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TO LEAVE OR NOT TO LEAVE? THE ROLE OF PSYCHOLOGICAL OWNERSHIP AND STRESS IN ENTREPRENEURS' EXIT DECISIONS (SUMMARY)

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TO LEAVE OR NOT TO LEAVE? THE ROLE OF PSYCHOLOGICAL OWNERSHIP AND STRESS IN ENTREPRENEURS’ EXIT DECISIONS

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Principal Topic
Recent studies have started to note the impact of psychological factors on business exit (DeTienne, Shepherd, & De Castro, 2008; DeTienne, 2010). For instance, psychological ownership, defined as the feeling that an object, or at least a part of it, is “mine” (Pierce, Kostova, & Dirks, 2001: 299), has been acknowledged to delay entrepreneurs’ exit decisions (DeTienne, 2010). On the other hand, other psychological factors, such as stress resulting from lack of family support, may facilitate exiting a venture, as stress has been pointed out to drive people to leave the organization (Jamal, 1990). However, how psychological ownership and stress, as two countervailing forces, influence entrepreneurs’ venture exit decisions is still unclear. In this study, therefore, we draw on the psychological ownership (Pierce et al., 2001) and stress literature (Hobfoll, 1989; Lazarus & Folkman, 1984) to examine how both factors influence entrepreneurs’ venture exit decisions.

Method
We tested our hypotheses by conducting an experiment with undergraduate students at a Canadian university. The experiment is a 2 (psychological ownership: high vs. low) x 2 (family support: high vs. low) between-subject design. Perceived job stress was measured by asking participants the extent to which they feel stressed working in the hypothetical venture. Our dependent variable—the likelihood of exit—was measured by asking participants the degree to which they want to stay with the venture on an 11-point Likert scale.

Results and Implications
We found that the amount of family support was negatively related to the likelihood of venture exit, and this relationship was partially mediated by perceived job stress. Furthermore, psychological ownership toward the venture was found to reduce the likelihood of exiting the venture (the direct effect). Interestingly, we found that psychological ownership also indirectly increased the likelihood of venture exit through perceived job stress (the mediating effect). That is, the direct effect and the indirect effect of psychological ownership on business exit are in the opposite directions. Our findings indicate that psychological ownership serves as not only “pull force” but also “push force” in the face of venture exit decisions.

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