gap between what we were and what we needed to be in order to maximize what we wanted to be”.*

In respect of respondent 10, who listed his business on the Johannesburg Stock Exchange (JSE), he remarked that for his business *“our listing was actually the beginning”.* Respondent 6 explained his reasoning for not giving thought to an exit as; *“When you are young, I think most entrepreneurs when they start out, the last thing you are thinking about is ‘how do I get out of here’”.* He went on to say *“I don’t believe you can fathom when you’re young and you’re starting out. You don’t believe that you need to worry about those things.”* Showing consistency, respondent 6 did note that with age and maturity now, he would always ensure he had an exit strategy prepared in any future businesses he would be involved in. Respondent 7 further explained this line of thinking by stating *“So with regard to exit strategies – so with the crane business there was no planned exit, it was just about building, building, building, building.”*

Other respondents justified their lack of planning for exit in the following way:

“It’s always nice to realise value, but when it’s working for you, it’s paying your salary, and nice dividends, sometimes there’s no rush! So it was never designed with the exit path in mind.” Respondent 3

“it’s not the type of businesses that you can build and then get to a stage and then find a buyer and then you get your dividend at the end.” Respondent 1

“I didn’t know how we would ever sell it.” Respondent 5

Perhaps the most enlightening outcome was a perspective that respondent 9 shared on the subject. His unique approach was a refreshing standpoint on a deliberate decision not to plan an exit. His viewpoint is *“I want to make or create a world class company that can stand toe to toe with anyone in my industry, anywhere in the world, and I think you know, that mind set rather than how do I maximise my exit, for me is maybe more important.* For this interviewee planning an exit strategy would be something that would be distracting and is viewed as counterproductive to being completely invested in your business to build and create. This respondent, whose opinion was unique in comparison to the other respondents, was that in his view the path to building a great company was to not plan an exit nor have an exit strategy at all as this would not allow the entrepreneur the focus to build correctly.

Respondent 8 offered some valuable insight as at the time of the interview he was currently or had been involved in 3 businesses; the first, a lifestyle business with no intention to exit, the second a business built with an exit in mind from inception and the third was a business that he had already exited. It is clear that the more mature he became as an entrepreneur the more important it was to plan an exit strategy early on. The opinion raised on the first business being *“With the exit in mind in the business, we didn’t actually build it: a) with an exit in mind and b) it’s not something we would look to exit ever because we see it as a semi-lifestyle business”*. When it comes to his second business the experience had changed as he describes *“It wasn’t built to be sold, it was kind of realised it had to be sold.”* This differs remarkably from his third business which he explains *“we still got to serve clients, and become profitable and all those good things but its built with an exit in mind.”*

The below chart visually represents the approach of the respondents in terms of planning an exit strategy. As can be seen there was only a single respondent whose exit strategy was

mapped out from the very beginning of the establishment of his business. It is relevant to note that this entrepreneur, respondent 4, was successful in harvesting exactly how he and his partners had planned to at inception. Of the respondents who had planned an exit prior to the opportunity but post the inception of the business, three of them were linked to publicly listed companies on the Johannesburg Stock Exchange and therefore their exit from the company was practically speaking less complicated than those involved in the selling of a private company.



Figure 4. Results of respondents for planning an exit strategy

RQ 4 What were the options for exit the entrepreneur was able to successfully take advantage of when he harvested?

In spite of a general lack of planning to exit by the respondents, all considered their exits successful. Although respondent one in particular felt that from a financial point of view his harvest could have been more lucrative, he clearly felt that the sale itself was a success. This is evident from the comment: *“we knew that these guys would do well, which they did for the first 15 years. You sell a business and it still runs for another fifteen years, that’s a success.”* A summary of the final route of exit that each respondent ultimately embarked on is shown in the chart below:

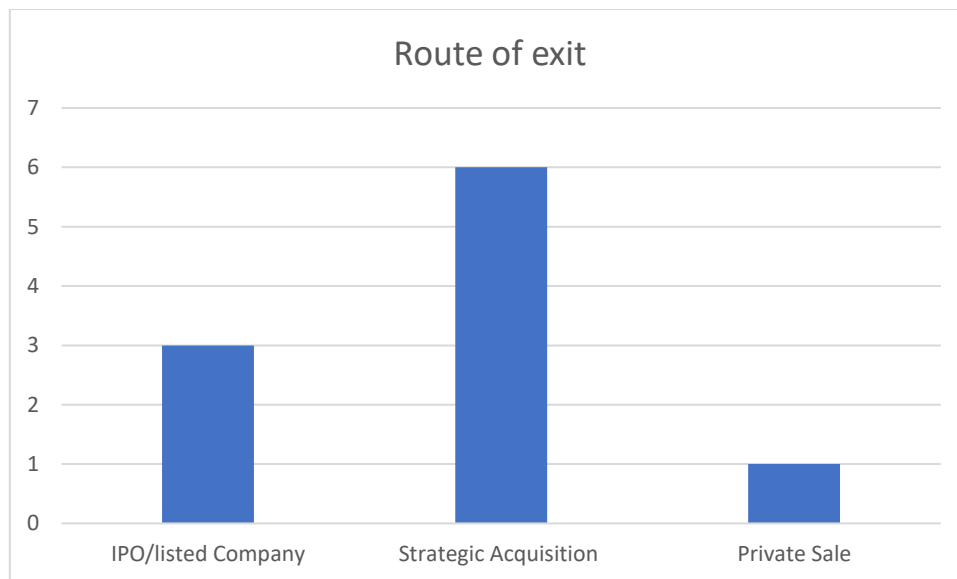


Figure 5. Results of respondents for Routes of exit

The entrepreneurs who were interviewed that exited through an IPO or with-in a listed company in many ways had the easiest exit from a procedural point of view. Two of the respondents felt the actual listing was merely a vehicle for growth and therefore did not look at that specific process as the exit: *“there was never a thought of you know this is a great opportunity, I am now liquid, and I can sell”* (Respondent 6). When it came to the physical leaving of the company, these respondents simply had to hand in a resignation and were then left to either remain outside shareholders or to sell their shares in the public domain.

The majority of those interviewed exited their companies when they were acquired by another company. This therefore appears to be the most common route of exit in the discussion of successful harvests for entrepreneurs. In terms of those respondents, who were able to sell to a strategic acquirer, consideration is given to lifestyle businesses and non-lifestyle businesses. Respondent two noted that although their planning to exit should have been more strategic, their *“thinking was always one day we would exit through a listing or a sell”*. Even so respondent two went on to comment how *“when the admirers came, firstly it came to us as a surprise, secondly we weren’t prepared and ready and thirdly we stumbled on it.”* However, by ensuring that they *“put most of the money that we earned back into the business”* they managed to still secure themselves what they felt was a very lucrative harvest.

Respondent eight, who has experience with multiple businesses, both lifestyle and non-lifestyle, adds to the discussion by commenting that his life-style business is *“semi prepared for an exit but not something we really going to sell we think because it’s a great lifestyle business.”*

One respondent who was interviewed sold his business to a private person. This respondent always assumed that his business was *“not the type of businesses that you can build and then get to a stage and then find a buyer and then you get your dividend at the end.”* In this case, the entrepreneur who sold felt that he was unable to realise the value that he felt the business was worth, yet he and his partners *“actually had had enough”* and could no longer *“work with these type of pressures”* and therefore were happy to be able to just harvest something.

Having looked at all the research questions, attention is now focussed on some other findings that add value to the research. Throughout the interviews the respondents shed light on certain characteristics that added some depth into their characteristics which helped paint a more colourful picture of what it is that drove these entrepreneurs to start their business. These characteristics help in many ways to give more clarity on the motivations, both extrinsic and intrinsic and in some cases on the exits too. The researcher felt that there is benefit to make mention of them as findings to give more of an understanding of what drives entrepreneurs in general as well as some of the contributing to factors to what drove the entrepreneurs who were interviewed.

5.6. Characteristics of the individual entrepreneur

5.6.1. The recognition of luck or a higher power

A theme unearthed, that was almost completely unanimous, that was recognition of luck or God. One respondent even went as far as describing *“people in general, attribute a lot more of their success to their own skills as opposed to pure luck”* (respondent 9). Regardless of the size of the business, the motivation to enter into business or the choice or reasoning of exit, each and every entrepreneur, bar one, felt the need to explain on more than one occasion that it was due to luck or blessing from God that they were able to achieve the success that they achieved.

Few of the interviewees delved into this subject slightly deeper and admitted that you cannot treat business like a lottery and hope you hit your numbers rather, *“You need to be in the right place at the right time and the ability to take the opportunity”* (Respondent 7) and that you should *“calculate your risks”* (Respondent 7). However, agreement seemed to have been reached amongst those that made mention of it, that you cannot hope to achieve high levels of success unless you have been blessed with luck.

Interestingly, the one respondent that made no mention of luck, was the only respondent who had owned a business in the industry he operated in prior, who had a formal business plan, marketing strategy and exit strategy and was the most mature in terms of age. Whether these factors resulted in him bucking the trend of the other interviewees recognition of luck or not cannot be emphatically stated with any degree of certainty but it does open up a thought process that can be explored in future studies.

The recognition of luck or God mentioned in the research was in relation to a wide range of business and life occurrences such as: growth, debt leverage, timing of the markets, being positioned correctly to take advantages of industry changes, finding mentors, finding business partners, coming from a privileged background, coming from an unprivileged background and being born with luck in general:

“So I would gear as much as I could and thank God it went really well and exceptionally fast, God was very good to me.” Respondent 6

“I just fucking lucked it out in terms of our timing.” Respondent 3

“the industry was about to embark on a massive change and we found ourselves in a position very luckily that we were in the midst of this change and we took advantage of this change.” Respondent 2

“So I suppose I was lucky maybe, I mitigated a lot of my downside risk I think as an entrepreneur.” Respondent 5

5.6.2. Recognised an opportunity /quick mover on opportunity

At least half of those entrepreneurs interviewed started their business because they saw an opportunity to fill that which was not being filled. In many of these circumstances the entrepreneurs were in business already and this ability to recognise that there was an opportunity and that once you are in business opportunities will present themselves, was explained by one particular interviewee as *“even goalkeepers will score more goals than the person sitting in the stands”*

The other side of the coin is that once they recognised the opportunity, they were able to move on it very quickly because *“it is almost instantaneous, you see something, you have a plan and you start, and you try”* (Respondent 7).

5.6.3. Recognised a trend

Closely linked to recognising opportunities is recognising trends. Around three of the entrepreneurs who were interviewed displayed a history of constantly being able to recognise trends ahead of the market. Some of the trends were far too early for the technology available but were proven to be good ideas further down the line, such as live sports betting, while others were at the perfect time for them to take advantage of the trends, for example online marketing and advertising.

This ability allowed the entrepreneurs to perhaps have a higher sense of self efficacy than other people and may have been an additional ingredient to be motivated to become an entrepreneur.

5.6.4. Resourceful

There was evidence in the discussions with a number of the entrepreneurs that throughout their life they had always been resourceful in order to achieve success. Finding employment, securing bursaries for education and convincing the banks for funding were some of the specific examples mentioned. This level of resourcefulness that we have come to expect from entrepreneurs would both add to the motivation of an entrepreneur to believe he can exploit an opportunity as well as the confidence that when it is time to exit, that other opportunities will be available in the future.

5.6.5. Perseverance

Probably unsurprisingly, there was strong evidence in many of the entrepreneurs to indicate that they had persevered much, not only throughout their lifetime in the specific business being discussed but throughout their lifetime in general. Comments made that describe when an interviewee *“started knocking on people’s doors and shops”* in order to sell his products is evidence of this fact.

The above characteristics add some extra complexity to the entrepreneur’s personalities and it is believed that this adds more understanding to what helped them to be motivated enough to start their business or be motivated enough to exit it.

5.7. Summary of results

The results chapter organised the data that was unearthed in the interviews in terms of the research questions. Research question one dealt with the motivations to start a business. Details were given on the statements made regarding intrinsic and extrinsic motivations. Research question two then went into the exit, with specific focus on monetary and non-monetary motivations. The role of preparation to exit was considered in research question three and then attention was paid to how and what the actual exits were encountered in research question four. In the next chapter these findings will be discussed and understood in more detail, once again following the structure of the research questions.

6. Discussion of the Results

This discussion chapter will first introduce a novel concept that was unearthed in the interview process and deals with the motivation factors that result in the entrepreneur exiting his business. A summary of all the interviews is then presented in table form for ease of reference and to provide a bird's eye view of the outcomes. Each research question will then be utilised as the basis from which to compare the literature review and the findings.

Mentioned in the findings chapter was how none of the interviewees bar one displayed exclusively intrinsic motivation or exclusively extrinsic motivation to start their business. In this chapter this theme will be explored. As will be noted further on, although the entrepreneurs were not motivated exclusively intrinsically or extrinsically initially, a tendency or a bias did exist towards one or the other. The relationship of this tendency or bias of their initial motivation to the exit of the particular entrepreneur emerged as an interest in establishing the answer to the research question enquiring about factors affecting the decision to harvest.

This research aims to contribute to the existing knowledge of research on entrepreneurial exits by introducing simple yet novel terminology. While motivations to enter into business have long been accepted to be "extrinsic" or "intrinsic" (Carsrud & Brännback, 2011; Elfving, 2008; Malebana, 2014; Ryan & Deci, 2000; Zimmerman, 2013), it became clear that the decision for entrepreneurs to exit can be "extrinsic" or "intrinsic" too. Despite the fact that many people think successful entrepreneurs harvest for the primary reason of realising liquidity or wealth, the research found that this was not the case. From the 10 interviews conducted the desire to exit appears to be for more intrinsic reasons than extrinsic. These intrinsic reasons include fatigue or exhaustion, loss of passion, a perceived or actual loss of independence, a feeling of lack of growth in their own business and a breakdown of a partnership. In cases where the entrepreneur does harvest primarily to realise wealth, it would then be considered an exit for extrinsic reasons.

Unearthed in the findings is a representation of how all the categories such as independence, need for achievement, passion or exit all have different meanings for the different entrepreneurs. This richness contributes to the importance of this study or any empirical research for that matter.

As the research questions are discussed in more detail below, it is important for the reader to be mindful of these new definitions with regards to the motivation to exit as well as the classical definitions of motivation to enter or establish the business. This being that an entrepreneur will be either extrinsically motivated or intrinsically motivated or both to enter into their business and likewise he will be either extrinsically motivated or intrinsically motivated or both to exit his business.

In the below table a summary is provided of the interviews. The table makes specific reference to the motivation that each entrepreneur possessed as a drive to establish his business. Almost all the entrepreneurs possessed a combination of motivations and was not exclusively driven by extrinsic or intrinsic motivations. However, each of them were predominantly motivated by an extrinsically or intrinsically factor. Therefore, in the table below, the respondents overarching motivation has been highlighted giving the reader a clear understanding of whether a particular respondent was extrinsically or intrinsically driven. The same thing has been done for the motivation to exit from the business, with the overarching motivation highlighted. The first two columns help contribute to answering Research questions one and two, as well as shed some light on research question three.

The last column included in the table also lists the type of exit that that the particular respondent was able to make. This column contributes to research question four and can also be used to help answer research question three too.

Table 2. Individual respondents' motivations to establish, to exit and type of exit

Respondent	Motivation to found	Motivation to Exit	Type of Exit
1	Intrinsic: Creative; Extrinsic: Needed money to survive	Intrinsic: Sold to new buyers. Fatigued and desperate to Exit.	Approached by up and coming competitor and facilitated the opportunity
2	Extrinsic: Create wealth; Intrinsic: Master of own destiny, Creator, Independence	Extrinsic: Sold to MNC. Opportunity to harvest arrived and was taken	Approached by Multi National Corporation looking to grow their African footprint
3	Extrinsic: Make money, recognition; Intrinsic: desire to build, driven, desire to succeed	Ex/Intrinsic: Sold to another company. Fatigued and felt more money could be made with same effort	Approached by a customer and felt that the time was right.
4	Extrinsic: Make money and create wealth, build an exit able business	Extrinsic: Sold to another company. Offered an amount for their business and the opportunity to sell was right	Approached by a licensee of the product who wanted aggressive growth
5	Intrinsic: bored/monotonous, wanted more from life, create, grow, feeling of fulfilment, have fun; Extrinsic: Make money	Intrinsic: Felt lack of independence after giving up shares	Parent company became public
6	Intrinsic: Create, have fun, build, build something different, build something special, need for achievement, passionate	Intrinsic: Listed. There was a decision or an event that led to the decision to leave	Went public many years prior as a growth strategy but only viewed his exit as when he left the company

7	Intrinsic: Not work for a boss, Independence to build ideas, run with creative flair	Intrinsic: Sold to new buyers. No relationship with new owners. Feeling burnt out	Approached by partner who was looking to exit and took the opportunity
8	Intrinsic: Problem solve, need to achieve, desire to build, have fun Extrinsic: Make Money	Intrinsic: Sold to another company. Realised that the business needed more capital to carry on and grow and was unable to provide it what it needed. Extrinsic: Building it to sell for value	Operated in a space where there was realistically only one potential purchaser of the company and a deal was made
9	Intrinsic: Desire to build, Be the best	Extrinsic: Sold to Private Equity. Viewed simply as a liquidity event and not an exit. Was an opportunity to realise liquid on the equity	Sold a portion of shares to private equity as a liquidity event but does not view himself as exited
10	Extrinsic: Make money, be recognised Intrinsic: Desire to return family name, passion for property, learn from mentor	Extrinsic: Money to do other things Intrinsic: too political, no independence, bureaucratic	Listed the company as a growth tool at inception and this allowed for a seamless exit

RQ 1: What are the specific and individual factors affecting the decision to establish a business by the entrepreneur?

6.1.1. Summary of literature – extrinsic motivation to establish a business

Making money and achieving financial independence is a powerful motivator for many individuals to become entrepreneurs (Chu et al., 2007). This motivator is consistent in both developed and developing economies (Hung & Katsioloudes, 2002). With correct planning and intentions, the rewards derived from extrinsic motivation has the ability to add significant happiness to the lives of the individuals who choose to seek them. These rewards are often tangible in terms of money, stock options or other forms of compensation. However, they are not exclusively tangible as social standing, power and status are considered intangible extrinsic rewards too. The definition of Locke and Schattke (2018) of extrinsic rewards, which explains it as “doing something in order to get some future value (or avoid some future disvalue)” in order to reach a level of happiness has also been considered in this discussion.

6.1.2. Summary of literature – intrinsic motivation to establish a business

Deriving satisfaction from the task itself and not necessarily the outcomes of the task is a view that has been taken in the literature to understand intrinsic motivation to establish a business. It would be unlikely that an entrepreneur is motivated for a single reason or simply due to intrinsic or extrinsic drivers. However, the literature is abundantly rich with attempts to understand and explain what those drivers of satisfaction are. The general entrepreneurial motivations that are brought by Shane, Locke and Collins (2003) are highlighted in the literature review and discussed in more detail.

In research conducted by Rauch and Frese (2007) a relationship was established between the motivation for need for achievement and entrepreneurship. As McClelland (1967) noted entrepreneurs possess high levels of need for achievement and this is often a driver to achieving success both in establishing a new firm and making that firm successful.

Yet another popular driver to become an entrepreneur is the desire for individuals to be independent, have independence or to be their own boss. This is a motivator that has remained consistent regardless of whether the economy was developing or developed. When many think of entrepreneurship this is often the first factor that is considered (Benzing, Chu, & Kara, 2009; Chu, Benzing, & Mcgee, 2007).

Embarrassment as a result of failure is considered a motivator for entrepreneurs too. Should the level of embarrassment be high, Carsud et al. (2009) acknowledge that the motivation to avoid failing which will lead to the embarrassment will be high too. The fear of failure is driven out of the necessity for the entrepreneur to avoid disappointment and is credited as the reason that entrepreneurs appear to possess an ability to show stronger resolve to not fail than other individuals.

Much has been written on the subject of entrepreneurial passion, which can be an entire research study on its own. For the purposes of this discussion though, some points will be highlighted. The association of providing the entrepreneur with meaning due to his actions is linked to passion. In fact, research has proven that when passion is not only possessed but displayed too, then entrepreneurs have a better chance at securing funding. Davis et al. (2017) take this one step further by showing that the more passion the entrepreneur possesses the more funding will be received. In addition, Vignoles et al. (2006) notes how entrepreneurial passion can be differentiated into two components: self-identity and intense positive feelings.

6.1.3. Summary of findings – extrinsic motivation to establish a business

For those entrepreneurs in this study whose overarching motivation was extrinsic, the specific motivation most commonly mentioned was financial gain. Even among those respondents whose overarching motivation was intrinsic, mention was still made of making money or being interested in order to create wealth. Taking the specific extrinsic motivation of money one step further, respondents indicated a fear of losing others' money as a driving motivation as well as not wanting to be poor.

Reputations and having a "good name" were a theme that came up in the interviews. This was from a dual perspective: i) to build up a reputation through business achievements and ii) to not lose an already good reputation that has been developed. Looking at these two examples highlights a complexity to the study of entrepreneurship and the motivators. Some entrepreneurs are driven by past experiences and some are driven by future potential. These drivers are not mutually exclusive and any particular entrepreneur can be classified into one or both categories. Money, financial gain and liquidity nonetheless remained the main motivators communicated as the extrinsic motivation of the entrepreneurial exit chosen.

6.1.4. Summary of findings – intrinsic motivation to establish a business

The majority of respondents in this study had an overarching bias towards an intrinsic motivation. In some cases, there was no mention made of any extrinsic motivation at all. The most prevalent themes to have emerged that were considered intrinsic were: i) a desire to succeed, ii) independence, iii) a desire to create or build something, iv) passion, v) problem solving and vi) fun and enjoyment. These findings will be summarised below.

The term “desire to succeed” was used to encapsulate two similar but fundamentally different concepts. Firstly, there were respondents whose driving motivation was to build a company that was the best in its class. Domination and greatness were associated with this drive. Second was the drive to make a success of their business. This was against a subjective benchmark that the respondent felt would define his own personal success.

Just like the motivation of desire for success, the motivation of independence was understood in more than one simple facet. An expectancy existed for the entrepreneurs to express their personal desire to be self-employed due to not wanting to work for a boss. However, other explanations for independence were so that decisions could be made freely, and gut feelings could be explored without fear of failure or incorrect decisions. Bureaucracy, often limits independence and, is often associated with publicly listed companies that have a fiduciary responsibility to its shareholders, and therefore those entrepreneurs who were associated with publicly listed companies in this study all made mention of how a feeling of reporting to boards and shareholders affected their independence.

Creating and building something was a particular robust motivator that was mentioned by a number of respondents. Sometimes the description was broad such as the business being different, other times it was more specific, such as building a strong work force and a good team. Starting a business in and of itself is often considered building by some entrepreneurs and this process added to their fulfilment of their motivation.

Interestingly, passion was often something that grew and not an initial motivator within this study. Respondents would continue being motivated by growing their passion in their business as opposed to establishing their business through a specific passion in a specific field. There were entrepreneurs who were driven to establish their firms by feeling a lack of passion

in their previous roles and so the exploration to find something to be passionate about was driving them.

According to one of the respondents, the definition of an entrepreneur is to be a problem solver and so this is what motivated him to establish his business. Having solved a personal problem allowed him to offer his solution to others and in so doing he began to generate profit.

Many famous entrepreneurs have revealed how when you do something you love and enjoy doing it, then it does not feel like work. So too in this study numerous respondents alluded to how having fun can create an enjoyable environment for both the specific entrepreneur as well as all his relationships, whether those relationships exist in the workplace or at home.

6.1.5. Comparing the literature and the findings

With regards to the extrinsic motivations to establish a business, the findings in this research were consistent with the literature of previous studies. Financial freedom and wealth creation are the themes that previous research has recognised as motivators and this was consistent in the entrepreneurs interviewed. Further motivations such as the 'intangibles' like status and social standings discussed in the literature were noted in the findings too. The theme of power that the literature spoke about did not present itself in any overt fashion however, a larger sample size of respondents may have unearthed this.

RQ 2 What are the specific and individual factors affecting the decision to harvest a business by the entrepreneur?

6.2.1. Summary of literature – extrinsic motivation to exit a business

Entrepreneurial exits are part of the entrepreneurial process, yet planning an exit strategy is often overlooked. Despite research proving that those who plan to exit in a certain manner usually are successful in implementing it upon exiting (DeTienne, 2010), many entrepreneurs still fail to make that plan. The entrepreneurs who do plan their exit upfront and have a formal strategy tend to organise their resources in their business in such a way that allows them to exit in that desired fashion (Albert & DeTienne, 2016).

6.2.2. Summary of literature – intrinsic motivation to exit a business

Successful exits in the past, from a founder's perspective, have given us limited understanding according to Rouse (2016). Hsu et al. (2016) depart from the traditional assumptions that

entrepreneurial exits are based on logical decisions that calculate a financial upside simply, by explaining how even a clash of family life and work life may lead to entrepreneurs considering to exit.

Rouse (2016) further states that the exit is often for psychological reasons as driven by emotion or as Danes et al. (2009) suggest an inability to juggle work and family life. As expressed above, entrepreneurs display a high need for achievement and therefore when they feel they are not achieving this, it could be a motivator to exit, despite the fact that success may objectively be attained (Winter et al., 2004). Some less surprising reasons given for entrepreneurs choosing to exit their business for intrinsic reasons are age, health or family structure issues (Marlow & Swail, 2014).

6.2.3. Summary of findings – extrinsic motivation to exit a business

For those entrepreneurs whose exit was extrinsic, the decision of whether to sell or not was often determined by price. From the interviews conducted, all the exits that took place for extrinsic motivations were due to an opportunity presenting itself for the exit to be facilitated. By this it is meant that although a decision to exit may have been made, an acquirer was never approached. In all the cases the acquirer approached them as the business owners to purchase and for various reasons the entrepreneurs felt that it was then the correct time to enter into negotiations to conclude the sale.

6.2.4. Summary of findings – intrinsic motivation to exit a business

Business fatigue was revealed as one of the major intrinsic motivations to exit regardless of the age or background of the respondents. The tension, anxiety and burden that comes with running your own business, regardless of the size of the firm can affect anyone. Worrying about expenses, growth, sales and the livelihood of others put enough pressure on some of the respondents so that they were willing to “cash out” for a figure they deemed below what their company was worth.

As was discussed, independence is a powerful motivator to establish a business and therefore the lack of it is not surprisingly a powerful intrinsic motivation to exit. The form that this lack of independence can take can be complex and differ between different entrepreneurs in various circumstances, such as becoming answerable to a board and shareholders or not being able to have a personal life due to the commitments made to the business.

The drive for entrepreneurs to constantly be looking to achieve, succeed and improve is what differentiates them from others, therefore when that ability to achieve is no longer available or perceived to no longer be available an intrinsic motivation to exit can be triggered. Growth needs to happen for the entrepreneur, for the business and for the entrepreneur in the business or, as was unearthed in the findings, he will be driven to exit.

Many of the respondents built their businesses in partnerships and so when the breakdown of those partnerships, or the environments that those partnerships had broken down in manifested, another intrinsic motivator for certain of the interviewees to exit was triggered. The findings made it clear that the financial situation of the venture was not even considered when the alternative was to remain in a partnership that the entrepreneur no longer wished to be a part of.

6.2.5. Comparing the literature and the findings

Contrary to the literature which treats an IPO as an exit for the entrepreneur (Albert & DeTienne, 2016), two of the entrepreneurs that listed businesses viewed the listing process as a purely growth strategy with no considerations to their exit. What they do not acknowledge though is that being a publicly listed company did allow them to walk away when the time came and to make the individual exit without having to go through the further stress of looking for a buyer and negotiating a sale.

Once again, the findings support the literature in terms of intrinsic motivations to establish a firm and intrinsic motivations to exit. The dominant themes in the literature such as independence (Benzing, Chu, & Callanan, 2005; Benzing et al., 2009; Chu, Kara, & Benzing, 2008; Chu, Leach, & Manuel, 1998), need for achievement (McClelland, 1967), fear of failure (Carsrud et al., 2009) and passion (Cardon et al., 2013, 2009) have all been alluded to directly by the respondents as motivations to establish their business. The findings of this study tended to be more comprehensive with regards to the intrinsic motivations to exit in comparison to the previous literature. Although Rouse (2016) acknowledges that emotional reasons can be responsible for deciding to exit rather than rational reasons, details are lacking as to what those emotional reasons are. The findings therefore extend the literature in this regard by categorising some of the specific themes that motivate this exit. These themes being fatigue and burnout, lack of independence, lack of personal or business growth and a breakdown of partnerships.



Figure 6. Visual summary of statements and themes

RQ 3 Does preparing an exit strategy early result in a successful exit for the entrepreneur?

6.3.1. Summary of literature

Preparing to exit occurs on both a physical and an emotional level (Rouse, 2016). In different entrepreneurs the actual physical exit may be before, during or after the emotional exit. Rouse (2016) continues to describe how the emotional and physical exits are in fact two separate events despite having an association. This emotional detachment from an organisation that an entrepreneur established and grew is sometimes too difficult to undertake, so much so that the founder struggles to truly make the disassociation (Cardon et al., 2005).

The literature differentiates between exit strategy and entrepreneurial exits (DeTienne et al., 2015). An exit strategy is a plan on how the entrepreneur intends on harvesting prior to his actual exit from the firm. Contrastingly, an entrepreneurial exit is a measurable actual event that is deemed to have taken place when control of the business has been transferred to others (DeTienne, 2010).

Designing an exit strategy early on increases the likelihood of eventually exiting in that way (DeTienne & Cardon, 2012). Yet many entrepreneurs only begin to consider the exit at the

time that they want to exit, and those reasons are usually personal (Justo et al., 2015). This is despite previous literature supposing that the exits were intentional decisions by the entrepreneur based on sound financial principles (Bates, 2005; Campbell, 1992). The literature indicated that entrepreneurs with more experience did not create as strong an emotional connection to their businesses as their less experienced counterparts and were thus more likely to develop an exit strategy earlier on.

6.3.2. Summary of findings

Overall the majority of respondents did not establish their businesses with an exit in mind. As the opportunity to harvest approached, there were entrepreneurs who had already begun to consider their exit. Whether this consideration caused the opportunity is not clear from this study but certainly would make interesting research in the future. Half of the entrepreneurs interviewed though only considered their exit when the opportunity was presented.

The mindset of most of the respondents when they started out was generally focussed on simply building their company. A reason given for lack of planning an exit was that being young and feeling the need to put one's head down and do whatever needed to be done in order to build the company was what dominated their headspace. Another reason verbalised was that while the business was financially stable the respondent felt no need to rush into designing an exit. These factors outline how little to no time was ever considered for the exit or to formalise an exit strategy. A verbalised result of this was that respondents felt that their ability to harvest at the time of exit was hampered and that better planning would have ensured a more financially lucrative or less stressful and tedious exit. A unique approach mentioned by just one respondent was how he deliberately did not plan an exit as he felt that this would interfere with his goal of building a world class company. His feelings are that once an exit is planned, the entrepreneur will work towards it and this will distract him from investing in full both physically and psychologically into the business he was building.

The theme of age and maturity relating to planning an exit strategy was clearly noticed. Many of the interviewees commented how when they were young they were only looking to build. While some of the older or mature entrepreneurs (mature in terms of both age and/or entrepreneurial experience) discussed how in their later businesses or in businesses they may plan to involve themselves in in future, an exit strategy is top of mind and most certainly planned.

6.3.3. Comparing the literature and the findings

In terms of preparing an exit strategy, support was discovered in the findings for the literature which upheld the existing research. More specifically, with regards to entrepreneurs who have more experience, the findings support the literature that suggests planning an exit strategy early on in the formation of the business.

Many academics (DeTienne, 2010; Wennberg & DeTienne, 2014) agree that less than 50% of entrepreneurs plan an exit strategy early on. My findings upheld this claim as there was only one respondent who initiated his business with an exit strategy. Even by expanding the time frame to before the opportunity to harvest was presented but after the establishment of the business, the figure of those who had a strategy is still at 50%.

More than 2 out of every 3 entrepreneurs who plan to exit in a certain way eventually are successful in exiting in that way, according to the literature (DeTienne, 2010). What the findings espoused was consistent with this, despite it being a very low number. What was interesting is that the interviewee whose exit was planned initially, confirmed that his eventual exit was exactly how he and his partners had planned all those years before. Further supporting the literature, the research noted how not preparing an exit strategy culminated in the entire exit process taking longer and being more drawn out than it could have been with more strategic planning. Other respondents indicated that their harvest could have been more financially lucrative than they had hoped, and though a relationship to better planning did seem to exist, further investigation would need to take place to assess this relationship.

RQ 4 What were the options for exit the entrepreneur was able to successfully take advantage of when he harvested

6.4.1. Summary of the literature

Entrepreneurs who are able to list their companies in an IPO stand a chance for a very lucrative harvest, provided they are successful with the process. The downside of an unsuccessful listing is far more damaging than in a private sale. However, as the information is public, more research is available on these types of exits than any other types.

The most common type of harvest is a sale by the entrepreneur to another company. It is thought that the company that is making the purchase pays a premium for the control but is

willing to pay this premium in order to achieve its strategic objective that it believes the competencies purchased by the ownership will bring it.

Although considered to be the least lucrative and possessing the least information, a sale to a private individual allows the entrepreneur the most control over the sale process. Advantages such as staying on and benefitting from a salary and controlling the time frames of the deal can lead the entrepreneur to search down this path. Although it would be thought that these types of sales are more common with lifestyle entrepreneurs, DeTienne (2010) notes that lifestyle entrepreneurs are unlikely to harvest their business.

6.4.2. Summary of findings

The interviewees who were involved in listed companies considered the listing at the beginning of the process. These listings were usually to raise capital and to grow their business. The fact that they were listed with public shareholders did pave the way for a less complicated exit on a personal level.

Most respondents followed the option of selling their companies to another company. The opportunity arose when they were approached and for specific reasons those opportunities were taken. Mention was made of how, due to the fact that the companies that the entrepreneurs were selling were not lifestyle companies, they could be sold as a going concern. Profits that were constantly invested back into the company meant that the value of the harvest could be higher, and more liquidity could be realised.

A sale between individuals was reported by one of the respondents. This sale was made for a harvest that the interviewee felt was not lucrative. Despite this his motivation to sell was out of pure frustration and fatigue and was satisfied that the deal could be done.

6.4.3. Comparing the literature and the findings

The findings were consistent with the literature in regard to exploring the options that the entrepreneurs faced to exit. With regards to the entrepreneurs whose exit involved an IPO, they were able to physically leave the company with minimum complication and carry onto their next venture.

The literature notes that most sales occur in the strategic acquisition category and the findings in this research corroborated this. The majority of respondents in this project chose

that route of exit. The literature was upheld with regards to the discussion on lifestyle businesses too and how they are less likely to be sold.

Consistency in the discussion on the private sale to individuals was most noticeable. In the study this was the only entrepreneur who mentioned not being satisfied from a monetary perspective. This upholds the literature that remarks how the pay-out of the harvest can be lower. Consistency was also reached with regards to the time frame the entrepreneur remained in the business.

6.5. Summary of the Discussion

The discussion chapter introduced the novel terminology of “extrinsic” and “intrinsic” with regards to the motivation that entrepreneurs have when exiting their business. A snapshot of all the respondents interviewed was presented, highlighting the overarching motivation that each entrepreneur established and exited their businesses with, as well as the route of exit that was chosen. After such presentation each research question was discussed taking into account the relevant literature and findings associated with them. From a discussion point of view, the literature and findings were compared to see where the findings upheld, contradicted or extended the literature. The findings chapter will follow, and the principal outcomes of this study will be presented.

7. Conclusion

Having just been through an exit process of his own, the researcher wished to understand from an academic perspective the motivations associated with an entrepreneurial harvest. Encouraged by the call from other academics on the specific subject of the motivations to both establish and exit (DeTienne & Cardon, 2012; Wennberg & DeTienne, 2014), the research questions were asked. The contribution that was sought to be made from this particular research in the construct of entrepreneurial exits was two-fold. Firstly, the overwhelming majority of studies dealing with entrepreneurial exits have been quantitative (Albert & DeTienne, 2016; Bayar & Chemmanur, 2011; Hsu et al., 2016), so much so that Wennberg and DeTienne (2014) find it surprising that more qualitative work has not been carried out. Therefore, by approaching this qualitatively it was felt that more insight could be gained in asking the “*How*” and “*Why*” questions. Secondly, by focussing on the entrepreneur himself, as opposed to the firm that he is exiting from (Dehlen et al., 2014) a different perspective can be gained, especially by looking at it from a qualitative perspective.

7.1. Principal findings

A number of interesting findings have been noticed which can be used for more exploratory research. The findings themselves can be relevant to more than one research question. In terms of consistency though, these principal findings have been arranged according to the research questions.

RQ 1: What are the specific and individual factors affecting the decision to establish a business by the entrepreneur?

7.2. First principal finding

Just as no two opportunities are the same, no two entrepreneurs are the same. What makes the field of study with regards to entrepreneurship so exciting is that each event that is researched allows for new concepts and practices to be derived. Therefore, the field is complex and by trying to fit the unit of measurements, be it the entrepreneur himself or the business, into a cage is complex too. Consequently, this study realised that the majority of entrepreneurs will never establish and/or exit a business purely for extrinsic or intrinsic reasons. Most likely it is a combination that drives him. Despite this, strong evidence was gained to propose that although the motivation may be a cocktail of intrinsic and extrinsic,

there is an overarching bias towards one. On occasion this bias is ever so slight and on other occasions it is prominent.

RQ2 What are the specific and individual factors affecting the decision to harvest a business by the entrepreneur?

7.3. Second principal finding

A fresh perspective is introduced to view the motivation that entrepreneurs exit their business with. By defining the motivation for exit as “intrinsic” means that the entrepreneur’s relationship with the business was ended due to internal reasoning and most likely emotional reasons. Conversely, referring to the definition of the motivation to exit as “extrinsic” refers to entrepreneurs whose decision was mostly external reward and likely rational.

RQ3 Does preparing an exit strategy early result in a successful exit for the entrepreneur?

7.4. Third principal finding

The proposition of this research is that the more extrinsic the motivation to become an entrepreneur, the more planned the exit will be. Conversely, the more intrinsic the motivation to become an entrepreneur the less planned the exit will be. Reasoning for this may be due to the fact that those entrepreneurs who establish businesses to make money view their business more as an investment and are less likely to create an emotional attachment associated with intrinsic exits.

RQ 4 What were the options for exit the entrepreneur was able to successfully take advantage of when he harvested

7.5. Fourth principal finding

Entrepreneurs show consistency in their motivations to establish and their motivations to exit. What this means is that an entrepreneur who establishes his business due to being intrinsically motivated, for example out of a desire for independence or to be his own boss, will most likely be motivated to exit for intrinsically motivated reasons too, such as the feeling of lack of independence. Considering an entrepreneur whose main motivation to enter into business is to make money, his motivation to exit will most likely be extrinsic too, such as harvesting to realise a high return on investment.

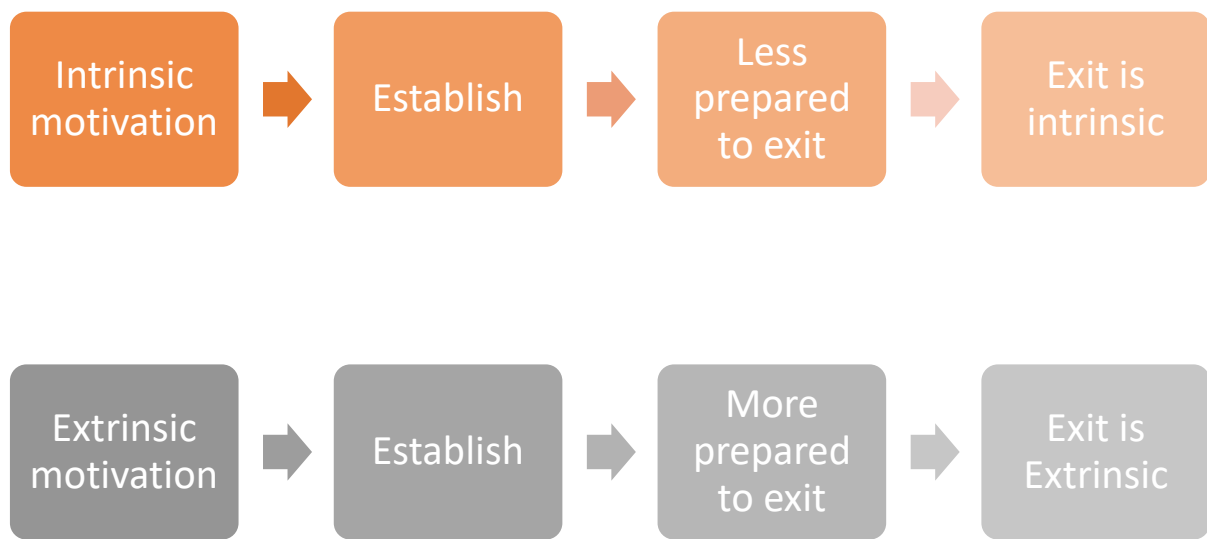


Figure 7. Visual summary of Principal Findings

7.2. Implications for management

If you are an entrepreneur managing your own business the key implication that will be derived from this research is that a planned exit has the potential to be more lucrative and less stressful for yourself. As certain as it is that the revenue services will be knocking on the door for taxes so too can one be certain that at some point an entrepreneur's exit from the business will take place. The more prepared an entrepreneur is for his exit the less emotional it will be for him, those closest to him and the institution from which he is exiting.

If an entrepreneur established his business for intrinsic motivations, he is unlikely to have formalised an exit strategy and therefore should begin to put one in place as soon as possible. The ability to plan an exit will result in a more successful exit for the entrepreneur. Despite this, most entrepreneurs will only consider an exit once the opportunity to exit presents itself.

Entrepreneurship is gaining popularity as a subject that can be taught. So much so that universities are offering undergraduate degrees, honours degrees and master's degrees in entrepreneurship (University of Pretoria, 2017). The findings in this research will benefit students of the subject. Knowledge of the advantages of preparing an exit strategy as early as possible is vital for potential success.

In order to promote job creation, the government must promote entrepreneurship. Part of promoting entrepreneurship is creating awareness around it and equipping potential entrepreneurs with the skills to be successful. These entrepreneurs will therefore gain from the findings in this research. The same principal will apply to business coaches and those involved with business incubators. By understanding the process of entrepreneurship and the motivators driving it, these mentors can give better guidance to future entrepreneurs.

As an investor, the more knowledge and information they have, the better their investment decisions can be. If an investor is able to identify if the founder of a business is intrinsically or extrinsically motivated, he may be able to use that information to make a more well-rounded investment decision and so he too would benefit from this study.

7.3. Limitations of the research

Not through a planned approach on behalf of the researcher, the entrepreneurs who were interviewed represented a homogenous group, that being white, male, English speaking primarily with businesses in Johannesburg. This could place a limitation on the richness of the data by lacking diversity. Owing to the fact that this project required to be completed in a limited time frame, a sample with more variety was difficult to assemble. Furthermore, the possibility exists that the entrepreneurs who were interviewed may have felt the need to make their stories more heroic than the reality as they were known to the researcher.

Carrying on the point of the time frame, the researcher believes that a study akin to this should be conducted in a longitudinal approach. This would be able to truly track the motivations of the entrepreneurs in “real” time and unearth richer data. The cross-sectional approach to this study, especially considering that entrepreneurs were requested to cast their minds back to an emotion that may have been decades prior, certainly opens up the likelihood that the entrepreneur has retrospective bias and could limit the objectivity of the data (Dehlen et al., 2014).

By ticking the boxes required to have been part of the sample himself, the researcher accepts that bias most likely affected this study. In addition, being a qualitative, narrative study, more room is afforded to the researcher to affect the study with his bias and despite a conscious effort to remain impartial and to keep personal expectations aside, this is still considered a limitation.

Despite the best efforts of the researcher, the entrepreneurs who were interviewed often took their answers on different paths to what the researcher was asking. As it is difficult to predict where the relevant data will come from, the researcher would listen and take notes however the same questions were not asked in the same order to all the entrepreneurs, which may be considered a limitation.

7.4. Suggestions for future research

Entrepreneurship as a field of study is still under researched and therefore so many exciting angles exist for which knowledge can still be explored. Through the course of this research many interesting angles to the subject matter have presented themselves as opportunities to be explored further.

Making use of threshold theory, research should be conducted to establish if entrepreneurs who establish a business with intrinsic motivation will be intrinsically motivated to exit should the initial minimum threshold be breached. Just as likely then to discover if entrepreneurs who establish a business with extrinsic motivation will be extrinsically motivated to exit should the initial desired threshold be reached.

Future research could also explore if entrepreneurs who purchase businesses are more likely to have extrinsic motivations than entrepreneurs who establish businesses themselves. The research can further explore the emotions that this research proposes is linked to intrinsic motivation. Similarly, future research may also explore if there is a difference between first time entrepreneurs and serial entrepreneurs in terms of planning their exit.

By interviewing entrepreneurs who were involved in a diverse range and types of businesses, the researcher felt that future studies exploring if the type of business effects the ability to exit. This could then be further examined if there are specific characteristics within the entrepreneur that lend themselves to be more exit-able such as age, education or gender for example.

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Appendix 1 Draft interview guide

1. Introduction

- Introduce self, role
- Review purpose of study: to establish if any relationship exists between motivation to be an entrepreneur and exit strategy.
- explain method of data capture and analysis: interviews using narrative style and atlas.ti to analyse themes
- Informed consent, confidentiality and anonymity
- Estimated completion time: Early November
- benefits to respondent:

2. Your motivation to become an entrepreneur

- Family background, history
- Education, work experience
- What kind of person are you? How would others describe you?
- What drives and motivates you? Need for achievement, Locus of control, Vision, Desire for independence, Passion and Drive
- Did your path begin out of identifying an opportunity or out of necessity?
- Novel entrepreneur – blue waters; routine entrepreneur – red waters

3. How your exit strategy was formed

- At what point was your exit strategy considered?
- How did your exit strategy develop?
- How close to your initial exit strategy did your actual exit occur?
- How do you feel that planning or lack of planning an exit strategy positively or negatively affected your actual exit?

4. Future

- Do you have any future plans to get into business?
- Do you think that the same motivations for starting your initial business would be valid to start another business?
- Would you consider your exit strategy early on should you choose to enter into business again?
- What/when did you need the most help?
- What advice would you give to someone starting a new social enterprise?

Appendix 2 Informed consent form

Good day,

As part of my studies at the Gordon Institute of Business Science (GIBS), I am conducting research on exits by entrepreneurs and am trying to find out more about the motivation that entrepreneurs found their businesses with and the relationship with their exit strategy.

Our interview is expected to last about an hour and will help us understand how entrepreneurs form a strategy of exit and the benefits this has for the entrepreneur in specific and the firm and the environment he operated in in general

The interview will be recorded, and your participation is voluntary, and you can withdraw at any time without penalty.

All data will be reported without identifiers.

If you have any concerns, please contact my supervisor or me.

Our details are provided below.

Justin Jacks

Email: jhjacks18@gmail.com

Kerrin Myres

Email: myresk@gibs.co.za

Appendix 3 Consent letter

**Gordon
Institute
of Business
Science**
University
of Pretoria

04 July 2018

Jacks Justin

Dear Justin

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee

