WHY DO ENTREPRENEURS EXIT? THE EFFECT OF BUSINESS-TO-FAMILY SPILLOVER (SUMMARY)

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SUMMARY

WHY DO ENTREPRENEURS EXIT? THE EFFECT OF BUSINESS-TO-FAMILY SPILLOVER

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Principal Topic

Many Entrepreneurs exit their business ventures (DeTienne and Cardon, 2012). Empirical evidence shows that more than 60% of practicing entrepreneurs have a family (Caliendo et al., 2009) and that family-related factors have a strong influence on the entrepreneur in the process of venture creation (Aldrich and Cliff, 2003; Altinay et al., 2012). When entrepreneurs face an exit decision in their entrepreneurial career, how would their family influence the decision?

Family influence in the process of entrepreneurship has been recognized by entrepreneurship scholars (Aldrich and Cliff, 2003). Building on theories of work-family enrichment (WFE) (Greenhaus and Powell, 2006), recent research has found that family factors are important to the entrepreneur's well-being (Eddleston and Powell, 2012) and business success (Powell and Eddleston, 2013). The current study aims to extend this literature to the domain of business exit by examining how two family-related factors rooted in WFE, enrichment (i.e., synergy) and interference (i.e., conflicts), affect the entrepreneur's business exit decision. More interestingly, while Eddleston and Powell's (2012; 2013) studies have focused on family-to-business spillover (i.e., the extent to which family resources can transfer to the business domain), our study examines business-to-family spillover and its effect on business exit. In doing so, we make important contributions to the entrepreneurship literature on both business exit (e.g., DeTienne, 2010) and family embeddedness (e.g., Aldrich and Cliff, 2003).

Method

The sample was obtained from the 2008 National Study of the Changing Workforce survey conducted for the Families and Work Institute by Harris Interactive, Inc.. We used the subsample of 736 respondents who worked for themselves. The sample was weighted in relation to the United States population.

Results and Implications

The results show that when economic performance is controlled, business-to-family enrichment negatively ($\beta = -.09, p < .05$) affects and business-to-family interference positively ($\beta = -.09, p < .05$) relates to the entrepreneur’s exit decision. Entrepreneurs who perceive more resources from their business to their family are more unlikely to exit, whereas entrepreneurs who perceive more family conflicts resulting from operating the business are more likely to exit.

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