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Death is not a success: reflections on business exit

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ABSTRACT: This paper is a critical evaluation of claims that business exits should not be seen as failures, on the grounds that sometimes they correspond to voluntary liquidations, or because they are learning opportunities. This can be seen as further evidence of bias affecting entrepreneurship research – where failures are repackaged as successes. We reiterate that the vast majority of business exits are unsuccessful. Drawing on ideas from the organizational life course, we suggest that business death is a suitable word for describing business closure. Even cases of voluntary 'harvest liquidation' such as retirement can meaningfully be described as business deaths.

KEYWORDS: Business exit, failure, Entrepreneurial Exit, learning from failure, closure

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1. Introduction

In this short note we investigate recent claims that the binary variable representing business survival/exit is underspecified, and that exits cannot be deemed equivalent to failures because many exits are successes. We suggest that "death" is a better word than "failure" to describe the phenomenon of business exit. Behind this cavil about vocabulary, however, is a schema for understanding closure events – we underline that it is not helpful to consider business exits as successful events.

We begin with a conceptual discussion of types of exit (Section 2) where we claim that business exit always relates to unviable businesses – whether they be 'relatively unviable' when taking into account the entrepreneur's outside options, or 'absolutely unviable' in the economic sense of being unable to cover its costs. Viable businesses that remain in operation even after the entrepreneur leaves (e.g. trade sale or initial public offering (IPO)) are not, in fact, cases of business death, but cases of business continuation. We then discuss the biases in the discussion surrounding business exit, and the trivialization of business closure (Section 3). In Section 4, we argue that business 'death' is an appropriate term for describing business exit (but that business 'failure' is not). Section 5 concludes.

2. Types of exit

To begin with, let us consider the cases of business survival, as depicted in Figure 1. In some cases, such as an IPO or an acquisition involving the sale of the start-up, entrepreneurial exit can be considered to be a success. Brander et al (2010, p4) write that "using exits as a measure of success is standard in the venture capital literature." We would agree that this type of exit should be seen as a success. However, given that our paper is not concerned with entrepreneurial exit, or investor exit, but our unit of observation is the business, we can sidestep this category of events. This kind of successful entrepreneurial exit, according to which the business continues operations but under new management or with new investors, should be conceptualized as a case of business survival, not business exit – because the business survives even though the entrepreneur exits. We suggest, therefore, that this case should not in itself be taken as a counterexample to the maxim that 'all exits are failures' because it is neither a failure nor a business exit. We therefore distance ourselves from the standard approach in the survival literature that considers merger and acquisition (M&A) to be a form of exit (e.g. Schary 1991; Cefis and Marsili 2006; Bhattacharjee et al 2009; Balcaen et al 2011). Although reincorporation and change of legal form may constitute a death and re-birth in the way these events are recorded in some national statistics databases, this is not a meaningful death/rebirth in an economic sense (Harada 2007 p403; Hoetker and Agarwal 2007 p447), and

statistical offices recognise this and are working on ways of no longer coding a change of legal form as a death and subsequent rebirth. Another type of exit (that is not included in Figure 1) occurs when a firm drops out of a dataset merely because it ceases to report to the database administrators – the firm survives, this is not an exit in any economic sense, but the inadvertent econometrician may treat it as a business exit.[1]

A crucial distinction, therefore, should be made between entrepreneurial exit and business exit, although most cases of business exit will correspond to entrepreneurial exit. In some cases, such as a trade sale or IPO, the business continues operation after the exit of the entrepreneur. In other cases, a portfolio entrepreneur may continue activity despite the death of one of the businesses in the portfolio.

[FIGURE 1 ABOUT HERE]

The other categories in Figure 1 concern business exit, or business death. Empirical research has traditionally grouped all cases of business exit together into one category, represented by a binary variable (1=exit, 0 = survival, or vice versa). However, recently some scholars have claimed that this empirical strategy is not valid, because it groups together fundamentally heterogeneous groups, and that therefore business exit is underspecified. Business exits can be either successful or unsuccessful (Headd, 2003). Exiting businesses are said to differ according to whether the exit decision was voluntary or involuntary. In the least successful case, the entrepreneur is forced into closure (by the bank or other creditors) because it is not able to generate enough cash flow to continue. In other cases, however, the entrepreneur may engage in voluntary closure if she has better outside options.

Ronstadt (1986, p333) analyzes questionnaire data on 95 ex-entrepreneurs (all of them Babson college alumni) and observes that the majority of exits corresponded to “selling out” (46%) or “liquidation” (43%), with bankruptcy corresponding to 5% of exits (and with the remaining 5% as “unclear”). However, "a majority (61%) of all exits found their entrepreneurial careers to be financially disappointing” (p335). Headd (2003) also distinguishes between successful business closure and failure, after observing that many owners may have closed a business without excess debt, or retired from the work force. After four years, 50% of new employer firms survived, 17% were "closed and successful", and 33% were "closed and unsuccessful" (Headd, 2003 Figure 1). Harada (2007, Table 1) examines the reasons for exit among a sample of Japanese small firms that exited. “Despairing perception of further business” is the main reason in 37.9% of exits, with “aging of the manager” at 20%, “illness or injury of the manager” at 15%, and bankruptcies at 2%. Overall, 39.7% of exits are classified as “economic forced exit” while 60.3% are “non-economic forced exit.” Similarly, Watson and Everett (1993, Table 2) observe that only 6% of business discontinuances were outright bankruptcies, in their sample of young Australian businesses operating in shopping centres.

[1] It may not be possible to identify which firms exit for this reason. One way of facing up to this problem is to ensure that any firm that drops out of the dataset remains absent for at least two periods (e.g. Mata and Portugal 2002, p332).

Balcaen et al. (2011) analyze 6118 distress-related exits in Belgium, and 41% exit through a court-driven exit procedure (mainly bankruptcy), 44% are voluntarily liquidated, and 14% undergo M&A.

We argue here that voluntary closure can be characterized as 'relatively unviable' (with involuntary closure being 'absolutely unviable'). We define 'relatively unviable' as the case where the business has failed to be a viable economic entity when the entrepreneur considers her other outside options, even if it generates enough revenue to cover its costs: "If one remains with the current venture, it is because the alternatives are less attractive. ... departure requires only that a superior alternative has become available to the entrepreneur" (Bates, 2005, p345). The business has perhaps played a useful role in the past, but now the opportunity cost of the business remaining in operation is too high to allow it to continue. The business is underperforming and failing to cover its costs, when we also factor in the opportunity costs to the entrepreneur. It is reasonable to expect that entrepreneurs with higher levels of human capital have attractive outside options of finding employment elsewhere if their business performs poorly, and therefore have higher exit thresholds because of their higher opportunity costs (Gimeno et al 1997; Grilli 2011). The business may also be 'relatively unviable' if the entrepreneur has fallen ill and withdraws from the business, because the owner now has other priorities (that is, taking care of her illness).

We define 'absolutely unviable' as the case when a business fails to cover its costs even when we leave aside issues of the entrepreneur's opportunity cost. Our definition of 'absolutely unviable' therefore roughly corresponds to the definition of 'business failure' in Ucbasaran et al (2012, p26): "the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the (founding) entrepreneur."

While involuntary business closure corresponds to bankruptcy, voluntary business closure refers to liquidation, which can be described as either a 'harvest' liquidation or a 'distress' liquidation (Wennberg et al, 2010). Of these two latter outcomes, harvest liquidation is considered to be more successful than distress liquidation. Harvest liquidation corresponds to the liquidation of a successful business, for motivations such as retirement, or perhaps the natural winding-down of projects that had always been thought of as short-term projects (such as the organization of a one-off festival or other such event).

In our view, the distinction between voluntary and involuntary closure is not always very helpful. In particular, self-reported evaluations undertaken by unsuccessful entrepreneurs are likely to be strongly affected by cognitive biases – according to which the entrepreneur wants to paint herself in a positive way to protect her self-esteem. Indeed, one of the most widely-accepted character traits of entrepreneurs is that they are remarkably optimistic (see e.g. Frank, 1988; Hayward et al, 2006; Dawson and Henley, 2012).

Furthermore, many business exits that are classified as voluntary closures would have been classified as involuntary closures had the business closure taken place shortly afterwards. The analogy here would be that of a gambler on a losing streak, who decides to "quit while still ahead" and leaves the gambling table before they have completely exhausted their stock of gambling chips. This kind of exit is neither a clear case of success nor failure – it is a last-ditch attempt to 'snatch victory from the jaws of defeat'. Marlow et al (2011) engage in interviews with the owners of 15 closed and/or failed

businesses and conclude that many voluntary closures are in fact anticipations of inevitable failures (backing up their argument with interview quotes such as "It was voluntary but actually, I had no choice" and "I did it just before the bank did... The bank made it very clear that they were about to pull the plug which meant I couldn't pay the wages so I got there first" (Marlow et al, 2011, p. 4)). As a result, we consider that self-reported data on the success of an exit should be treated with suspicion.

One area in which the distinction between voluntary and involuntary closure may be important concerns the emotional consequences for the entrepreneur.[2] Shepherd (2003, 2009) discusses how negative emotion affects sense-making and coping with failure, suggesting the term 'grief,' in recognition that a firm failure can be considered as a death. However, we underline that grief recovery is a phenomenon that takes place at the level of the entrepreneur, and not at the business level.

3. Biases in the discussion of business exit: the trivialization of business death

The entrepreneur has long been cast in a positive light (Nightingale and Coad, 2013). Back in 1949, Evans noted that:

> "*He who makes 'the desert bloom' is often a very colorful person; a study of him in consequence is likely to turn into a romantic product. ... Cold-blooded appraisals of the role of the entrepreneur in economic development are rare:* ***glorification is usual***."
> G H Evans (1949, p.337, emphasis added).

Politicians also have a long history of looking favourably on small business owners.[3] Favourable bias towards the entrepreneur seems to have increased in recent times, however, corresponding to what has been hailed as the "era of the entrepreneur." Blanchflower and Oswald (1998, p 28) write that "For many commentators this is the era of the entrepreneur. After years of neglect, those who start and manage their own businesses are viewed as popular heroes." Relatedly, Bradley and Roberts (2004, p38) observe that "the contemporary period is the "era of the entrepreneur", in which the entrepreneur is viewed increasingly as a folk hero." In this current zeitgeist, entrepreneurs enjoy enormous public policy support.[4]

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[2] To the extent that failures have negative emotional consequences, they are not considered to be successful events for the entrepreneur.

[3] John Haltiwanger has compiled a fascinating list of quotes by Barack Obama, George W Bush, and other top US politicians expressing considerable admiration for small business owners.

[4] Looking at UK data, Storey (2006: p248) estimates that "the annual total financial support for small business is equivalent to a public expenditure of GBP 7.9 billion . . . To contextualize that expenditure, each year the UK spends more taxpayers' money on small businesses than it spends on the police force". See also Hughes (2008, Table 1) for a breakdown of this figure of £7.9 billion.

One recent trend in the pro-entrepreneurship movement and entrepreneurship policy concerns efforts to liberate unsuccessful entrepreneurs from the 'stigma of failure' that an uncomprehending society has heaped upon them, and to encourage them to start again. Instrumental to this is the need to trivialize business death.

Business failure has been trivialized to some extent by popular anecdotes, usually dating from the distant past. One cheerful quote that periodically pops up is attributed to Henry Ford: "Failure is the opportunity to begin again more intelligently." (This quote is intended for small businesses, of course, and not for other 'irresponsible' organizations such as Enron or Lehman Brothers.) Walt Disney, and Colonel Sanders (of Kentucky Fried Chicken fame), are other examples of failed entrepreneurs that heroically overcame the 'stigma of failure' to have a successful business next time around. Anecdotal evidence, based on old tales from a different economic era, is not a rigorous way for academic research or entrepreneurship policy to proceed. However, in popular discourse, these anecdotes play an important role in trivializing the death of unsuccessful businesses.

Recently, scholars have objected to the terms used to describe business exits as unsuccessful, as if they are pejorative. Bates (2005, p345) laments that: "Value laden terms such as failure and death are often used interchangeably with neutral terms (e.g. exit)," and suggests that the term 'death' be discontinued. This leaves us in a rather absurd and asymmetric situation in which scholars are allowed to talk about the birth and survival of new businesses, but not about their deaths.[5] Figure 2 highlights this biased use of terminology. It appears that scholars are only permitted to use positive terms for entrepreneurs, and not negative ones.[6] We suggest that this 'asymmetric' perspective is incompatible with the sober evaluation of costs and benefits to which scholars should aspire.

Knott and Posen (2005) ask "Is Failure Good?" and conclude in the affirmative. They write that "failure appears to be good for the economy" (p617), that "failed entrepreneurs may be as heroic as successful entrepreneurs" (p617), and that their insights "may lead to policies that stimulate 'beneficial failure'" (p617). In essence, their main findings on the benefits of failure are that exiting firms are so inefficient that their departure increases the average efficiency of surviving firms.[7] In our view, the finding that exit of inefficient firms increases the average efficiency of survivors is not in itself evidence that 'failure is good', but instead it offers support to the notion that 'survival of high-productivity firms is good', or more precisely that 'the absence of low productivity firms is not bad.'

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[5] It would appear that classic texts such as Alfred Marshall's 'trees of the field' analogy (where new firms are likened to young trees that struggle to grow tall and strong, while some succumb along the way) need rewriting in politically correct form, so as not to offend the sensitivities of 21st century entrepreneurs (see Marshall, 1961 p263, first edition published 1890).

[6] Note that Storey and Wynarczyk (1996) cleverly avoid the controversial word "death" by writing about the "survival and non-survival" of new businesses.

[7] To be precise, they claim to identify three effects: a *selection* effect, a *competition* effect and a *spillover* effect. The selection effect has been described above. The competition effect, we argue, relates to entry rather than exit – the competition effect would presumably be even larger if there was no exit (because there would be a larger number of active competitors). The spillover effect is questionable, we argue, because their measure of spillovers does not accurately capture the concept of the specific benefits offered by failing firms (alone) to survivors – instead it is merely a measure of accumulated industry output – "we assume that spillovers are a function of the cumulative activity of all firms in the market" (p623).

[FIGURE 2 ABOUT HERE]

We consider it to be a dangerous trend in entrepreneurship research to consider business closures as successes. We are heading towards a situation in which the entrepreneur will be glorified to the extent that even her failures must be considered to be successes. In our view, if we continue spreading the message that entrepreneurs are welcome to fail, and start again, then the economic consequences could be severe.

One way in which business closures have been revamped as success stories is to repackage them as learning opportunities. The economic model behind this type of learning is called 'Jovanovic learning' or 'passive learning', after Jovanovic (1982).[8] The model suggests that entrepreneurs start up their business without knowing their true, time-invariant, individual-specific level of business skill or productivity level, and it takes time to observe whether they are viable entrepreneurs or not.[9] Starting a business is therefore necessarily a process of exploration. On this theme, Bates (2005, p350) writes "These entrants have paid to take a look; if the resultant learning experience is valuable, closure is apt to be successful." In our view, when an entrepreneur learns that she is a low quality entrepreneur, this is not a success story. If anything, it is a failure. Learning from failure may have some advantages (if the evidence were to show that learning is economically valuable), but it should be called 'learning from failure' and certainly cannot be called 'learning from success'. Therefore, the closure event can only be seen as a failure rather than a success. Furthermore, whether or not there has been any economically significant 'learning from failure' cannot be assumed outright, but it is an empirical question requiring careful examination.

Jovanovic learning assumes that individual entrepreneurs have fixed skill levels over their lifetimes, and struggle to learn about their inherent talents. Hence, in this Jovanovic learning framework, individuals who have "paid to take a look" and observed that they are unsuccessful should not re-enter, because they now know that they do not have the business skills required for success. A worrying trend in entrepreneurship research is first of all to characterise business deaths as successful learning events, and furthermore to justify (and subsidize) re-entry of unsuccessful entrepreneurs on the grounds that their previous business experience was a success!

One useful analogy for understanding new business outcomes is the lottery model (Storey, 2011), which constitutes a randomized benchmark or null hypothesis against which entrepreneurial learning from failure can be understood. Entrepreneurs buy a lottery ticket (business start-up), confident that their chances of winning are 'above-the-odds', but having little control over outcomes, and most will fail while a few will enjoy remarkable success. The winners will figure prominently in the press, while the losers will be largely ignored. In the lottery model perspective, the fact that some lottery winners will win the lottery after losing the previous week does not in itself suggest that failing the lottery has any benefits, or that it is possible to learn from past mistakes to better

[8] See also the discussion in Audretsch et al, (2004).

[9] The Jovanovic model has been extended to the case of 'active learning' (Ericson and Pakes, 1995) where – applied to the context of entrepreneurs – one might consider that entrepreneurs can make investments to improve their idiosyncratic productivity level, for example through learning (Harrison and Leitch, 2005; Cope 2003, 2005).

play the lottery. Furthermore, in relation to Jovanovic learning, buying a lottery ticket that is then observed to lose cannot be considered to be a successful learning event. The lottery model of business performance can be extended from being a game of pure chance, to other games of chance where there is an element of skill (such as poker or blackjack) – the key issue in the analogy, however, is that there is a predominant role of chance (Storey, 2011; Coad et al, 2013).

The possible existence of learning effects after previous business failure does not have strong empirical support. The crucial question regarding learning from failure is whether there is evidence of increased performance after failure, with gains large enough to offset the losses, when comprehensive representative data is analyzed. Of course, learning from failure should be analyzed not from anecdotal evidence from ex post success stories (such as Henry Ford and Walt Disney, whose success after failure is not inconsistent with the lottery model shown above, because sometimes gamblers win the lottery after having previously lost) but from large-sample evidence, covering both successes and failures, and covering a recent time frame. Entrepreneurs who were previously unsuccessful (who have allegedly experienced learning from failure) should be compared to an appropriate control group of new entrepreneurs who have no entrepreneurial experience. Prior business experience, and learning from failure, should be distinguished from confounding factors such as industry experience and start-up size.[10] The available evidence on prior business experience, and learning from failure, does not find that prior business experience improves subsequent business outcomes (Metzger, 2006, 2007; Nielsen and Sarasvathy, 2011; Frankish et al 2012). Oosterbeek et al (2010) apply rigorous econometric analysis to evaluate the impact of a leading entrepreneurship education program on college students' entrepreneurship skills and motivation, and observe that while there is no significant effect on students' self-assessed entrepreneurial skills, the effect on their intentions to become entrepreneurs is negative. (These non-significant results for learning after failure should not be taken lightly, considering the publication bias against non-significant results.) The empirically-observed lack of entrepreneurial learning from prior failure can be explained in terms of a lack of opportunities for reinforcement learning in the context of fundamentally heterogeneous business opportunities (Haleblian and Finkelstein, 1999; Muehlfeld et al, 2012), coupled with overoptimism and cognitive biases on the part of entrepreneurs (Frankish et al, 2012).

4. Death: the suggested term for business exit

In this section we argue that 'death' is an appropriate term to describe business exit. We begin by discussing some shortcomings of the term 'failure', before explaining why we prefer the term 'death'.

[10] The analogy for start-up size would be that entrepreneurs who failed previously buy more lottery tickets next time round, in the hope of improving their chances of success. If they are successful, this does not constitute evidence of learning from failure, but simply that they improved their chances of success by buying more lottery tickets.

4.1 Why ‘failure’ is not a good term

We argue that ‘failure’ can indeed be taken to be a pejorative word because it implies that everything that happened during the life of a firm was futile. A firm that is characterized as a failure will be viewed as a failure for the whole of its previous existence. Although the term ‘death’ of a firm is consistent with the perspective that ‘it was good while it lasted’, the word ‘failure’ implies that the firm’s entire existence was a meaningless waste of time. For example, the failed Japanese temple-building firm Kongō Gumi, founded in 578, was for a long time the world's oldest continuously ongoing independent company, before it went into liquidation in 2006. It does not seem appropriate to characterize the 1400-year existence of this firm as a failure, because in many ways it was a remarkably successful business. It can be anticipated that all firms currently in existence will exit the market at some point, whether it be from poor management or just bad luck. Does this mean that all of our economic activity will ultimately prove to be a failure? That is an unnecessarily pessimistic perspective.

Humans are born, live their lives, and then die. An entrepreneur on her death-bed need not admit that her life was a failure. It would be bad taste to start talking of someone as a ‘failure’ at their funeral, because many of the events undertaken during their lifetime will be considered as valuable and widely appreciated. However, the term ‘death’ does not contradict the view that the activities undertaken during their lifetime were successful.

Nonetheless, we anticipate that the word ‘failure’ will continue to be used, at least to describe certain aspects of a defunct firm (i.e. the unsuccessful economic performance rather than its possible successes in other dimensions such as owner’s well-being and social relationships), mainly because the word is convenient and widely understood. For example, the phrase “learning from failure” cannot easily be replaced with a substitute (“learning from death” is rather awkward, ”learning from unsuccessful experiences” is rather long, and “learning from success” would be entirely misleading).

4.2 Business death as a politically-correct term

We argue, in contrast to Bates (2005), that death is not a ‘value-laden’ or pejorative term that denigrates the efforts of entrepreneurs. The dead are rarely held in contempt simply because they died. Instead, death is a word that meaningfully describes the terminal stage in a business’ life course; it constitutes a clear dissolution of activity. Death occurs when a firm has outlived its particular purpose and ceases to operate.

An advantage is the term death is that the voluntary or involuntary nature of the death is largely irrelevant. While terms such as ‘rational’ suicide exist (Chen et al, 2012), and this might somehow be construed as a ‘successful exit’, we are all agreed that a suicide counts as a death. Even in those cases where voluntary death (i.e. suicide) occurs, this is never taken as a sign of success, but is

treated with respect as the final end of the living being. Even in societies where suicide is, in some circumstances, socially encouraged (e.g. Harakiri in Japan in the Edo era), this is not taken as a success but as 'the better of two evils' and is mourned appropriately.

The categorization of suicide as a form of death is helpful to understand that the distinction between voluntary and involuntary business exit is in many ways *irrelevant* - at least from a business population perspective, and from the perspective of net employment (although probably not from the perspective of the reputation or grief of the entrepreneur). Self-reported perceptions of the exiting entrepreneur do little to change the underlying economic significance of the business death – that all things taken together, the business is no longer viable and has been terminated. However, one area in which the perceived success of a defunct business is relevant to policy is if unsuccessful entrepreneurs should be encouraged (and subsidized) to re-enter entrepreneurship on the basis of their prior 'success'.

In the case of retirement liquidation, the association of the business exit with death is even more natural, because the entrepreneur's expected death, and gradual slowdown before death, drives her retirement decision. The kind of firm involved in a retirement liquidation will probably not be the kind of high-impact innovative high-growth firm sought by policy-makers (or if it is, it will continue business under a new owner), but rather will probably be the sort of lifestyle firm that makes only a low economic contribution. Although some scholars have categorized retirement liquidation as a successful entrepreneurial exit (i.e. 'harvest liquidation'), we consider it especially appropriate to label retirement liquidation as a business death. Furthermore, from a policy perspective, it matters little if the retirement decision is a successful business termination or an unsuccessful one – because few successful entrepreneurs will consider re-entering business after having closed down for retirement.

5. Concluding remarks

We argue that entrepreneurship research has gone too far in trivializing the death of businesses and rebranding these exits as successes. We agree with an observation in Marlow et al (2011, p. 1) that "the pendulum between failure and closure has swung too far towards the latter offering a more benign image of entrepreneurial potential and prospects." We argue that business death is a suitable term for business exits – both voluntary and involuntary exits. We consider that it would be appropriate to try to remove the word 'failure' from our entrepreneurship vocabulary, but not the word 'death'. Although we acknowledge that some business exits will be voluntary, nonetheless it should be recognized that the vast majority of business exits will correspond to the necessary demise of unviable businesses.

In the current 'era of the entrepreneur', in which the figure of the entrepreneur receives considerable adulation, there is a need for solid econometric work to address empirical questions. It is not sufficient to speculate that business deaths are successes because they provide learning opportunities – what we need is robust econometric evidence from representative large-scale samples regarding whether individuals emerging from prior business deaths do actually perform

better than a suitable control group, and if the learning benefits outweigh the combined social costs of prior business failure. After all, small business failure can be very costly to an economy (Watson and Everett, 1993). To date, however, the available evidence suggests that such learning effects are not present. Amid observations that the number of entrepreneurs is already excessive (de Meza, 2002; Shane, 2009), the policy of encouraging unsuccessful entrepreneurs to start again is potentially disastrous, and should be given thorough investigation, rather than being based on mere assumption.

Further work might also benefit from looking at the subjective well-being or life-satisfaction scores of entrepreneurs (Binder and Coad, 2012). For example, if entrepreneurs emerging from self-assessed 'voluntary' exits experience negative shocks to their happiness scores, then this would cast doubt on the voluntary nature of their exit decision.

Finally, we live in hope that developments will be made in databases so that future work will be able to properly classify events such as IPO and M&A as business continuations rather than deaths and rebirths.

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<table>
<tr><td rowspan="3">Business Survival</td><td>Entrepreneurial continuation</td><td colspan="2">Business continuation</td></tr>
<tr><td rowspan="2">Entrepreneurial exit
(e.g. IPO, Merger/Acquisition)</td><td colspan="2">Harvest sale</td></tr>
<tr><td colspan="2">Distress sale</td></tr>
<tr><td rowspan="3">Business Death</td><td rowspan="2">Voluntary death "Relatively unviable"</td><td rowspan="2">Liquidation</td><td>harvest
(e.g. Retirement, desired career change, divorce)</td></tr>
<tr><td>distress</td></tr>
<tr><td>Involuntary death "Absolutely unviable"</td><td colspan="2">Bankruptcy</td></tr>
</table>

Figure 1: Decomposing business outcomes: a conceptual diagram

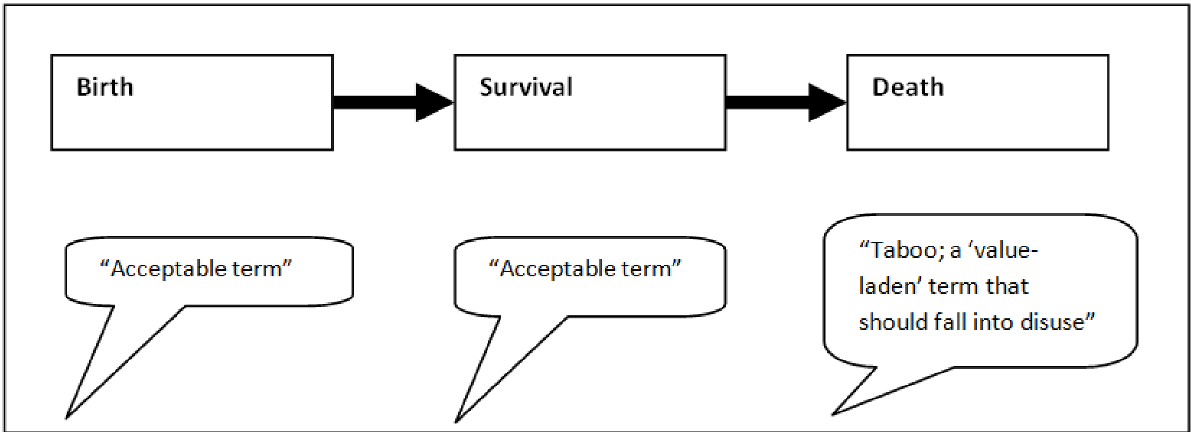

Figure 2: Acceptable terminology across the life course: perspectives from contemporary entrepreneurship research