

The Planned Decision to Transfer an Entrepreneurial Company

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The Theory of Planned Behavior (TPB) is used in this paper to empirically study whether an entrepreneur transfers his/her firm, conditional on exiting the firm. TPB posits that entrepreneurial intentions drive actions, being the transfer of a business. The TPB framework is expanded by assessing whether formal and informal planning of the exit process further explains the remaining gap between intentions to transfer and the actual transfer. Based on survey responses of 198 Belgian entrepreneurs who exited their company between 2001 and 2006, the TPB explains both the intention to transfer and the actual transfer with a significant amount of variance. Formal planning of the exit has no direct impact on business transfers.

Introduction

What determines whether an entrepreneur is able to transfer his or her business, or whether the business is simply terminated? Despite the importance of this question to academic researchers, policy makers, entrepreneurs and other stakeholders, surprisingly little is known on the exit process and outcome (DeTienne and Cardon, 2007). The exit event is important to entrepreneurs, as all entrepreneurs experience an exit at least once, either during their lifetime or at their death. It is hard to find another type of event more noteworthy in the professional life of an entrepreneur than the exit (Petty, 1997). A business transfer is defined as “a transfer of ownership of an enterprise to another person or enterprise that assures the continuous existence and commercial activity of the enterprise” (European Commission, 2003). Compared to simply closing down a business, transferring the business not only produces higher economic wealth for the entrepreneur, but it also has an important personal impact (Petty, 1997). The transfer of the business, rather than its termination, is further important for all stakeholders, for example, employees, customers, suppliers, other shareholders and financiers. Transferring a business is anything but a trivial event. For example, information on the business has to be produced in order to allow for due diligence by the acquirer, a potential acquirer (family member, employee or other company)

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has to be found, and an acceptable transfer price has to be agreed upon. Transferring a business is thus a more lengthy, time consuming and costly process than liquidating the business. It is therefore relevant to study the determinants of a business transfer conditional on the exit of the entrepreneur. We will use the Theory of Planned Behavior (TPB) as the central theoretical model (Ajzen and Fishbein, 1980) and augment it with formal planning measures (Gollwitzer, 1999).

The transfer of entrepreneurial companies is further a prime concern of governments and policy makers. The European Commission estimates that a third of all European entrepreneurs will exit their business within the next 10 years due to retirement (European Commission, 2006). This proportion is higher than ever due to demographic effects such as the baby boom generation that is now due to retire and due to the overall ageing of the population. Whereas intergenerational transfer used to be considered as the most natural way of exiting a business, it is expected that sons or daughters will more seldom be the successors, as families are smaller and young professionals have now more career options than ever (European Commission, 2006). More and more entrepreneurs have the intention to sell their company in the medium-term, rather than pass it on to the next generation. This makes the transfer of businesses even more important in the future. Given that the transfer of a business preserves economic activity and that taking over an existing business has a higher success rate than starting a company (European Commission, 2003), policy makers are keen to ensure that no institutional hurdles are raised that might prevent business transfers.

In an entrepreneurial setting, the focus of analysis is on the entrepreneur, answering questions as to why, when and how entrepreneurs leave their company (DeTienne and Cardon, 2007). As entrepreneurs are the designers and dominant forces of their organizations, it is important to understand their decision making process (Sarasvathy, 2004). The decisions made by entrepreneurs, and the decision about their exit, not only impact their personal situation but also all stakeholders involved in the business. Hence, succession in family firms has been studied from the point of view of the incumbent CEO, the heir and the organization (e.g., Butler *et al.*, 2001; Miller *et al.*, 2003; and Venter *et al.*, 2005). The involuntary exit of the entrepreneur, for example, due to bankruptcy or due to pressures of external shareholders such as venture capitalists, is another stream of research.

This study draws upon the TPB (Ajzen and Fishbein, 1980) to better understand why some entrepreneurs are able to transfer their business rather than merely liquidating it, conditional on entrepreneurs exiting the business. The TPB considers the intention of the individual as the main determining factor of human behavior—here the transfer of a business. TPB is especially useful in our context as the entrepreneurial exit is considered to be under the volitional control of the entrepreneur. Since intentions cannot fully explain behavior, researchers have proposed additional potential influences (Conner and Armitage, 1998). In the current study, we augment the TPB-model with an explicit exit planning measure (Norman and Conner, 2005).

We empirically tested our model on a sample of 198 former small business owners in Belgium who exited their business between 2000 and 2006. Slightly more than one third of

the respondents were able to transfer their business, either to a family member or to a third party; the other businesses were voluntarily or involuntarily liquidated. Our findings suggest that TPB is a powerful model to predict business transfers. Specifically, we found that the intention of an entrepreneur to transfer the business explains to a large extent the act of transferring the business. The entrepreneur's intention is driven by his/her personal attitude and the attitude of significant others towards a transfer and by his/her perception of the feasibility of a transfer. Similar to previous research (Krueger *et al.*, 2000), we found no impact of social norms. We found no additional impact of explicit planning, however. In our context, entrepreneurial intentions are hence more important than formal planning to explain business transfers rather than liquidations.

Our findings extend previous work on entrepreneurial exits. Focusing on the individual decision of the exiting entrepreneur adds to the literature as "this perspective of the seller is both crucial and poorly understood" (Graebner and Eisenhardt, 2004, p. 367). Compared to DeTienne and Cardon (2007), we add an important step by studying actual exit behavior rather than entrepreneurial exit intentions. Compared to the family succession literature, we include not only family succession as a transfer strategy, but also transfer it to a third party. Given that the latter is equally important as the former and will probably gain in importance in the future (European Commission, 2003), and given that the processes underlying a family versus a non-family succession may be fundamentally different, extending exit outcomes beyond family succession is relevant.

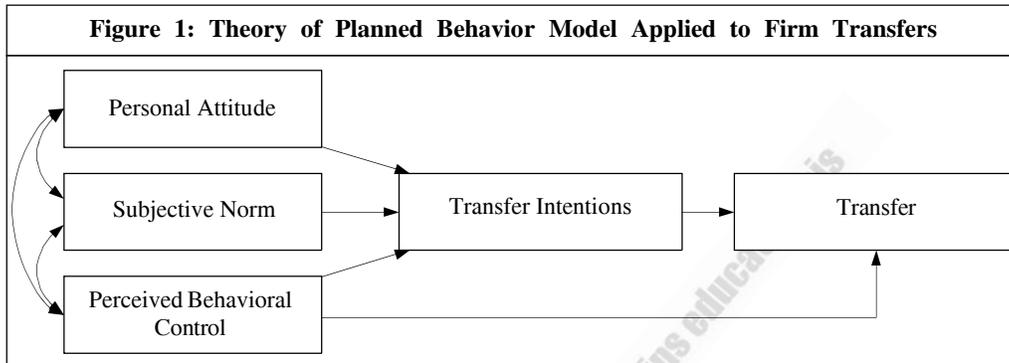
Our findings further add to the debate in the current planning literature. While strategy and entrepreneurship scholars report mixed results on the impact of planning on firm outcomes (e.g., Delmar and Shane, 2003; and Gruber, 2007), we show that formal planning has little effect on the transfer outcome when taking entrepreneurial attitudes and intentions into account, thus questioning the role of formal planning for small business owners.

Theoretical Development

The Theory of Planned Behavior and Entrepreneurial Exit

The theory of planned behavior explains and predicts a wide variety of human behaviors across a variety of settings (Ajzen and Fishbein, 1980; and Ajzen, 1991). Grounded in the social cognitive psychology literature, this theory was developed to model conscious and deliberative decision making based on careful consideration of available information. The model's central assumption is that a significant amount of behavior is under control of the actor; thus, behavior can be predicted by understanding an individual's intention to perform a behavior (Ajzen and Fishbein, 1980). Intentions are a person's motivation, willingness to exert effort, and willingness to try hard to enact the behavior (Ajzen, 1991). Intentions hence serve as a behavioral plan that mediate between the attitudes of the person and the enactment of the behavior (Ajzen and Fishbein, 1980). In other words, whenever individuals form intentions based on their personal attitudes and subsequently translates these intentions into action, they are engaging in planned behavior. The TPB is particularly applicable when the behavior under scrutiny is rare, hard to observe, or involves unpredictable

time lags (MacMillan and Katz, 1992). In these situations, current behavior will be less influenced by past habits (Conner and Armitage, 1998), making the role of intentions even more important in explaining behavior. It is hence not surprising that the TPB has already been successfully used by entrepreneurship scholars to explain entry decisions (Kolvereid and Isaksen, 2006; Krueger *et al.*, 2000) and exit (DeTienne and Cardon, 2007) or succession decisions (Sharma *et al.*, 2003), which are rare and often involve unpredictable time lags. Given the suitability of TPB to study entrepreneurial exits, we chose it as our central theoretical model (Figure 1).



According to TPB, the probability that a behavior—the transfer of a business—will occur depends on the intention of an individual—the entrepreneur—to engage in that behavior, while attitudes of the individuals strongly develop their intentions (Ajzen and Fishbein, 1980; and Ajzen, 1991). Important conceptually independent attitudes affecting intentions in TPB are the perceived desirability of the outcome to the individual (personal attitude), the acceptability of the outcomes to the social norms of a reference group (subjective norms) and the perception that the behavior is feasible (Perceived Behavioral Control or PBC) (Ajzen and Fishbein, 1980; Ajzen, 1991; and Sharma *et al.*, 2003). In the TPB, PBC is especially important, as it not only impacts intentions but also directly impacts the probability that the behavior will occur (Conner and Armitage, 1998).

Ajzen (2007) defines personal attitude towards a behavior as “the degree to which performance of the behavior is positively or negatively valued.” In the context of business exits and transfers, personal attitude relates to the extent that a transfer is more valuable to the entrepreneur compared to a liquidation of the business. Subjective norms are “the perceived social pressure to engage or not to engage in a behavior,” and are related to the expectations of important referents (Ajzen, 2007). In the context of business transfers, subjective norms refer to the entrepreneur’s perception of the importance of a transfer toward significant others such as the partner of the entrepreneur, family members or close friends. Finally, PBC refers to “people’s perception of their ability to perform a given behavior. It is determined by the beliefs about factors that may facilitate or impede performance of the behavior” (Ajzen, 2007). In the context of business transfers, it refers to the degree to which the entrepreneur is confident that he/she will be able to transfer the business. For example, DeTienne and Cardon (2007) showed that past experience of entrepreneurs is strongly correlated with their PBC over different exit alternatives.

H₁: *The Theory of Planned Behavior Explains the Transfer of Enterprises.*

Planning and Entrepreneurial Exit

The importance of exit or transfer planning has been stressed in both practitioners' handbooks and in academic research (Kesner and Sebor, 1994; and Sharma *et al.*, 2003). In our context, transfer planning refers to the deliberate and formal process of preparing the transfer of the business. It has two main components: gathering information and organizing concrete actions towards the goal. How planning might impact the exit behavior remains unclear, however (Butler *et al.*, 2001). We propose that planning provides a useful extension of the TPB. While the TPB has been successfully applied to model various decisions, it is clear that intentions cannot fully explain behavior (Conner and Armitage, 1998; and Rhodes *et al.*, 2006). While intentions represent motivational aspects of behavior, by themselves they are inadequate to capture the volitional or implemental aspects that help translate intentions into behavior (Conner and Armitage, 1998; and Gollwitzer, 1999). Therefore, social cognitive researchers have proposed various additional potential influences on behavior, which are independent of intentions. Specifically, it is argued that the act of explicitly planning a behavior—which is completely under volitional control—increases the probability of actually performing the behavior (Gollwitzer, 1999). As planning is independent of intention (Gollwitzer, 1999), it is a useful concept to extend the TPB model without conceptual redundancy (Rhodes *et al.*, 2006).

Planning is a widely researched concept in the strategy and entrepreneurship literature since the early 1970s, but the planning process—performance relationship is still blurred (Gruber, 2007). Strategy scholars as Mintzberg (1994) and entrepreneurship scholars as Bhidé (2000) challenge the value of planning in business environments. One major argument is that planning may reduce flexibility, creativity and responsiveness to changing situations (Mintzberg, 1994). While entrepreneurs are confronted with more uncertainty and often operate in highly dynamically changing environments, planning may seem even less beneficial for entrepreneurs than for managers of large companies: “Planning in emerging firms is characterized by a high ratio of assumption to knowledge” (Gruber, 2007, p. 786). It may further take time away from more important organizing actions and create a false illusion of control (Mintzberg, 1994).

On the other hand, planning may be especially valuable for important and fuzzy tasks (Gruber, 2007), as is the transfer of a business. Planning allows the pursuit of goals in a systematic way and the development of concrete action steps (Locke and Latham, 1990). A plan helps entrepreneurs to set out specific milestones toward achieving their vision and to develop action steps by which to reach those milestones in a timely manner (Block and MacMillan, 1985). Plans thus outline how to ensure that one's intention is acted upon and help translate intention into behavior: they commit an individual to a specific course of action (Conner and Armitage, 1998). It is assumed that planning therefore improves the translation of intentions into actual behavior (Rhodes *et al.*, 2006), as planning cognitively ties the behavior to environmental clues and therefore helps to ensure that good opportunities are not missed (Gollwitzer, 1999). We therefore expect that planning will moderate the relationship between the entrepreneur's intentions and the exit behavior. The positive effect of intentions

on business transfers will be stronger when entrepreneurs have engaged in explicit planning activities.

Planning may further be beneficial because it stresses information search, thereby uncovering blind spots and implicit assumptions and improving decision making (Boyd, 1991). An entrepreneurial exit and business transfer being a rare event for most entrepreneurs, they are not experienced in exiting. It is hence likely that information on the exit process and exit options is not intuitively available for entrepreneurs before they engage in planning activities. This makes information gathering and processing important in the context of business transfers. More and better information will stretch the entrepreneur's cognitive limitations, by enhancing the entrepreneur's understanding of the steps to take and of the transfer possibilities. By creating a deeper understanding of the process, planning may enhance the entrepreneur's PBC over a transfer, as this is negatively affected by anticipated impediments and obstacles (Ajzen, 1991). Gathering more information by planning the transfer process creates a deeper understanding and hence increases feeling of control over the process. We expect that planning thus indirectly, but positively influences the intentions of the entrepreneur through PBC.

Taken together, there are strong arguments that consciously planning the exit will have a positive but indirect impact on the probability of being able to transfer the business, rather than merely liquidating it:

H₂: Planning moderates the positive relationship between intentions and transfer probability via intentions (2a) and via PBC (2b).

Method

Sample Frame and Data Collection

We study the exit behavior of Belgian small business owners that have exited between 2001 and 2006. The Belgian Value Added Tax (VAT) administration provided contact data on the full population of 166,493 organizations that terminated their VAT number and hence their economic activity between 2001 and 2006. We identified micro-businesses with maximum 10 employees through database matching in BEL-FIRST. BEL-FIRST is a database containing financial data and other company demographics on the full population of Belgian enterprises. Furthermore, we limited our sample to individuals or companies in Flanders (for language reasons) and to those industries that showed a reasonable percentage of exits in recent years. This results in a population of 89,528 exited micro-entrepreneurs. Around 3,706 respondents were randomly drawn from the target population, eliminating 3,056 respondents resulting from incorrect addresses, duplicates and disconnected phone numbers. This high percentage of outfall is due to the fact that contact data is related to the exited business rather than the current activities of the entrepreneur (DeTienne and Cardon, 2007). We contacted the remaining 650 business owners by telephone in order to explain the purpose and importance of the study and hence increase participation. The personal contacts further ensured that the intended person—the former business owner—would personally fill in the questionnaire. We asked them to participate in our research by answering a questionnaire via internet or hard

copy. A number of individuals were unable to participate due to sickness, old age or language barriers, reducing the initial sample to 447 potential respondents. Of these, 112 completed the survey within the first two weeks after administration. After a follow-up telephone call, an additional 86 respondents raised the response rate to a total of 198 or 30.5%. This response rate is higher than previous studies using entrepreneurs and owners. For example, DeTienne and Cardon (2007) reported a response rate of 18% in their study utilizing founding entrepreneurs and Chandler and Hanks (1994) reported a 15% response rate for founders/CEOs.

We tested whether the actual sample represents the population. The sample has slightly more firms in the agricultural industry and slightly less in real estate and rental/services to companies than the population, but there is no significant difference in the legal form of the sample companies compared to the population. Further, comparison of early and late respondents shows no significant differences between the two groups of respondents, suggesting that the sample is representative of the population.

Survey Design and Measures

We started with widely-validated scales for the variables, but pretests of our survey instrument with 10 micro-entrepreneurs (not included in the final sample) and with five business transfer experts indicated that some items needed to be rephrased to our target group or to the specific situation of business exits. Further, for reasons of simplicity, items should be scaled consistently on a five-point attitudinal Likert-scale (1 = completely disagree, 5 = completely agree). In the following paragraphs, we discuss the variables and report Cronbach's alpha and factor loadings where appropriate.

Dependent Variable

The dependent variable is the exit outcome. We differentiate between four exit alternatives (Petty, 1997): transfer to a family member (15.9%), transfer to a third party including employees or another company (18.5%), voluntary exit or liquidation (62.6%) and involuntary exit or bankruptcy (3.1%). Given our target population of small businesses, an Initial Public Offerings (IPO) is not relevant and hence is not included as an exit alternative. The low proportion of involuntary exits hints that there is a likely sample selection bias: owners of bankrupt companies were less likely to respond. Based on the four exit alternatives, we code the dependent variable 'business transfer' as 1 when the business has been transferred to a family member or to a third party (34.4% of the sample), and coded it as 0 when the business was voluntarily or involuntarily exited. To enhance the reliability of the dependent variable, we further asked whether the business activity continued under new ownership (Sharma *et al.*, 2003). This measure correlates perfectly with the business transfer measure.

Theory of Planned Behavior (TPB) Variables

TPB has already been adapted to an entrepreneurial setting to explain entrepreneurial start-ups or family succession (e.g., Krueger *et al.*, 2000; Sharma *et al.*, 2003; and Kolvereid and Isaksen, 2006). Therefore, we replicated the survey instrument of Krueger *et al.* (2000)

as much as possible. The TPB variables were assessed using three to four item measures distributed in a random order in the questionnaire. Exploratory factor analysis on all items identified the four TPB variables (eigenvalue > 1) and explained 80% of the variance. After oblique rotation, all items loaded on their expected factor.

The central variable in TPB, adapted to our setting, is the intention to transfer the business. We included three items measuring the self-perception of the entrepreneur on the “consideration, preparation and likelihood” (Krueger *et al.*, 2000) of a transfer occurring. The high Cronbach’s alpha of 0.910 allows aggregating the items in one variable, labeled the ‘intention to transfer’.

Personal attitude towards the transfer was measured with one general item and three specific items measuring the “attraction, tension and enthusiasm” toward the thought of transferring (personal attitude, $\alpha = 0.693$) (Krueger *et al.*, 2000). We deleted the second item of the personal attitude scale, increasing the α -value to 0.921. The negative wording of the item as well as the different context in which the item was originally used (entrepreneurial career choice) might justify its deletion. Given the difficulties with the subjective norm-scales in previous research (Conner and Armitage, 1998), we opted to use the three items of Kolvereid and Isaksen (2006) measuring the attractiveness of transfer to its close environment such as family, friends and other people significant to the entrepreneur (social norms, $\alpha = 0.928$). Finally, PBC was measured with four items on general feasibility of transfer-item and three specific items (Kraft *et al.*, 2005). It measures the confidence of the entrepreneur on the possibility to transfer the business (three items, $\alpha = 0.844$).

Planning Variable

We selected items from other authors who used planning as a central variable for studying business transfers (Sharma *et al.*, 2003; and Venter *et al.*, 2005) and adapted them to our setting. We retained three items with a Cronbach’s alpha of 0.865.

Control Variables

Various variables were included to control nonspecific effects and identified in the entrepreneurial exit literature (Butler *et al.*, 2001; and DeTienne and Cardon, 2007): industry, age of the entrepreneur (mean = 53.7 and SD = 13.4), age of the firm (mean = 21.7 and SD = 15.51), sex (male = 63.3%), number of employees as a proxy for the size of the firm (mean = 1.2 and SD = 1.62) and family generation of the firm (mean = 0.9 and SD = 0.4). The last variable shows that the vast majority of the companies in the sample were founded by the entrepreneur.

Two methodological control variables were added in the multivariate analyzes. A common flaw in TPB and planning research is that it is retrospective in nature. To control for this effect in the completion of the survey, we designed two versions of the survey instrument. In the first version, TPB items preceded action items (N = 79), while the order was reversed in the second version (N = 117). This allows controlling the influence of a recall of exit outcomes on prior intentions. Secondly, we gave the respondents the choice to fill in the questionnaire via internet (N = 75) or on hard copy (N = 123). We include a dummy variable to control for potential biases induced by the response method.

Description of the Variables

Table 1 shows the description of the variables with their mean, standard deviation and correlation. Cronbach's alpha values are given on the diagonal when applicable. We further report the mean of the variables for the two groups of transferred versus liquidated businesses and significance levels of the differences between the two groups. From Table 1, we infer satisfactory cronbach's alpha for the scales employed. As expected, the correlations between the TPB measures were relatively high and significant. The control variables do not significantly correlate with the intention to transfer or the actual transfer. The age of the firm and the age of the entrepreneur correlate significantly, as well as the generation of the firm and the number of employees. Independent sample *t*-tests and χ^2 -tests indicate that the control

Panel A: Total Sample														
Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. <i>Transfer</i> (D)	0.35	0.48												
2. <i>Intention</i>	2.69	1.45	0.65	0.91										
3. <i>Personal Desirability</i>	3.22	0.88	0.30	0.45	0.92									
4. <i>Social Norms</i>	2.61	1.27	0.47	0.53	0.32	0.93								
5. <i>Perceived Behavioral Control</i>	2.91	1.18	0.49	0.60	0.26	0.50	0.84							
6. <i>Planning</i>	2.64	1.18	0.17	0.30	0.26	0.10	0.24	0.87						
7. <i>Age of Entrepreneur</i>	53.79	13.40	0.13	0.26	0.13	0.13	0.17	0.11						
8. <i>Male</i> (D)	0.35	0.48	-0.07	-0.02	-0.03	0.02	-0.07	-0.04	-0.26					
9. <i>Number of Employees</i>	1.19	1.62	0.14	0.18	0.10	0.26	0.10	0.01	0.04	0.11				
10. <i>Age of Firm</i>	21.18	15.52	0.15	0.26	0.13	0.13	0.22	0.19	0.77	-0.22	0.02			
11. <i>Firm Generation</i>	0.90	1.42	0.15	0.21	0.12	0.26	0.15	0.00	0.15	0.02	0.76	0.09		
12. <i>Survey Format</i> (D)	-0.12	0.82	0.06	0.04	-0.09	0.03	0.03	-0.09	-0.16	0.48	0.14	-0.13	-0.03	
13. <i>Survey Administration</i> (D)	1.88	0.82	-0.04	-0.02	-0.02	-0.04	0.05	-0.09	-0.44	0.51	0.11	-0.31	-0.04	0.64

Note:M: mean; SD: standard deviation. Correlations are given below the diagonal. Cronbach alpha values are given on the diagonal (in bold) when applicable. D denotes dummy variable.
Correlation coefficients with absolute values > 0.20 are significant at 1% level; > 0.15 at 5% level.

Variable	Mean Difference	<i>t</i>	df	Sign. (<i>p</i>-Value)
<i>Intention</i>	1.96	11.71	188.00	0.00
<i>Perceived Behavioral Control</i>	1.19	7.58	183.00	0.00
<i>Social Norms</i>	1.25	7.38	187.00	0.00
<i>Personal Desirability</i>	0.55	4.29	188.00	0.00
<i>Planning</i>	0.43	2.44	191.00	0.02
<i>Number of Employees</i>	0.47	1.93	188.00	0.05
<i>Age of the Firm</i>	4.92	2.14	194.00	0.03
<i>Firm Generation</i>	0.43	2.02	188.00	0.05
<i>Age of Entrepreneur</i>	3.68	1.83	189.00	0.07
Variable	% Transferred	χ^2	df	
<i>Male</i>	69.10	0.56	1.00	0.46
<i>Survey Format</i>	34.30	0.34	1.00	0.46
<i>Survey Administration Paper</i>	64.70	1.54	2.00	0.56

variables do not significantly differ between the transfer group and the non-transfer group, except that older firms have a significantly higher probability of transfer.

Data Analysis

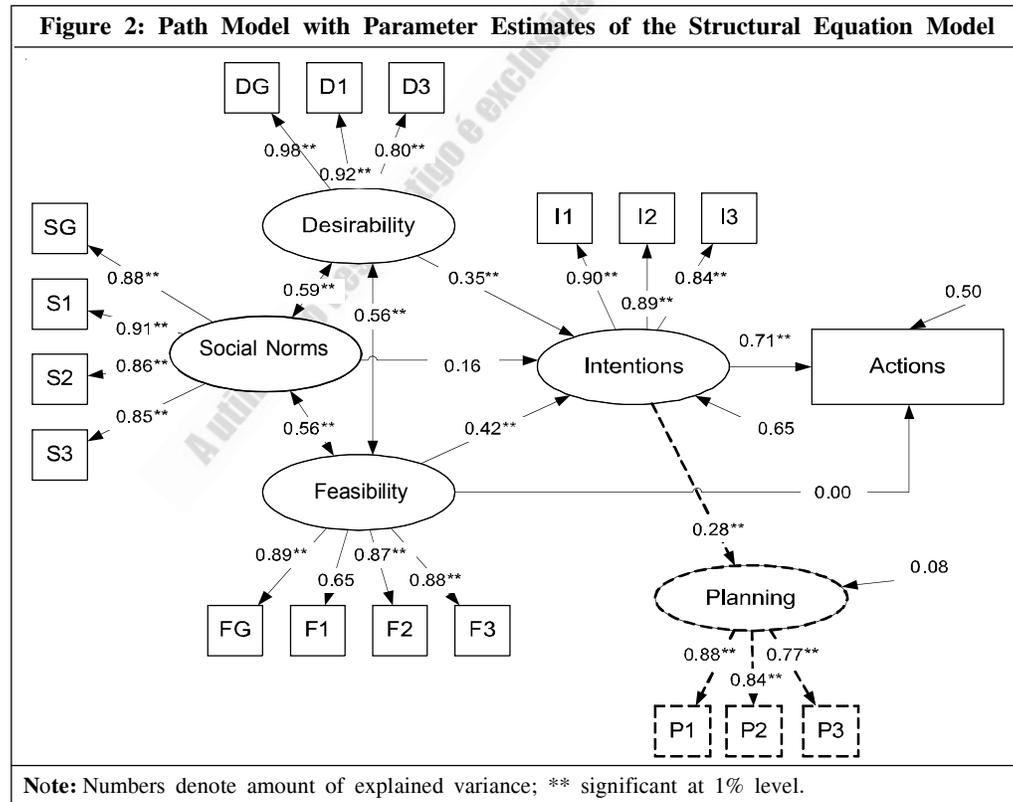
We used two multivariate methods of analysis to explain the actual transfer of a business. First, structural equation modelling was conducted to confirm the theory of planned behavior for transfer decisions. This information is summarized in a path model. The basic TPB model is augmented with the planning variable. Goodness-of-fit indices indicate whether a more elaborate model, including the planning variable, provided a more adequate fit with the data compared to the more parsimonious TPB model.

Second, as a robustness check for the structural equation models and as a further test of H_2 on the moderating role of planning, hierarchical logistic regression analyzes are estimated (Rhodes *et al.*, 2006) with the relevant TPB, the planning and the control variables explaining the exit outcome. Following H_2 , the planning variable is moderated with intentions (2a) and PBC (2b).

Results

Structural Equation Models

In a first step, we estimated a path model to test the applicability of the TPB on business transfers (H_1). In a second step, we included the planning variable and indicated how it could augment our model (H_2). Figure 2 depicts the final model resulting from these two steps.



Control Variables	Model 1		Model 2		Model 3		Model 4		Model 5	
	Coef	Sign								
<i>Intercept</i>	-0.79	0.45	-3.40	0.03	-3.21	0.05	-5.15	0.03	-3.87	0.09
<i>Age of entrepreneur</i>	0.00	1.00	-0.03	0.26	-0.03	0.26	-0.03	0.29	-0.04	0.25
<i>Sex</i>	-0.55	0.22	-0.88	0.15	-0.86	0.16	-0.89	0.16	-0.86	0.17
<i>Number of employees</i>	0.08	0.61	0.08	0.74	0.10	0.68	0.08	0.75	0.09	0.69
<i>Age of firm</i>	0.01	0.37	0.01	0.59	0.01	0.59	0.01	0.65	0.01	0.59
<i>Firm generation</i>	0.10	0.58	-0.02	0.93	-0.05	0.85	-0.03	0.92	-0.04	0.87
<i>Survey format</i>	0.41	0.15	0.78	0.05	0.75	0.06	0.73	0.06	0.74	0.06
<i>Survey administration</i>	-0.16	0.75	-1.04	0.16	-1.07	0.15	-1.03	0.17	-1.04	0.17
<i>Industry 1</i>	0.43	0.21	0.30	0.53	0.28	0.55	0.20	0.67	0.29	0.54
<i>Industry 2</i>	-0.22	0.58	-0.33	0.54	-0.35	0.51	-0.37	0.50	-0.38	0.48
<i>Industry 3</i>	-0.62	0.05	-1.21	0.01	-1.19	0.01	-1.18	0.01	-1.17	0.01
<i>Industry 4</i>	0.75	0.08	0.26	0.64	0.23	0.68	0.32	0.57	0.24	0.67
<i>Industry 5</i>	-0.68	0.11	0.27	0.64	0.31	0.61	0.31	0.61	0.35	0.57
TPB Variables										
<i>Intentions</i>	-	-	1.21	0.00	1.25	0.00	1.84	0.00	1.24	0.00
<i>Perceived Behavioral Control</i>	-	-	0.50	0.04	0.51	0.04	0.50	0.04	0.71	0.19
Planning	-	-	-	-	-0.12	0.59	0.54	0.37	0.15	0.82
Moderating Effects										
Intentions x planning	-	-	-	-	-	-	-0.20	0.25	-	-
Perceived Behavioral	-	-	-	-	-	-	-	-	-	-
Control x planning	-	-	-	-	-	-	-	-	-0.08	0.66
Nagelkerke R ²	0.15	-	-	0.59	-	0.60	-	0.60	-	0.60

Note: Dependent variable: Transfer of the Business. Model (1) includes only control variables. Model (2) adds the TPB variables that directly influence the behavior (intention and perceived behavioral control). Model (3) adds the planning variable to Model (2), and Models (4) and (5) add the interaction between planning and intention or perceived behavioral control, respectively.

The overall fit of model 1 (TPB) to the data is more than acceptable: Goodness of Fit (GFI) = 0.90, Adjusted Goodness of Fit (AGFI) = 0.86, Root Mean Square Residual (RMSR) = 0.07, Bentlers Comparative Fit Index (BCFI) = 0.97, Aikake's Information Criterium (AIC) = 1.48.¹ Most of the paths in the model were statistically significant at the 0.05 level, except for the path from social norms to intentions and the direct path from PBC to actual transfer. These results confirm H_1 and show the applicability of the TPB-model to the study of entrepreneurial business transfers.

Model 2 adds the planning variables. Including planning did not improve the fit indices of the model. Adding planning as a moderator between PBC (intentions) and actions did not result in significant parameters. In the best model, planning was directly affected by intentions to transfer but did not resort on actually transferring (Figure 2). The fit indices for this model were, however, worse than for the original TPB-model. This is consistent with the findings of Rhodes *et al.* (2006). H_2 is hence not confirmed: planning for business transfer does not explain the actual transfer beyond TPB.

Hierarchical Logistic Regressions

Table 2 shows the outcome of logistic regression models with the transfer of the business as dependent variable. Model (1) includes only control variables. It shows that the probability of transferring companies in the hotel and restaurant industry (Industry 3) is lower than that of companies in other industries. Model (2) adds the TPB variables that directly influence the behavior, being intention and PBC. Adding intentions and PBC significantly improved the fit of the model ($\chi^2(14) = 101.95$; $p = 0.000$). The coefficients of intention and PBC are significant and positive, as expected.

Model (3) further adds the planning variable to Model (2), and models (4) and (5) add the interaction between planning and intention or PBC respectively. Adding planning does not significantly improve the model, nor are the coefficients of the planning variables or their interaction effects significant. The results of the hierarchical logistic regressions are in line with those of the structural equation models. They support H_1 but reject H_2 .

Conclusion

Ultimately, all entrepreneurs are confronted with the exit of their business. When considering the personal or economic wealth to be gained from a transfer, the study of the exit process, in particular the decision to transfer is of importance to entrepreneurs, policy makers and academics alike. In this study, we shed more light on the role of planning in transfer decisions for micro-business owners. More specifically, we clarify how the TPB (social cognitive literature) can be founded in contemporary entrepreneurial (exit) planning literature. We do this by answering two specific research questions: Is the Theory of Planned Behavior applicable to transfer decisions? Further, can exit planning help explain the gap between transfer intentions and transfer behavior?

¹ Note that our fit indices are suppressed downward because we have estimated our measurement and structural model simultaneously. If we estimate only our structural model (assuming a good measurement model as indicated by our reliability indices and factor analysis), we get the following fit indices: GFI = 0.99; AGFI = 0.89; RMSR = 0.01; BCFI = 0.99; AIC = 3.33, all indicating a very good fit.

To answer these research questions, 196 randomly drawn individuals from the total population of micro-business who exited their firm in the last five years were asked to complete a survey. The survey instrument adopted items from research using TPB in an entrepreneurial setting as well as items measuring planning for exit. The results confirm the conclusions of previous research on the magnitude, order and direction of effects related to TPB.

Our results suggest that the decision to transfer is a direct, conscious and deliberative decision as modeled by the Theory of Planned Behavior. When deciding to transfer, an entrepreneur bases his/her decision on a careful consideration of the personal desirability, perceived feasibility and—to a lesser extent—social pressures. More specifically, (1) attraction and enthusiasm toward the transfer predict the desirability of a transfer, (2) importance to family and friends predict social norms toward the transfer and (3) perceptions of self-efficacy predict the feasibility of the transfer. This is in line with previous research indicating the importance of feelings of self-efficacy for entrepreneurship cognition and behavior (Chen *et al.*, 1998).

In a second stage, we explored whether exit planning could explain additional variance in behavior over intentions. Two hypotheses were tested: one where planning served as a moderator between intentions and actions and another where planning served as a moderator between PBC and actions. In general, the results indicate that planning was influenced by intentions but did not further aid in actually transferring the firm. Our results indicate that the Theory of Planned Behavior could be a more comprehensive framework in understanding transfer behavior: it does not only offer that planning is important, but it also explicates how planning is important.

The original TPB-model was superior to a model of TPB augmented with planning. Our results are similar to those of Rhodes *et al.* (2006), who indicated that in some cases intentions and planning are conceptually very similar. The insignificance of formal planning may be related to our research setting of micro-businesses. It is well-known that planning is far more informal in small firms than in large firms, especially with respect to firm succession (Motwani *et al.*, 2006). As such, these results question the role of formal business planning for smaller firms. Rather than formalized processes of action control, a process of attitudes forming intentions and subsequently behavior may be sufficient to understand entrepreneurial transfer for micro-businesses. It would be worthwhile to re-examine the applicability of TPB and the role of formal planning for the transfer of larger and more complex entrepreneurial ventures.

Limitations

The major drawback of this study is its retrospective research design. In studying the TPB, it is better to sample before the action and use longitudinal data to test the results, as measuring intentions after exit could be influenced by the actual choice made. However, we have reasons to believe this does not undermine the value of our results. First, all the relationships for TPB were found in the direction and order expected when compared to previous literature (Conner and Armitage, 1998). Second, we controlled for the impact of retrospective reasoning in the administration of the survey. Further, retrospective research

designs are a practical limitation to the objective of our research. Identifying business owners who intend to exit is a difficult process: an exit usually takes several years to complete. A strong feature of our retrospective research design is that we were able to randomly draw a sample from the target population.

Finally, we studied transfer decision of micro businesses with less than ten employees. While a strong feature of this sample is its relative homogeneity, it might well be that the exit process of larger entrepreneurial companies is driven by different processes. On the one hand, these companies are typically more complex, making their transfer more difficult and hence formal planning potentially more important. On the other hand, the central role of the entrepreneur is presumably lower in larger companies, thanks to their increased professionalization. This might ease the transfer of the company. We therefore call for more studies on exits of larger entrepreneurial companies.

Practical Implications

In many ways, the TPB lends itself as an ideal tool for practical implementation (Ajzen, 1991). Our results not only indicate that informal planning is important for transferring an entrepreneurial company, but also specify how planning is important. Practitioners or policy makers can work on any element in the TPB model to stimulate business transfers. The most fruitful route is to stimulate transfer intentions among entrepreneurs, as intentions are the strongest predictors of actual transfers. Especially, personal desirability toward the transfer and to a lesser extent feasibility of a transfer determine intentions to transfer. Furthermore, TPB indicates that some respondents fail to act on their intentions because of their low feelings of control over the behavior. Rather than instructing micro-business owners to engage in a process of transfer planning, the practitioner is advised to step back and observe the entrepreneurs in their personal beliefs and attitudes. Understanding how the entrepreneur personally feels, is socially pressurized or practically limited, might give a practitioner important information why an entrepreneur might never even consider a transfer, let alone engage in an intricate process of transfer planning. ©

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