EVENTS, EMOTIONS AND ENTREPRENEURIAL EXITS: AN APPLICATION OF AFFECT EVENTS THEORY

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Abstract - Many people have the desire to run their own businesses. However, entrepreneurs' exits from their businesses are also expected. While much literature has developed rich insights into the decision to become an entrepreneur, the studies focusing on entrepreneurial exits remain scarce. Much previous literature regarded entrepreneurial exits as failure, nevertheless, many entrepreneurs withdrew from the ventures not because of poor performance. To explore why and how entrepreneurs exit their ventures without deficit, the study proposes an extension of affective events theory (AET) model to examine the emotions of entrepreneurs produced by different events in their entrepreneurship. We had in-depth interviews with five nascent entrepreneurs of joint ventures exiting through liquidation without financial loss. The findings suggest entrepreneurial exits are explained by the events in the entrepreneurship as well as entrepreneurs' cumulative negative emotions. Negative events in the entrepreneurship have significant impact on entrepreneurs' emotions, which would lead to negative attitudes toward entrepreneurship. What's more, exits are also struggling and cumulative process. When an entrepreneur experiences too many negative emotions, he or she will try to intensify the advantages of positive events or change business strategies to reduce the dissonance until the negative emotions accumulate over his or her endurable threshold. As soon as dissonance reduction fails, an entrepreneur will make the decision to exit regardless of the financial status of the venture.

Keywords - Entrepreneurial Exit, Affective Events Theory, Entrepreneurship, Threshold