EXPLORING ENTREPRENEURIAL EXIT:

DIFFERENTIATING BETWEEN TWOFOLDS OF ENTREPRENEURS

(A STUDY OF SMES & START-UP FOUNDERS IN MALANG-SURABAYA-INDONESIA)

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Abstract

Entrepreneurial exit had been talked about in the literature of entrepreneurship for more than two decades. It had expanded as an interesting topic to be discussed in the entrepreneurship domain but has paid minor attention to the methods people use to exit (Wennberg et al 2010). Nonetheless, limited attentions to this concept have necessitated scholars in the domain of entrepreneurship to raise the awareness towards this topic by providing both strong conceptual ground (i.e. Rubenson & Gupta 1996; Petty 1997; DeTienne 2010) and useful empirical findings (i.e. Justo & DeTienne 2007; DeTienne & Cardon 2010; Balcaen et al 2011; van Teefelen et al 2011). In the context of Indonesia, empirical investigation on the topic of entrepreneurial exit is very sparse. Most of the literature available has been published in the context of Indonesian SMEs that mostly lays the emphasis on SME development (Tambunan 2005; 2007a; 2007b; 2008; 2011); macro environment perspectives (Hill 2001; Berry, Rodriguez & Sandee 2001; Vial 2011); innovation in SMEs (Kristiansen, Furuholt & Wahid 2003; Indarti & Langenberg 2004; Indarti & van Geenhuizen 2005). Hence, this study aims to highlight the perceptions of two-types of entrepreneurs in Indonesia on the topic of entrepreneurial exits, specifically in Malang and Surabaya as cities that contributed to most portion of the economy of East Java. By utilizing sequential steps in exploring the perceptions of entrepreneurs, important information was obtained. An initial interview was conducted to twelve informants in order to gather their perceptions on the context of entrepreneurial exits. The informants at this initial stage of the exploratory study consist of local government officials, digital start-ups community and SME owners. The initial findings indicated that there were differences among perceptions of these informants in the context of business exits. The most of the respondent had limited knowledge in the context of business exit concepts or options other than family succession. Nevertheless, owners of digital start-ups were aware with regard to context of business exits. This initial stage of the interview was furthered by the construction of the questionnaires with regard to their perceived business exits in terms of their motivation to start the business, governance of the business, exit plan and intended exit options.