

**CALL FOR PAPERS**  
*Special Issue in Small Business Economics*

**UNDERSTANDING FIRMS' EXIT ROUTES:**  
**The role of strategies, approach, timing and context.**

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Manuscripts must be submitted by **Sunday January 20, 2019**, to [sbej.si.exit@gmail.com](mailto:sbej.si.exit@gmail.com)

Exit strategies can be performed in various forms and at different levels of analysis. At the firm level (i.e., firm exit) exiting can be seen as part of an overall strategy (Cefis & Marsili, 2012) and can be performed in various ways (Balcaen et al., 2012). While various definitions exist, (Wennberg et al., 2010; Wennberg & DeTienne, 2014) among the most common forms of firm exit we find closure of the business (e.g., Coad, 2014; Fortune & Mitchell, 2012), Mergers and Acquisitions (M&A) (e.g., Cefis & Marsili, 2011; Bauer & Matzler, 2014; Cotei & Farhat, 2018), Divestures (e.g., Villalonga & McGahan, 2005), and Failure (e.g., Bennett & Snyder, 2017). Firm exit is considered here in distinction to cases of entrepreneurial exit (e.g. IPO, MBO) where the firm continues even though the entrepreneur exits.

The literature on exit strategies is wide and comes from a variety of fields such as strategic management, entrepreneurship, organizational behaviour, and corporate finance. Scholars have studied a range of aspects related to firm exit (Wennberg & DeTienne, 2014). Some scholars have focused on the possible antecedents of firm exit such as inertial forces and internal selection environment (Burgelman, 1994), performance levels (Chang, 1996), the presence of different types of uncertainty (Gaba & Terlaak, 2013), the role of innovation (e.g., Cefis & Marsili 2012, 2019), of financial constraints (Ponikvar et al., 2018) or of specific seller motives (Graebner & Eisenhardt, 2004). Others have instead studied the process of firm exit considering both internal and external forces (e.g., Bradley, Aldrich, Shepherd, & Wiklund, 2011; de Figueiredo & Silverman, 2007; Leroy et al., 2015; Ebert, Brenner and Brixy, 2018) or seen the phenomenon from a “survival” perspective (e.g., Coad, Frankish, Roberts, & Storey, 2013; Coad & Guenther, 2013; de Figueiredo & Silverman, 2012; Yang & Aldrich, 2012). Still others have investigated the factors affecting the time and the route to exit of ventures that are already distressed (Balcaen et al., 2011, 2012; Yamakawa & Cardon, 2017). Despite the actual fragmentation of conceptualizations, approaches, and focus, a common assumption behind most of the literature is that the *exit phenomenon* is the result of implicit or explicit, strategic or involuntary *choices*. There is a need for additional theoretically-sound and empirically-based papers embodying both analytical rigor and practical relevance with regards to the strategic choices related to exit. In other words, little research has investigated the actual strategies taken by firms (and entrepreneurs) seeking to exit their markets.

This Special Issue aims at filling this gap, which may represent an essential step in order to contribute to the debate/complete the puzzle on the role of selection and culling of different strategic choices (Levinthal, 2017) at least with reference to firm exit. Indeed, the recent financial crisis is a unique natural experiment that allows to study the strategies – and in particular exit strategies – firms implemented to respond to sudden environmental changes. Furthermore, in recent years, various national statistical offices no longer treat firm exit as a binary variable, but now they elaborate and share information on exit routes – making possible a new wave of empirical research. Indeed, it is increasingly difficult to publish empirical work in top journals that treats survival as a binary variable. Attitudes have changed dramatically regarding what used to be a central indicator of firm performance: i.e. survival. Entrepreneurship scholars are now increasingly reluctant to equate survival to success, pointing out that persisting ‘zombie firms’ would do better to exit, while acquisitions are increasingly viewed as favourable outcomes, and even outright failure is being emancipated from its earlier stigma. With this Special Issue we aim at stimulating research on exit strategies (their antecedents, processes, contingencies, and outcomes) so as to help both scholars and practitioners navigate successfully the complex landscape of the related strategic choices and behaviors.

### **Possible Research Topics**

This Special Issue seeks high-quality submissions that provide significant contributions, whether conceptual, theoretical or empirical, to favour a clearer understanding of exit strategies. Below are some illustrative research questions (not exhaustive) that would be suitable for inclusion in the Special Issue. In addition, this Special Issue encourages submissions that probe exit strategies from multiple and cross-disciplinary perspectives such as entrepreneurship, strategic management, organizational behaviour, family business, and economics, among others.

- How can we explicate the processes that lead to strategic decisions related to firm exits? And their outcomes?
- What is the role of the incumbent management and shareholders, including external investors, in the decision making processes that lead to firm exit?
- What is the role of purpose? How do business goals and expectations interact in determining the exit strategy?
- What is the role of individuals’ (and top management teams’) cognitions?
- How can we improve our understanding of the intrinsic processes, paths, conditions, drivers, actions, and consequences of exit strategies?
- What are the role and effects that *context* (e.g., institutional context, sector, environmental competitiveness, geographic location, culture, and history) plays in the process of devising, organizing, and implementing an exit strategy? What are the managerial actions that capitalize on the effect of context?
- What is the role of specific actors (e.g., family owners, family managers) in the process that leads to firm exit?
- How do family involvement in the ownership or management of the firm (e.g., owners higher risk aversion, managers' long term perspectives in investments, economic and non-economic tasks etc.) contribute to explain firm exit?

- How do contingent strategic choices such as innovation, financial leverage, and human resource management influence the role and effect of exit strategies?
- What insights from the strategic management, corporate finance, and entrepreneurship literatures can be particularly relevant for understanding, conceptualizing, and measuring various types of exit strategies?
- What are the implications of different exit strategies for the firm's scope, governance and performance?
- To what extent are exit strategies conscious and intentional? What is the difference (in terms of antecedents and outcomes) between conscious and unconscious (intentional and non-intentional) exit strategies?
- What is the role of time in the process of strategic exit? For example, if entrepreneurs are slow to act, they may slip from voluntary exit to forced closure.
- Is there a stable hierarchy of exit routes (e.g. harvest M&A, voluntary liquidation, bankruptcy)? Where exactly are options positioned in this hierarchy? Is voluntary liquidation closer to failure or success?
- Regarding M&A, is there a continuum of exits ranging from favourable acquisitions paid at a premium, to asset-stripping acquisitions at a low price? Is the type of buyer important herein (e.g. differentiating between individuals, strategic or financial buyers)? What are the characteristics of this continuum? What is the role of selection events such as the financial crisis?

### **Submission Process and Deadlines**

Manuscripts must be submitted by **Sunday 20<sup>th</sup> January 2019**, to [sbej.si.exit@gmail.com](mailto:sbej.si.exit@gmail.com).

All submissions will go through the *Small Business Economics* regular double-blind review process.

The Special Issue Editors will organize a formal workshop to select between and to develop the papers that pass the first round of reviews, to discuss these further and to provide editorial guidance for additional revisions. **This workshop will be organized at University of Bergamo in May 2019.**

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