

Abstract

The purpose of this study is to examine the effect of impending layoff on employees' entrepreneurial intention and gestation actions in Kenya. Results from a sample of 394 employees drawn from three Kenyan firms facing possibility of retrenchment show that an impending layoff adversely affected individual's entrepreneurial intention both directly and indirectly, with the indirect negative effect being mediated by entrepreneurial self-efficacy and gestation actions. The results highlight the importance of cultivating employees' positive perceptions about themselves and helping them view the layoff exercise as an opportunity to turn a new page.