Title:	Individual and Household Life Course Explanation to Entrepreneurial Exit
Summary: (145 words)	Exit, being a critical component of the entrepreneurial process deserves attention to offer a better conceptualisation of the entrepreneurial process. Despite the recent escalation of research on entrepreneurial exit, academic research defining the role of resources that accumulated and the events that occur at various stages of the individual entrepreneur and their household life courses in explaining exit is relatively sparse. In this developmental paper, the relevant knowledge base is explored to identify the critical knowledge gap that needs scholarly attention for the research in the entrepreneurial exit to be extended. The key research question of interest, what drives the entrepreneur to make an exit from the business they created, will be analysed using longitudinal panel data collated from a representative sample of the UK population. The analytical strategy is also introduced to validate the steps that will be taken for further development of the paper.
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Introduction

Entrepreneurial exit has established itself as a more recognised component of the entrepreneurial process (Aldrich, 2015, Albert and DeTienne, 2016) and a unique domain of entrepreneurship research that justifies focused attention and explicit analysis (DeTienne and Wennberg, 2015). As an individual-level phenomenon, entrepreneurial exit happens when the creators of the firm leave the organisations they helped to create and thus disengage themselves from ownership control and decision-making authority (DeTienne, 2010). Despite research on entrepreneurial exit has grown from a mere trickle to a flood in recent years (Strese et al., 2018) providing perspectives related to process operating at the macroeconomic, organisational and individual level (Hessels et al., 2011), academic research delineating the role of individual and the household level resources or the events that trigger exit (or otherwise) is relatively sparse. When taking a process-oriented view, it can be explained that the ownership of resources (fixed or accumulated by the entrepreneur and his/her household) and the occurrence of life course events (at the individual or household levels) might be critical in determining the entrepreneurial exit taking place at various times in various forms along the life course of the entrepreneurs. This study builds upon an entrepreneurial resource model influenced by the decisions taken at the individual and his/her household life course to explore and offer a conceptually rich, empirically robust assessment of the reasons and circumstances of entrepreneurial exit. The key research question of interest is what drives the entrepreneur to exit the business. In addition to the resources that the entrepreneur owned and accumulated over the life course, we argue that the household the entrepreneur is embedded also offers various resource opportunities/challenges that either support or avoid entrepreneurial exit decision. When trying to apply resources to entrepreneurship, the entrepreneur is also presented with multiple events at the individual (e.g. a significant drop in earnings) or the household (e.g. childbirth) life courses. Understanding these resources and the events at both individual and household levels is vital to offer a comprehensive account of the exit decision taken by the entrepreneur on behalf of the business he/she created. The study uses longitudinal panel data from a prospective data source, Understanding Society (UKHLS). This source offers individual and household level data collated from a representative sample of the UK population.

In this developmental paper, the relevant knowledge base is explored to identify the critical knowledge gap that needs scholarly attention for the research in the entrepreneurial exit to be extended. The data source and the analytical strategy are introduced to demonstrate the steps that will be taken for further development of the paper.

Understanding entrepreneurial exit from a resource perspective

Resources can make a significant contribution at any stage of the entrepreneurial process (McCarthy et al., 1990). According to Bourdieu, successful entrepreneurs need to have access to a combination of resources in the form of economic, social, cultural and symbolic capital (Shaw et al., 2008, Shaw et al., 2009). Failure to gain access to resources and the inability to apply the acquired resources to opportunities prevents business start-up (Aghion et al., 2007). Although not explicitly addressed, the exit is also associated with ownership of resources (lacking or abundant). Exit is a phenomenon often related to lack of resources, although some literature provides examples of entrepreneurs with a higher level of resource ownership (particularly, financial capital) experiencing positive/voluntary exit (DeTienne 2010, (Wennberg et al., 2010)). Except for the role of financial capital(Frid et al., 2016), current literature remains silent about the role resources play in entrepreneurial exit decision. Most importantly, the combined utility of the resources accumulated and owned by the individual, his/her business and the household received no attention in the entrepreneurial exit literature. In the following sections, a brief overview of human, financial and familial capital as related to exit is provided. We also discuss time as a critical and scarce resource for the entrepreneur, focusing on the synchronization of appropriate resources given the business life-cycle in achieving desired outcomes.

Human Capital

The human capital theory was developed to study the value of education (Becker, 1964) and indicates that people have different knowledge and skills to attain higher earning power. Becker (1964) distinguishes human capital between general and specific human capital and further stated that knowledge and skill (outcome) are the results of investment in education and work experience (investment). Moreover, Unger et al. (2011) suggested that entrepreneurial success is more aligned with the outcomes of human capital rather than investment based indicators. The role of human capital in different phases of entrepreneurship is quite dominant and is evidenced by Marvel et al. (2016). As such, it is essential to review human capital's impact on the entrepreneurial outcome over the life course of the entrepreneurs. It can be seen from the extant literature that the predictors of human capital have relevance with venture failure. Rauch and Rijsdijk (2013) asserted that general and specific human capital have a different effect on business start-up growth and failure. Moreover, Toft-Kehler et al. (2016) argued that the relationship between entrepreneurial experience and likelihood of disengagement is U-shaped which indicates that novice and highly experienced entrepreneurs will be involved with disengagement more quickly than moderately experienced entrepreneurs. From the previous discussion, it is apparent that formal education assists the entrepreneur in acquiring new knowledge and skills. Also, previous entrepreneurial experience augments an entrepreneurs' human capital, in the case of reentry, it can be an invaluable asset for re-nascent entrepreneurs to recognise the opportunity for re-entry (Ucbasaran et al., 2008). Thus, it can be inferred that over time, human capital is going to be amplified by the interaction with the highly variable external environment forces (Ployhart et al., 2011). Unfortunately, most of the researchers treat human capital as a finite static asset (Jayawarna et al., 2014a), and attempt to explore its effect on entrepreneurial performance where the applicability of the commonly available human capital predictor is misleading (Unger et al., 2011)

Financial capital

Financial capital refers to the money individuals have at their disposal as well as their personal savings. Traditional entrepreneurial financial capital is a combination of personal investment, debt finance, equity finance. As the cost associated with some of those sources may be significant, alternative sources from bootstrapping and crowd financing may also be utilised by the entrepreneurs (Jones et al., 2013). As demonstrated by previous research, financial capital is essential for the long-term growth of start-up firms (Fraser, 2004), though its importance in the nascent stage is less understood (Jayawarna et al., 2011). Moreover, the survival and growth of a new venture are affected by initial financial capital (Cooper, 1994). According to Kim et al. (2006), financial capital can be conceptualised bi-dimensionally at the household level; household wealth and household income. However, the role of financial capital in new venture creation has not been revealed as there is a dearth of research delineating the role of financial capital (Crosa et al., 2002). The reason behind this was reported by Carter (2011) in her seminal article, where she tied the complexity of calculating multidimensional return which is evolving across the business life cycle. Allocation of household resources to entrepreneurial ventures is a persistent occurrence, and this practice of resource sharing is evidenced throughout the lifecycle of the venture rather than only at the start-up phase (Alsos et al., 2014). Hence, it can be said that the size of the resources in dual usage is not fixed; rather it is influenced by the need and deed of the household. A static cross-sectional measure based on either income or wealth cannot capture the full impact of the reward aspect (Carter et al., 2017) which is irregular and uncertain over the business life course. Thus using a longitudinal and dynamic life course based approach will allow capturing multi-dimensional entrepreneurial reward that spreads across the life course of the entrepreneurs (Jayawarna and Rouse, 2012).

Time as an entrepreneurial resource

The efficient and effective utilisation of the time entrepreneurs can dedicate to venture management is both critical and finite. The theory of time allocation explains the reasons and the ways the scarce time being allocated by the individuals to different activities (Becker, 1965). McCarthy et al. (1990) argued the entrepreneur's behaviour concerning time allocation changes along with the movement of the firm through different stages of its life cycle. Moreover, the entrepreneur's allocation of time in managing the operations of a new venture may have relevance to venture performance (Cooper et al., 1997). In an unstructured and pressure-ridden environment, the entrepreneur has to be a 'superhuman' who possesses managerial as well as specialised skills (McCarthy et al., 1990) to allocate the scarce time appropriately. If the allocation of time is inadequate in the case of a critical decision, it may have a detrimental effect on the performance of the firm. As there is an absence of clear demarcation between home and work life, the entrepreneurs with household roles will have work based time as a scarce resource (Brannen, 2002). As such, they will have to trade-off between future possibility and current state (Bird and West III, 1998) and the choice will be influenced by time pressure (Bittman, 2004). Work-life balance is easily distorted by intense or unusual pressure, either from work or home or both. Failure to properly allocate adequate time is closely related to professional or familial failures or both, thus adversely impacting venture continuity and ultimately entrepreneurial exit. Furthermore, decisions about work and care usually vary through the life course and are influenced by social, financial, employment and personal factors (van Wanrooy, 2013). Accordingly, the personal or professional of familial demands for an individual time will be highly dynamic over both the individual's life-cycle and the associated business life-cycle.

The research gaps

Empirical studies focusing on the impact of resources on the exit decision have mainly been studied as individual research variables, even though some recent articles underscore the resource implications from outside of the entrepreneur's ability(Jayawarna et al., 2016a). Influence of resource provision from the household and from the business the entrepreneur is operating at the time of making the exit decision have long been excluded from the study of theoretical explanation of entrepreneurial exit. While the empirical investigations into various elements of the exit process have significantly evolved for many years, researchers only recently began questioning the role of household and the associated gender explanation for the entrepreneurial exit decision. For example, Jayawarna et al. (2016b) note that the factors influencing entrepreneurial exit decision are not reliably measured by variables operating at the individual level, giving little credit to the existing empirical evidence that is based on research from cross-sectional designs. Moreover, although previous studies supported the view that entrepreneurial exit is a complex phenomenon with exit happening at various stages of the entrepreneurial process (DeTienne, 2010) triggered by resources (Kim et al., 2006) or (lack of) resource accumulation over time (Liao et al., 2008), the current empirical designs largely ignores the importance of utilising longitudinal data collected over the life course of the entrepreneur, his/her household and the business they operate. Heinz (2002) argues that individual's future outcomes are determined by personal, family and work histories instead of achievements fixed in time and therefore recommends taking a dynamic life course perspective to study crucial decisions taken by the individuals. Life course perspective has not yet been widely considered to identify what is the role of resources (fixed and accumulated) in explaining exit. The research gap identified from the literature review is presented in Figure 1. The research questions for the study are furnished below:

- Whether a broader contextualisation of the entrepreneurial exit decision can be offered by studying entrepreneurial exit
    - in relation to the accumulation of resources over the life course of the entrepreneurs?
    - about individual and household life course events that trigger the exit?

- Can the most important determinants of exit be identified by empirically testing the influence of resource accumulation and resources (lack or abound) at and around the individual/household events on exit decisions using longitudinal life history data?

- Whether the most influential determinant of exit happens due to cumulative disadvantage from lack of resources, the influence of events or the combination of the two?

Method

The empirical analysis uses data from all eight waves of the Understanding Society (UKHLS) for the period 2009-2016 to examine the exit dynamics of a sample of self-employed people who reported running business or partnership as their primary employment status. For the respondents, both the individual and the household level files are merged across each wave to track the business owners' life history. Moreover, the dataset is reconfigured into person-year observations for the exit and event history analysis. The respondents are treated as a formal entrepreneur in the wave when they first reported their self-employed business ownership or partnership status. These business owners and partners are subsequently tracked until and unless they report an alternative employment status or the survey reaches its final stage. Some of the key variables which will be used at the individual or household level from the merged dataset are presented in Table 1.

Table 1

Type of resource	**Level**	**Effect**	**UKHLS variable**	**Explanation**
Human Capital	Individual	Fixed	w_qfhigh_dv	Highest educational qualification ever reported
	Individual	Accumulated	w_trainany	Training since the last interview
Financial capital	Individual	Fixed	w_saved	Monthly amount saved
	Individual	Accumulated	seearnnet_dv	Self-employment net earnings
Time	Individual	Accumulated	w_jshrs	No of hours in the business
	Household	Fixed	w_nnatch	Number of biological children in the household

What next

The theoretical framework for the proposed research will be developed along with the relevant hypothesis. Various analytical techniques starting with descriptive analysis will be carried out to understand the phenomenon from multiple perspectives. Then, some multivariate analysis will be conducted to understand the determinants of exit. The next step is to undertake a survival analysis to understand the effect of events that might trigger these exits. It is expected that a significant part of the paper along with the analysis will be completed before the presentation at the BAM conference.

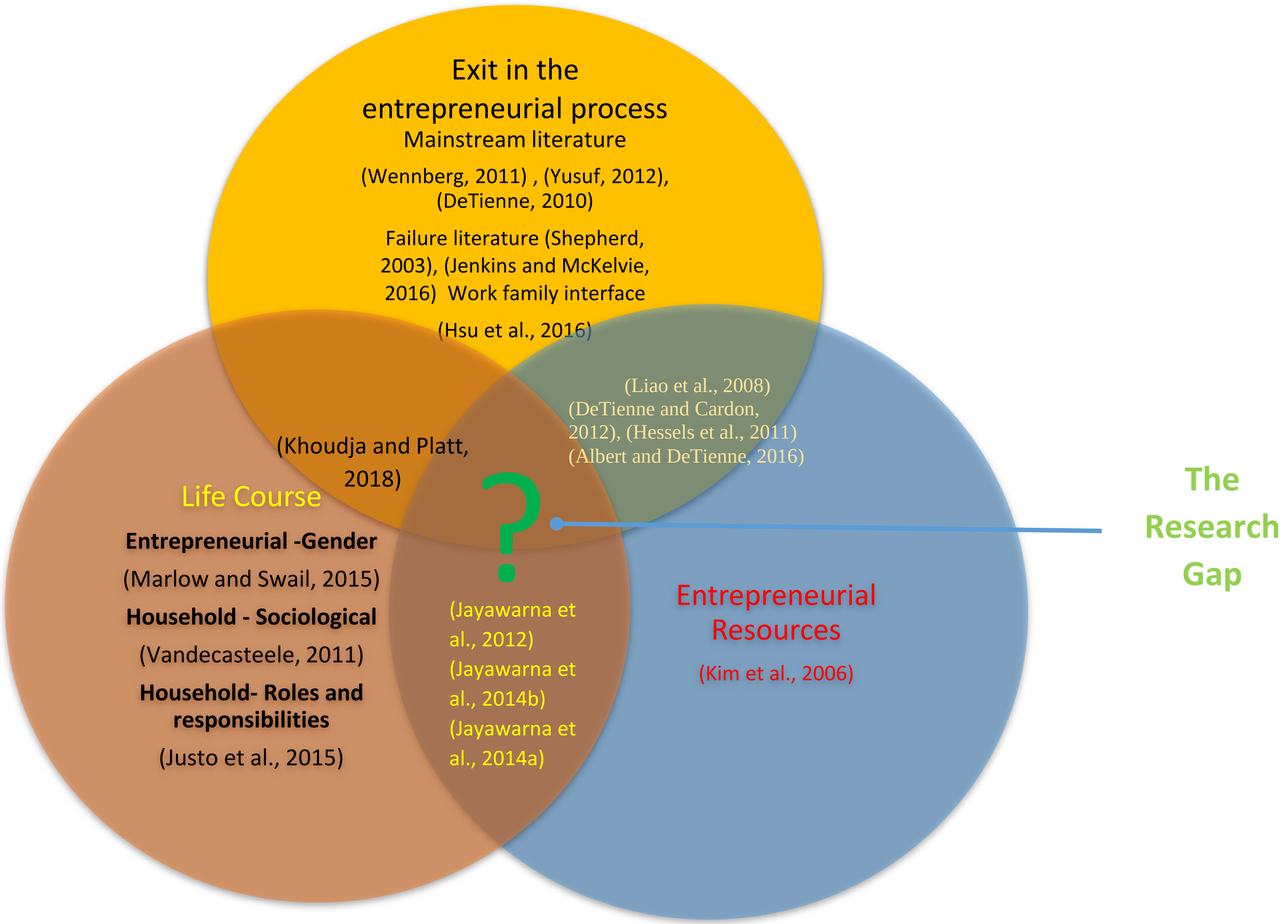

Figure one: Key literature sources and the current research Gap

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