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Career Booster or Dead End? The Double-Edged Sword Effects of Entrepreneurial Fear of Failure on Entrepreneurial Exit Intentions in the Process of Sustainable Entrepreneurship

Hangyu Shi and Hongtao Yang *

College of Business Administration, Huaqiao University, Quanzhou 362021, China; hangyushi@outlook.com
* Correspondence: yht@hqu.edu.cn

Abstract: Based on self-regulation theory, this paper constructs two paths through which entrepreneurial fear of failure affects entrepreneurial exit intentions, and explores the moderating effect of the locus of control. We analyze a sample of 308 entrepreneurs from small and medium-sized private enterprises located in Southeast China. The results shown that entrepreneurial fear of failure not only stimulates entrepreneurial identity centrality in a self-regulated driving state but also leads to emotional exhaustion in a state of self-regulated depletion, with two effects on entrepreneurial exit intentions. The facilitating effect of entrepreneurial fear of failure on entrepreneurial identity centrality is stronger for internals than externals, whereas the facilitating effect of entrepreneurial fear of failure on emotional exhaustion is stronger for externals than internals. This research provides a theoretical basis and managerial insights for using entrepreneurial fear of failure to motivate its promoting effects and inhibit its hindering effects on sustainable entrepreneurship.

Keywords: entrepreneurial exit intentions; entrepreneurial fear of failure; entrepreneurial identity centrality; emotional exhaustion; locus of control; sustainability

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1. Introduction

The greatest fear in the entrepreneurial process stems from concern about the consequences of potential failure, and almost every entrepreneur has feelings and experiences of fear of failure [1,2]. Thus, entrepreneurial fear of failure (EFF) is more generally considered a psychological element that limits entrepreneurial behavior and impairs the entrepreneurial process [3]. In the field of entrepreneurship, EFF is defined as "a negative affective reaction based in cognitive appraisals of the potential for failure in the uncertain and ambiguous context of entrepreneurship" [4] (p. 4). Academics have confirmed that EFF can negatively impact entrepreneurial activity [5,6]. Nevertheless, recent studies have discovered the potential impact of EFF on the motivating aspects of entrepreneurial behavior [7,8]. So, is EFF necessarily harmful to entrepreneurs? How does EFF have a motivational effect on entrepreneurial behavior?

With regard to these questions, some scholars consider that current research focuses mostly on the adverse consequences of EFF and ignores its potential positive effects. Entrepreneurial exit, as an indispensable and critical constituent step in the entrepreneurial process, is defined as the decision of an entrepreneur to abandon entrepreneurship [9]. However, the mechanism through which EFF affects entrepreneurial exit is currently unclear. Fear of failure enhances the perception of the threat of failure, reduces the assessment and exploitation of opportunities [10], and inhibits re-entrepreneurial intentions [11], and thus induces entrepreneurial exit. Some indirect evidence suggests that EFF increases entrepreneurial commitment and drives entrepreneurial effort [12], which in turn inhibits entrepreneurial exit. In summary, existing studies focus on only one side, the positive or negative effects of the fear of failure, and lack research that integrates the negative and positive aspects of the fear of failure. Although the beneficial effect of the fear of

failure has been demonstrated in both entrepreneurial practice and academic research, most conclusions have been drawn based on case studies or interviews rather than empirical research. Hence, the mechanism through which EFF influences entrepreneurial exit intentions remains unclear.

Therefore, our study adopts a self-regulatory perspective to explain why EFF has two different effects, positive and negative, on entrepreneurial exit intentions. According to self-regulation theory, self-regulation starts when an individual perceives a discrepancy between their current state and a desired one, which motivates them to strive towards achieving a desired outcome [13]. We propose that the existence of EFF gives rise to this disparity, hence prompting entrepreneurs to engage in self-regulatory measures as a means of mitigating the fear. The study investigates the correlation between EFF and entrepreneurial exit intentions by considering two different stages of self-regulation: drive and depletion. Faced with the fear of failure throughout the process of entrepreneurship, entrepreneurs try to resist this fear, and thus remain in a chronic state of depletion of personal resources, which may result in emotional exhaustion [14,15] and in turn enhances entrepreneurial exit intentions [16]. Along these lines, we capture the depletion state of entrepreneurs' self-regulation with emotional exhaustion. Meanwhile, EFF may be processed and interpreted by entrepreneurs with the notion that "being an entrepreneur is a special life experience", which in turn can induce entrepreneurial identity centrality in individuals. Entrepreneurial identity centrality reflects a state in which entrepreneurial exit is limited by "the perception that an individual's belonging to a group of entrepreneurs brings more meaning and value than belonging to other groups" [17], which increases entrepreneurial commitment and decreases entrepreneurial exit intentions. Along these lines, the paper captures the driving state of entrepreneurial self-regulation with entrepreneurial identity centrality.

The state of self-regulation varies among individuals [18]. Because "self-regulation is a regulated process" [19], we use the locus of control (LoC), which is a person's belief that they are in control of what happens in their life, as the moderating variable in this paper. According to self-regulation theory, individuals with high self-control exhibit a heightened motivation to allocate their resources towards achieving self-regulation. Additionally, these individuals hold stronger beliefs regarding their ability to exercise self-control, shielding them from experiencing depletion during self-control tasks and moderating the impact of ego depletion [18]. Applying the same logic, this study assumes that entrepreneurs with a strong internal locus of control (i.e., internals) are inclined to actively pursue entrepreneurial identity centrality without suffering from emotional exhaustion due to EFF. On the contrary, individuals who believe that external forces dictate the outcomes of their lives (i.e., externals) exhibit lower levels of motivation to entrepreneurial identity centrality and, instead, feel more exhausted.

Based on self-regulation theory and considering entrepreneurs' two self-regulation states, this paper constructs two paths through which EFF affects entrepreneurial exit intentions—entrepreneurial identity centrality and emotional exhaustion—as well as explores the moderating influence of the LoC on both paths. The research makes a contribution in the following three aspects: First, it resolves the paradox that exists between EFF and entrepreneurial exit intentions as well as reveals the intricacies of that relationship. Second, it confirms the role of LoC in enhancing the positive impact of the fear of failure and weakening its negative effect, advancing understanding of the boundary conditions of different action paths of EFF. Third, it deepens the research on the two roles of the fear of failure and enhances comprehensive understanding of the fear of failure by integrating its positive and negative aspects, creating a theoretical basis and offering managerial insights for employing its motivating role and inhibiting its dampening role in entrepreneurial practice.

In the next section, we elaborate on theoretical framework and hypothesis development. Then, we test these using data from 308 entrepreneurs, and present our results as well as offer a discussion of the implications of our findings.

2. Theoretical Framework and Hypothesis Development

2.1. EFF and Entrepreneurial Exit Intentions: The Dual Self-Regulatory Process

EFF may influence entrepreneurial exit intentions through two self-regulatory mechanisms: positive and negative. The self-regulation theory elucidates the motivational mechanisms by which individuals exert effort to attain their objectives [19]. The fundamental tenet of this concept posits that individuals are driven by the desire to minimize the disparity between their present condition and a desired condition (the goal). Based on this perspective, we argue that because EFF widens the disparity between the present state and the desired state, it poses a challenge to entrepreneurial success, which in turn triggers entrepreneurs to self-regulate their physical, cognitive, and affective states. However, evidence has shown that the process of reducing the disparity between the desired state and the current state can lead individuals to become more committed to their goals, but, at the same time, expending more effort may potentially exhaust energy levels and other personal resources [14]. Specifically, entrepreneurs can develop two regulatory states: entrepreneurial identity centrality and emotional exhaustion.

Entrepreneurial identity centrality refers to the extent to which an individual values and is attached to his or her entrepreneurial identity, and is closely related to the individual's perceptions, attitudes, and behaviors in the entrepreneurial process [20,21]. Identity is generated in the context in which it exists, and an individual's perception of the context automatically induces identity localization and initiation in the self [22,23]. Self-regulation theory suggests that the existence of a discrepancy between the desired state and the current state is a prerequisite for motivating action. The existence of EFF implies that entrepreneurs perceive threats and obstacles from the outside and, in turn, doubt their ability to accomplish their goals [24], but these unfulfilled goals can cause individuals to feel stressed [25], so increased commitment can mitigate stress [26]. Thus, when faced with EFF, entrepreneurs can self-regulate by fully and centrally investing their personal resources in entrepreneurship. Given the socially embedded nature of entrepreneurial activity [27], in this process, entrepreneurs obtain social norm messages such as "overcoming the fear of failure is something meaningful" and "overcoming the fear of entrepreneurial failure is something to be proud of", amongst others, and deeply process them. These messages may be interpreted as "EFF is the inherent experience for every entrepreneur engaged in entrepreneurial activities" [28], reinforcing their definition of entrepreneurial identity and perceived legitimacy [20], which in turn enhances the individual's perception of entrepreneurial identity centrality.

According to Shepherd and Haynie (2009), entrepreneurs possess many identities alongside their business identity, although it is improbable that they assign equal importance to all of these identities [29]. As an illustration, certain entrepreneurs may prioritize their identity as a "partner" or "parent" over their business identity. In self-regulation theory, when people have a clearer understanding of their entrepreneurial identity, their self-regulatory system can more easily drive them to devote more effort toward holding on to their entrepreneurial identity and meeting external expectations and thus toward investing more energy, enthusiasm, and pride in entrepreneurial activities. Higher entrepreneurial identity centrality, moreover, suggests that the entrepreneurial identity holds greater significance than other identities inside the entrepreneur's own self-concept [30]. Recent research suggests that when entrepreneurs have high identity centrality, they increase their entrepreneurial commitment and devote more attention to their entrepreneurial endeavors [17]. In addition, it has been proposed that individuals with high entrepreneurial identity centrality respond positively to negative feedback in order to counteract the threat to self-concept from this negativity [23]. Entrepreneurs who tend to identify themselves as entrepreneurs are likely to persist in difficult environments, even if they enter a "dormant state". In other words, entrepreneurs with high entrepreneurial centrality maintain their expectation of entrepreneurial activity [31] and have low entrepreneurial exit intentions in the face of extreme risk, although they may become cautious. Based on this discussion we believe that EFF drives people's perception of entrepreneurial identity centrality. En-

trepreneurial identity centrality, as a positively facilitated conditioning state, responds positively to EFF by increasing entrepreneurial commitment, promoting entrepreneurial persistence, and thus reducing entrepreneurial exit intentions. As a result, we propose:

Hypothesis 1. *Entrepreneurial fear of failure drives entrepreneurial identity centrality, which in turn reduces entrepreneurial exit intentions.*

Emotional exhaustion refers to a comprehensive state of negative exhaustion, which includes physical fatigue, emotional depression, and a decline in cognitive concentration [32]. Entrepreneurs who experience a high fear of failure can quickly identify threatening stimuli in the external environment, and, at the same time, their attention is also focused on the potential negative consequences of failure and negative perceptions of the self, which can reduce entrepreneurs' self-esteem and evaluation of themselves, consequently casting doubt on their ability to accomplish their goals. Therefore, stressful situations triggered by EFF can severely deplete psychological resources and drive entrepreneurs into a state of emotional exhaustion. Previous research has shown that individuals are particularly vulnerable to a state of exhaustion when they engage in activities such as impulse inhibition, complex decision making, and focused attention [19]. Entrepreneurial activities characterized by high risk expose entrepreneurs to significant stress and EFF, which in turn can prompt individuals to turn their attention to the immediate negative consequences of failure, especially the expected risk of loss and an uncertain future [33]. This stressful situation can severely deplete psychological resources and lead to the emotional exhaustion of entrepreneurs. At the same time, entrepreneurs who focus excessively on the consequences of failure will feel negative emotions that have a negative impact on them and the entire entrepreneurial process [15,34]. Self-control activities by individuals can lead to depletion of their limited resources [14]. According to self-regulation theory, entrepreneurs with a high EFF will have a conflict between the expected state and the current state. In the face of stress, people use self-control resources to suppress their fearful emotions and negative states. However, with limited self-control resources, the constant depletion of control resources will put the individual into a state of emotional exhaustion, in which self-control is reduced.

People rely on limited mental resources when they perform conscious activities, and continued resource depletion can cause individuals to lose control over subsequent tasks and behaviors [35]. As a result, individuals in a state of emotional exhaustion have continually weaker ability to handle high levels of work [36]. On the one hand, individuals have less self-control and lack the ability to plan and perform behavior, that is, reducing the individual's ability to hold on to the future [37]. On the other hand, individuals tend to quickly engage in behaviors with an immediate or short-term benefit to replenish their resources. They may also engage in avoidance behaviors to obtain immediate benefits at the expense of long-term responsibilities and obligations, because avoidance leads to temporary satisfaction of the individual's need for psychological recovery [38,39]. Therefore, when entrepreneurs in a state of emotional exhaustion perceive that the desired outcome is difficult to obtain, they are more likely to engage in withdrawal in order to prevent possible future actions and increase entrepreneurial exit intentions. As a result, our study proposes:

Hypothesis 2. *Entrepreneurial fear of failure leads to emotional exhaustion, which in turn increases entrepreneurial exit intentions.*

2.2. The Moderating Effect of LoC

The LoC is defined as the degree to which individuals believe that they are in control of events in their lives. Everyone's LoC is different, and people can be divided into internals and externals. Internals believe that they are in control of their own destiny and the external circumstances that surround them; that is, their success depends on factors within their control. In contrast, externals believe that their own behavior and outcomes depend

on luck or powerful others; that is, they do not believe that they are in control of their own destiny. Internals and externals exhibit contrasting perspectives on the environment, motives, willingness to exert effort, and strategies for coping, which in turn results in divergent work and life encounters, as well as consequences [19,40].

According to self-regulation theory, individuals with high self-control exhibit a heightened motivation to allocate their resources towards achieving self-regulation. Additionally, these individuals hold stronger beliefs regarding their ability to exercise self-control, shielding them from experiencing depletion during self-control tasks and moderating the impact of ego depletion [18]. Following this logic, this research assume that the entrepreneurial identity centrality of internals (i.e., those who believe they have control over events) will rise with increasing EFF; in contrast, externals (i.e., individuals who believe that external factors influence the events and outcomes in their lives) are less likely to be motivated to have entrepreneurial identity centrality; rather, their emotional exhaustion will increase with increasing EFF.

Internals tend to change the way in which they think about the situation in which they find themselves through cognitive reassessment [19]. First, internals who believe that they have control over their environment regard the current situation more positively—for example, by seeing more opportunities than difficulties in ordinary work [41] and believe that their own role in the workplace is more under their own control than under the control of others [42]. Thus, internals tend to view EFF as a positive motivator. When EFF is higher, entrepreneurs focus their attention more on their identity as entrepreneurs, driving them to seek new solutions. Second, internals tend to have a propensity for self-challenge, as they strongly believe in their capacity to influence and regulate life events [43], motivated by the sense of oppression associated with EFF. Therefore, internals with high EFF rely more on their entrepreneurial identity in coping with challenges. Finally, internals believe that "hard work pays off" [19,44]. Thus, internals with a high fear of failure tend to strengthen their entrepreneurial identity through persistent hard work in order to achieve desired outcomes. In contrast, externals typically regard themselves as being in a passive position within the external environment [44] and prefer to ascribe personal results to external factors such as luck or the actions of others. As a result, they often relate negative manifestations of EFF to external environmental factors, rather than to their lack of effort, thus displaying a passive response with low involvement in their entrepreneurial identity. As a result, we propose the following hypothesis:

Hypothesis 3a. *The facilitating effect of entrepreneurial fear of failure on entrepreneurial identity centrality is stronger in internals than externals.*

Self-regulation theory further posits that the level of motivation and depletion experienced by individuals is contingent upon their perception of control over the events in their lives [18]. Unlike internals, externals do not feel excited or motivated about difficulties caused by the EFF; rather, they view them as obstacles, threats, and stressors. Therefore, we predict that emotional exhaustion by externals increases as EFF increases. First, because of their lack of confidence in controlling their environment and attributing the outcome to external forces, externals perceive EFF as a form of stress. Secondly, because externals lack the psychological strength to govern and adapt to their surroundings efficiently [44], external lack of control and a psychological inability to respond adaptively to the surrounding circumstances the negative emotions associated with EFF can significantly deplete their regulatory ability. Finally, externals typically respond passively to challenges, such as by avoidance of issues and a reliance on the expectation that the situation will naturally resolve itself [19]. As a result, they can become frustrated and exhausted when thinking about the future because of EFF. In contrast, internals perceive and respond positively due to their belief in their capacity to influence their surroundings and the connection between their efforts and desired outcomes. As a result, we hypothesize that:

Hypothesis 3b. *The triggering effect of entrepreneurial fear of failure on emotional exhaustion is stronger for externals than for internals.*

Based on our hypotheses and in conjunction with the moderated mediation model proposed by Edward and Lambert (2007), we further hypothesize that the mediating roles of entrepreneurial identity centrality and emotional exhaustion in EFF-based entrepreneurial exit intentions are also moderated by LoC [45]. Specifically, internals tend to view EFF as a challenge and driver and as such devote more energy to their entrepreneurial identity, whereas an increase in entrepreneurial identity centrality makes entrepreneurs adhere more to entrepreneurship as a behavior, and entrepreneurial exit intentions decrease. However, externals tend to view EFF as a hindrance and pressure, which can severely deplete psychological resources and drive entrepreneurs into a state of emotional exhaustion. When entrepreneurs are in a state of emotional exhaustion, they are more likely to have thoughts of withdrawal and escape, and entrepreneurial exit intentions increase. In summary, we hypothesize that:

Hypothesis 4a. *The indirect effect of entrepreneurial fear of failure on entrepreneurial exit intentions through entrepreneurial identity centrality is stronger for internals than externals due to the moderation effect of LoC.*

Hypothesis 4b. *The indirect effect of entrepreneurial fear of failure on entrepreneurial exit intentions via emotional exhaustion is stronger for externals than internals due to the moderation effect of LoC.*

Taken together, Figure 1 illustrates the theoretical model of our study.

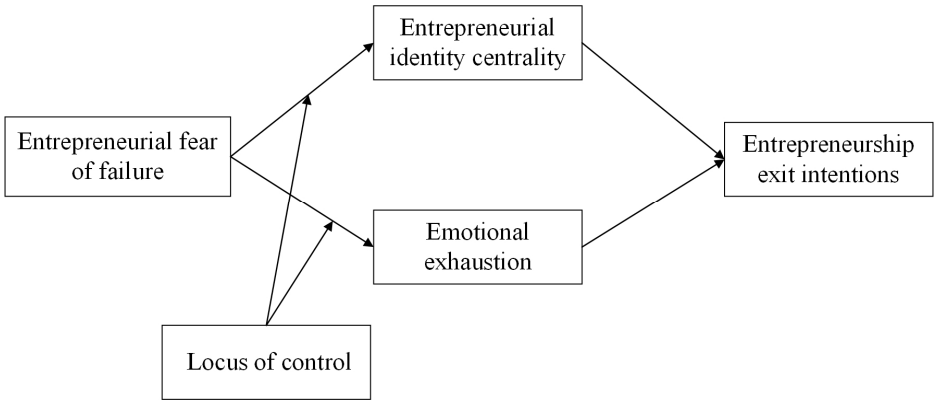

Figure 1. Theoretical model. Developed by the authors based on the proposed hypotheses.

3. Methodology

3.1. Sample and Procedure

The survey respondents in this study are entrepreneurs who are starting their own businesses, and the study collects data through a paper-based questionnaire. We invited entrepreneurs to participate in a formal questionnaire survey through major chambers of commerce in Fujian Province. Interviewed respondents were all above 18 years old. All the respondents of the survey were informed about the study's aims, voluntary participation, and the right to withdraw at any time. Verbal informed consent was obtained from all participants for inclusion in the study.

We distributed questionnaires regarding EFF and LoC and control variables at time point 1 (June, 2023), and two months later at time point 2 we distributed questionnaires containing questions regarding entrepreneurial identity centrality, emotional exhaustion, and entrepreneurial exit intentions, and the questionnaires were collected over a period of three months, with a total of 356 samples collected. After eliminating 48 invalid ques-

tionnaires in which items were omitted or which were hastily completed, we had a total of 308 valid questionnaires, with a valid recovery rate of 86.5%.

3.2. Measures

The study's main research variables were all measured using mature scales from prior literature. In order to ensure the rationality and accuracy of the scales, we followed the standard "translation-back-translation" procedure, rating on a seven-point scale.

Entrepreneurial fear of failure: We used a 21-question-item scale by Cacciotti et al. (2020) [4]. Some sample items were: "In the past few months, I have been afraid of: Ability to fund the venture". Higher scores indicate greater entrepreneurial fear of failure (α = 0.985).

Entrepreneurial identity centrality: For this we adopted a four-item scale from Murnieks et al. (2020) [46]. Specific items included "I often think about being an entrepreneur", and "Being an entrepreneur is an important part of who I am". Higher scores indicate greater entrepreneurial identity centrality (α = 0.841).

Emotional exhaustion: For this we adopted a nine-item scale from Maslach and Jackson (1981) [32]. Specific items included: "I feel emotionally drained from my work". Higher scores indicate greater emotional exhaustion (α = 0.978).

Entrepreneurial exit intentions: We used a four-item scale from Pollack et al. (2012) [47]. One of the items was "In the next year, I will feel anxious about entrepreneurial positions". Higher scores indicate greater entrepreneurial exit intentions (α = 0.946).

Locus of Control: We used Pearlin and Schooler's 7-item scale for measurement (1978) [48]. Consistent with the existing literature [49,50], higher scores indicate that the entrepreneur is more inclined to internal LoC, and the opposite indicates inclination toward external LoC (α = 0.984).

Control variables: With reference to previous related studies, as control variables, we include gender, age, education, marital status, prior entrepreneurship, experience in entrepreneurial failure, the number of years since the enterprise was established, the number of years in a management position, the size of the enterprise, the type of industry, and experience in the industry to which the enterprise belongs.

4. Results

This paper employs SPSS 21.0 and Mplus 8.3 to analyze and evaluate the validity and reliability of the measurement model. We tested the hypothesis using a hierarchical regression model.

4.1. Common Method Variance Test

Given that the variables were solely obtained by self-report measures from the participating entrepreneurs in response to the provided questionnaire, it is plausible that the study may be susceptible to the issue of common method variance (CMV). Consequently, we used Harman's one-way test to include all the variables in the study in the measurement of the items in the factor analysis. The findings indicate that out of the five main components derived from the unrotated component matrix, the initial factor principal component accounts for 37.560% of the variation, which is less than half the overall variance (81.529%), which suggests that this study does not suffer from significant CMV. Then, the nested model was used to compare the goodness-of-fit of the one-factor model and the measurement model. The results show that, with the addition of the method factor, the baseline model has a better model fit index (χ^2/df = 1.495, RMSEA = 0.040, CFI = 0.973, TLI = 0.972, SRMR = 0.065) than the four-factor model. However, when χ^2/df falls by 0.015, CFI and TLI increase by only 0.001, RMSEA decreases by 0.001, and SRMR increases by 0.006. Overall, the fit did not improve significantly, suggesting the absence of serious CMV.

4.2. Confirmatory Factor Analysis

We use Mplus 8.3 to conduct a confirmatory factor analysis. By contrasting different factor models, the discriminant validity of each research variable was checked. Table 1

presents the findings, which show that the five-factor model, that is, the baseline model (EFF, entrepreneurial identity centrality, emotional exhaustion, LoC, and entrepreneurial exit intentions) has the best fit to the actual data (χ^2/df = 1.490, RMSEA = 0.040, CFI = 0.973, TLI = 0.972, SRMR = 0.058). This indicates that the five variables in this study have good discriminant validity and can represent five different constructs.

Table 1. Confirmatory factor analysis of the measurement models.

Model	χ^2	df	χ^2/df	RMSEA	CFI	TLI	SRMR	Model Comparison Test		
								Comparison	$\Delta\chi^2$	Δdf
1. Five-factor model: FF, EC, EH, LC, EE	1479.831	980	1.510	0.041	0.972	0.971	0.059			
2. Four-factor model: FF, EC + LC, EH, EE	2009.110	984	2.042	0.058	0.943	0.940	0.080	2 vs. 1	529.279 **	4
3. Three-factor model: [a] FF, EC + LC, EH + EE	2981.244	987	3.021	0.081	0.890	0.884	0.117	3 vs. 1	1501.413 **	7
4. Three-factor model: [b] FF, EC, EH + LC + EE	6137.550	987	6.218	0.130	0.715	0.701	0.166	4 vs. 1	4657.719 **	7
5. Two-factor model: FF + EC, EH + LC + EE	6612.410	989	6.686	0.136	0.689	0.674	0.171	5 vs. 1	5132.579 **	9
6. One-factor model: FF + EC + EH + LC + EE	9281.120	990	9.375	0.165	0.541	0.520	0.176	6 vs. 1	7801.289 **	10

Note: n = 308; ** $p < 0.01$. Entrepreneurial fear of failure (FF); entrepreneurial identity centrality (EC); emotional exhaustion (EH); locus of control (LC); entrepreneurial exit intentions (EE); + indicates a merger between factors; [a] and [b] indicate different three-factor models.

4.3. Descriptive Statistical Analysis

Table 2 lists the mean, standard deviation, and correlation coefficient for each variable, showing that EFF has a significant positive correlation with entrepreneurial identity centrality ($r = 0.171$, $p < 0.01$) and emotional exhaustion ($r = 0.565$, $p < 0.01$). Entrepreneurial identity centrality is significantly negatively correlated with entrepreneurial exit intentions ($r = -0.115$, $p < 0.05$), and emotional exhaustion has a significant positive relationship with entrepreneurial exit intentions ($r = 0.534$, $p < 0.01$). Consistent with our theoretical expectations, these results tentatively confirm the hypothesis.

Table 2. Means, standard deviations, and correlations of the variables.

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Gender																
2. Age	0.003															
3. Education	−0.057	0.068														
4. Marriage	0.011	0.590 **	0.127 *													
5. Times	0.112 *	0.041	0.091	−0.003												
6. Failure	0.205 **	−0.182 **	−0.312 **	−0.15 **	−0.003											
7. Life	−0.011	0.149 **	0.002	0.144 *	0.037	−0.167 **										
8. Tenure	−0.004	0.038	−0.042	0.104	0.078	0.088	0.083									
9. Size	−0.082	0.108	0.123 *	0.081	0.164 **	0.082	0.035	0.682 **								
10. Industry	−0.119 *	0.006	0.033	0.074	−0.029	−0.148 **	0.038	0.038	−0.035							
11. Experience	−0.123 *	0.258 **	0.243 **	0.282 **	−0.054	−0.306 **	0.11	−0.008	0.069	0.148 **						
12. FF	0.088	−0.178 **	−0.182 **	−0.186 **	−0.252 **	0.153 **	−0.004	0.083	−0.225 **	0.054	−0.211 **					
13. EC	−0.026	0.065	−0.053	0.041	−0.013	−0.082	0.035	−0.006	−0.005	0.111	0.116 *	0.171 **				
14. EH	0.089	−0.147 **	−0.16 **	−0.148 **	−0.085	0.129 *	0.011	0.016	−0.153 **	−0.028	−0.187 **	0.565 **	0.045			
15. LC	0.016	0.037	0.016	0.02	−0.025	0.023	0.048	0.046	0.033	0.09	0.065	0.055	0.082	−0.154 **		
16. EE	0.086	−0.195 **	−0.173 **	−0.232 **	−0.175 **	0.163 **	−0.032	−0.039	−0.227 **	0.002	−0.208 **	0.678 **	−0.115 *	0.534 **	0.014	
Mean	1.420	3.040	2.680	1.920	2.430	1.250	2.270	2.330	2.080	3.880	3.830	2.850	5.451	3.084	2.880	3.576
SD	0.495	0.816	0.674	0.338	0.698	0.434	0.856	0.870	0.961	1.546	1.049	1.319	0.900	1.509	1.384	1.877

Notes: $n = 308$. * $p < 0.05$, ** $p < 0.01$. Entrepreneurial fear of failure (FF); entrepreneurial identity centrality (EC); emotional exhaustion (EH); locus of control (LC); entrepreneurial exit intentions (EE).

4.4. Hypothesis Testing

To further understand the mechanism of action between the main variables, we used Mplus 8.3 and SPSS 21.0 to test H1, H2, H3a, and H3b in turn based on the hierarchical regression method [51]. Table 3 shows the results.

Table 3. Hierarchical regression results.

	EC			EH			EE			
	M1	**M2**	**M3**	**M4**	**M5**	**M6**	**M7**	**M8**	**M9**	**M10**
Intercepts	5.376 ***	4.577 ***	4.374 ***	4.705 ***	1.765 *	2.160 **	5.203 ***	2.088 ***	3.765 ***	1.751 ***
	(0.515)	(0.540)	(0.529)	(0.841)	(0.780)	(0.755)	(0.740)	(0.630)	(0.665)	(0.617)
Control Variables										
Gender	0.011	−0.013	−0.015	0.150	0.060	0.073	0.137	0.043	0.038	0.031
	(0.105)	(0.103)	(0.100)	(0.172)	(0.149)	(0.143)	(0.151)	(0.120)	(0.114)	(0.117)
Age	0.044	0.045	0.043	−0.075	−0.071	−0.056	−0.029	−0.025	−0.008	−0.011
	(0.078)	(0.076)	(0.074)	(0.127)	(0.109)	(0.105)	(0.112)	(0.088)	(0.084)	(0.086)
Education	−0.138	−0.134	−0.137	−0.124	−0.110	−0.099	−0.068	−0.053	−0.102	−0.032
	(0.082)	(0.079)	(0.078)	(0.133)	(0.115)	(0.111)	(0.117)	(0.093)	(0.089)	(0.090)
Marriage	−0.040	0.063	0.075	−0.380	−0.004	−0.032	−0.718	−0.319	−0.296	−0.318
	(0.188)	(0.185)	(0.181)	(0.308)	(0.268)	(0.258)	(0.270)	(0.216)	(0.206)	(0.210)
Times	0.000	0.073	0.077	−0.140	0.127	0.117	−0.292	−0.008	0.019	−0.032
	(0.060)	(0.074)	(0.072)	(0.120)	(0.107)	(0.103)	(0.106)	(0.086)	(0.082)	(0.084)
Failure	−0.133	−0.183	−0.193	0.207	0.025	0.064	0.314	0.120	0.053	0.116
	(0.132)	(0.129)	(0.126)	(0.215)	(0.186)	(0.180)	(0.189)	(0.151)	(0.143)	(0.146)
Life	0.007	−0.002	0.021	0.083	0.048	0.032	0.038	0.001	0.000	−0.008
	(0.060)	(0.059)	(0.058)	(0.098)	(0.085)	(0.082)	(0.086)	(0.068)	(0.065)	(0.066)
Tenure	−0.024	−0.131	−0.109	0.329	−0.063	−0.084	0.299	−0.116	−0.164	−0.104
	(0.081)	(0.083)	(0.082)	(0.133)	(0.121)	(0.116)	(0.117)	(0.097)	(0.093)	(0.095)
Size	0.021	0.127	0.106	−0.391	−0.001	0.030	−0.444	−0.030	0.016	−0.030
	(0.076)	(0.078)	(0.076)	(0.123)	(0.113)	(0.109)	(0.108)	(0.091)	(0.087)	(0.037)
Industry	0.054	0.044	0.044	−0.009	−0.044	−0.032	0.026	−0.012	0.004	−0.003
	(0.033)	(0.032)	(0.032)	(0.054)	(0.047)	(0.045)	(0.048)	(0.038)	(0.036)	(0.059)
Experience	0.084	0.111	0.120	−0.149	−0.053	−0.049	−0.134	−0.031	0.009	−0.021
	(0.053)	(0.052)	(0.051)	(0.087)	(0.075)	(0.073)	(0.076)	(0.061)	(0.058)	(0.059)
Independent Variables										
FF		0.174 ***	0.190 ***		0.639 ***	0.633 ***		0.677 ***	0.741 ***	0.555 ***
		(0.043)	(0.042)		(0.062)	(0.060)		(0.050)	(0.049)	(0.057)
Mediating Variables										
EC									−0.366 ***	
									(0.063)	
EH										0.191 ***
										(0.045)
Moderating Variables										
LC			0.015			−0.130 ***				
			(0.026)			(0.037)				
Moderating Effect										
FF × LC			0.213 ***			−0.241 **				
			(0.055)			(0.079)				
*R*2	0.035	0.083	0.129	0.106	0.335	0.385	0.179	0.484	0.534	0.513
Δ*R*2	—	0.048	0.046	—	0.229	0.050	—	0.305	0.050	0.029

Notes: $n = 308$. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Entrepreneurial fear of failure (FF); entrepreneurial identity centrality (EC); emotional exhaustion (EH); locus of control (LC); entrepreneurial exit intentions (EE). Values in parentheses indicate standard errors.

First, we test the mediating effects of entrepreneurial identity centrality as well as emotional exhaustion between EFF and entrepreneurial exit intentions. After all control variables (gender, age, and education) are controlled for, EFF has a significantly positive effect on entrepreneurial identity centrality (M2, $\beta = 0.174$, $p < 0.001$) and emotional exhaustion (M5, $\beta = 0.639$, $p < 0.001$), as shown in Models M2 and M5 in Table 3. As shown in models M9 and M10 in Table 3, entrepreneurial identity centrality has a significantly negative effect on entrepreneurial exit intentions (M9, $\beta = -0.366$, $p < 0.001$), and emotional exhaustion has a significantly positive effect on entrepreneurial exit intentions (M10, $\beta = 0.191$, $p < 0.001$). In order to further confirm the mediating role of entrepreneurial identity centrality and emotional exhaustion between EFF and entrepreneurial exit intentions, we follow Mackinnon et al. (2007) and further test the significance of the mediating effect using the nonparametric bootstrap method (with 5000 random samples) [52]. The results are shown in Table 4. When the mediating variable is entrepreneurial identity centrality, the indirect effect is −0.041, and the 95% CI is [−0.073, −0.013], which indicates that the mediating impact of entrepreneurial identity centrality between EFF and entrepreneurial exit intentions is significant, and H1 is confirmed. When the mediating

variable is emotional exhaustion, the indirect effect is 0.122, and the 95% CI is [0.066, 0.181], excluding 0, indicating that the mediating effect of emotional exhaustion between EFF and entrepreneurial exit intentions is significant, and H2 is confirmed.

Table 4. Mediation effect analysis of entrepreneurial identity centrality and emotional exhaustion.

Mediating Variables	FF (X)→Mediating Variables (M)→EE (Y)				Indirect Effects 95% CI
	X→M→Y		Effects		
	X to M (P_{MX})	M to Y (P_{YM})	Direct Effect (P_{YX})	Indirect Effect ($P_{MX}P_{YM}$)	
EC	0.115 ** (0.038)	−0.354 ** (0.061)	0.631 ** (0.050)	−0.041 ** (0.015)	[−0.070, −0.011]
EH	0.646 ** (0.054)	0.188 ** (0.043)	0.631 ** (0.050)	0.122 ** (0.029)	[0.064, 0.179]

Notes: n = 308. ** $p < 0.01$, two-tailed test. P_{MX} indicates the path of the entrepreneurial fear of failure to mediating variable; P_{YM} indicates the path of the mediating variable to entrepreneurship exit intentions; P_{YX} indicates the path of the entrepreneurial fear of failure to entrepreneurship exit intentions. Values in parentheses indicate standard errors.

Second, we investigate the moderating effects of LoC on the correlation among EFF and entrepreneurial identity centrality. As shown in Model M3 in Table 3, there is a statistically significant and positive relationship among EFF and entrepreneurial identity centrality ($\beta = 0.190$, $p < 0.001$) when controlling for the relevant control variables. The predictive effect of the interaction term between EFF and LoC on entrepreneurial identity centrality is considerably positive ($\beta = 0.213$, $p < 0.001$). This finding indicates that higher internal control, as measured by the LoC, is associated with a stronger positive association between EFF and entrepreneurial identity centrality—that is, individuals with better internal control are more inclined to be motivated by their fear of failure to develop a stronger sense of entrepreneurial identity. In order to reflect the moderating effect of the control variables on the correlation among EFF and entrepreneurial identity centrality, we follow Aiken and West (1991), who suggest taking the value of the LoC plus or minus one standard deviation to proxy for the moderating effect of entrepreneurial identity centrality, as shown in Figure 2 [53]. As shown in Figure 2, the positive correlation among EFF and entrepreneurial identity centrality is stronger for internals than for externals, which is consistent with the initial expectation.

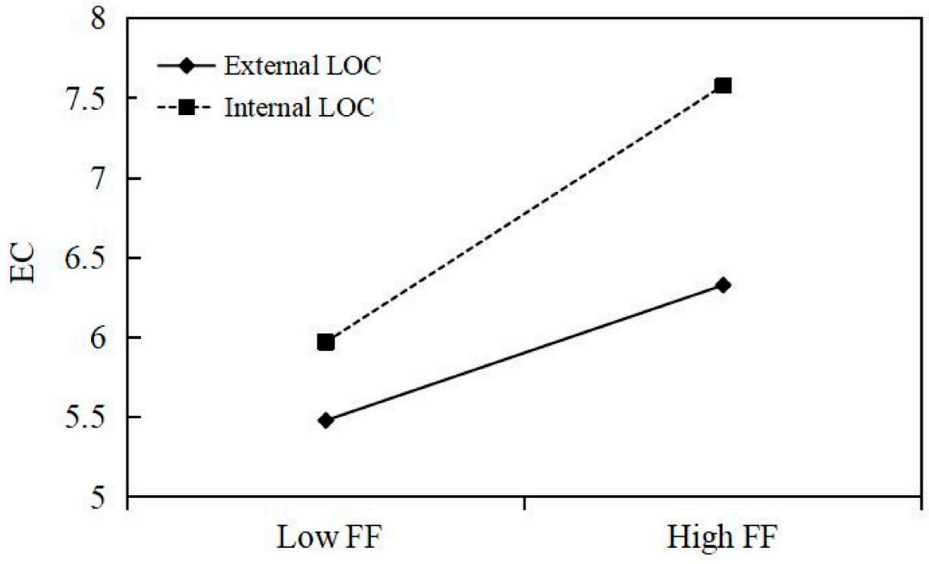

Figure 2. The moderating effect of LoC on the relationship between entrepreneurial fear of failure and entrepreneurial identity centrality. Note: developed by the authors based on the research results.

Meanwhile, in order to determine the significance level of the moderating effect of entrepreneurial identity centrality more accurately, we perform a simple slope analysis of the moderating effect based on different LoC levels (plus or minus one standard deviation). Performing a simple slope analysis shows that the positive correlation among EFF and entrepreneurial identity centrality is stronger for internals (M-SD) (γ = 0.609, t = 4.999, $p < 0.01$). In contrast, the positive correlation among EFF and entrepreneurial identity centrality was weaker for externals (M + SD) (γ = 0.321, t = 5.508, $p < 0.01$). Thus, H3a is confirmed.

Third, we examine the moderating impact of LoC between EFF and emotional exhaustion. As shown in Model M6 in Table 3, there is a statistically significant and positive relationship among EFF and emotional exhaustion (β = 0.639, $p < 0.001$) when controlling for the relevant control variables. The predictive effect of the interaction term between EFF and LoC on emotional exhaustion is considerably negative ($\beta = -0.241$, $p < 0.001$). This finding indicates that higher internal control, as measured by the LoC, is associated with a less positive association between EFF and emotional exhaustion—that is, EFF is less likely to result in emotional exhaustion.

To reflect the moderating impact of the control variables on the relationship between EFF and emotional exhaustion, we follow Aiken and West (1991), who suggest taking the value of the LoC plus or minus one standard deviation to proxy for the moderating effect of emotional exhaustion, as shown in Figure 3 [53]. As shown in Figure 3, the positive correlation between EFF and entrepreneurial identity centrality is stronger for internals than for externals, which is consistent with our initial expectations. Meanwhile, in order to determine the significance level of the moderating effect of emotional exhaustion more accurately, we perform a simple slope analysis of the moderating effect based on different LoC levels (M $\pm$ SD). The simple slope analysis shows that the positive association between EFF and emotional exhaustion was stronger for externals (M-SD) (γ = 0.468, t = 5.346, $p < 0.01$). In contrast, the positive correlation between EFF and emotional exhaustion was weaker for internals (M + SD) (γ = 0.102, t = 0.520, $p > 0.05$, n.s.). Therefore, H3b is confirmed. The model results are shown in Figure 4.

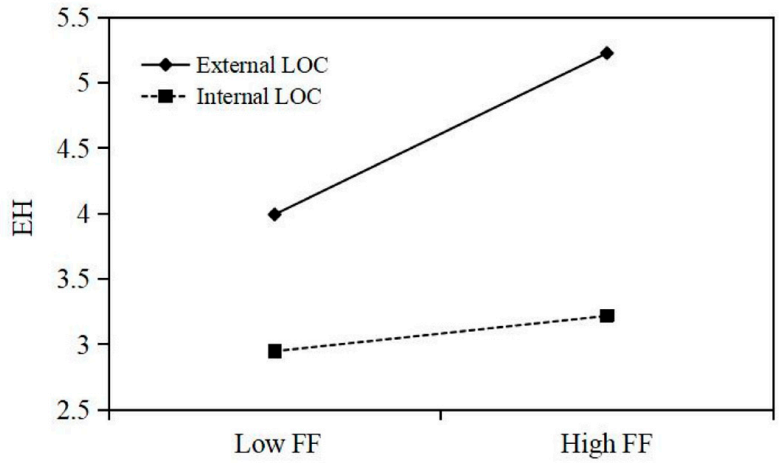

Figure 3. The moderating effect of LoC on the relationship between entrepreneurial fear of failure and emotional exhaustion. Note: developed by the authors based on the research results.

Finally, we test whether LoCs moderate the mediating role of entrepreneurial identity centrality and emotional exhaustion between EFF as well as entrepreneurial exit intentions. Following Edwards and Lambert (2007) [45], we use Mplus 8.3 to build a holistic measurement model for moderated path analyses and assess individual direct and indirect effects [32]. The results are shown in Table 5.

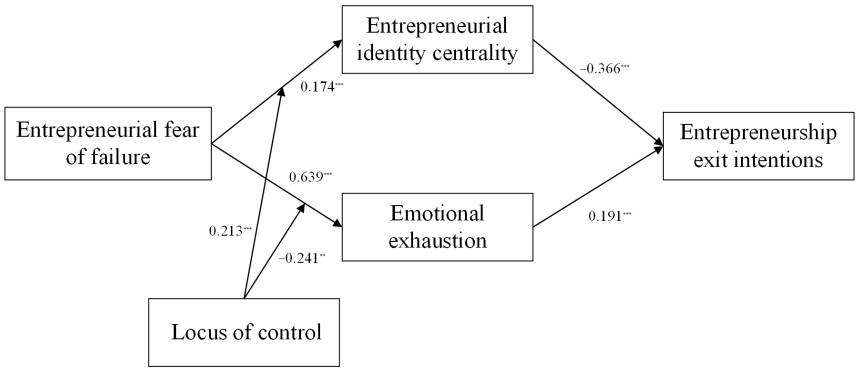

Figure 4. Model path coefficients. Note: *** denotes $p < 0.01$, ** denotes $p < 0.05$. Developed by the authors based on the research results.

Table 5. Moderated mediation effect analysis.

Moderator	X→M→Y		Effects	Indirect Effect 95% CI
	X to M	M to Y	Indirect Effect (P_{YX})	
FF→EC→EE				
External locus of control (−1SD)	−0.233 (0.140)	−0.371 ** (0.080)	0.086 (0.058)	[−0.010, 0.212]
Internal locus of control (+1SD)	0.491 ** (0.134)	−0.371 ** (0.080)	−0.182 ** (0.070)	[−0.351, −0.076]
Dif (Δ)	0.724 ** (0.264)	−0.371 ** (0.080)	−0.268 * (0.123)	[−0.550, −0.066]
FF→EH→EE				
External locus of control (−1SD)	1.066 ** (0.164)	0.204 ** (0.056)	0.217 ** (0.072)	[0.100, 0.364]
Internal locus of control (+1SD)	0.210 (0.175)	0.204 ** (0.056)	0.043 (0.038)	[−0.109, 0.566]
Dif (Δ)	−0.857 ** (0.319)	0.204 ** (0.056)	−0.175 * (0.088)	[−0.384, −0.048]

Notes: $n = 308$. * $p < 0.05$, ** $p < 0.01$. P_{YX} indicates the path of the entrepreneurial fear of failure to entrepreneurship exit intentions. Values in parentheses indicate standard errors.

First, if the mediating variable is entrepreneurial identity centrality, when the degree of LoC is high (internal control), the indirect effect is significant (β = −0.182, 95% CI = [−0.351, −0.076]). When the degree of LoC is low (external control), the indirect effect is no longer significant. With different values for the entrepreneurial control variables, the difference in the indirect effect is significant (Δ = −0.268, 95% CI = [−0.550, −0.066]), reflecting that LoC moderates the indirect effect of EFF via entrepreneurial identity centrality, which affects entrepreneurial exit intentions. That is, the indirect effect in which EFF affects entrepreneurial exit intentions via entrepreneurial identity centrality is greater for internals than externals—thus confirming H4a.

Second, if the mediating variable is emotional exhaustion, when the degree of LoC is low (external control), the indirect effect is significant (β = 0.217, 95% CI = [0.100, 0.364]). When the degree of LoC is high (internal control), the indirect effect is not significant. The significant difference in the indirect effect (Δ = −0.175, 95% CI = [−0.384, −0.048]), at different values of entrepreneurial control variables, suggests that LoC moderates the indirect effect of EFF via emotional exhaustion on entrepreneurial exit intentions. That is, the indirect effect of EFF affecting entrepreneurial exit intentions via emotional exhaustion is greater for externals than internals—thus confirming H4b.

5. Conclusions

According to self-regulation theory, this study explains how EFF affects entrepreneurial exit intentions through states of self-regulated drive (entrepreneurial identity centrality) and exhaustion (emotional exhaustion), as well as confirming the moderating role of LoC. Our results show that EFF not only stimulates entrepreneurial identity centrality in the state of self-regulated drive but also leads to emotional exhaustion in a state of self-regulated depletion, with two different effects on entrepreneurial exit intentions. For internals, the facilitating effect of EFF on entrepreneurial identity centrality is stronger; for externals,

the facilitating effect of EFF on emotional exhaustion is stronger. LoC also moderates the mediating role of entrepreneurial identity centrality and emotional exhaustion between EFF and entrepreneurial exit intentions.

5.1. Theoretical Implications

First, our study deeply explores the mechanism in which EFF influences entrepreneurial exit intentions and confirms the "double-edged sword" effect of EFF on entrepreneurial exit intentions. The traditional view of EFF is more generally considered a psychological element that limits entrepreneurial behavior and impairs the entrepreneurial process [1], such as by reducing entrepreneurial passion [25] and inhibiting entrepreneurial intention [54]. However, current research has found the incentive effect of EFF [55], and preliminarily explored the positive effect of fear of entrepreneurial failure [56]. This study responds to this call by integrating the positive and negative effects of fear of failure within the framework of self-regulation theory. By combining the dual impact of the EFF under a unified framework, we can discern the dual impacts of this fear on entrepreneurial exit intentions. Our findings contribute to the literature on entrepreneurship by considering the positive and negative aspects simultaneously, which enables a more comprehensive view of the effects of EFF.

Second, by adopting the perspective of self-regulation theory to explain the two effects between EFF and entrepreneurial exit intentions, we enhance understanding of self-regulation theory and its applicable contexts. The study demonstrates that two different self-regulation states, positive and negative, exist when entrepreneurs face EFF, and these states depend on the entrepreneur's LoC and level of EFF. For internals, fear of failure more easily stimulates entrepreneurial identity centrality and reduces entrepreneurial exit intentions through the state of self-regulated drive; for externals, EFF more easily triggers emotional exhaustion and increases entrepreneurial exit intentions through the state of self-regulated depletion. Our findings suggest that EFF has both advantageous and disadvantageous impacts on the entrepreneurial process under specific conditions and characteristics, confirming the assumptions in previous research [7]. This analysis elucidates the factors contributing to why certain entrepreneurs exhibit increased courage and perseverance in their entrepreneurial endeavors [56], whereas others abandon their efforts midway due to fear of failure, leading to self-doubt and self-denial [15]. Future research should further investigate the variations in other influencing factors and contexts.

Finally, our study reveals the moderating role of the LoC on EFF and entrepreneurial identity centrality and on EFF and emotional exhaustion, which broadens the study of the boundary conditions of self-regulation theory and enhances understanding of the boundary conditions of different paths of action in EFF. EFF stimulates entrepreneurial identity centrality and emotional exhaustion, both of which are moderated by LoC. That is, EFF has a stronger facilitating effect on entrepreneurial identity centrality for internals than for externals, and EFF has a stronger triggering effect on emotional exhaustion for externals than for internals. Responding to academic calls for an explanation of the positive effects of EFF in terms of more positive dispositions [1], we define the boundaries of the role of LoCs in facilitating the positive effects of EFF and in diminishing its negative effects.

5.2. Managerial Implications

First, entrepreneurs need to recognize the two impacts of fear of failure. Our results show that EFF can trigger emotional exhaustion and increase exit intentions but also stimulate entrepreneurial identity centrality and reduce exit intentions. Fear of failure is present throughout the entrepreneurial stage, which reminds entrepreneurs that they need to acknowledge the existence of fear of failure in the entrepreneurial process and to face the challenges of entrepreneurism forthrightly through self-regulation. On the one hand, when the fear of failure triggers emotional exhaustion, entrepreneurs need to remind themselves to avoid excessively associating a fear of failure with possible negative outcomes, to keep in mind the positive value of the emotion of failure, and to enhance their confidence about

opportunities, and to seek external emotional support to reverse their state of emotional exhaustion. On the other hand, when the fear of failure stimulates entrepreneurial identity centrality, entrepreneurs need to make full use of the challenge-induced motivation from the fear of failure, so that they can achieve breakthroughs and growth in an uncertain business environment.

Second, entrepreneurs need to actively cultivate self-regulation. Our findings suggest that LoC plays a moderating role between EFF and entrepreneurial identity centrality and between EFF and emotional exhaustion, which is specifically manifested in the positive effect of LoC in driving the fear of failure and weakening its negative effect. For this reason, entrepreneurs need to understand the role of self-regulation ability in the entrepreneurial process, cultivate their own internal control traits, and weaken their external traits. For example, when entrepreneurs pay too much attention to the influence of the external environment and emotional exhaustion, they can adopt effective regulation strategies to enhance their cognitive evaluation process. For example, entrepreneurs can be trained to control the external environment and internally attribute what happens in the entrepreneurial process, thus guiding them to view the fear of failure from a positive perspective; entrepreneurs can be trained to develop a habit of reviewing and reflecting and to constantly review, think about, evaluate, and manage their self-cognition, so as to strengthen their awareness and grasp of their self-regulation ability.

Finally, the government and society should face up to entrepreneurial exit intentions and behaviors and establish a sound entrepreneurial skill training mechanism. Entrepreneurial skill training should include not only the development of entrepreneurial knowledge and skills, but also needs to involve the training of entrepreneurs' mindsets and cognitive models. Then, it should encourage entrepreneurs and potential entrepreneurs to view fear of entrepreneurial failure as a challenge and a motivation and reduce entrepreneurial exits due to a negative reaction to EFF.

5.3. Limitations and Future Research

This study still maintains some limitations. First, although our statistical results indicate that the effect of CMV is not significant, the variables involved in this study were answered by the entrepreneurs. Therefore, the impact of CMV cannot be completely ruled out. Future studies should collect data from multiple time periods and multiple sources to reduce the impact of CMV. Second, this study explores the two roles of EFF in entrepreneurial exit intentions in the context of LoC propensity; however, other boundary conditions may also exist. In the future, the effect of EFF in different entrepreneurial ability contexts could be explored. Again, the positive impact of EFF on the entrepreneurial process requires further research. Although prior research has suggested the possibility of an impact from EFF on motivational responses in entrepreneurial action, it has not been empirically tested. In this paper, EFF increases entrepreneurial identity centrality, which in turn reduces entrepreneurial exit intentions. Thus, the positive effect of EFF is confirmed. One direction for future research is whether positive effects have other mechanisms and can be enhanced. Finally, this study confirms the two effects of EFF on entrepreneurial exit intentions based on self-regulation theory, but subsequent studies could explore and discuss the nonlinear relationship between them based on other theories.

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Data Availability Statement: The raw data supporting the conclusions of this article will be made available by the authors on request.

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