



Entrepreneurial exit intentions and the business-family interface



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ABSTRACT

Endeavors by entrepreneurs to manage the connections between business and family can manifest in many behaviors and decisions. Entrepreneurs may curtail their family life for their business or modify their business involvement for their family. The processes at this interface between business and family may affect the entrepreneur's intention to exit or persist in the business. In this study we aim to extend the literature on entrepreneurial exit by examining the linkages between the business and family domains. Applying work-family interface theory, we examine linkages between the family and business domains (e.g., business-to-family interference, business-to-family enrichment, family-to-business interference, and family-to-business enrichment) and how these processes affect male and female entrepreneurs' intentions to exit their current business. The data were obtained from the National Study of the Changing Workforce in the United States. We utilize a subsample of 388 married entrepreneurs who considered their business a full-time endeavor. We found support for the effects of business-to-family enrichment and the two interference variables on exit intentions. Further, we found that exit intentions were stronger for female than male entrepreneurs experiencing interference between the business and family. These findings held when controlling for the effect of business performance as perceived by the entrepreneur.

Executive summary: Work-family interface is an important factor that determines the employee's job attitudes and behaviors (Greenhaues and Allen, 2011). In entrepreneurship, scholars have started to recognize the importance of business-family interface (Jennings and McDougald, 2007). Previous studies have examined the effect of business-family interface on business performance and entrepreneurs' work satisfaction (Eddleston and Powell, 2012; Powell and Eddleston, 2013). Additionally, the majority of these studies focused on either the enrichment process (i.e., synergy between work and family domains) (Eddleston and Powell, 2010; Powell and Eddleston, 2013) or the interference process (i.e., conflict between work and family domains) (Jennings and McDougald, 2007; Shelton, 2006). The current research seeks to investigate both enrichment and interference processes and their effects on entrepreneurs' intentions to exit their business and work for paid employment.

According to the literature of work-family interface (WFI) (e.g., Greenhaus and Allen, 2011), there are four constructs underlying the business-family interface: business-to-family enrichment (i.e., the emotions and resources generated in the business domain transfer to and benefit the family domain), family-to-business enrichment (i.e., the emotions and resources generated in the family domain transfer to and benefit the business domain), business-to-family interference (i.e., the emotions and resources generated in the business domain constrain the entrepreneur's time, cognition, and behaviors in the family domain), and family-to-business interference (i.e., the emotions and resources generated in the family domain constrain

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the entrepreneur's time, cognition, and behaviors in the business domain). The first two capture the bi-directional nature of enrichment processes, and the last two capture the bi-directional nature of interference processes.

Because the enrichment process originated in each domain (business or family) incurs positive emotions and enables entrepreneurs to allocate more resources to use in the other domain, it may enhance their psychological well-being, increase their satisfaction with family, job, and life (Beutell, 2007; Eddleston and Powell, 2012; Edwards and Rothbard, 2000; Powell and Eddleston, 2013), and thereby decrease their intention to exit the business. Specifically, we propose that family-to-business enrichment and business-to-family enrichment are negatively related to exit intentions. Conversely, the interference process from each domain suppresses positive emotions, hampers psychological well-being, and limits resources that can aid in the other domain (Beutell, 2007; Jennings and McDougald, 2007; Shelton, 2006). Hence, we propose that the two interference processes increase exit intentions. More importantly, we argue that female entrepreneurs put more weight on work-family balance (Bielby and Bielby, 1989), need more resources from the family domain (Powell and Eddleston, 2013), and tend to adopt a "growth-constraining" strategy to cope with work-family conflict (Jennings and McDougald, 2007, p. 753). Therefore, we further propose that the effects of enrichment and interference processes on exit intentions will be different for female and male entrepreneurs.

We found support for the effects of business-to-family enrichment and the two interference variables on exit intentions. Both business-to-family interference and family-to-business interference positively relate to exit intentions. Business-to-family enrichment negatively relates to exit intentions. Further, we found that exit intentions were stronger for female than male entrepreneurs experiencing interference between the business and family. Finally, these findings held when controlling for the effect of business performance as perceived by the entrepreneur. By building on an established theoretical framework (WFI) and applying it in the entrepreneurial exit context, we observe that the interference predictions are generally in line with WFI and extend into the entrepreneurial exit domain. We believe that this research provides an important contribution to the exit literature.

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1. Introduction

There is now widespread agreement that entrepreneurs exit their businesses for a variety of reasons. Some are forced to close their businesses because performance is too poor to continue operations. For other entrepreneurs, however, exit is the outcome of an intentional process. Research suggests that such intentional exits can be attributable to personal reasons (Justo et al., 2015), which is the main focus of this study. More specifically, we are interested in how business-family considerations shape the entrepreneur's intentions to exit the current business to seek paid employment. This is a relevant consideration because many people move back and forth between paid employment and entrepreneurship (e.g., Manso, 2016).

Exit driven by underperformance (e.g., Gimeno et al., 1997) and compelled by financial reasons in favor of paid employment (e.g., Holland and Shepherd, 2013) has received substantial attention; however, exit by entrepreneurs for personal reasons has received scant attention. There is reason to believe that this may be an important oversight. A population study found that well over half of all exits by entrepreneurs occurred in firms showing no signs of financial distress (Wennberg et al., 2010); and among voluntary exits, exit by entrepreneurs for personal reasons was almost twice as common as exit because of better outside opportunities (Justo et al., 2015).

Exit for personal reasons is, however, a broad category including several disparate phenomena (Winter et al., 2004). We invoke work-family interface (WFI) theory to focus on the business-family interface because for entrepreneurs, the family and business domains are closely interrelated (Aldrich and Cliff, 2003). Both family and business roles are highly salient (Bielby and Bielby, 1989), and finding balance between work and family is important to entrepreneurs (Powell and Eddleston, 2013; Rehman and Roomi, 2012).

In carrying out this research we make two important contributions to the literature. First, we contribute to research on work-family interface for entrepreneurs by focusing on business exit intentions, thereby examining a different outcome than recent WFI studies in entrepreneurship (Eddleston and Powell, 2012; Jennings and McDougald, 2007; Powell and Eddleston, 2013). Importantly, we show that the effects of WFI on exit intentions are different for male and female entrepreneurs. Further, in our study we incorporate both enrichment and interference processes that occur as the entrepreneur navigates both business and family roles. Prior studies of entrepreneurs have explored enrichment processes (Eddleston and Powell, 2012; Powell and Eddleston, 2013) without attention to interference processes. Taken together, the two constructs capture both potential positive and negative spillover between business and family domains. A focus on both enrichment and interference processes makes for a more complete understanding of the relationship between business-family interface and entrepreneurial exit.

Second, the literature on entrepreneurial exit has found that firm performance alone is insufficient to explain the choice between entrepreneurial exit and persistence (cf. Gimeno et al., 1997; Wennberg et al., 2010). Taking performance into account, we draw upon WFI to explain entrepreneurial exit. Prior studies have explored multiple factors influencing entrepreneurial

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