

Master's Thesis – master Sustainable Business and Innovation

Entrepreneurial Exit by Circular Economy Entrepreneurs and Mainstream Entrepreneurs – A comparative analysis.



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1. Introduction

Background & Literature Summary

Given current climate change concerns, such as temperatures rising, glaciers melting, patterns changes in rainfall, sea levels rising, it is critical to evaluate current human activities like fossil fuel burning, deforestation, and emissions from manufacturing processes, and modernize them through innovative business models (European Commission, 2004). The current take-make-dispose model, previously enabled by inexpensive resource prices, created an economic growth driven by the extraction of natural resources, the manufacturing of products, and ultimately the disposal of them, with little to no priority in reusing the originally extracted materials (as cited on Ellen MacArthur Foundation, 2013).

The circular economy (CE) offers an economic framework that has potential to mitigate climate change by “... replacing the ‘end-of-life’ concept with restoration, shift towards the use of renewable energy, eliminate the use of toxic chemicals, which impair reuse, and aim for the elimination of waste through the superior design of materials, products, systems [...]” (Ellen MacArthur Foundation, 2013). Additionally, *pays-to-be-green* literature has suggested that environmental responsibility presents numerous “opportunities for increasing revenues” (as cited on Hall, Daneke, & Lenox, 2010). And by 2030, the CE is expected to generate annual benefits of up to 1.8 trillion euros, in Europe alone (McKinsey, 2014). Entrepreneurs who adopt environmentally and socially responsible practices have the ability to accelerate the transition towards a sustainable future (Schaper, 2010). While environmental economics suggests that market failures drive environmental degradation, entrepreneurship literature contends that opportunities are inborn in such market failures (Hall et al., 2010). Furthermore, entrepreneurs should address environmental degradation via for-profit ventures as it can supplement “... regulation, corporate social responsibility, and activism...” (York & Venkataraman, 2010, pg. 449). But addressing this challenge is likely to come from nascent entrepreneurs (rather than incumbents) as it is more likely for new entrants to jumpstart change in existing industries (Hockerts & Wüstenhagen, 2010).

Yet, previous entrepreneurial literature had often ignored the variation in motivations of entrepreneurs, a problematic omission since entrepreneurship is heavily driven by the decisions people make when undertaking the entrepreneurial process (Shane, Locke, & Collins, 2003). While it does not explain entrepreneurial motivation, the social identity theory offers a perspective to better understand founders, the venture creation process, its outcomes (Sieger, Gruber, Fauchart, & Zellweger, 2016). And although no literature explicitly links the social identity theory to entrepreneurs in the CE (CE entrepreneurs herein), a compelling case is created given the definition of the missionary entrepreneurs and that of the CE. Using the CE definition by Kirchherr, Reike, & Hekkert (2017), we can establish that CE entrepreneurs are those who develop business models with the “... aim to accomplish sustainable development” [...] thus implying to create [...] “environmental quality, economic prosperity and social equity, to the benefit of current and future generations” (p. 224-225).

With firms being heavily driven and shaped by the visions and characteristics of the entrepreneurs (Van de Ven, Hudson, & Schroeder, 1984), it is important to recognize that substantial differences in attitudes towards the entrepreneurial exit process (EEP herein) may exist between mainstream entrepreneurs and CE entrepreneurs. Mainstream entrepreneurs are those who perceive opportunities and create organizations to pursue them (Bygrave, W. D. & Hofer, 1991), possess the independence motivation, and hence are responsible for their own results (i.e. financial, firm performance, etc.) (Shane et al., 2003). Drawing on the EEP definition by DeTienne (2010), it is “... the process by which the founders of privately

held firms leave the firm they helped to create” (p. 203). But it is important to clarify that exits have multi-level nature and that the previous definition only focuses on exits of founders from the firm, ignoring that there is also the possibility of the firm exiting from the market (Wennberg, 2011). Many exit routes are available for entrepreneurs including merger & acquisition, initial public offering (IPO or “going public”), liquidation, sale to an individual, and family succession (as cited on DeTienne & Chandler, 2010). Moreover, research has identified that human capital variables (i.e. age, education, and experience) did correlate to which exit strategy entrepreneurs envisioned (Detienne & Cardon, 2006), and also the eventual exit outcome (Wennberg, Wiklund, DeTienne, & Cardon, 2010). Additionally, exit strategies vary on the level of analysis (individual, firm, and industry) (Wennberg & DeTienne, 2014). Overall, conceptualizing clear exit strategies is important for new entrepreneurs as it can help them stay on track, clarify uncertainties, and even attract investors (Price, 2004).

Problem Description

Successions in business are not events but rather processes, cycles, and or stages, and preparing for it only enhances the chances of a successful one (as cited on Goldberg, 1996). Every entrepreneur will ultimately exit (DeTienne & Cardon, 2008), yet only about 50% of them have an exit strategy (Wennberg & DeTienne, 2014), making it easy to assume that it is not a phenomenon only affecting mainstream entrepreneurs, but also CE entrepreneurs. Additionally, this gap opens up an opportunity to understand and compare the preferred exit strategies, timeframes to exit, and criteria to exit by CE and mainstream entrepreneurs. Examining other variables, such as entrepreneurial drive, motivations, and social identities, rather than the traditional human capital variables could enhance results given the uniqueness of each venture and its entrepreneurs. Additionally, strictly quantitative research methodologies used in entrepreneurial exit studies (i.e. Detienne & Cardon (2006); DeTienne & Chandler (2010); and Wennberg et al. (2010)) have been doubted to be the proper way to “... *uncover relatively broad-ranging laws that govern the entrepreneurial process...*” (Schaper, 2010, pg. 11). All in all, differences are expected between CE and mainstream entrepreneurs regarding their EEP based on assumptions about their drive, motivations, and social identities (further explained in the hypothesis).

Thus, the aim of this study is to determine how the EEP for CE entrepreneurs differs from that of mainstream entrepreneurs on an individual level. Hence, the proposed research question for this study is:

How does the entrepreneurial exit process differ between circular and mainstream entrepreneurs?

To help answer the proposed research question, the following sub-questions will also be answered:

How do the entrepreneurial drive, motivations, and social identity vary between circular and mainstream entrepreneurs?

In order to enhance the understanding of this process in the European Union (EU), the intended domain has been established as any nascent entrepreneurs contributing to the CE in the EU. To compare, nascent mainstream entrepreneurs operating in the EU will be targeted. As an achieved domain, the research will be conducted by interviewing nascent CE and mainstream entrepreneurs in Germany, The Netherlands, and the United Kingdom. The scope is further detailed under the [Method](#) section.

Theoretical and Societal Contribution

Implications to the literature of entrepreneurship, the CE, and the EEP are expected. Due to the environmental and societal focus of CE entrepreneurs, implications will also be made to the notion of *'sustainable entrepreneurship'*, also referred to in the literature as *'eco-entrepreneurship'*, *'ecopreneurship'*, *'enviropreneurship'*, *'environmental entrepreneurship'*, and *'green entrepreneurship'*, (as cited on Jiang, Chai, Shao, & Feng, 2018; Kirkwood & Walton, 2014). Moreover, even though the CE is not a novel concept, publications on the subject grew 37% from the years 2012 through 2015 (Nobre & Tavares, 2017), thus confirming the increasing interest on the subject. Moreover, this study will relate the entrepreneurial motivations social identity theory to the EEP via qualitative methods in hopes to further understand and offer another perspective.

Whether mainstream or circular, entrepreneurs will be able to use the results from this research as a guide for their own EEP. Additionally, this study should allow nascent entrepreneurs to uncover trends amongst themselves, whereby their own entrepreneurial drive, motivations, and social identities are linked to the EEP. Thus, increasing self-awareness, with the aim of solidifying the overall planning and action-taking as they consider embarking in the EEP. All in all, implications from this study should decrease the potential for mistakes when navigating through the entrepreneurial process and increase general knowledge on the subject.

Consequently, the rest of this research paper is organized in the following manner. Firstly, a [Literature Review](#) is presented, expanding and delineating on the subjects mentioned in this section. Secondly, the [Research Methodology](#) used to conduct the study and the [Data Collection](#) processes are explained. Thirdly, the [Results](#) are exhibited. Fourth, the [Discussion](#) and [Conclusion](#) sections aim to adduce the results, while also showing the limitations of the study and potential future research avenues. Lastly, [References](#) and [Appendix](#) sections are included.

2. Literature Review

In this section, environmental challenges are discussed while the CE is explored as a possible solution. Moreover, entrepreneurs and ecopreneurs are compared, their motivations are highlighted, and previous social identity theory findings are examined. Lastly, the entrepreneurial exit literature is discussed in detail.

Environmental Challenges and the Circular Economy

Similarly to owning a personal computer in the 1990s, tackling climate change has gone from a luxury to an existential necessity as humans continue to push the climate change Earth system passed its boundaries (Rockström et al., 2009). The Earth system boundaries are used to estimate a safe operating space for humanity and avoid unacceptable global environmental change. Thus, taking on global environmental change can no longer be postponed. According to Nobel prize-winner Paul Crutzen, anthropogenic activities have enabled a new period within human history – he argues that we have moved from the Holocene era to the ‘Anthropocene’ era; the Anthropocene era is defined as a period in which human activities have an impact on almost all aspects of the earth system equivalent to that of a great force of nature (Urry, 2015). Ultimately, the Holocene shift can be observed by the disappearance of Arctic Ocean ice sheets during the summer months (as cited on Rockström et al., 2009). During the decade of the 2000s, greenhouse gas emissions were at the highest levels ever recorded, mainly driven by economic and population growth (Intergovernmental Panel on Climate Change, 2014). Moreover, resource depletion has fueled climate change specifically through the burning of fossil fuels (Höök & Tang, 2013). Five decades ago though, Boulding (1966) warned about the challenges society might face regarding resources, and stated that “... *man must find his place in a cyclical ecological system*” (p. 10). Today, rising and less predictable resource prices have forced companies to notice that a “... *linear system increases their exposure to risks*” (Ellen MacArthur Foundation, 2013, p. 6). These environmental challenges have become significant threats to economic growth (as cited in Jiang, Chai, Shao, & Feng, 2018).

The scientific community recognizes this challenge and sees the CE as a way for businesses to operationalize the concept of sustainable development (as cited on Kirchherr, Reike, & Hekkert, 2017). In 1987, the World Commission on Environment and Development (WCED) defined sustainable development as one that meets the needs of the present generation needs without compromising the ability of future ones to meet their own (WCED, 1987). Moreover, the review of 114 CE definitions by Kirchherr et al. (2017) draws on the WCED’s findings and recognizes that there was a lack of consensus in the term CE, and proposed that it is an economic system “... *based on business models which replace the ‘end-of-life’ concept with reducing, alternatively reusing, recycling and recovering materials in production/distribution and consumption processes, thus operating at the micro level (products, companies, consumers), meso level (eco-industrial parks) and macro level (city, region, nation and beyond), with the aim to accomplish sustainable development, which implies creating environmental quality, economic prosperity and social equity, to the benefit of current and future generations*” (p. 224). The CE provides an outlook to shift away from the very same linear models of production (take-make-dispose) that have fueled climate change concerns (Ellen MacArthur Foundation, 2013), and “... *aims to redefine growth, focusing on positive society-wide benefits*” (Ellen MacArthur Foundation, 2017).

Geissdoerfer, Savaget, Bocken, & Hultink (2017) also conceptualized a definition from research findings concluding that the CE is a “... *a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops. This can be*

achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling.” Hu et al., (2011) viewed the CE as an economic growth and development system that uses the 4R (reduce, reuse, recycle, and recover) methodology to reduce resource consumption and energy production, whereby the management of the environment is improved, and sustainable development is achieved. Several other authors have developed similar R-strategies to lower resource depletion and materials consumption during product development processes and ultimately increase circularity within the economy (Potting, Hekkert, Worrell, & Hanemaaijer, 2017). But the ultimate circularity of materials (see **Figure 1** below), in which we use them over and over during the product chain, is likely not feasible in practice, yet it envisions what the CE transition should be about (Potting et al., 2017).

Circular Economy	Strategies	Descriptions	
<p style="text-align: center;">↑</p> <p style="text-align: center;">Increasing circularity</p> <p style="text-align: center;">↑</p> <p style="text-align: center;">The higher the level of resources and less environmental pressure</p>	Smarter product use and manufacture	Refuse - 0	Make product redundant by abandoning its function with a radically different product
		Rethink - 1	Make product use more intensive (e.g. through sharing products, or by putting multi-functional products on the market)
		Reduce - 2	Increase efficiency in product manufacture or use by consuming fewer natural resources and materials
	Extend lifespan of product and its parts	Re-use - 3	Re-use by another consumer of discarded product which is still in good condition and fulfils its original function
		Repair - 4	Repair and maintenance of defective product so it can be used with its original function
		Refurbish - 5	Restore an old product and bring it up to date
		Remanufacture - 6	Use parts of discarded product in a new product with the same function
	Useful application of materials	Repurpose - 7	Use discarded product or its parts in a new product with a different function
		Recycle - 8	Process materials to obtain the same (high grade) or lower (low grade) quality
Recover - 9		Incineration of materials with energy recovery	
Linear Economy			

Figure 1: 9R Framework. Source: Potting et al. (2017)

The CE has allowed new business models which emphasize selling utilization instead of ownership, allowing for industries “... to profit without externalizing costs and risks associated with waste” (as cited on Geissdoerfer, Savaget, Bocken, & Hultink, 2017) An example of this phenomena is Michelin and their mobility service which includes the rental and maintenance of truck tires (Urban, 2019). Moreover, the CE aims to close the loop in material flow in the entire economic system as it is restorative by design, thus keeping materials, components, and products at their highest utility and value, indefinitely (Webster, 2017).

Entrepreneurs and Circular Entrepreneurs

Entrepreneurial opportunities are “... situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than the cost of their production” (Shane & Venkataraman, 2007). Gartner (1990), saw entrepreneurs as risk-taking individuals who start new ventures which are “... innovative and experience rapid growth” (p. 28). Moreover, entrepreneurship drives economic growth due to the innovative improvements and technical changes that occur (Schumpeter, 1934). Steve Jobs, the co-founder of Apple, once said: “We started out to get a computer in the hands of everyday people, and we succeeded beyond our wildest dreams” (Jobs, 1997). With this quote in mind, entrepreneurship provides individuals the opportunity to pursue goals, dreams, and desires via venture creation.

Although with a different focus and due to the economic crisis of 2008, ongoing poverty and environmental change worldwide have also driven organizations on a path that embeds entrepreneurial activities with societal benefits (Doherty, Haugh, & Lyon, 2014). Westley & Antadze (2010) defined this as social enterprises – profit-oriented ventures, which market their own products and services, and thus, blend business interests with societal problems. Moreover, their primary objective is to identify a societal need and respond creatively with a noble solution (Westley, Antadze, Riddell, Robinson, & Geobey, 2014).

Startups, in general, have played a key role in the subject of innovation, either through exploration and exploitation of new ideas, market opportunity and disruptive technologies (Pisoni & Onetti, 2018). The startup process (see **Figure 2** below) consists of three different stages of creation and growth: *stand-up*, *startup*, and *scale-up* (World Economic Forum, 2014). During the stand-up phase, the individual or team are inspired and willing to become entrepreneurs. As the startup phase commences, concept development and business model implementation begins, whereby the organization achieves viability through the means of sustainable financial and human resources, thus increasing the chances of reaching the scale-up phase.

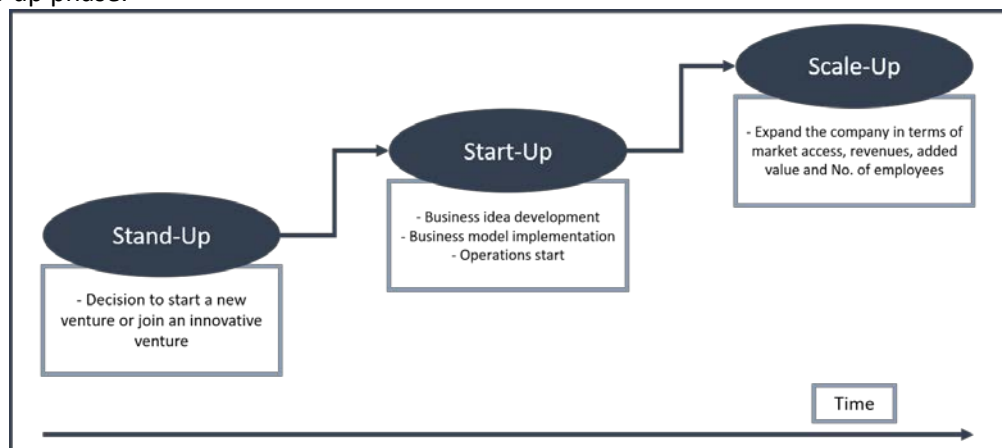


Figure 2: The Life Cycle Model for Entrepreneurship. Source: World Economic Forum (2014)

Similarly, green entrepreneurs have intrinsic motivations, but in their case, the venture offers positive effects to the environment and ensures a more sustainable future (Farinelli, Bottini, Akkoyunlu, & Aerni, 2011). Conceptualizing on research by Dean & McMullen (2007), an argument could be made that environmental problems result from the natural tendency of humans abusing the environment, but also from the inadequate conception of entrepreneurship. Green entrepreneurship is “... a predisposition to pursue potential opportunities that produce both economic and ecological benefits through initiating green activities” (Jiang et al., 2018, p. 1311). These activities produce positive economic and ecological benefits (Jiang et al., 2018). The rise of environmental consciousness in recent years has led to an increase in demand for sustainability-driven products and services (Shrivastava & Tamvada, 2017). Yet, these individuals do not enter eco-friendly markets solely to profiteer, instead, they do it because of their underlying green values (Kirkwood & Walton, 2010). Green values allow for entrepreneurs to abstain from exploiting gaps in the market if they believed it was not sustainable (Kirkwood & Walton, 2010). Though still in development, publications on circular entrepreneurship are limited, but a recently published book viewed circular entrepreneurship as an emerging “... complex socioeconomic system that needs rethinking in terms of relationship, patterns (accumulated memories of events and structures) and context (technical, political, legal, cultural)” (Zucchella & Urban, 2019).

Yet, the combination of environmentalism and entrepreneurship has been viewed as ‘intrinsically hostile’ (Anderson, 1998), ultimately opening the doors to greenwashing – the practice of positive communication about environmental performance when in reality the performance is low (Delmas & Burbano, 2012). From a narrow sense, ecopreneurship relates to startups “... *supplying environmental products and services*”, but from a wider sense, ecopreneurship is described as “... *an innovative, market-oriented and personality-driven form of value creation through environmental innovations and products exceeding the start-up phase of a company*” (Schaltegger, 2002, p. 48).

The Social Identity of Entrepreneurs

Deriving from the discipline of psychology, the social identity theory has become a key perspective to explain individuals’ behaviors and actions (Sieger et al., 2016). In entrepreneurship, the social identity of the founder has a strong effect within the organization because decisions are often made by the owner, given the small size of the organizations, ultimately serving as the compass that guides entrepreneurial activities within the firm (as cited on Fauchart & Gruber, 2011). Accordingly, Brewer & Gardner (1996) identified three main social identities in nascent entrepreneurs: communitarians, Darwinians, and missionary. Additionally, Brewer & Gardner (1996) also found hybrid forms which entailed features of the aforementioned.

Nascent entrepreneurs with a communitarian social identity envision firm creation as “... *supported by the community because of mutually beneficial relationships*” (Fauchart & Gruber, 2011, p. 936). Moreover, communitarians aspire to offer products and or services that are truly useful to their community, supporting the evidence that they have a sense of responsibility towards them (Brändle, Berger, Golla, & Kuckertz, 2018; Fauchart & Gruber, 2011; Sieger et al., 2016). Serving a specific social group is a core to their entrepreneurial process.

More traditional business-oriented individuals display a Darwinian social identity, guided by the self-interest of making money, creating personal wealth, and building a business that will be inherited by the next generation (Fauchart & Gruber, 2011). For Darwinians, professionalism is essential, whereby they abide by solid business principles. Concurrently, for them, it is highly critical to gain a competitive advantage over the competition as they are nascent to the market and often small producers lacking economies of scale (Fauchart & Gruber, 2011).

Entrepreneurs with a missionary social identity seek to advance ‘*a cause*’ via venture creation. Accordingly, they vouch for venture creation as a platform to advance political visions and causes of social and environmental nature (Fauchart & Gruber, 2011). Furthermore, missionaries aim to make society the main beneficiary but do not ignore the fact that the main goal of making money remains (Sieger et al., 2016). They often question themselves about how much they should focus on profits versus how much they should help the communities they serve. Overall, Fauchart & Gruber (2011) concluded that it is critical for the entrepreneurial process of missionary nascent entrepreneurs to showcase the feasibility of alternative social practices. Sieger et al. (2016) suggest that these kinds of entrepreneurs are of research interest in their own right.

Conversely to Fauchart & Gruber's (2011) social identity theory linkage with firm creation, Franke, Gruber, Harhoff, & Henkel (2006) applied it to understand venture capital decision making. Moreover, the social identity theory has also been employed to comprehend firm-related behaviors and actions (Hogg & Terry,

2000). All in all, the applications of this theory have varied, but its link to entrepreneurship cannot be ignored.

Entrepreneurial Motivations

Over the last few decades, entrepreneurial motivations have been dichotomized into opportunities and necessities (Williams & Williams, 2011). Necessity-driven entrepreneurs see entrepreneurship as “... *the best option available and not necessarily the preferred option...*” (Williams & Williams, 2011, p. 26). Available options are labeled as absent or unsatisfactory by these entrepreneurs. Hence, the need for employment motivated entrepreneurs to utilize behavior (“*a set of problem-focused coping behaviors*) and social resourcefulness (“... *leveraging social relationships*”) (as cited on Williams & Williams, 2011). Opportunity-driven entrepreneurs are those engaging in entrepreneurship out of choice, whereby “... *they seek to exploit a perceived opportunity*” (as cited on Williams & Williams, 2014, p. 31). Yet, they argue that this dichotomized view on entrepreneurial motivation should be transcended and ought “... *to be replaced by a richer and more nuanced understanding that recognises their [entrepreneurs’] diverse and dynamic motives.*”

A typology review of 27 quantitative studies discussing the motivations of entrepreneurs, resulted in seven dimensions (Stephan, Hart, & Drews, 2015). Furthermore, these entrepreneurial motivations were affected by variables such as gender, education, age, racial and ethnic backgrounds, personalities differences, and availability of resources. The dimension of *achievement, challenge & learning*, focused on the desire by entrepreneurs to reach a level of personal development through entrepreneurship. The sentiment of *independence & autonomy* highlights the desire of entrepreneurs to work at their own pace and time, make independent decisions, and maintain flexibility between work and personal life. Moreover, achieving *income security & financial success* through entrepreneurship emerged as a prominent motivation for these individuals. Although confident, entrepreneurs enjoy *recognition & status* from friends, family, and the overall community. Additionally, continuing and or creating *family & roles* traditions are deemed important by entrepreneurs. These individuals can also be motivated to change careers due to *dissatisfaction* with their work arrangements. Lastly, contributing back to the *community* due to *social motivations* or even environmentally friendly business models were identified by Stephan et al. (2015) as an entrepreneurial motivation. Qualitative studies on the matter also found the aforementioned dimensions, although in some cases subdividing specific aspects further (Stephan et al., 2015).

Even sociologists whom have repeatedly argued against trait-based research in entrepreneurship, have acknowledged that “... *motivated entrepreneurs are important to the entrepreneurial process...*”, thus making the inclusion of human motivation crucial when researching the subject (Shane et al., 2003, p. 276). Furthermore, the authors agreed that human actions during the entrepreneurial process were influenced by motivational and cognitive factors, otherwise known as internal factors. External factors also play a role in the process (i.e. the status of the economy, venture capital funding, competitors, and government regulations).

Ultimately, Shane et al. (2003) identified the following entrepreneurial motivations from prior qualitative research: independence, drive, and egoistic passion. Independence allows entrepreneurs to use their own judgment instead of “... *blindly following the assertions of others*” (p. 268). The drive of the founder has four different aspects – ambition, goals, energy, and stamina – in other words, “... *the willingness to put forth effort*” (p. 268). Lastly, the egoistic passion or “... *the selfish love of the work*” (p. 269), showcasing

their desire to build their organization and profiteer from them (Shane et al. (2003). On the other hand, quantitative studies identified the following: the need for achievement, risk-taking, tolerance for ambiguity, locus of control, self-efficacy, and goal setting activities. But according to the authors, these quantitative entrepreneurial motivation studies suffered 'significant methodological problems', making the findings suggestive rather than conclusive. The aforementioned gives validity to the question by Schaper (2010), in which the study asks: "... is each venture unique in its own way, driven by a person whose motivations, background, abilities and activities are different to the next person?" (p. 11). All in all, goals and motivations during the founding stage "... affects both the likelihood of exit, and also how the exit process will evolve" (Wennberg, 2011). Factors such as freedom or exploiting valuable inventions or discoveries affect the possibilities of exiting and the various paths (as cited on Wennberg, 2011).

The Entrepreneurial Exit & Strategies

Exiting from Entrepreneurship

According to Wennberg (2011), the EEP is affected by the goals and motivations of entrepreneurs. Exiting has the potential to benefit the entrepreneurs, their firms, the industry and even the economy in general (DeTienne, 2010). It also has the potential to trigger the process of *entrepreneurial recycling* in which the entrepreneur(s) "... channel a portion of their newly acquired wealth and time as well as their accumulated experience into other, often multiple, entrepreneurial activities with clear economic benefits." The human capital theory, explains that the entrepreneurial exit is an indication of accumulated entrepreneurial human capital, some examples include knowledge, skills, and experience (as cited on Hessels et al., 2011). Several studies have attempted to define the EEP. Evans & Leighton (1989) and Van Praag (2003) saw it as a decision to leave self-employment. Stam, Thurik, & van der Zwany (2010) defined it as "*the decision to quit an entrepreneurial career*" (p. 3). On the other hand, Wennberg, Wiklund, DeTienne, & Cardon (2010) suggested that an entrepreneurial exit could simply be a career choice or a liquidation of financial investments. Hessels and colleagues (2011) define entrepreneurial exit as the "... *shutting down, discontinuing or quitting a business*", while acknowledging that sold firms were excluded from their analysis.

Due to the numerous exit pathways available to entrepreneurs, DeTienne (2010) suggested that exits should not be categorized as failures. Further research later found that one-third of entrepreneurs saw their firms as successful at the time of closure (Wennberg, 2011). Moreover, DeTienne (2010) concluded that scholars should consider the EEP as a critical component of the entrepreneurship process. Growth-oriented entrepreneurs, often begin their businesses with the explicit goal of successfully exiting in order to harvest the value created (as cited on Pisoni & Onetti, 2018). An exit has the potential to occur at any time after company establishment (see **Figure 3** below) (World Economic Forum, 2014). Pisoni & Onetti (2018), argued that entrepreneurs must plan the exit phase in the early stages of the startup process. Extrapolating on the critical review of research on entrepreneurial exit by Wennberg & DeTienne (2014), we now know that only about half of all entrepreneurs have exit strategies in place.

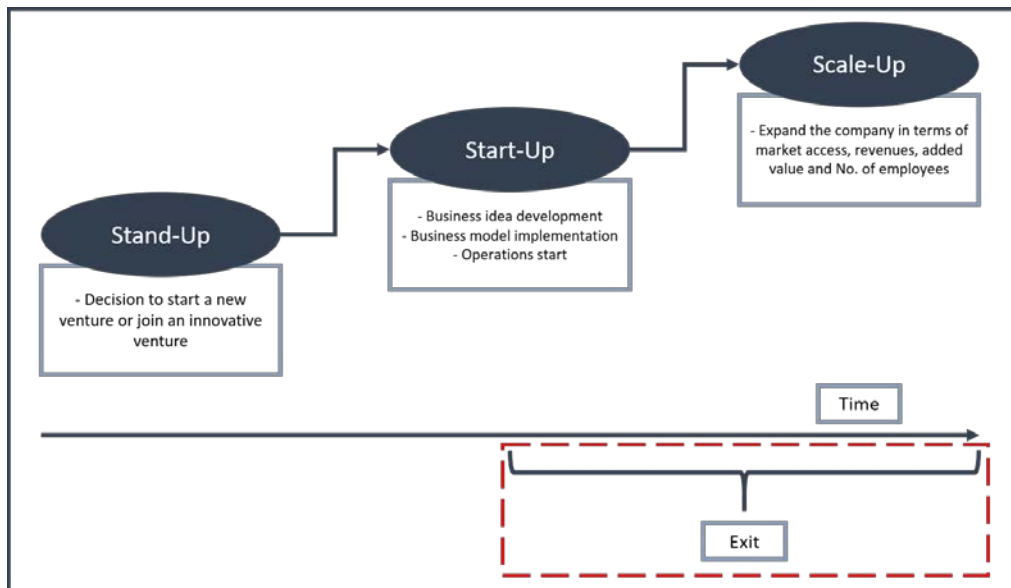


Figure 3: The Life Cycle Model for Entrepreneurship (with EEP). Source: (World Economic Forum, 2014)

Exit Strategies

Researchers have noted that exits can either be voluntarily or simply a result of a bankruptcy (Pisoni & Onetti, 2018). Moreover, strategies have been known to be geographically or culturally specific to the research scope, similarly to the variables observed by Stephan et al. (2015) in their entrepreneurial motivations typology. Developing an exit strategy is often clouded by the psychological attachment (i.e. referring to their venture as their “baby”), potentially impacting the development and the type of exit strategy considered by the entrepreneur (DeTienne, 2010). Up until now, research had identified at least seven different strategies, but additional *new and creative* strategies will be attempted and developed (Wennberg & DeTienne, 2014).

Eighty percent of entrepreneurs expect to transfer their companies to an employee or a family member when they retire, but within that group, only 20% of entrepreneurs succeeded in completing a family succession (DeTienne & Cardon, 2008; Knott & McGrath, 2004). \$4.9 trillion in wealth are expected to transfer via family businesses (DeTienne, 2010). Moreover, entrepreneurs can obtain funding by working with venture capitalists and giving up the capability and ability to make strategic decisions (DeTienne & Cardon, 2008; Wasserman, 2003) Notwithstanding, exiting has lead entrepreneurs into investing in other businesses through the creation of their own venture capital firms (Mason & Harrison, 2006). Entrepreneurs can opt into a merger and acquisition process, whereby the organization has the ability to expand its capabilities and improve its competitive position (Gaughan, 1999). Mergers and acquisition processes can be key to carrying out scaling strategies, either via international expansion, the acquisition of new technologies, and or diversification of the firm (Pisoni & Onetti, 2018). Nevertheless, Pisoni & Onetti (2018) clarify that the financial value, physical locations, and the cultural differences of the start-up and its human capital from the acquiring firm can be determining factors that affect the process of merging and being acquired. Additionally, the entrepreneur has the ability to sell their firm to another business, third party or elect for employee or management buy-out, thus allowing for continuity of the firm and potential payouts for loyal employees (DeTienne, 2010). Strategically draining company assets and paying the founders in dividends (otherwise known as liquidation) has proven to be more advantageous plan than aiming to be acquired for small business owners as it is a crowded acquisition

market (Wennberg & DeTienne, 2014). Though, individuals with more business training have been found more likely to consider this strategy than those with an engineering background (DeTienne & Cardon, 2008). Lastly, entrepreneurs often say that an IPO is “... *the most desired form of ‘harvest’*” (as cited on Poulsen & Stegemoller, 2008) since the firm sells off a part of the venture to the public, but often retains a majority of the control and ownership. An IPO can also infuse the firm with cash, new resources, and renewed energy (as cited on DeTienne, 2010).

Hypothesis

The following hypothesis is drawn from a combination of qualitative and quantitative studies from the realms of entrepreneurial motivations and the dynamic EEP, with respect to the types of entrepreneurs (CE entrepreneurs and mainstream entrepreneurs) being compared in this study.

When determining their exit strategies, CE entrepreneurs like mainstream entrepreneurs will feel the same independence to use their own judgment instead of following what others believe. This occurs due to the nature of entrepreneurship, that in order to stay afloat, the desire of being independent is dependent solely on the entrepreneur. Yet, there is always that potential for entrepreneurs to become interested in a career change (i.e. working for another company, merge and or be acquired by another company that employees them within their former venture). Career changes or entrepreneurial exits for either of these entrepreneurs would decrease their sense of independence since founders experience a higher sense of independence when compared to the general population.

Nevertheless, the exit process decisions by CE entrepreneurs will be driven by the environmental problems and their desire to leave current and future generations of the general population a more sustainable lifestyle. Meanwhile, mainstream entrepreneurs will be driven by the potential to improve their own economic status and lifestyle, as well as that of their family. Thus, CE entrepreneur will be more cautious when deciding to accept buyout options and or investments from third parties (i.e. venture capitalists) as they would elect to make less money, but stay profitable, in order to do the “right thing” for the environment and or future generations. On the other hand, mainstream entrepreneurs will look to maximize their profits, with the aim to exit their entrepreneurial journey as successful as possible. It is important to note that this does not question the integrity or morality of such entrepreneurs, it only fortifies what previous research has found, unless the entrepreneur claims otherwise.

Given that mainstream entrepreneurs love the process of growing their businesses and profiteering from it, any exit strategy that allows them to leave their business while making enough money will be appealing. Concurrently, CE entrepreneurs will experience the same egoistic passion, but will also heavily incorporate aspects during their exit process that ultimately hampers it. With environmental concerns and marketability of enterprises targeting those issues on the rise, CE entrepreneurs will have a difficult time letting go through means of sales, or mergers & acquisitions, or even IPOs. Ultimately, if their overall mission is not advanced when exiting their ventures, even if it is the right financial move for them or if it opens the door to other opportunities within the CE, they will refrain from it to avoid potential greenwashing of their initial work.

3. Methodology

In January of 2019, a Boolean-style search was conducted on the Google Scholar electronic database with the keywords “circular economy” AND (“entrepreneurial exit” OR “exit strategy” OR “exit process”) AND (“founder” OR “entrepreneur”) AND (“startup” OR “start-up” OR “business” OR “firm” OR “venture”), returning no results to explain how the EEP compared between CE entrepreneurs and mainstream entrepreneurs (see [Appendix I](#)), the results were irrelevant, even with a Boolean-style search method. Additionally, recently published literature by Urban (2019) and Zucchella & Urban (2019) was examined but the entrepreneurial exit was not found to be an area of research.

Moreover, to the knowledge of the researcher, the literature also does not explain the intricacies of the exit thought process and its relationship to entrepreneurial motivations. Additionally, entrepreneurial social identities studies had been recently “measuring” and “interpreting” the phenomenon via quantitative methods (i.e. Brändle et al. (2018); de la Cruz, Verdú Jover, & Gómez Gras (2018); and Sieger et al. (2016)) even though initial research by Fauchart & Gruber (2011) on the matter was conducted qualitatively. Hence, a qualitative approach in which new concepts and processes relative to the subject at hand will be used, whereby it is adequate enough to make the results relevant to the entrepreneurs living that experience and also maintain a level of acceptance for the scientific community (Gioia, Corley, & Hamilton, 2012). Lastly, this type of methodology was chosen due to the subtlety of the phenomena at hand (as cited on Fauchart & Gruber, 2011; Strauss & Corbin, 1998).

The methodology section is organized in the following order. The scope of the research is further elaborated upon and the data collection process is explained. Furthermore, the coding procedure and booklet creation process are developed, while a data validation process previously used by other qualitative researchers is adapted to this research and justified.

Scope

Only entrepreneurs that are still in the nascent stages of their current venture (1-5 years) will be interviewed for this study. Very regularly, entrepreneurial research suffers from the “survivor bias,” whereby only firms that have succeeded are studied since they are easier to track (Schaper, 2010), thus, only one year of tenure will be required to participate in this study. Additionally, entrepreneurs with both physical products or services business models will be interviewed. Entrepreneurs whose business models do not have significant relevance with the CE will be labeled as mainstream (i.e. photography studios and accounting firms). Meanwhile, if the business model of the entrepreneur aligns to any of the 9R strategies in the framework by Potting et al. (2017), the entrepreneur is categorized as CE Entrepreneur (i.e. Plant-based bottle manufacturer). When and if the labeling process became difficult to achieve based on the established criterion, the researcher decided based on practical and academic knowledge in the field of entrepreneurship and sustainable entrepreneurship.

To further explain the reasons behind the selection of geographical location, Amsterdam, The Netherlands is a prominent location to find entrepreneurs as it has become a hub for innovation and was the recipient of the prestigious *European Capital of Innovation* award in 2016, awarded by the European Commission (European Union, 2016). Moreover, Amsterdam has been home to an innovation program around CE aiming to accelerate the transition via a community that facilitates knowledge exchange, funding, and networking (Amsterdam Smart City, 2017). Concurrently, Berlin, Germany is home to numerous co-working and accelerator spaces, and while it is not Silicon Valley, it offers a mix of industries and venture

capital that allow for entrepreneurs and their startups to thrive (Fell, 2015). Berlin is also home to more than 400 CE ventures with more than 8,500 employees (Berlin Business Location Center, 2018). Finally, London, United Kingdom is home to \$842 million USD in venture capital investment, almost doubling the next European city on the list (Paris), hence making it a desired location for entrepreneurs (Florida, 2016). Moreover, it is a city that by 2036 is expected to generate at least £7 billion per year and over 40,000 jobs centered around the CE. Overall, these locations are rich in locally available CE knowledge, thus enhancing the possibilities of “green” innovative startups (Colombelli & Quatraro, 2017; Giudici, Guerini, & Rossi-Lamastra, 2017). If an entrepreneur outside of these cities but inside of the respective countries is willing to participate and meets the aforementioned criteria, they will be considered suitable for the study and interviewed accordingly. Lastly, while the official languages of The Netherlands and Germany are not English, a majority of the innovation hubs, business incubators, and accelerator programs (discussed below in the [Data Collection](#) sub-section) have an international presence, thus, finding English speaking entrepreneurs will not require a contingency plan.

Data Collection

In-person semi-structured interviews were conducted to gather the data. When respondents were unable to meet for an in-person face-to-face interview or if the researcher was unable to travel to the locale, the contingency plan was to conduct the interview via video call or telephone. The interviews were recorded and transcribed with the permission of the participants. Semi-structured interviews have been selected to avoid pigeon-holing respondents into one idea or way of thinking, instead, they are able to speak freely within the scope of the questions allowing the researcher “... to obtain both retrospective and real-time accounts by those people experiencing the phenomenon...” (Dennis A. Gioia et al., 2012). The goal was to create an engaging environment for the respondents, in which the willingness to provide information that we may have considered proprietary was eased (as cited on Gioia et al., 2012). Moreover, the questionnaire was developed with the collaboration of another Master student whose focus was *scalability & growth* within circular and mainstream startups. Additionally, the questionnaire was refined, in part, by input from a Ph.D. student at Utrecht University whose main focus is on CE business models. During the development of the theoretical questionnaire (see [Appendix II](#)), the researchers discussed situations that would require follow-up questions. For the purposes of this research, the data that emerged from the *Scalability & Growth* section of the questionnaire was fully disregarded from the analysis. All in all, the data collection process was split between the two researchers. Moreover, the researchers followed qualitative research guidelines proposed by Warren (2002) of conducting 20 to 30 interviews.

The Netherlands was prioritized due to the geographic locale of the researchers, while entrepreneurs in Germany and the United Kingdom were contacted subsequently. The names of these ventures will remain anonymous throughout the study as it was an agreed criterion and ultimately did not enhance the findings. A nickname has been given to both types of entrepreneurs, whereby CE and mainstream are referred to as “C + a number between 1 and 20” (i.e. C3) and “MT + a number between 1 and 20” (i.e. MT14). Moreover, this anonymity reduces the potential for bias in answers as the researched subject is private given the financial layers that are involved.

To reach the scope and sample size, personal relationships were utilized as the main point of access. Organizations in Table 1 (see below) were used as a general source to find both CE and mainstream entrepreneurs. This table was developed through desk research focusing on each of the locations as well

as the personal relationships the researchers could capitalize on. Personal relationships were present at Impact Hub, Climate-Kic, Startup Delta, and Utrecht, Inc., and hence why those organizations were contacted first. After personal relations reached saturation, a campaign e-mail was carried out targeting entrepreneurs who fitted the criteria of the study. The data was collected over a period of two and a half months.

Table 1: Innovation Hubs, Business Incubators, and Accelerator in Amsterdam, Berlin, and London

		Location		
		Amsterdam	Berlin	London
Organization Type	Innovation Hubs	Impact Hub	Impact Hub	Impact Hub
		Climate-Kic NL	Climate-Kic GE	Climate-Kic UK
		Crosspring	EIT Innovation Hubs	RocketSpace
	Business Incubators	ACE Incubator	M Cube Incubator	Founders Factory
		Utrecht, Inc.	Seedcamp	Seedcamp
		Brightlands Innovation Factory	Startup Incubator Berlin	Wayra
	Accelerator	Collider	Axel Springer	Collider
		Startup Delta	Berlin Startup Academy	Bethnal Green Ventures
		Rockstart Accelerator	German Tech Entrepre. Center	Accelerator London

Coding Procedure

The data gathering process and analysis were virtually carried out at the same time, whereby terms, codes, and categories were developed early in the research process, following the advice of Strauss & Corbin (1994). Initially, a coding framework was developed deductively via the preliminary literature review. Afterward, an iterative process between the data gatherers also was conducted to decide on non-ambiguous categorizations in data was used by both. Nvivo 12 Pro was used as the coding tool, allowing for deep levels of qualitative analysis. A conscious decision in favor of manual coding was made because an automatic coding process risked for meaningful findings to be ignored by the system (Kirchherr et al., 2017).

The researcher engaged in an open coding process in which the data was read and key points were highlighted. Four main concepts were distinguished during the development of the coding booklet, known as axial coding (Strauss & Corbin, 1998). These core concepts were “*entrepreneurial formation*,” “*social identity*,” “*exit thought process*,” and “*entrepreneurial exit process*.” Subsequently, additional coding categories and sub-categories were added inductively and deductively throughout the coding process (as cited on Kirchherr et al., 2017), otherwise known as a selective coding (Strauss & Corbin, 1994). A coding booklet was developed (see Table 2 below), whereby the names of concepts, categories, and sub-categories are listed and described.

The coding process had an initial phase in which the researcher gathered as many as 120 sub-categories, following the advice by Gioia (2004) of getting lost within the data before getting found. To successfully analyze the data, the coding process is repeated, ultimately allowing for the finding of previously found and or new concepts (Gioia et al., 2012). Additionally, since the coding process was completed by one researcher, a validation system will be in place (further explained in the [Validation](#) sub-section below). Also, given that this study was conducted primarily by one researcher, it is recognized that had there been an additional coder, differences in interpretations on how various terms or phrases were coded could have existed (Gioia et al., 2012). Nevertheless, previous qualitative researchers have not deemed this step as necessary.

Validation

The trustworthiness of the gathered data was ensured by applying a five concepts process developed by Holloway & Wheeler (2010) in another qualitative study. First, this project served as a master's thesis project, thus member validation was attained by presenting the analysis and interpretation of the results to a supervisory team at Utrecht University in August of 2019. Second, to avoid biases, alternative explanations were sought by interviewing two types of entrepreneurs (CE and mainstream entrepreneurs) until theoretical saturation was reached. Third, a data triangulation procedure was conducted when necessary to avoid data gaps by using sources different than the interviewees. External triangulation was reached by providing the same questionnaire to firms in additional, yet similar geographical locations. Internal triangulation was reached by using other sources of data, such as the company website and mission and vision statements. Fourth, bi-weekly meetings with the approved Utrecht University supervisor were completed to create an audit trail which ensured concerns related to the research were effectively ironed out in a timely manner. Lastly, reflexivity for this research project was achieved through an iterative process in which the researcher discussed the ongoing project with the assigned supervisor, other experts in the field, and colleagues – this assured a continuity whereby reading and reflection was completed, providing the desired clarity for eventual readers.

4. Results

The results presented below were reached via the proposed coding process, consisting of three rounds. Moreover, citing back to the uniqueness of each venture and its entrepreneurs, all of the results will be presented, whether the concept had a consistent appearance or not. To synthesize the results, a Conceptual Framework (available at the end of [this section](#)) was used to facilitate the analysis, thus aiming to provide a clearer look into the EEP.

This section starts with a general overview of the sample. A deep look into the career paths (including education) entrepreneurs took before pursuing entrepreneurship is presented. Additionally, their motivations to do business, and their overall drive considerations are discussed. These components are combined under the conceptual framework as *Entrepreneurial Formation*. Furthermore, the social identity of entrepreneurs is explained. As a final point, the exit thought process is presented and a holistic view into the EEP is elaborated upon.

Sample Overview

The originally proposed sample size was individually met by each of the researchers gathering data, and when combined, it exceeded the guidelines by Warren (2002), by 25% (see **Figure 4**). Thus, the study assured acceptability within academia and reached theoretical saturation. Moreover, a location breakdown shows that 55% of the cases (or 22 unique cases) were in The Netherlands. Given the locale of the researchers and the lack of personal networks similar numbers were not achieved in Germany (8 cases), nor in the United Kingdom (10 cases). All in all, the desired entrepreneurial type breakdown was reached (50-50 split), whereby 20 mainstream entrepreneurs and 20 CE entrepreneurs were interviewed.

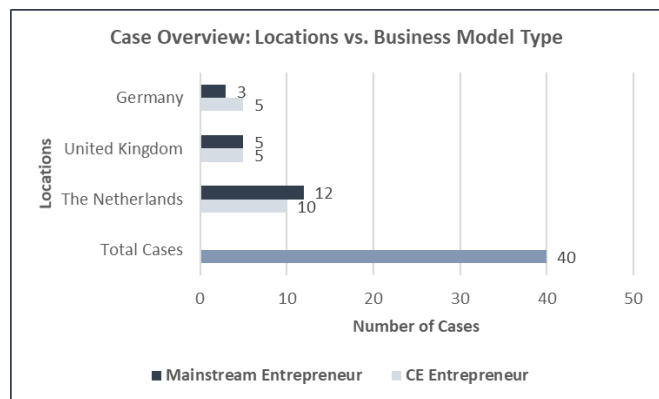


Figure 4: Case Breakdown: Locations vs. Business Model Type

The Entrepreneurs Before Entrepreneurship

Career Path

The exploration of career paths within the entrepreneurs resulted in three main concepts during the coding process. Additionally, **Figure 5** below, conveys the breakdown between the career paths and types of entrepreneurs relevant to the study.

Entrepreneurs whom were *Highly Educated, Unexperienced Professional* mentioned qualities that involved attending university and starting their business from research within their studies or simply during their studies (i.e. “So I never worked in a company in my life...” “... My master was on environmental science, I worked on renewable energy planning. My Ph.D. was, again, renewable energy, renewable energy planning, but with more focus on wind energy.”). These entrepreneurs established that they had not worked in another professional environment prior to their Master’s Degree or Ph.D.

Highly Educated, Experienced Professional entrepreneurs indicated that after concluding their studies, they elected to join another company and obtained professional experience before deciding to create

their own venture (i.e. *“But I started C17 five years ago. Because before that, I was a consultant. I was an IT/business consultant. And I studied on the university for two years, organizational studies and diversity management. I studied facility management before that, four years, and furniture making before that, so I had a 10 year study career path.”*).

Lastly, *Experienced Professional, Entrepreneurs* indicated that they had gathered experience from another company they either inherited via family succession or helped start, and hence, had been entrepreneurs for most, if not all, of their professional career (i.e. *“So my name is MT2, basically a serial entrepreneur. I have, I’m basically a co-founder in MT2. And I have done number of companies back in the past. I have started my first business at the age of 17. So far, I’ve been involved in different companies, mainly I’m focusing in the technology industry, and I have two successful exits so far within my career.”*)

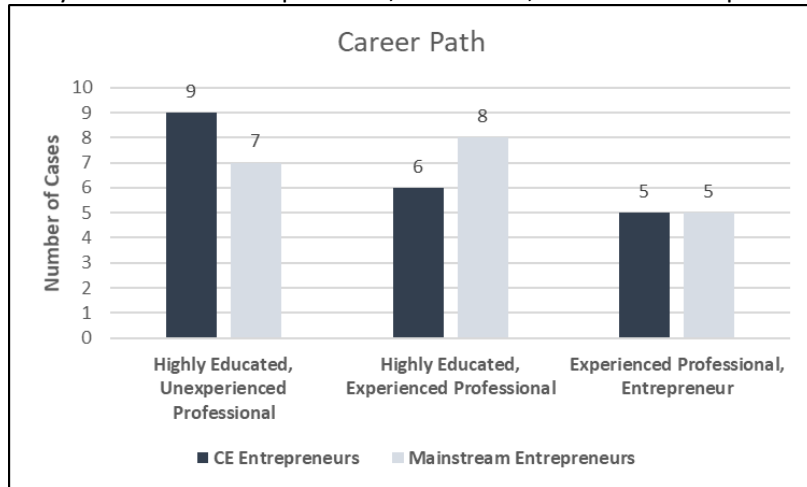


Figure 5: Career Path Prior to Entrepreneurship

Entrepreneurial Drive

Furthermore, the dichotomization of entrepreneurial drive between doing business out of *necessity* or *opportunity* was observed. Only 3 entrepreneurs discussed going into business explicitly out of *necessity*. Meanwhile, 19 (47.5%) entrepreneurs (6 CE and 13 mainstream entrepreneurs), pointed towards an opening in *opportunities* sparking the start of their business. Yet, the rest of the entrepreneurs (45%), defined their drive of going into business by a *combination of necessity and opportunity*. CE entrepreneurs often cited a need to combat wasteful resource use through a viable opportunity (i.e. *“... it’s quite a combination, I felt that it’s pretty terrible that a lot of people use just single use cups all the time. And then there is a way to, to avoid that by looking at the existing waste stream. So it was a, it was important for me to, to develop the solution and to give it as an object to the people.”*).

By observing **Figure 6**, we notice that a majority of CE entrepreneurs (60%) started their business via the *combination of necessity and opportunity*. While a majority of mainstream entrepreneurs (65%) opted to start their ventures simply after pinpointing an opportunity in the market.

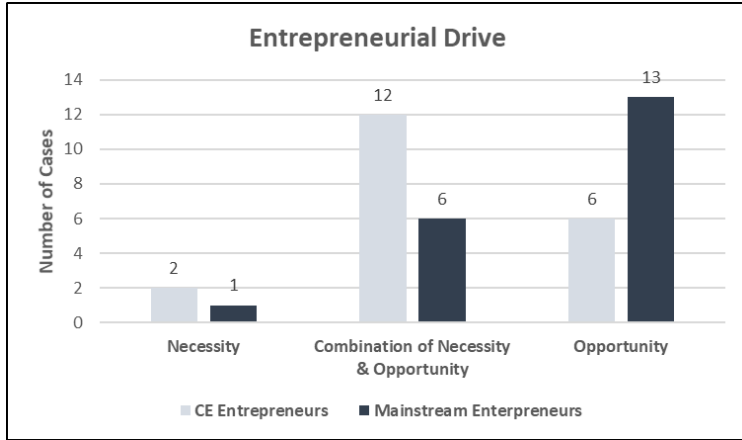


Figure 6: Entrepreneurship Drive

As CE entrepreneurs defended their combined perspective of *necessity and opportunity*, they discussed the problems at heart (i.e. “... *water scarcity is something which is actually on the global, it’s a global risk ranking...*”). Conversely, mainstream entrepreneurs discussed gaps they had observed in the market from a necessity and opportunity perspective (i.e. “*But I always wanted to fill a gap...*”).

Business Motivations

The motivations behind the entrepreneurs was overwhelmingly driven by the sense of *independence and autonomy* (see **Figure 7**), whereby 85% of them highly valued the ability to do what they wanted to do, when they wanted to do it (i.e. “*I mean, I will always love to work and do my own companies and do my own things. I mean, about the age of 12, I remember I used to sell DVDs to my classmates and the school, and I were making a bit money out of it.*”). Additionally, more than half of the CE entrepreneurs (60%) mentioned the urgency needed to protect the environment (i.e. “... *I like a challenge and I want to have an impact. And when I had this knowledge about how to make things from coconut waste, because the coconut fibre, the husk has the fibre, the hairs you can use for geo-textiles...*”). On the other hand, only 5% of mainstream entrepreneurs considered the well being of the *environment* a motivation.

One in five CE entrepreneurs were motivated by the opportunity to *achieve, be challenged and learn*. Mainstream entrepreneurs also had a particular interest (40%) to serve the *community and society* in

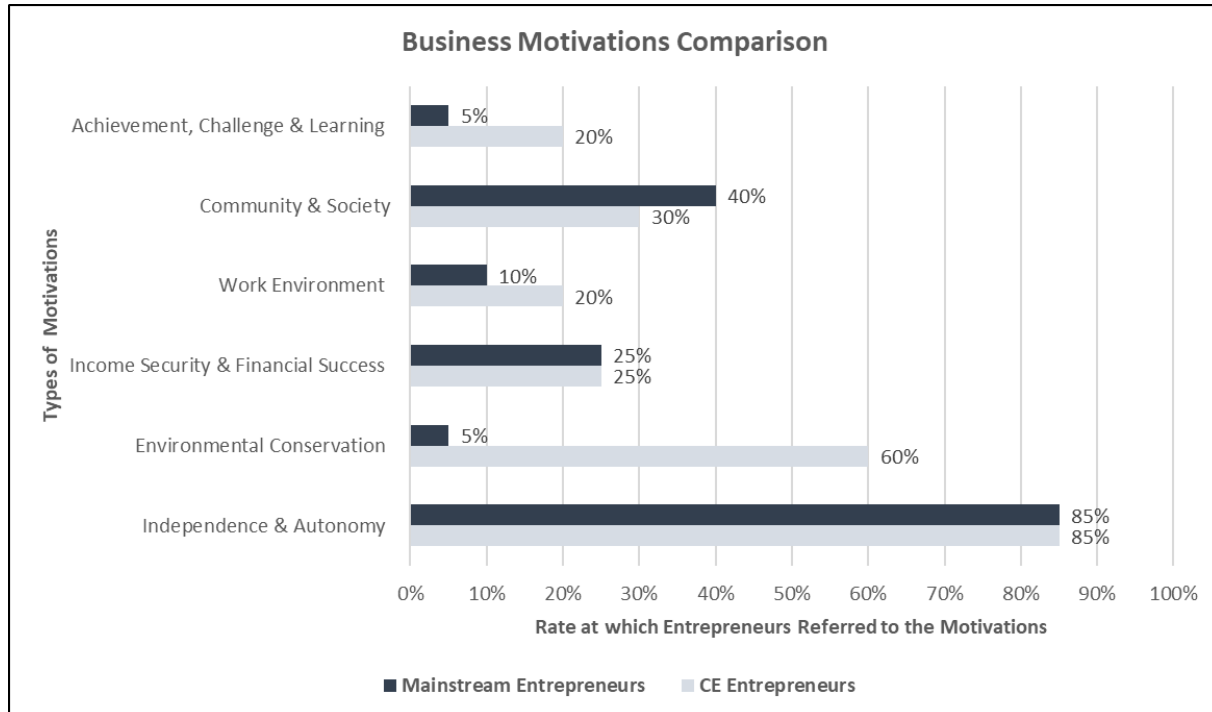


Figure 7: Entrepreneurial Motivations

which they operate it (i.e. “And one is that you can create a positive societal impacts, where you could call it sustainability, not not so much focused on the environment, but for me more the health impact.”). Entrepreneurs on both sides of the aisle did not view the *income security and financial success* motivation as primary ones, instead, only 25% of the respondents mentioned it as part of the reasons why they were in business. Deriving from the gather data, 15% of entrepreneurs (10% of mainstream and 20% of CE entrepreneurs) were discussed being motivated to create their own *work environment*, in which they worked with the right team (i.e. “I’ve actually really enjoyed working in previous work environments. I think finding the right team, to me is more important than having autonomy, because nobody ever has full autonomy, even even as an entrepreneur, you have investors and or customers.”)

Behaviors and Actions

The behaviors and actions statements by entrepreneurs were shaped into a Social Identity Radar in **Figure 8** (see below). It graphs the social identities of the entrepreneurs based on responses to questions regarding their company achievement desires, explanation of the business model emergence, and overall entrepreneurial ambitions. This view allowed for a clear and visual representation of their identities. Each of the corners in the pentagon represents the various coding structure of the statements.

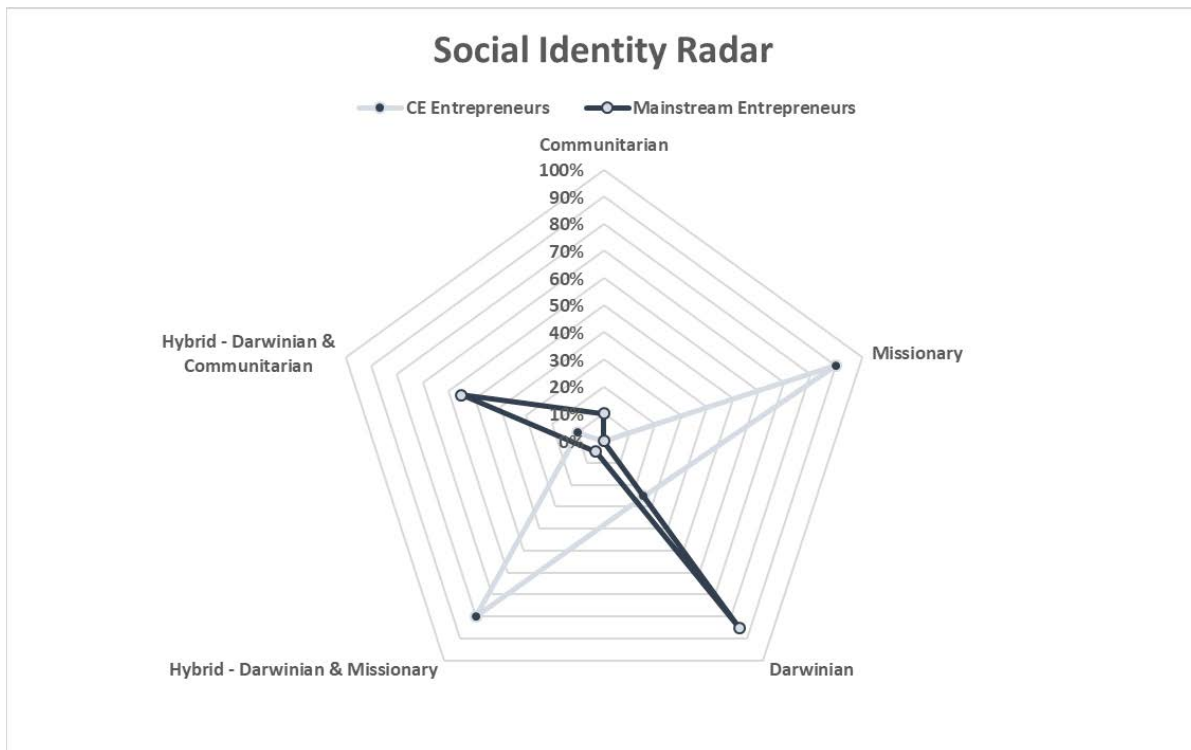


Figure 8: Social Identity Radar

CE entrepreneurs made statements linked to *missionary* social identities 90% of the times (i.e. “Yeah, our vision is to, how can I say it... yeah: ‘To replace the old fashioned and the traditional flooring at fairs; to make fairs more sustainable; to make flooring more healthy and more sustainable’.”) Along with their missionary behavior and action statements, 70% of CE entrepreneurs also made statements of a *hybrid* nature, in which *Darwinian* and *missionary* characteristics were observed (i.e. “So with the company itself, basically we want to a global brand. I really think that a strong brand can change consumer behavior. So if you look at other markets, we have the Netherlands, we have the vegetarian butcher, the guy single-

handedly, with his company, changed the whole stigma about vegetarian food and meat alternatives and stuff like that.”

On the other hand, *Darwinian* behaviors and actions were present 85% of the times in mainstream entrepreneurs (i.e. *“The goal is obviously to grow this company and to become the leading marketplace, as I explained earlier with the vision. Uhm, yeah, that’s it. There’s no other goal.”*) Furthermore, *hybrid* statements were observed also. *Darwinian and Communitarian* behaviors and actions were present in 55% of the mainstream entrepreneurs. An example of this can be appreciated in this statement: *“So I think that through entrepreneurship, it is possible to solve real societal challenges. If we all have to wait at government to make specific changes, we have to wait very long time. And if you want to make an impact as an employee somewhere, you will have a tough job, because you have to convince a whole organization. And what you see currently is that small companies, small new innovative companies started by entrepreneurs, get a lot of attention, but also can have great impact. And I think it’s really the shortest route to achieving specific societal impact. Because you create a solution for a problem, which is scalable, and you make it scalable, because you offer a return on investment for, for investors, for example.”* All in all, mainstream entrepreneurs did not point towards any direct (5%) actions that involved environmental concerns, only one participant discussed the “worldwide plastic problem”, but from a societal perspective, but reinforced that they had been entrepreneurs all along – *“Since I was 15, I wanted to start my own company. I have a very strong passion for anything that is technical and is new. So, that’s why I started to doing extracurricular courses at TU Delft. And during one of those, yeah, we got into contact basically with the plastic recycling market. And by talking to a lot of potential clients. Yeah, we learned there was a real problem, and the technology vision that we had would solve this. Which is the reason why we decided to start.”*

Exit Thought Process

General Thoughts on Exiting

When asked, entrepreneurs primarily mentioned three *general thoughts* in reference to the exiting from their ventures. The most common answer was *goal and expectation* (see **Figure 9** below). When conceptualized their thoughts around exiting, entrepreneurs expected or envisioned an exit, even if they had not specifically designed an exit strategy. Jointly, 21 out of the 40 entrepreneurs interviewed agreed, yet 66.7% of those who considered exiting a goal and or had expectations to do so were mainstream entrepreneurs (i.e. *“Yea, so I mean the whole dig is for us to get a good exit. You know, I don’t want to be, I don’t want to run the company for the next 40 years.”*) Moreover, roughly one third of the entrepreneurs mentioned some form of strategy or *vision continuation* which they had discussed internally. As for this, entrepreneurs highlighted statements as such *“... if a company approaches me, and they’re, they’re looking for digital pharmaceuticals, and they will sign that they adhere to our guidelines, and you know, don’t push up the prices, or they don’t change the story or anything, I would be happy to, to consider that.”*

Lastly, another third of the entrepreneurs mentioned no strategy at all or that they had *not planned for one* (i.e. *“I think this is, this is something we haven’t really looked into.”*) Amongst those who mentioned *not having a planned exit*, nearly 70% were CE Entrepreneurs.

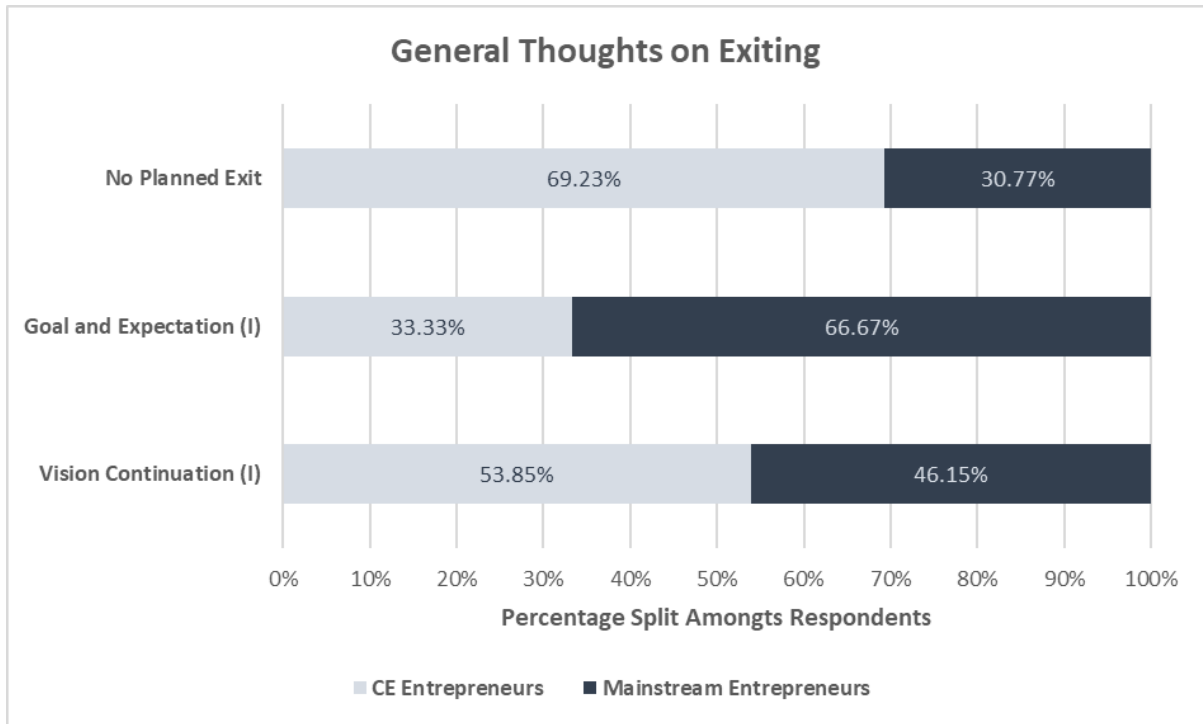


Figure 9: Exiting General Thoughts

Exit Thought Commencement Stage

When questioned about the time at which the general thoughts began, 40% of entrepreneurs did *not specify* when, and often stated that it was “*Not applicable.*” Moreover, 42.5% of the entrepreneurs began their exit thoughts during the *beginning stages* (i.e. “*I think, I think probably pretty much immediately. It was already evident.*”) Lastly, CE entrepreneurs uniquely mentioned previous *talks with investors* (35%) (“*I think we seriously start to thinking about different exit options, mainly when we started conversations with investors, because that’s something they want to know.*”). These results are furthered visualized below in Figure 10.

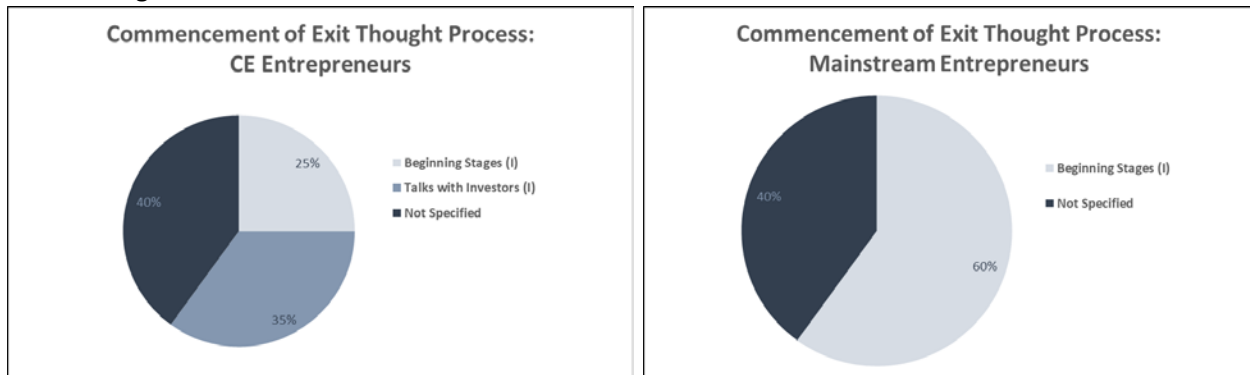


Figure 10: Commencement of ETP by CE and Mainstream Entrepreneurs

Exit Thoughts Influencers

Moreover, the influencers that inspire entrepreneurs to begin the EEP are graphed below in **Figure 10**. Entrepreneurs were influenced mainly by *personal motivations, high-stress situations, opportunity-risk evaluation, and industry trends*. Yet, the individualistic personalities amongst entrepreneurs were also in full display, as ¼ of them had *no influencers*.

Mainstream entrepreneurs were heavily influenced by their *personal motivations* (29.2%), noting that “... in the long run, this project would be like more like passive income. So it would work and like, bring supplemental income without our substantial involvement.” These entrepreneurs were also

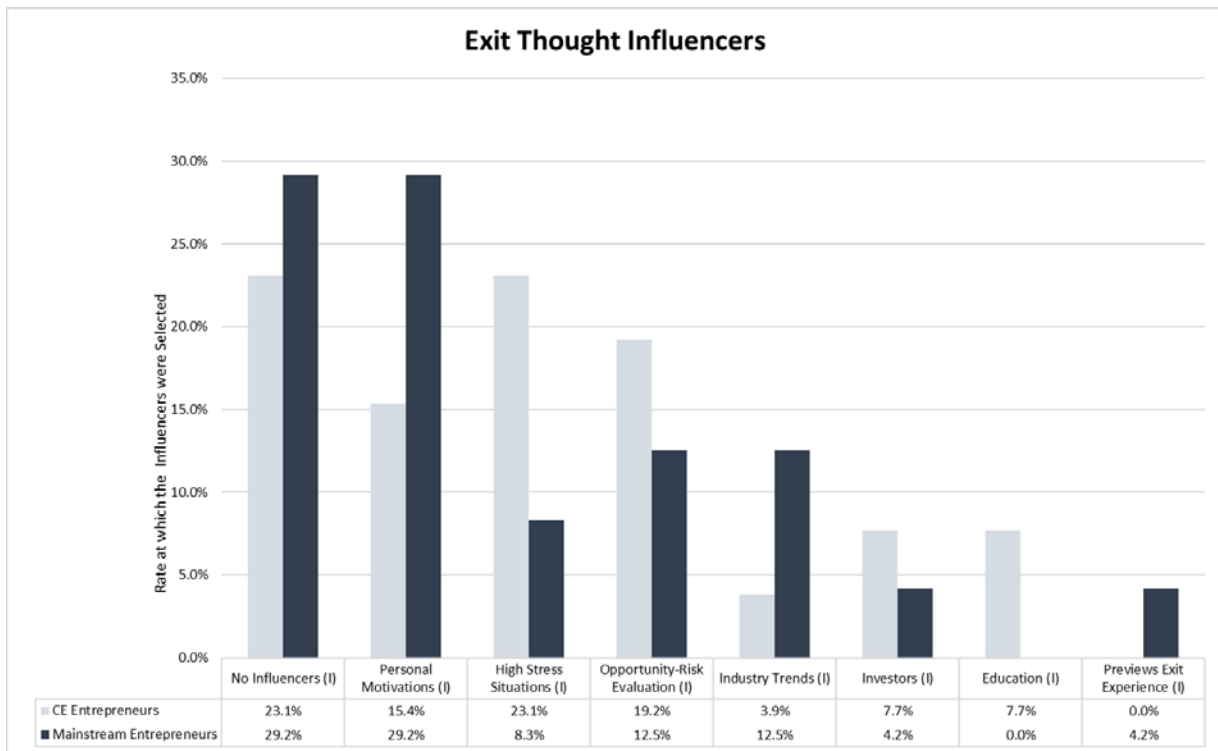


Figure 10: Commencement of ETP by CE and Mainstream Entrepreneurs

Additionally, high-stress situations got CE entrepreneurs thinking about exiting. One entrepreneur cited that exiting thoughts were influenced by “... exhaustion, too tired... It's a 16-hour day job.” Other entrepreneurs wished for more freedom because of the difficulty of the job itself: “At really high-stress moments I thought: "man wouldn't mind is selling this to someone else, and just going surfing for a year.”

Reasons to Exit

All in all, entrepreneurs cited specific reasons as to why they would exit. More than 40% of entrepreneurs cited a desire to *seek additional projects* (see **Figure 11** below). Mainstream entrepreneurs also discussed exiting due to an *achievement of financial freedom OR retirement* (45%) (i.e. “Free, like relieved, like hmm, because what you want to get out it as you know, I mean, for me, I've tried a few little things here and there, but this is the first real business that's taken off, that I've started, hmm, and what I want out of it, to be put in a financial position that I can then go and choose to go into a bunch of other things, or nothing, or whatever, you know?.” Yet, only 30% of CE entrepreneurs discussed the financial and or retirement theme.

Furthermore, 25% of CE entrepreneurs referred to *not being interested* in exiting because they saw the business as their *life's work* (i.e. “So it's as if you sell your dream, it's as if you sell what you all, in all your life you try to make something and then say, Okay, I want to say bye to that. No, it's a dream that you make, then I would be happy that by the end of my life, I've done this thing.”

A unique case presented itself in which one mainstream entrepreneur pointed towards *not being interested* in exiting as there was *limited competition* in the market, citing: “Well, the vision, like I said, is to build that community of developers and creators. And I think that we’re in a position now where we really have limited competition, new market coming out today is the potential to really build something that would be there to stay in and step up by someone else.” Lastly, 20% of the respondents (both CE and mainstream entrepreneurs) considered exiting if an opportunity to *expand the vision* of the venture was present (i.e. “... I would see that the business would be able to go further than we can push it here internally.”

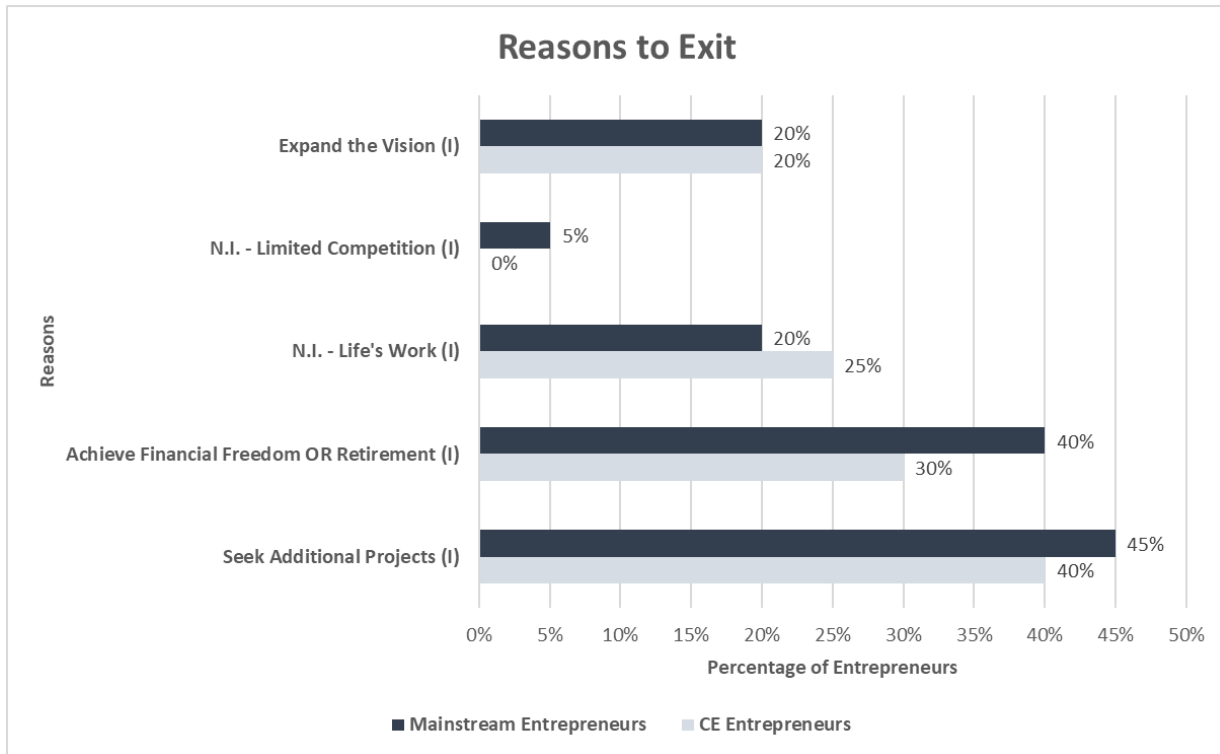


Figure 11: Reasons to Exit

N.I. = Not Interested

Holistic Views on the EEP

Preferred Strategies

Entrepreneurs on both sides of the aisle similarly recognized that the most preferred exit for them would be some form of an *acquisition* (47.5%), a sale of their ventures to another party (i.e. “Oh, acquisition, yea yea. So we have in mind a list of three or four companies...”). All but one entrepreneur mentioned typical sales of their venture to another business or person who was willing to purchase it. C11 envisioned a potential *Government Takeover* due to the nature of his business, and stated the following: “I guess, yeah, in terms of that, I guess, what I see for long term of this company is that once we have really proven the business model, and that is a factor that can really expand, I would almost really like to see government taking over.” Furthermore, C11 specifically explained that a *Government Takeover* was desired in their case (reusable cups) because “... if this is really going to go into such a large extent, where we are cleaning, say, thousands of coffee cups, and millions of what, you know, millions and millions of these items, every single day, we will, we would have to start say, you know, charging local governments and local parties and things like that for this service.”

A quarter of CE entrepreneurs demonstrated that they had *no thoughts* about a preferred strategy, while mainstream Entrepreneurs always had a choice, even if they had not thought about a concrete strategy to exit from their ventures (see **Figure 12** below). Additionally, another quarter of CE entrepreneurs were *unwilling to exit or fully exit*, and instead proposed scenarios in which they remained as advisors via equity sale (i.e. “*But I also foresee a scenario where I would sell a portion of my equity and still be involved in the company, as an advisor.*”). Mainstream entrepreneurs (35%), also demonstrated signs of unwillingness to exit, MT13 pointed out that their goal was the complete opposite in that they attempting to work on their venture 100% of time rather than only part-time – “*As I said, for the coming years, I really see the first like milestone*” ... “*I can really spend all my time on this business.*”

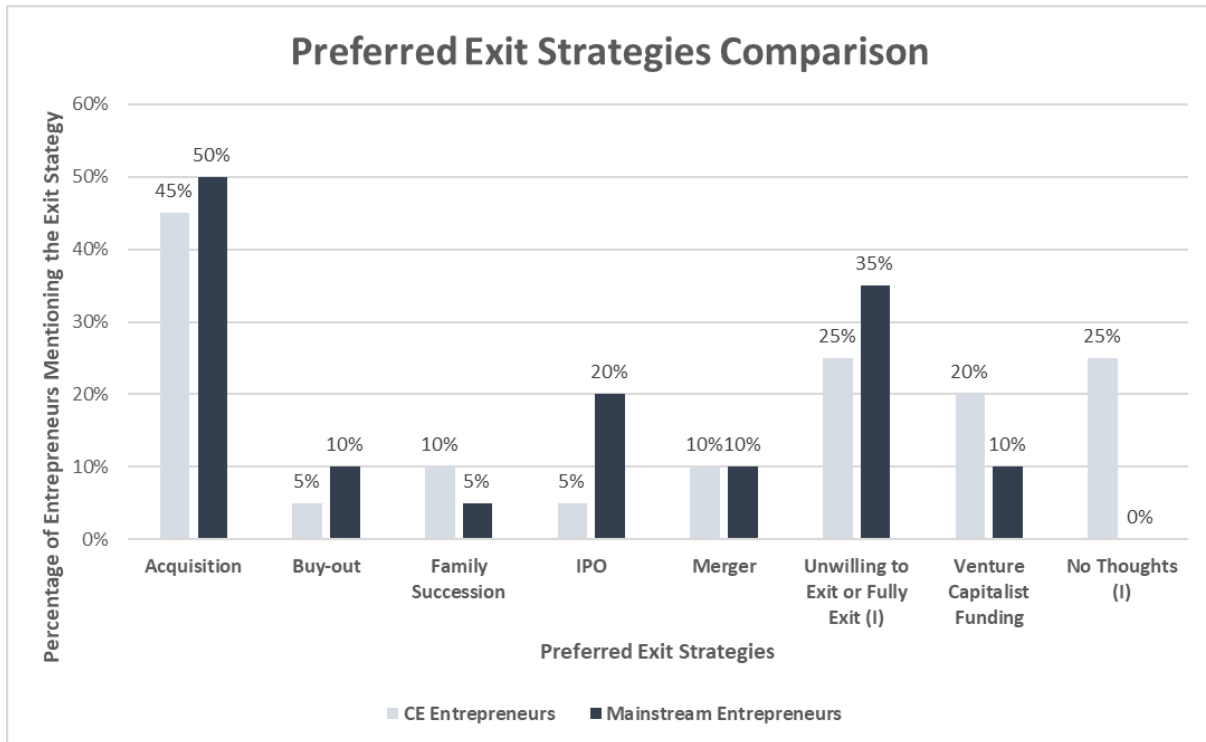


Figure 12: Preferred Exit Strategies by CE and Mainstream Entrepreneurs

Venture capitalist funding was twice as popular within CE entrepreneurs (20%) but overall the strategy was not highly preferred within the examined sample (15% of all entrepreneurs). IPOs were four times more desired within mainstream entrepreneurs, yet only one in five entrepreneurs (of the total sample) preferred it. Additionally, *family succession* and *buy-outs* seemed far off or irrelevant for most entrepreneurs, although CE entrepreneurs displayed more interest in *family succession* than mainstream entrepreneurs, but conversely in potential *buy-out* scenarios. Moreover, both types of entrepreneurs (10%) carefully opted for merging (i.e. C14 commented “... *if we find a very good strategic partner, partner what's got the same values like we have, who also has got the same vision like we have, then maybe merger...*”, while MT15 proposed the following: “... *having a partner then maybe like in the same sector, or I mean, any companies that want to collaborate with us then I think it could be a solution...*”)

Exit Criteria

The criteria or “what needs to be on the table to exit” for these entrepreneurs to exit from their ventures, mainly revolved around the successors having the *proper vision* (77.5%) to advance the company, fair *financial negotiations* (62.5%), and the *future of the human capital* (22.5%) were the primary criteria for

the entrepreneurs (see **Figure 13**). Furthermore, entrepreneurs discussed the importance of understanding the *future ownership personal values* (17.5%), possibilities of remaining as part of the company through *advisory roles* (12.5%), and in one instance a mainstream entrepreneur specified that it was just *too early to tell* criteria for them to exit.

Though, there were substantial differences between CE and mainstream entrepreneurs within the main exit criteria. CE entrepreneurs referred to the importance of successors having the *proper vision* (95% of the times vs. 60% of the times for mainstream entrepreneurs).

C8 described his *proper vision* criteria by saying the following: “A must is a deep understanding of the vision of the company. So like, when someone would be taking over to business I'm, that's like, if that wouldn't happen, that would only happen if the person is like really, really dedicated into making this making this change happen and not just doing it for because we have like a cool brand, and they want to make some money out of it. So I think that like the vision aspect is very important.” Similarly, MT17 said the following: “It would definitely have to be something that where they take it, and they further the idea. And they've got a strategy to further further the business and make it grow.”

Furthermore, mainstream entrepreneurs noted that the *financial* requests were the most important (80%), while only (45%) of CE entrepreneurs considered it. In this order, MT8 firmly stated: “I think the right sort of company, hmm I think hmm, it's all tradeoff: if they offered us sufficient money, hmm I wouldn't give a f*** - I probably would just take the money.” Concurrently, one CE entrepreneur (C15) indicated that “... a decent sum of money...” would need to be present for an exit to be finalized.

Mainstream entrepreneurs also pointed at the *future of their employees* (35%) more than CE entrepreneurs (10%), (i.e.: MT18 expressed: “It will involve also a clause that protects the personnel working at that time in the company.”) *Personal values* and *advisory role opportunities* were criteria which were both more desired by CE entrepreneurs (20% vs. 15% and 15% vs. 10%, respectively). When explaining the must-have criteria, C15 referred to *personal values* by stating that “... the right ethics and

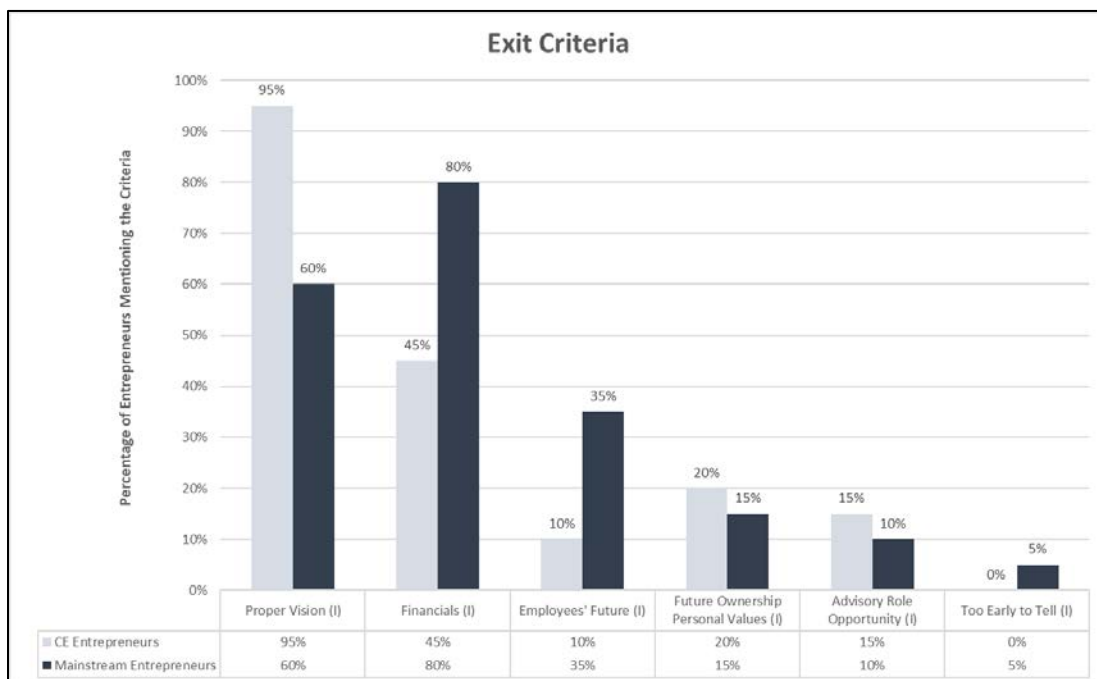


Figure 13: Exit Criteria by CE and Mainstream Entrepreneurs

sustainability principles of the new owners...” would need to be discussed in the deal. C17 defended their position to take on an *advisory position* by saying: *“I would always like to be a part of it, you know, it's my baby.”*

Expected Exit Time Frame

Exiting, for a majority of entrepreneurs, had a time dimension (i.e. 0 – 5 years; 5 – 10 years; and 10 – 20 years), yet entrepreneurs acknowledged that the standard units of time (i.e. days, years, decades, etc.), did not always determine the *when to exit* factor. Entrepreneurs also focused on the *opportunities available* (27.5%), *motivational spectrum* (10%), and the *available successor* (7.5%).

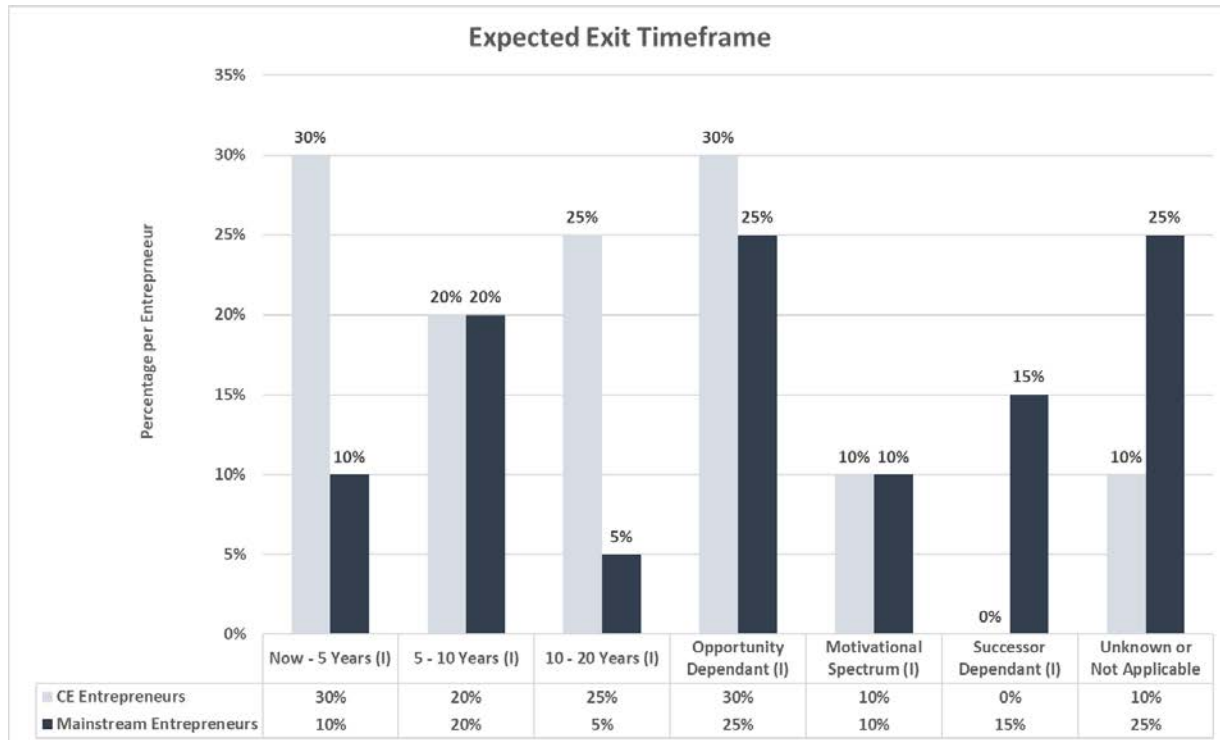
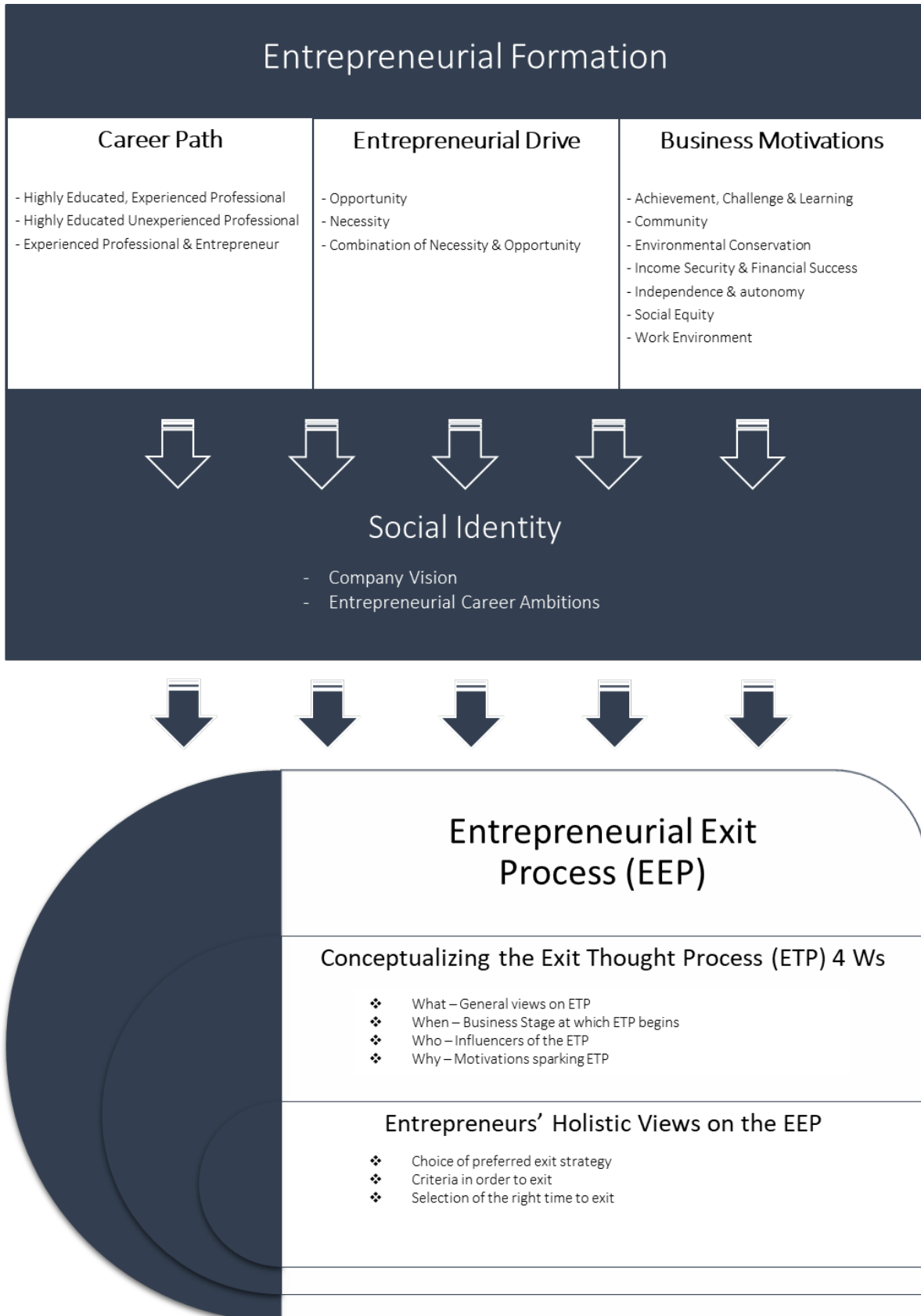


Figure 14: Exit Timeframe by CE and Mainstream Entrepreneurs

Half (50%) of CE entrepreneurs viewed themselves exiting in the next 10 years, while only 30% of mainstream entrepreneurs could relate (see a more detailed view in **Figure 14**). Moreover, a quarter (25%) of CE entrepreneurs only saw an exit happening after 10 years, yet, only (5%) of mainstream entrepreneurs viewed this as a viable possibility. A fraction of mainstream entrepreneurs (15%) discussed the importance of deciding *when*, by adding the factor of *successors dependant*. Thus, mainstream entrepreneurs wondered about the offerings by successors during the negotiations, by establishing the following statement: *“Again, there's some ambiguity here...” “... if you are reflective on on what's happening in the company, if you are, if you have some insight into who you are and you are paying attention...” “... Do you have a good successor within the company? Right? Do you have somebody who can, who can take it forward and build it? Do you feel confident in that person do you, does does the company still need you, you know [laughter]?”*

Lastly, some entrepreneur (17.5%) could not determine a timeframe to exit from their ventures, either because for them, it was too early in the life cycle of entrepreneurs – MT5 concluded: *“It's really hard to say, that's at this stage, really hard to say, I can't now.”*

Conceptual Framework



5. Discussion

In the previous section, both types of entrepreneurs examined throughout the study (CE and mainstream) were compared against one another. In this section, the aim is to align previous research observed in the [Literature Review](#) section, discuss key implications from the [Results](#), and analyze how the hypothesis aligned with the results. Moreover, [Future Areas of Research](#) recommendations are offered and the [Limitations](#) of the study are explained.

Overall, significant differences panned out, and while expected (given previous findings cited by Wennberg & DeTienne (2014)), an unexpected phenomena did transcend. A portion of the entrepreneurs interviewed had *not planned an exit*, but the findings from this research demonstrated that more entrepreneurs are planning or discussing a potential exit in comparison to the past. Yet, the original stat does hold with CE entrepreneurs as nearly half of them had not planned for an exit.

The once nuance-lacking opportunity-necessity framework by Williams & Williams (2011) experienced a change and could be the explanation to the phenomena, as well as a combination of other factors related to the motivations and the social identities of the entrepreneurs. The traditional necessity or opportunity driving forces are no longer a set standard, though necessity-driven entrepreneurs have been more common in the Global South, and the analyzed scope locations were in the Global North. CE entrepreneurs marked a solid path through a once underdeveloped gray-line, strongly combining opportunities to exploit a market with highly needed circular business models that address climate change. Thus, confirming hypothetical statements around the drive behind CE and mainstream entrepreneurs, whereby CE entrepreneurs are not entrepreneurs just for the economic incentives, but also for the contributing solutions to the problem of climate change, and hence exiting is not a relevant option to consider during early stages of entrepreneurship. As holistic as it was, the social motivations by Stephan et al. (2015) shifted based on findings from this research given that CE entrepreneurs strictly mentioned the environment and society as individual pillars.

Additionally, mainstream and CE entrepreneurs shared similar desires to be independent and reach a level of income security as the general concept of being entrepreneurial was consistent. While the nature of CE entrepreneurs is to develop noble solutions that are restorative to the environment by design (Urban, 2019), the only mainstream entrepreneur (apple juice producer) that directly depended on conserving a healthy environment, also synthesized it as a motivation to be in business. In essence, when conserving the environment directly impacted the bottom line of the entrepreneurs, the environmental motivation generally was triggered.

Moreover, the Social Identity Radar (**Figure 8**) developed from statements connected to the company vision and overall entrepreneurial career ambitions, displayed very distinct results for both entrepreneurs. Although not explicitly mentioned in the hypothesis, mainstream entrepreneurs were expected to lean towards Darwinian-like behaviors (i.e. creating personal wealth, abide by solid business principles, etc.), and CE entrepreneurs were expected to lean towards missionary-like behaviors (i.e. advancing environmental causes to assure the well-being of society, etc.). Nevertheless, mainstream and CE entrepreneurs both leaned towards communitarian and Darwinian behaviors, respectively. For mainstream entrepreneurs it is no longer just about the potential economic upside, it is also about providing genuinely beneficial products and or services to the communities they serve. As for CE entrepreneurs, it is clear that they have a multi-dimensional view about entrepreneurship, whereby the environment is the centerpiece, but reaching economic prosperity is also prioritized.

Furthermore, the exit thought process for these entrepreneurs does vary. In fact, mainstream entrepreneurs are more individualistic to start the process and unlike CE entrepreneurs do not begin the process after conversations with investors, it is something they start on their own at the beginning of the entrepreneurial process. The aforementioned Darwinian-like behaviors are further displayed by mainstream entrepreneurs as they defined the influencers of their exit thoughts, and reasons for exiting (i.e. achieve financial freedom OR retirement and seek additional projects). A majority of them are mostly influenced to exit by personal motivations or industry trends, thus highlighting their more traditional views on entrepreneurship. And while CE entrepreneurs recognized the difficulties of actually being entrepreneurs even though they displayed some Darwinian-like behaviors, the influencers of their exit thoughts were often high-stress situations and the evaluation of opportunity-risk situations. Nevertheless, given the complexity of the problems they aim to solve (i.e. climate change, resource utilization, etc.) via their businesses, as well as the collaborative nature required to solve them, these entrepreneurs also were influenced by investors and education. Although, this does not explicitly mean that CE entrepreneurs are more collaborative than mainstream ones.

Additionally, mainstream entrepreneurs showcased their Darwinian-like behaviors when explaining their reasons to exit and signaled to be interested in seeking additional projects more often than CE entrepreneurs, a typical virtue of serial entrepreneurs. Additionally, their views on prospering economically linked with previous entrepreneurial research (i.e. Bygrave, W. D. & Hofer, (1991) and Shane et al. (2003)).

It became apparent throughout the study that entrepreneurs often thought about acquisitions as the only available exit strategy, but when presented with other options (i.e. equity/employee buy-outs, family succession, IPO, merging, and a venture capitalist funding), in the case of CE entrepreneurs, collaborating with other companies through a merger, passing it on to a family member, and seeking venture capital funding were among the highest. Similarly and at a similar rate, mainstream entrepreneurs discussed other strategies aside from acquisition. Yet, their desire not to exit at all exemplified how much value mainstream entrepreneurs generally have for their independence and autonomy.

Advancing a cause became even more evident for CE entrepreneurs as nearly all of them would need a proper vision for the future of their company before accepting an exit path. All in all, this further conceptualizes the priorities for CE entrepreneurs in tackling environmental problems. Conversely, mainstream entrepreneurs generally suggested that the right sum of money would be the main criterion, thus prioritizing common trends previously found in entrepreneurial research as well as in Darwinian-like behaviors. Yet, mainstream entrepreneurs also desired a proper vision from potential successors, understandably so, given the time and effort it takes to build companies, as well as the emotional connection entrepreneurs have with their firms.

A thorough analysis of when entrepreneurs desired to exit could not be completed as many of the entrepreneurs felt they were far from actually exiting. Yet, interesting propositions were made by some of the entrepreneurs, citing that other potential opportunity could become available, and their motivation to continue the venture may have in the future specify the timeframe of the exit. Additionally, the standard unit of time (in years) was relevant but given some of the hesitations by the entrepreneurs to provide this, it is likely that these results are conclusive and should be examined further via future research.

Limitations & Future Areas of Research

All in all, the expansion of entrepreneurial exit research is not only helpful to academia, it is also critical for the practicality of entrepreneurship. Additionally, social entrepreneurs should be assessed under a similar research format, as some social enterprises potentially took part in this study. Ultimately, if circularity was not part of their business model, the firms were simply classified as mainstream. Furthermore, additional insights could be gathered from serial entrepreneurs as they are likely more knowledgeable on the process of exit and could provide useful wisdom for nascent entrepreneurs. On the subject of motivations, environmental concerns could be expanded to determine the origin of such ideas, given that in the past these have just been combined with social motivations.

The reliability of the data could have been impacted by the fact that not all of it (interviews) were conducted by the author of this project. As previously stated, the data collection stage was divided with another researcher, which could have potentially hampered the quality of the data – although to the knowledge of the researcher that did not occur. But overall, given that the sample size was doubled, it is more likely that the research benefited from this step altogether.

Although the coding for this research was completed under the guidelines of previous qualitative research, it is important to recognize that intercoder reliability was not sought, and hence, slight variations could have incurred. Nevertheless, given the sample size and the coding procedure methodology, results should still be considered. An aim to interview the same number of CE and mainstream entrepreneurs in all three locales was attempted, but after difficulties reaching entrepreneurs in the Germany and United Kingdom, The Netherlands was prioritized, overall creating results that are more consistent with the Dutch entrepreneurs.

6. Conclusions

The primary goal of this research was to determine how the EEP differed between CE and mainstream entrepreneurs on an individual level. Based on a qualitative analysis, a comparison was carried out, ultimately looking at the entrepreneurial drive, motivation, and social identity. A conceptual framework was developed to help this, and future researchers compare different types of entrepreneurs. Thus, to help answer the research question, first an answer to this sub-question is provided:

How does the entrepreneurial drive, motivations, and social identity vary between circular and mainstream entrepreneurs?

In spite of the generalization that often occurs in entrepreneurial research, entrepreneurs are different on an individual level. This is a reality that as homo sapiens we experience in every moment of our lives. In this study, an attempt has been made to take individual answer from regular people who have decided to pursue entrepreneurship. A distinction has been made for this study, whereby the focus was geared towards those in the circular economy. Nevertheless, an important group was used to properly assess the entrepreneurial exit process, that is mainstream entrepreneurs. All in all, mainstream entrepreneurs demonstrated an ability to exploit market needs via venture creation, while CE entrepreneurs were driven by a combination of recognizing opportunities to contribute to environmental challenges. Also, conserving the environment was a motivation that a majority of CE entrepreneurs identified with. But entrepreneurs are entrepreneurs and they are fond of being autonomous and independent – something that remained true even for CE entrepreneurs. While there are other motivations, both entrepreneurs agreed that it was not only about their individual economic prosperity, but more for society as a whole and their own career paths. The social identity findings were used to synthesize the drive and motivations into a higher-level perspective that was recognized by the literature.

Lastly, a response to the proposed research question is merited:

How does the entrepreneurial exit process differ between circular and mainstream entrepreneurs?

Every process has a beginning and an end, and the EEP is no exception. Whether the entrepreneur focuses on the CE or in any other industry, this process begins with a specific thought, at a specific time, influenced by a specific someone or something, for a specific reason – the what, when, who, and why (4 Ws). Consequently, the entrepreneurial drive, business motivations, and social identity analysis, shape how these 4 Ws affect the various exit paths, the overall criteria needed to exit, and lastly, when the exit actually occurs.

Mainstream entrepreneurs have an overall clearer perception of the EEP. Generally speaking, exiting has the potential to be easier for them, since the financial criterion can accelerate the exiting process. On the other hand, CE entrepreneurs need more reassurances around the advancement of the vision before accepting an exit, but the heart of the issue for them (environmental conservation) can likely be hindered as they pass on opportunities that can open new doors. An exit has the possibility of producing significant financial wealth, allowing entrepreneurs (both CE and mainstream) to invest their time and efforts, and wealth in other industries, ventures, ideas, etc. Thus, if entrepreneurs are interested in advancing a specific cause, an exit can be the highway to reach desired ambitions. To conclude, entrepreneurs should invest time planning for this process as it can help entrepreneurs stay on track, clarify uncertainties, and even attract investors (Price, 2004).

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9. Appendix

Appendix I: Google Scholar Boolean Search

Google Scholar

"circular economy" AND ("entrepreneurial exit" OR "exit strategy" OR "exit prc"

Articles About 45 results (0.02 sec)

Any time
Since 2019
Since 2018
Since 2015
Custom range...

Sort by relevance
Sort by date

include patents
 include citations

Create alert

[HTML] **Venture waqf in a circular economy**
T Khan - ISRA International Journal of Islamic Finance, 2019 - emerald.com
... As an **entrepreneur**, Prophet Mu which (peace be upon him) practiced these character traits ... driven linear economy paradigm with a new zero-waste **halāl circular economy** paradigm consistent ... new purpose to waqf as a **venture** waqf with a predetermined **exit strategy**, to make ...
☆ 77

Advancing game changing academic research concepts to commercialization: A Life Cycle Assessment (LCA) based sustainability framework for making informed ...
VKK Upadhyayula, V Gadhamshetty... - Resources ..., 2018 - Elsevier
... are also reluctant to invest in risky options that require complex **exit strategy**, when they ... The initial support (seed funding) for these university based **start-up** companies is obtained from ... avenues such as incubator companies (firms who provide support to **startup** companies) co ...
☆ 77 Cited by 3 Related articles All 5 versions

[BOOK] **The SAGE handbook of small business and entrepreneurship**
R Blackburn, D De Clercq, J Heinonen - 2017 - books.google.com
... 12 Small **Business** Growth and Performance 13 The Nature of **Entrepreneurial Exit** 14 Corporate ... experienced **entrepreneur** with 10 years as the co- owner/director of a ... design, creative industry, second chance, clusters, market development, **circular economy**, sharing economy ...
☆ 77 Cited by 5 Related articles All 3 versions

Design for **circular economy**: Developing an action plan for Scotland
A Whicher, C Harris, K Beverley, P Swiatek - Journal of cleaner production, 2018 - Elsevier
... Industry, Automotive SME, **Founder**, 38 years of industrial remanufacturing experience, 10 Mar 2015 ... grow but there are no programmes with a specific emphasis on design for the **circular economy** as a priority." ... Table 6. Summary of the Actions under **business** support and funding ...
☆ 77 Cited by 7 Related articles All 6 versions

Resilient entrepreneurship among European higher education graduates
AM Zamfir, C Mocanu, A Grigorescu - Sustainability, 2018 - mdpi.com
... failure, connecting it with personal characteristics of the **entrepreneur**, the characteristics ... While some scholars consider that **entrepreneurial exit** is not entirely assimilated with failure ... study of the difficulties encountered by entrepreneurs to implement **circular economy** in Europe ...
☆ 77 Cited by 5 Related articles All 8 versions

Appendix II: Theoretical Questionnaire

- ❖ **Company:**
- ❖ **Interviewee & Title:**
- ❖ **Interviewer:**
- ❖ **Date:**

❖ **General**

- 1) Could you please tell us a little more about yourself? (For instance, your name, company, and career path... for the recording.)
- 2) Please (shortly) describe the business model of the company you work for/started.
- 3) What do you want to achieve with your company?
 - i) What is the vision of the company?
- 4) Which sector do you operate in (i.e. waste management, energy, transportation, etc.)?

❖ **Entrepreneurial Background**

- 5) Why did you decide to start this business? Can you please explain how the idea and your business model emerged? (Personal ambition to start it?)
- 6) What are your entrepreneurial ambitions? (In other words, the end goal as an entrepreneur - missionary, communitarian, Darwinian).
- 7) Please describe what business motivations drove you to this business? (autonomy, job dependence, income, environmental conservation, social equity, community)
 - i) Would you say you were driven by opportunity or necessity (or a combination of both)?
- 8) Please rank the 5 following dimensions based on where your business model focuses on from most to least:
 - Profit
 - Environmental conservation
 - Social equity
 - Consumer (i.e. responsibility for production and consumption systems instead of just “selling products”)
 - Sustainable supply chain principles (e.g. reverse-logistics)

❖ **Scalability & Growth**

- 9) What does growth mean to you?
 - i) How does this influence your business decisions?
 - ii) Is this operationalized? (goals/targets/KPI's)
- 10) What relevance did scalability have when you launched your company versus now? (i.e. the possibility to grow your business into a global one)
 - i) Launch: Highly relevant, relevant, included, irrelevant?
 - ii) Now: Highly relevant, relevant, included, irrelevant?
- 11) What does scalability mean within the context of your business model?
 - i) Who would be potential strategic partners for scalability and how would these partners add to your value proposition?

- ii) What are opportunities you perceived for scaling your start-up and how did you deal with them?
- iii) What are problems you encountered while scaling your start-up and how did you deal with them?

12) What would be alternative options to achieve scalability of your business model? (alternative configuration of business, platform-based, different role for stakeholders)

❖ Entrepreneurial Exit

13) What are your thoughts about a potential exit from this venture? (i.e. either via family succession, venture capitalist funding, merger and or acquisition, liquidation, sell to another business, third party or elect for a management or employee buy-out, bankruptcy, and IPO)

- i) How soon would you like to exit if the right opportunity presented itself?
- ii) Why exactly would an exit appeal to you or not?
- iii) How would you feel if you would indeed exit from your business?

14) Did you think about entrepreneurial exit of your venture? What influenced your exit thoughts/ideas/strategy(ies)?

- i) During what stage of your business did you start thinking about exiting?
- ii) How did your exit strategies influence your business decisions, product design, product selection, customer target?

15) If an opportunity presented itself for you to exit from this business, what criteria would you need in order to accept? (i.e. personal values, financial aspirations, work ethic, etc.)

16) Would you open another business in the future?

- i) Would this potential new business be related to the same entrepreneurial goals/motivation?
- ii) What is the main reason as to why you are not currently pursuing this idea?

If (no) to question 15: Why not?

Appendix III: Interview Transcripts

The interview transcripts have been uploaded to a personal [OneDrive.com](#) cloud storage folder. For environmental purposes, the author refrained from listing over 220 pages of transcripts as this document is expected to be printed.

The links below contain the transcripts:

- ❖ Circular Economy Entrepreneurs:
<https://1drv.ms/b/s!AokwLNfadvHpggo4AeAr2dGniNecijg?e=huMnds>
- ❖ Mainstream Entrepreneurs:
https://1drv.ms/b/s!AokwLNfadvHpggo4vY4KJg_nSMI9q9w?e=YgTwPB

Appendix IV: Coding Booklet

- ❖ A more legible Excel version of the booklet can be found here:
<https://1drv.ms/x/s!AokwLNfadtgHpgo43IvdnRqtWlJyg0Q?e=BF17V>

Table 2: Coding Booklet

Concepts	Categories	Sub-Categories	Description
Entrepreneurial Formation [I]	Entrepreneurial Drive [D]	Combination of Necessity & Opportunity [D]	Determines the factors that developed the entrepreneurs
		Necessity [D]	Explains the dichotomization of entrepreneurial motivations
	Business Motivations [D]	Opportunity [D]	Are inspired by an obvious need and opportunity
Achievement, Challenge & Learning [D]		View entrepreneurship as the best option available and not necessarily the preferred option	
Social Identity [D]	Missionary [D]	Community [D]	Seek to exploit a perceived opportunity
		Darwinian [D]	Business motivations affect human actions during the entrepreneurial process
	Hybrid [D]	Hybrid - Darwinian & Communitarian [D]	Refers to the personal growth through entrepreneurship
Exit Thought Process [I]	General Exit Thoughts [I]	Goal and Expectation [I]	Desire to provide for a specific community
		No Planned Exit [I]	General interest in protecting the environment
	Stage of Exit Thought Process [I]	Vision Continuation [I]	Display of financial motives behind entrepreneurship
Beginning Stages [I]		Utilizes own judgement instead of blindly following the assertions of others	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Not Applicable [I]	Refers back to creating social equality
		Talks with Investors [I]	The right team motivates the candidate to go in business
	Exit Criteria Tradeoff Evaluation [I]	Education [I]	Explains the career steps before joining entrepreneurship
High Stress Situations [I]		Entrepreneur has either worked in a professional environment and or has been an entrepreneur for major parts of their career	
Entrepreneurial Exit Process [D]	Influencers of Exit Thoughts [I]	Industry Trends [I]	Entrepreneur has achieved a higher education degree but has not worked in a professional environment
		Investors [I]	Entrepreneur has achieved a higher education degree and worked in a professional environment
	Reasons to Exit [I]	No Influencers [I]	Present Darwinian AND communitarian behaviors
Opportunity-Risk Evaluation [I]		Present Darwinian AND missionary behaviors	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Personal Motivations [I]	Step of the entrepreneurial process in which entrepreneurs begin thinking about exiting from their businesses
		Previous Exit Experience [I]	Asks the entrepreneurs their general thoughts
	Exit Time Frame [I]	Unwilling: Passive Operational Exit [I]	Who was the main influencer to jumpstart the exit thought process
Venture Capitalist Funding [D]		Who was the main influencer to jumpstart the exit thought process	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Acquisition [D]	The entrepreneur views exiting as a goal and or expects the occurrence of it
		Acquisition: Government Takeover [I]	The entrepreneur has not given exiting a significant thought
	Exit Criteria Tradeoff Evaluation [I]	Buy-out [D]	Exiting is not specific, but the entrepreneurs acknowledges that a continuation of business as it is will be discussed
Family Succession [D]		Identifies when the entrepreneurs began thinking about exiting	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	IPO [D]	Entrepreneurs began thinking about their exit from the beginning stages of the firm
		Merger [D]	Exit thoughts were not present
	Exit Time Frame [I]	No Thoughts [I]	The exit thought process began with talks to investors
Unwilling: Passive Operational Exit [I]		Who was the main influencer to jumpstart the exit thought process	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Unwilling: Passive Operational Exit [I]	An education course or event sparked the interest
		Venture Capitalist Funding [D]	A difficult situation or stretch of time during the entrepreneurial process sparked the exit thought
	Exit Time Frame [I]	Time Specific: Now - 5 Years [I]	Industry trends show that exiting is common and hence, the entrepreneur
Time Specific: 5 - 10 Years [I]		Conversations with investors were the genesis of the exit thoughts	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Time Specific: 10 - 20 Years [I]	No specific influencers could be linked to as influencers of the exit thought process
		Motivational Spectrum [I]	An evaluation pertaining a variety of factor initiated the exit thoughts
	Exit Time Frame [I]	Opportunity Dependent [I]	Specific personal motivations caused the exit thoughts
Successor Dependent [I]		A former exit experience from another business	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Unknown or Not Applicable [I]	Lists the reasons as to why the exit is appealing or unappealing
		Acquisition [D]	If the appropriate financial benefits or retirement opportunities are available, then the exit is likely
	Exit Time Frame [I]	Time Specific: Now - 5 Years [I]	Expand the Vision [I]
Time Specific: 5 - 10 Years [I]		Not Interested - Life's Work [I]	The entrepreneur is not interested in exiting as they see their business as their "life's work"
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Not Interested - Limited Competition [I]	Given the current market condition, the entrepreneur believes exiting is not the right idea at the moment
		Venture Capitalist Funding [D]	Gives the entrepreneur an opportunity to see additional projects or simply do something else
	Exit Time Frame [I]	Time Specific: Now - 5 Years [I]	Seek Additional Projects [I]
Time Specific: 5 - 10 Years [I]		Acquisition [D]	Entrepreneurs' preferred exit strategy(ies)
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Acquisition: Government Takeover [I]	Involves the business getting "bought" out by another organization
		Family Succession [D]	Considers a possibly government takeover as an option to mainstream the business solution originally developed
	Exit Time Frame [I]	Time Specific: 10 - 20 Years [I]	Buy-out [D]
Time Specific: 10 - 20 Years [I]		IPO [D]	Opens the possibility for a continuation of the business via a family member
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Merger [D]	Initial public offering, whereby the company joins any given stock exchange
		Unwilling: Passive Operational Exit [I]	Seeks to merge with another company in order to advance the mission at hand
	Exit Time Frame [I]	Time Specific: Now - 5 Years [I]	No Thoughts [I]
Time Specific: 5 - 10 Years [I]		Unwilling: Passive Operational Exit [I]	The possible "exit" involves an opportunity to remain within the company as an advisor to the venture, reluctant to letting go completely
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Venture Capitalist Funding [D]	Allows for outside investors, but give up the capability and ability to make strategic decisions
		Acquisition [D]	What needs to be on the table to reach an ideal exit
	Exit Time Frame [I]	Time Specific: Now - 5 Years [I]	Advisory Role Opportunity [I]
Time Specific: 5 - 10 Years [I]		Employees' Future [I]	A sense of responsibility to know that the future of the employees is not at risk
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Financials [I]	Economic incentives are aligned with the financial value of the company
		Future Ownership Personal Values [I]	The entrepreneur needs to see eye to eye with potential buyer regarding personal values
	Exit Time Frame [I]	Time Specific: 10 - 20 Years [I]	Proper Vision [I]
Time Specific: 10 - 20 Years [I]		Too Early to Tell [I]	The entrepreneur is has not explicitly thought about criteria
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Time Specific: Now - 5 Years [I]	Time at which the exit occurs
		Time Specific: 5 - 10 Years [I]	Entrepreneurs wants/needs to exit in 0 to 5 years
	Exit Time Frame [I]	Time Specific: 5 - 10 Years [I]	Entrepreneurs wants/needs to exit in 5 to 10 years
Time Specific: 10 - 20 Years [I]		Entrepreneurs wants/needs to exit in 10 to 20 years	
Entrepreneurial Exit Process [D]	Preferred Exit Strategies [D]	Motivational Spectrum [I]	Exiting time frame is not viewed from a time perspective, instead, its motivationally inspired - desire/passion to continue ends
		Opportunity Dependent [I]	Exiting time frame is not viewed from a time perspective, instead, its opportunity inspired - better opportunities elsewhere
	Exit Time Frame [I]	Time Specific: Now - 5 Years [I]	Successor Dependent [I]
Time Specific: 5 - 10 Years [I]		Unknown or Not Applicable [I]	An exit time frame is not applicable either because the entrepreneur cannot envision one or is not interested in one