



Entrepreneurial Self-Efficacy and Venture Abandonment Intention: A Moderated Mediation Perspective on Emotion Regulation and Financial Well-Being

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Abstract

The topic of abandoning ventures has become highly relevant in contemporary research within the domain of entrepreneurship. Abandonment is especially significant in developing countries as most ventures emerge and operate under conditions of uncertainty, financial instability, and psychological pressures. While entrepreneurship research has extensively studied the phenomenon of business failure and entrepreneurial persistence, little attention has been paid to uncovering the psychological processes behind venture abandonment intention. Thus, the aim of this paper is to examine the relationship between entrepreneurial self-efficacy and venture abandonment intention taking into account the mediating role of emotion regulation and the moderating role of financial well-being. Following a quantitative approach, data were collected from 176 entrepreneurs who filled out the questionnaire designed by the researcher in purposeful sampling. To analyze the data, Partial Least Squares Structural Equation Modeling (PLS-SEM) via SmartPLS software was used. The findings showed that the entrepreneur self-efficacy positively affected emotion regulation but negatively affected venture abandonment intention. Emotion regulation in turn played a significant role in lowering the intention to abandon a venture and acted as a mediator in the connection between entrepreneurial self-efficacy and the intention to give up the entrepreneurial activity. Also, financial well-being served to enhance the relationship between entrepreneurial self-efficacy and emotion regulation while increasing the strength of the indirect effect of entrepreneurial self-efficacy on venture abandonment intention through emotion regulation. In general, the current research makes an important contribution to the entrepreneurship literature as it helps to expand existing knowledge about the factors influencing venture abandonment beyond structure and economics. Specifically, the role of emotions and their self-regulation and resources at hand as predictors of entrepreneurial disengagement was demonstrated based on the theoretical foundation of Self-Regulation Theory and Conservation of Resources Theory. As such, the results have practical value as well as they can inform entrepreneurship development initiatives and policy-makers about the necessary components of successful entrepreneurial activities.

Keywords: Entrepreneurial self-efficacy, emotion regulation, financial well-being, venture abandonment intention, moderated mediation, entrepreneurship, Self-Regulation Theory, Conservation of Resources Theory.



1. Introduction

Entrepreneurship is still considered one of the main drivers of economic vitality, although the result of entrepreneurial ventures tends to become increasingly unpredictable. In this context, venture discontinuation and voluntary exit have ceased to be regarded as exceptional cases. Instead, these phenomena are now viewed as essential parts of the entrepreneurial cycle, reflecting ongoing assessments and adaptations made by entrepreneurs (Block et al., 2023; Coad et al., 2022). The new understanding of entrepreneurship led researchers to shift their focus from venture formation to factors that cause disengagement in ventures where continuation is technically possible but psychologically difficult.

Scholars currently acknowledge that entrepreneurial processes are influenced by cognitive and emotional dynamics. In what has been called an "affective revolution," there is now ample evidence that emotions systematically affect judgment, decision-making, and behavior in all aspects of entrepreneurial activities (Portocarrero et al., 2025). Additionally, it has become clear that emotions play a constitutive role in entrepreneurship by shaping entrepreneurial motivation and engagement (Pettersen et al., 2025). Nevertheless, a substantial gap still exists in terms of theory development that takes into account the complex interaction between cognitive beliefs and emotional processes that lead to disengagement.

The concept of entrepreneurial self-efficacy (ESE), which refers to the entrepreneur's belief in their ability to perform specific entrepreneurial tasks, has a long tradition as a predictor of entrepreneurial persistence (McGee et al., 2009; Newman et al., 2019). Although the dominant paradigm has tended to assume that higher self-efficacy results in better outcomes, a number of recent works have demonstrated that this variable can both promote and impede entrepreneurs' performance, depending on the underlying conditions. Specifically, it has been found that high self-efficacy can simultaneously boost intentions and escalate the fear of failure as two conflicting regulatory mechanisms, indicating the "double-edge" of this construct (Kong et al., 2025). Thus, the role of self-efficacy is not confined to a direct link between the belief in one's abilities and behavioral outcomes; rather, it affects the entrepreneurs' actions indirectly.

As such, emotion regulation (ER) is seen as an important intermediary process by which self-efficacy affects entrepreneurial behavior. As mentioned above, entrepreneurial activities are characterized by an increased level of emotional volatility, which makes entrepreneurs more dependent on the ability to manage and regulate their emotional responses to different stimuli. Moreover, current evidence indicates that psychological variables such as well-being, mindfulness, and emotion regulation have significant impacts on entrepreneurial behavior (Avci & Ardiç, 2025). Nevertheless, emotion regulation is yet insufficiently discussed in entrepreneurship research as an important mediating factor that explains behavioral choices such as venture exit.

Based on the Self-Regulation Theory, entrepreneurial behavior should be understood as a goal-directed process in which the individual constantly monitors their internal state and makes adjustments to the latter accordingly (Carver & Scheier, 1998). In this way, ESE should be considered an important cognitive resource that improves the person's capacity to regulate their emotions effectively. However, there is one important assumption that lies in the current approach to entrepreneurial self-efficacy and self-regulation – that is, the internal nature of self-regulation. Self-regulation, however, is



highly resource-dependent, meaning that sufficient cognitive and emotional capacities must be available to use them.

One possible way to address this limitation would be incorporating Conservation of Resources (COR) Theory that defines individuals' functioning in terms of their resource conditions (Hobfoll et al., 2018). In entrepreneurial settings, financial well-being (FWB) constitutes an important resource that affects both constraints and psychological functioning. In this sense, recent literature recognizes that entrepreneurs' resource conditions play a crucial role in the effective use of cognitive and emotional capacities (Hirschmann et al., 2025). Therefore, FWB should be seen as a boundary condition that determines the effectiveness of self-regulation rather than a direct predictor of outcomes.

Based on these considerations, the first-stage moderated mediation model proposed in this study includes emotion regulation as the mediator between self-efficacy and venture abandonment intention, and financial well-being as the moderator between self-efficacy and emotion regulation. Thus, entrepreneurs who experience greater self-efficacy would exhibit improved emotional regulation, resulting in lower likelihoods of abandoning ventures. However, the link between self-efficacy and emotion regulation would be mediated by the level of financial well-being. More specifically, the ability to convert self-efficacy into emotion regulation would increase when there is enough financial support for an entrepreneur's venture, but would decrease when financial resources are lacking because financial strain would reduce both cognitive and emotional resources.

The current research makes significant contributions to the entrepreneurship literature from multiple perspectives. First, the research contributes to a deeper understanding of venture abandonment by viewing the phenomenon as a psychological rather than purely structural one. Secondly, this study addresses the increasing focus on emotions in entrepreneurship by explaining how venture decisions are made with regard to affect through emotion regulation (Portocarrero et al., 2025). Thirdly, this study improves existing frameworks by introducing financial well-being as a boundary condition instead of a predictor variable. Fourthly, this study contributes to entrepreneurship research by applying and combining Self-Regulation Theory with Conservation of Resources Theory.

2. Theory and Hypotheses Development

Entrepreneurial Self-Efficacy and Emotion Regulation

The construct of Entrepreneurial Self-Efficacy (ESE), which is based on Social Cognitive Theory, captures perceptions about one's own ability to accomplish entrepreneurial tasks effectively. ESE is a core factor in entrepreneurs' interpretations and reactions to uncertainty, difficulties, and barriers. Previously, positive relationships between self-efficacy and increased persistence and proactiveness have been established (Barrera-Verdugo et al., 2025). However, modern literature underscores the significance of self-efficacy going far beyond behavioral effects, focusing primarily on regulating mechanisms of the individuals.

Self-Regulation Theory stipulates that people continuously monitor and control their psychological states in order to remain focused on achieving desired objectives. In this respect, self-efficacy becomes an important resource by enhancing one's control over internal processes. People having high levels of ESE tend to evaluate negative events as controllable and activate coping mechanisms in reaction to them, rather than withdrawing



into oneself emotionally. Evidence supporting this notion and indicating the role of self-efficacy in developing resilient emotions has also been reported recently (Ma, 2025).

In addition to the above, recent findings point to the effectiveness of self-efficacy for implementing cognitive control and emotion-regulatory strategies, helping people manage fear, frustration, and anxiety experienced during entrepreneurship. These suggestions resonate well with the idea of combining cognitive and affective processes

H1: Entrepreneurial self-efficacy positively influences emotion regulation.

Emotion Regulation and Venture Abandonment Intention

The environment for entrepreneurship is marked by continuous uncertainties, limited resources, and continuous encounters with failure, resulting in considerable emotional distress. Emotion regulation (ER), which refers to the capacity to observe and adjust one's emotions, is crucial in deciding whether an individual will continue or withdraw from their goal-oriented pursuits.

In terms of self-regulation, inadequate control of emotions hinders the achievement of goals since it increases negativity, impairs judgments, and fosters avoidance behaviors. Those entrepreneurs unable to manage their fears of failing, frustrations, and stresses have a high probability of viewing their endeavors as impossible, thus leading to intentions of exiting their entrepreneurial ventures. The recent literature supports the fact that emotional reactions serve as self-defense responses during stressful situations and influence behavioral retreat when stress becomes overwhelming beyond regulation limits (Ma, 2025). On the other hand, emotion regulation facilitates the continuation of goal-directed behaviors even amid stressful events. This corroborates the growing research on how psychological resilience and emotion regulation play a key role in determining entrepreneurial persistence and disengagement (Iqbal et al., 2026).

Therefore, emotion regulation is an adaptive strategy that reduces the chances of early abandonment due to goal-behavior inconsistencies.

H2: Emotion regulation negatively influences venture abandonment intention.

Entrepreneurial Self-Efficacy and Venture Abandonment Intention

The existing view concerning the association between entrepreneurial self-efficacy and venture abandonment intent was one of negativity, where self-efficacy positively correlated with persistence and negatively with abandonment. High self-efficacy makes entrepreneurs believe that any challenge can be managed and resolved successfully, thus motivating them to persist despite difficult circumstances.

Nevertheless, the current literature suggests that this view is somewhat outdated because self-efficacy entails a double-edged sword effect, where, while high self-efficacy fosters persistence, it may also foster overconfidence and escalation of commitment under some circumstances. Nevertheless, empirical findings still support the assertion that, generally, high levels of ESE boost adaptive persistence and reduce withdrawal intent, especially when individuals have adequate regulatory abilities (Ye et al., 2025). Moreover, contemporary research proves that entrepreneurial self-efficacy plays a vital role in predicting entrepreneurial intentions and persistence, confirming its importance as an important cognitive variable in entrepreneurship (Wani & Kumari, 2025). Consequently, applying similar reasoning, it can be argued that individuals who demonstrate high self-efficacy tend not to give up easily because they remain confident about solving any challenge.

H3: Entrepreneurial self-efficacy negatively influences venture abandonment intention.



The Mediating Role of Emotion Regulation

Despite extensive literature connecting ESE with entrepreneurial outcomes, this influence is usually indirect rather than direct. Indeed, the impact of self-efficacy is mediated by self-regulatory mechanisms that transform the cognitive self-beliefs into action. One such mediator can be emotion regulation, especially in situations when emotions play a significant role.

According to Self-Regulation Theory, goal-oriented behaviors are facilitated by successful internal state regulation. This means that ESE helps people increase their confidence in controlling both external activities and internal emotional states. In such a way, ESE increases the likelihood of using adaptive strategies for emotion regulation, which leads to low negative affect and prevents disengagement.

Empirical studies provide evidence of how important intermediate psychological mechanisms are for transforming cognitive beliefs about oneself into actions. Specifically, recent research has shown how self-regulatory mechanisms mediate the connection between self-efficacy and entrepreneurial outcomes (Nursini et al., 2026). The process of emotion regulation helps people avoid giving up after experiencing negative events by staying emotionally stable.

H4: Emotion regulation mediates the relationship between entrepreneurial self-efficacy and venture abandonment intention.

The Moderating Role of Financial Well-Being

However, while self-efficacy creates the capability for self-regulation, the successful use of such capabilities requires having adequate resources. COR Theory postulates that individuals need enough resources to ensure that they remain capable of performing efficiently and that a lack of resources undermines one's cognitive abilities and emotional functioning.

The financial well-being (FWB) of an individual can be described as people's sense of financial stability and ability to meet all financial requirements. Entrepreneurs who are struggling financially suffer from limited cognitive resources, experience more stress, and have less emotional regulation capability.

Recent literature highlights the interaction between resource availability and psychological abilities that affect how much of an individual's capabilities are realized when translating cognitive processes to behaviors (Hirschmann et al., 2025). This means that in good financial states, entrepreneurs have enough emotional and cognitive resources to engage in self-regulation, thus increasing the strength of the connection between ESE and ER.

H5: Financial well-being moderates the relationship between entrepreneurial self-efficacy and emotion regulation such that the relationship is stronger at higher levels of financial well-being.

Moderated Mediation Effect

The interaction between Self-Regulation Theory and COR Theory implies that the impact of ESE on venture abandonment intentions through the regulation of emotions occurs only when certain resources are available. For example, if financial well-being is high, then entrepreneurs will be able to use efficacy beliefs to control their emotions, thus lowering abandonment intentions. However, if the financial situation of entrepreneurs is unfavorable, cognitive and emotional exhaustion will interfere with this process.

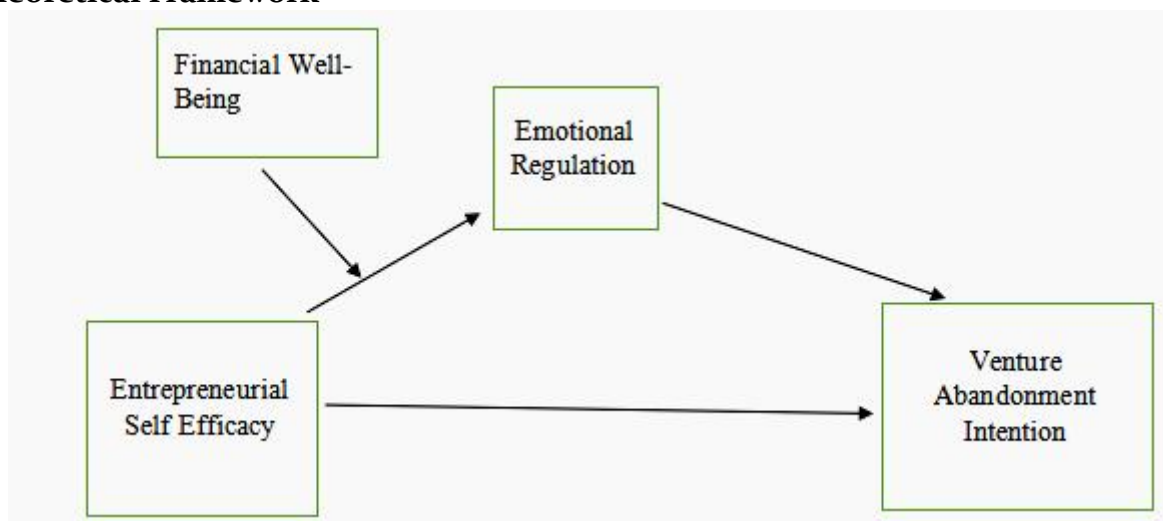


Recent studies indicate that such conditional theories are gaining ground in explaining psychological processes and how they occur (Barrera-Verdugo et al., 2025; Hirschmann et al., 2025).

Therefore, the mediating effect of the regulation of emotions will depend on the financial well-being of entrepreneurs.

H6: Financial well-being moderates the indirect effect of entrepreneurial self-efficacy on venture abandonment intention via emotion regulation such that the indirect effect is stronger at higher levels of financial well-being.

Theoretical Framework



3. Methodology

Research Design and Approach

This study uses a quantitative, cross-sectional research design to investigate the relationships among entrepreneurial self-efficacy, emotion regulation, financial well-being, and venture abandonment intention. This is an appropriate research design since the study aims at testing theoretically derived relationships among latent constructs as well as measuring their predictive power.

The deductive research approach is used in this study because of its alignment with Self-Regulation Theory and Conservation of Resources (COR) Theory. This approach is in line with current trends in entrepreneurship research which emphasize the need for theory-driven tests for validating psychological processes behind entrepreneurship behavior (Portocarrero et al., 2025). Although cross-sectional designs lack causal inference abilities, they have been widely applied in entrepreneurship research when studying cognitive-affective processes over a single time period. Similar studies in entrepreneurial psychology show that cross-sectional designs can be employed for testing mediation and moderation hypotheses when based on strong theory (Malak & Qassim, 2025).

In order to counteract methodological limitations of the design, certain procedural and statistical approaches are incorporated in the research to minimize common method bias (CMV) and strengthen internal validity (Podsakoff et al., 2003).

Population, Sampling, and Data Collection

The target population comprised individuals engaged in entrepreneurial activity, such as small business owners, startup founders, and self-employed people. This is because the study aims at assessing cognitive-emotional mechanisms of entrepreneurs who operate in



conditions of uncertainty and psychological pressure, which renders them good candidates for study participation (Malak & Qassim, 2025).

Data were gathered through structured self-administered questionnaires distributed both online and off-line. A non-probability sampling method of purposive sampling was used to identify those who met the inclusion criterion of being involved in managing their own business. Although this sampling design undermines generalizability, it is widely used in entrepreneurship research because of the lack of a proper sampling frame.

A total of 250 questionnaires were handed out, and 176 usable questionnaires were returned. This implies that the response rate is 70.4%, which is relatively high for behavioral research. More importantly, the sample size meets the recommended minimum for structural equation modeling and is sufficient for detecting moderated mediation. According to current literature, this number of cases is suitable for the investigation of psychological constructs (Hair et al., 2021). Recent studies in entrepreneurship demonstrate successful use of similar or smaller sample sizes for investigating psychological constructs (Chandler, 2025).

Measures and Instrumentation

Multi-item scales were used to measure all constructs in accordance with best practices in psychology, and reliability. Respondents' answers were recorded on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Individuals' entrepreneurial self-efficacy was measured by items taken from McGee et al. (2009). Emotion regulation was measured using the scale developed by Gross and John (2003) and reflects individuals' capability to regulate their emotions. Financial well-being was assessed by the Netemeyer et al.'s scale (2018), representing individuals' perception of their financial security and financial stress. The relevance of this construct for behavioral research has been strengthened in recent research showing that self-regulatory factors like financial self-efficacy are significantly related to financial well-being under conditions of economic uncertainty (Hernandez-Perez & Cruz Rambaud, 2025).

Individuals' abandonment intention of their business ventures was measured using questions adapted from the existing exit literature for entrepreneurship (Wennberg et al., 2010; Jenkins et al., 2014). Several minor amendments were made to make the questions relevant while retaining the original conceptual framework. Content validity was assured through expert judgment.

Data Analysis Technique

For the present analysis, Partial Least Squares Structural Equation Modeling (PLS-SEM) will be used with the help of the software called SmartPLS. PLS-SEM is particularly appropriate for research involving mediation and moderation and has become the technique of choice for predictive and exploratory studies (Hair et al., 2021). This is because it is capable of handling complex relationships, estimating latent constructs, and works well with small to medium sample sizes. Also, its use has been shown in recent entrepreneurship studies dealing with psychological and resource-based mechanisms through SEM approach (Malak & Qassim, 2025).

The analysis will proceed in two stages: the measurement model and the structural model. The measurement model will be tested by examining the indicators' reliability (internal consistency reliability) by means of Cronbach's alpha and composite reliability as



well as convergence validity in terms of average variance extracted (AVE). For discriminant validity, the heterotrait-monotrait (HTMT) ratio will be calculated.

At the second stage, the structural model will be analyzed by estimating path coefficients, calculating the coefficient of determination (R^2), effect sizes (f^2) and predictive relevance (Q^2). To estimate path relationships, the bootstrapping technique with 5,000 samples will be used. Moreover, conditional indirect effects will be calculated to assess the moderated mediation relationship between the variables of interest.

Finally, control variables will be entered into the model to address potential threats to the internal validity of the study (Gómez-Jorge et al., 2025).

Control Variables

Age, gender, level of education, and entrepreneurial experience are chosen to act as control variables in the study. These variables are known to affect individuals' cognition, decision-making, and behavioral patterns (Gómez-Jorge et al., 2025).

This will increase the robustness of the analysis.

Assessment of Common Method Bias

Since the study relied on self-reports, measures have been undertaken to counteract the possibility of common method variance. At the procedural level, respondents were guaranteed anonymity and confidentiality. Questionnaire questions were designed in such a way as not to cause confusion in answering.

The statistical measures included the Harman's one-factor test and calculation of variance inflation factors (VIF). No major concerns about common method bias arose, with VIF values falling below the recommended threshold (Kock, 2015).

Current research in methodology highlights the importance of combining procedural and statistical approaches when dealing with common method bias (Hernandez-Perez & Cruz Rambaud, 2025).

Ethical Considerations

This study abides by ethical standards of human participant research. Participation was voluntary and informed consent was obtained. Respondents' confidentiality and anonymity were guaranteed.

4. Data Analysis and Results

Table 1: *Reliability and Convergent Validity*

Constructs	Items	Factor Loadings	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Entrepreneurial Self-Efficacy (ESE)	ESE1	0.812	0.891	0.919	0.694
	ESE2	0.846			
	ESE3	0.857			
	ESE4	0.824			
	ESE5	0.833			
Emotion Regulation (ER)	ER1	0.801	0.876	0.908	0.664
	ER2	0.829			
	ER3	0.847			



Constructs	Items	Factor Loadings	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Financial Well-Being (FWB)	ER ₄	0.791	0.884	0.913	0.678
	ER ₅	0.822			
	FWB ₁	0.838			
	FWB ₂	0.821			
	FWB ₃	0.844			
Venture Abandonment Intention (VAI)	FWB ₄	0.798	0.868	0.902	0.648
	VAI ₁	0.816			
	VAI ₂	0.824			
	VAI ₃	0.791			
	VAI ₄	0.803			
	VAI ₅	0.812			

Table 2: Discriminant Validity (HTMT Ratio)

Constructs	ESE	ER	FWB	VAI
Entrepreneurial Self-Efficacy (ESE)	—			
Emotion Regulation (ER)	0.671	—		
Financial Well-Being (FWB)	0.544	0.589	—	
Venture Abandonment Intention (VAI)	0.492	0.618	0.521	—

Table 3: Direct Hypotheses Testing

Hypotheses	Relationships	Beta (β)	Standard Deviation	t-Values	p-Values	Decision
H ₁	ESE → ER	0.486	0.071	6.845	0.000	Supported
H ₂	ER → VAI	-0.401	0.066	6.076	0.000	Supported
H ₃	ESE → VAI	-0.274	0.082	3.341	0.001	Supported
H ₅	ESE × FWB → ER	0.198	0.059	3.356	0.001	Supported

Table 4: Mediation and Moderated Mediation Analysis

Hypotheses	Indirect Relationships	Beta (β)	Boot SE	t-Values	p-Values	Decision
H ₄	ESE → ER → VAI	-0.195	0.044	4.432	0.000	Supported
H ₆	ESE → ER → VAI × FWB	-0.112	0.037	3.027	0.002	Supported

Table 5: Structural Model Assessment

Endogenous Constructs	R ²	Q ²	f ²	Interpretation
Emotion Regulation (ER)	0.412	0.267	0.309	Moderate Predictive Accuracy
Venture Abandonment Intention (VAI)	0.458	0.301	0.281	Moderate Predictive Accuracy



Interpretation of Results

Reliability and validity tests revealed that all of the proposed constructs had satisfactory reliability and validity levels. Firstly, all factor loadings were higher than the suggested threshold value (0.70). This means that all of the observed indicators sufficiently reflected the corresponding latent constructs. Secondly, the values of Cronbach's alpha and CR for all constructs were higher than 0.70. This result means that the measurement items were consistent in terms of capturing the relevant conceptual domains. Finally, all of the average variance extracted (AVE) values were higher than the acceptable threshold value of 0.50. This means that all of the constructs were able to explain more than half of the variance of their indicators.

Discriminant validity was evaluated based on the heterotrait-monotrait (HTMT) ratio. As all of the HTMT values did not exceed the recommended limit of 0.85, this result confirms that all of the constructs were empirically distinguishable and reflected unique conceptual domains. The obtained results of the measurement model analysis show that the measurement model is statistically adequate and can be used as a basis for further examination of the structural model.

Results of the structural model analysis provided sufficient evidence in support of all of the tested hypotheses. First of all, the results show that entrepreneurial self-efficacy significantly and positively affects emotion regulation ($\beta = 0.486$, $p < 0.001$). Thus, the first hypothesis (H₁) was supported. Such findings suggest that entrepreneurs who have higher levels of self-efficacy are better able to regulate and control their emotions in uncertain and risky situations. The mentioned result fits Self-Regulation Theory, according to which people who have high self-efficacy beliefs find it easier to manage their psychological state and achieve goals.

Secondly, results of analysis show that emotion regulation negatively affects the level of venture abandonment intention ($\beta = -0.401$, $p < 0.001$). This means that hypothesis H₂ is also valid. It is possible to state that entrepreneurs who can effectively regulate their emotions are less likely to quit their ventures because of difficulties and challenges. Emotion regulation seems to help entrepreneurs cope with stress and frustration and remain psychologically stable in difficult conditions.

Additionally, there is evidence of a significant negative effect of entrepreneurial self-efficacy on venture abandonment intention ($\beta = -0.274$, $p < 0.01$). This finding confirms H₃ and shows that entrepreneurs with higher self-efficacy usually do not intend to abandon their ventures. Such entrepreneurs see entrepreneurial activities and challenges as something that can be managed easily.

The results of the mediation analysis revealed that the relationship between entrepreneurial self-efficacy and venture abandonment intention is mediated by emotion regulation. The indirect effect of entrepreneurial self-efficacy on the mentioned outcome variable is significant ($\beta = -0.195$, $p < 0.001$). The obtained findings confirm H₄ and reveal that emotion regulation partially mediates the aforementioned relationship. This means that entrepreneurial self-efficacy leads to the mentioned effect both directly and indirectly. The mediation effect proves that self-efficacy influences entrepreneurial activity not only directly but also via self-regulating processes.

As to the moderation analysis, there was a statistically significant positive interaction between entrepreneurial self-efficacy and financial well-being with regard to emotion regulation ($\beta = 0.198$, $p < 0.01$). Therefore, H₅ was confirmed. This finding means



that financial well-being moderates the relationship between self-efficacy and emotion regulation positively. People who experience higher financial well-being seem to be able to use their self-efficacy beliefs to regulate emotions. People who experience financial distress, on the contrary, cannot use self-efficacy beliefs in such a way. The presented result corresponds with Conservation of Resources Theory.

Moreover, the analysis showed that the mediating effect of emotion regulation was moderated by financial well-being in relation to the indirect effect of entrepreneurial self-efficacy on venture abandonment intention ($\beta = -0.112$, $p < 0.01$). The presented finding confirms H6 and means that the mentioned moderating effect is significant. Under conditions of higher financial well-being, the mediating effect becomes stronger, meaning that entrepreneurs who experience higher financial well-being and have higher self-efficacy levels will use their abilities to regulate emotions and avoid quitting their ventures. When the level of financial well-being is low, however, the aforementioned indirect effect becomes weaker.

Coefficients of determination (R^2) reveal that the model explained a considerable part of variance (emotion regulation - 41.2%, venture abandonment intention - 45.8%). The obtained Q^2 values proved the presence of predictive relevance of the model. Effect sizes (f^2) indicate that the exogenous constructs had a statistically significant effect on the endogenous variables. Thus, it is possible to state that the presented model has adequate explanatory and predictive power.

5. Discussion

This study focused on testing the influence of entrepreneurial self-efficacy on the intention to abandon the venture while integrating emotion regulation as a mediating construct. Additionally, the analysis considered financial well-being as a boundary condition for understanding how the interplay between psychological constructs contributes to entrepreneurs' disengagement or persistence intentions. Thus, drawing on Self-Regulation and Conservation of Resources theories, the study suggested and tested a moderated mediation model to provide new insights into entrepreneurial persistence behavior.

Firstly, the results showed that entrepreneurs with higher efficacy beliefs had stronger emotion regulation capabilities. Thus, they were more capable of regulating their emotions effectively while facing entrepreneurial stress. This finding aligns with Self-Regulation theory, which predicts that people with strong efficacy beliefs will be more in control of their psychological state and, hence, more capable of maintaining goal-directed behavior in times of stress. Entrepreneurs operate in environments characterized by high uncertainty, ambiguity, and setbacks, where the need for emotional regulation becomes crucial due to the high level of stress. Therefore, efficacy beliefs seem to serve as an important psychological resource helping entrepreneurs cope with the adverse impact of uncertainty and maintain their emotional stability.

Secondly, this result supports the recent entrepreneurship research findings, according to which entrepreneurship cognition should include not only decision-making but also effective emotional management skills. In this case, entrepreneurs regularly have to face situations characterized by stress, financial pressure, fear of failure, etc., requiring specific emotional regulation. The current findings confirm that entrepreneurial self-efficacy also positively affects entrepreneurs' ability to regulate emotions. Hence, self-efficacy enhances entrepreneurs' confidence not only in their abilities but also in their capability to regulate negative emotions emerging during the venture operation. This



means that entrepreneurs with high self-efficacy will be able to view adverse events as a challenge but not a threat to their mental well-being.

Furthermore, the findings show that emotion regulation negatively influences the intention to abandon the venture. This result implies that entrepreneurial perseverance to a large extent depends on individuals' ability to regulate negative emotions such as frustration, anxiety, fear, etc. Therefore, entrepreneurs capable of regulating these emotions effectively tend to persist in their activity, while those unable to cope with negative emotions have a much greater risk of abandoning their projects. Thus, this result confirms recent scholarly claims about the importance of emotional capabilities for fostering perseverance.

From the theoretical point of view, this result confirms that venture abandonment is not determined solely by business and financial conditions but largely depends on entrepreneurs' emotional state and capabilities. Entrepreneurs often operate in highly uncertain environments, implying a significant number of setbacks. If entrepreneurs are unable to regulate their emotions and reduce emotional exhaustion resulting from the stress and failures, the probability of venture abandonment increases. On the contrary, entrepreneurs with good emotional regulation skills are less prone to abandoning their ideas.

Moreover, the results reveal that entrepreneurial self-efficacy negatively impacts the intention to abandon the venture. Higher self-efficacy was associated with a lower tendency of abandoning the venture indicating that self-beliefs enhance entrepreneurial perseverance. This finding aligns with previous literature, suggesting that self-efficacy beliefs play an important role as a motivational factor for entrepreneurs. However, this result does not add novelty to entrepreneurship literature; the main achievement of the study lies in showing how entrepreneurial self-efficacy influences the mentioned dependent variable.

Specifically, the findings demonstrate that this relationship between psychological constructs is not only direct but also mediated by some intermediary variable. Entrepreneurship research often treats self-efficacy beliefs as a simple psychological driver fostering persistence and success without discussing its mechanisms of impact. The current study shows that the effect of self-efficacy beliefs on entrepreneurship intentions partially emerges through entrepreneurs' capability to regulate their emotions. In other words, self-efficacy positively influences the ability to regulate emotions, which, in turn, reduces venture abandonment.

Thus, one of the major achievements of the study lies in demonstrating the mediating role of emotion regulation. It adds to the existing knowledge by emphasizing the role of affective mechanisms influencing entrepreneurship intentions. In addition, it supports recent scholars' calls to integrate emotional processes into entrepreneurship research in order to explain why entrepreneurs persist in pursuing their goals and visions. Additionally, another contribution of the study consists in revealing the role of financial well-being as a boundary condition for analyzing the relationships between psychological constructs. As stated previously, the findings demonstrate that financial well-being significantly influences the strength of the relationship between self-efficacy and emotion regulation. The higher level of financial well-being an entrepreneur has, the more effective the conversion of his/her efficacy beliefs into emotions regulation strategies becomes.



In turn, this finding aligns well with Conservation of Resources theory predicting that a person requires adequate resources to be psychologically healthy. Therefore, financial well-being is viewed as one of the enabling resources that facilitate cognitive and affective regulation in stressful environments. Entrepreneurs under financial pressure often experience emotional exhaustion and stress reducing their ability to effectively regulate emotions even when they have high self-efficacy.

Hence, it becomes clear that psychological strengths cannot be analyzed independently of contextual conditions in which they function. Although entrepreneurial self-efficacy fosters individuals' self-beliefs in their capabilities, the effectiveness of these capabilities will depend on the presence of necessary resources. Specifically, the findings show that the abundance of financial resources enables better performance of psychological strengths and contributes to entrepreneurs' emotional well-being.

Lastly, the moderated mediation analysis demonstrates that financial well-being influences the indirect relationship between entrepreneurial self-efficacy and venture abandonment intention through emotion regulation. Namely, financial well-being amplifies the indirect effect of self-efficacy beliefs on the mentioned intention implying that this psychological variable facilitates the effect of entrepreneurs' beliefs on their behaviors. This finding contributes to existing studies on entrepreneurial behavior by highlighting how entrepreneurial actions result from the interaction between internal and external factors. The previous research often considered psychological and financial determinants separately while ignoring how they interact with each other. The current study aims at addressing this shortcoming through combining Self-Regulation Theory and COR Theory for explaining why and how emotional and financial resources determine entrepreneurial decision-making.

The presented research results contribute to the development of entrepreneurship research focused on psychological factors and affective elements of the entrepreneurial process. For a long time, the academic community considered only objective factors such as innovation, opportunities, strategic approaches, etc. However, in recent years, more and more scholars have come to acknowledge the importance of psychological and affective factors as well.

However, one must also take into account that these results can be understood in the light of particular contextual aspects. It is likely that different industries require different sets of skills and competencies to succeed, meaning that emotional reactions may differ accordingly. Also, emerging markets can play an essential role since entrepreneurship there occurs under more unpredictable conditions, and financial well-being becomes crucial. As a result, the relation between psychological capabilities and entrepreneurial behavior becomes very sensitive to context-related changes.

In summary, the current study provides the insights into the mechanisms of the influence of self-efficacy, emotion regulation, and financial well-being on entrepreneurial behavior, namely venture abandonment intentions. It combines psychological and economic concepts for developing a deeper understanding of the factors of entrepreneurial persistence and disengagement.

6. Conclusion and Recommendations

In this study, the effect of self-efficacy was investigated in terms of reducing the venture abandonment intention by the mediating effect of emotion regulation and the moderating effect of financial well-being. By combining Self-Regulation Theory and



Conservation of Resources Theory, a moderated mediation model was suggested to explain the interrelations between psychological competences and resource conditions regarding venture abandonment decision-making. The results of the research have shown that the entrepreneurial self-efficacy has positive direct and indirect effect on venture abandonment intention, mediated by emotion regulation. Furthermore, the presence of financial well-being has been found to moderate the effect positively.

The study enriches the literature on entrepreneurship through addressing the psychological and emotional perspectives of venture abandonment phenomenon. Contrary to the existing knowledge about venture abandonment which views this concept as a result of external or economic factors, the research shows the close relation of venture abandonment with entrepreneurs' mental and emotional state. Thus, the significance of emotion regulation is proven as one of the key drivers of entrepreneurial persistence. The importance of this finding lies in the fact that the existing literature on entrepreneurship has mainly concentrated on such topics as opportunity recognition, innovation and strategic orientation while neglecting the issues of emotional self-regulation.

The findings have revealed that even possession of psychological competences does not ensure venture continuation during unfavorable conditions. In light of the significant moderating role played by financial well-being, the results of this research show that entrepreneurs' ability to use their psychological skills to sustain engagement depends on having the necessary resources. As a result, the findings provide a more holistic picture of the factors which determine entrepreneurial behavior and which should be taken into account to understand why some entrepreneurs maintain persistence and develop the intention to abandon entrepreneurial activities while others do vice versa.

In terms of implications for practice, the research proves the necessity of considering the aspects of psychological development when designing entrepreneurship development initiatives. Thus, such programs should not solely focus on enhancing business skills and abilities to generate profits. Entrepreneurs would benefit greatly from training on developing psychological resilience and adaptive skills. Since the emotional regulation is found to play such an essential role, entrepreneurs would find it useful to receive professional advice on emotional management.

Furthermore, since entrepreneurs' financial wellbeing has been shown to affect their intentions to engage in ventures, policymakers should take this fact into consideration when supporting entrepreneurs' activity. Specifically, the fact that financial problems can impair entrepreneurs' psychological state and reduce the level of their emotional and cognitive functioning should not be neglected. Thus, providing access to financial mechanisms, improving financial literacy and offering advice on financial matters can help improve the sustainability of entrepreneurship.

Higher education institutions may also include psychological training for entrepreneurs into their curriculum. It has already been mentioned that traditional entrepreneurship education usually focuses more on teaching entrepreneurs about planning and financing ventures. However, the inclusion of the module on emotional self-regulation would contribute to the development of future entrepreneurs' psychological skills.

Despite its valuable contributions to the literature, the current study has limitations which could be addressed in future research. The cross-sectional design adopted in the



study prevents the researchers from analyzing the causal relationship between the constructs and makes the identification of dynamics impossible. Therefore, longitudinal design can be considered as the optimal choice in future research projects.

Moreover, the study has not distinguished between the regulatory strategies used by entrepreneurs to manage their emotions. Such an analysis will enable researchers to discover the peculiarities of each strategy and assess their effect on entrepreneurial behavior.

Finally, other contextual factors, such as social support, entrepreneurial passion, institutional support, environmental uncertainty and resilience can also affect entrepreneurs' willingness to abandon their ventures. Therefore, they also deserve consideration in future research.

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