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**EXPERIENCING AND LEARNING FROM  
ENTREPRENEURIAL FAILURE**

A thesis

submitted in fulfilment

of the requirements for the degree

of

**Doctor of Philosophy**

in

**Entrepreneurship**

at

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by

**Smita Singh**

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THE UNIVERSITY OF  
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## ABSTRACT

Entrepreneurship literature has long focused on stories of entrepreneurial success. However, in recent years consensus has begun to build around the importance of also studying failure in order to develop a more holistic understanding of entrepreneurship. It has been argued that failure can have an impact on entrepreneurial decision-making in subsequent ventures and can be a difficult experience for an entrepreneur to go through. In spite of such speculations and acknowledgements, failure remains a relatively underresearched area, except perhaps from the primary perspective of the reasons behind failure. While this is an important area of investigation – as understanding reasons behind failure can improve the probability of success in subsequent entrepreneurial endeavours – it is equally important to understand the experience of failure. The primary aim of this thesis is to understand failure from the perspective of entrepreneurs who have experienced it. Its second aim is to build a theoretical framework of failure based on those experiences.

The overarching research question for this study is: *“How do entrepreneurs experience venture failure and learn from this experience?”* The three supporting subquestions are: *“What do entrepreneurs experience when their venture fails?”*, *“How do entrepreneurs stay resilient when the venture fails?”*, and *“What do the entrepreneurs learn from experiencing venture failure?”* Using the philosophical position of interpretive, phenomenological symbolic interactionism and narrative as a strategy of inquiry, stories of failure as told by 21 entrepreneurs during in-depth interviews are analysed. Using the metaphor of *fabric tear and repair*, theoretical constructs developed from the findings are integrated into a framework and discussed in the light of relevant literature. The framework highlights that failure leads to considerable challenges for the entrepreneurs and triggers grief. After grief, however, comes resilience. In this journey, resilience came from acceptance and hope, states that shifted the entrepreneurs’ perspective on venture failure from one which saw it as a negative, end-all event to one that framed it as a challenging, survivable event. This resilience fuelled their efforts to adapt to their changed reality. Grief faded as entrepreneurs dealt with the challenges. From this experience, the entrepreneurs learnt business lessons and transformed in such a way as to become more spiritually inclined.

The study extends the understanding of the phenomenon of failure in entrepreneurship by presenting an empirical evidence-based framework that incorporates failure-related challenges, entrepreneurs’ adaptation to these challenges, and the lessons learnt from this experience. Second, this study illustrates the importance of hope and acceptance in building entrepreneurial

resilience, and how entrepreneurs' social environment and sometimes spiritual beliefs play an important role in nurturing hope and an acceptance of adapting to the challenges. Policy makers, educators, and entrepreneurs can benefit from the findings of this study as it highlights factors leading to failure, the repercussions of it. The study also shows how failure, although an undesirable experience, can be utilised as a springboard to bounce into a satisfying career by tapping into one's spiritual beliefs, support networks, and resources within the social environment.

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## PROLOGUE

Have you ever built a house of cards? If so, then you know what a delicate and time-consuming process it is. Each card needs to lean on another in such a manner that they support each other and keep the whole structure intact. It can take hours to build one storey on top of another, and placing a new card requires a steady hand and a fine sense of balance. As a child, I played this game with the utmost concentration, the kind of concentration that would make the whole world pause around me just as if a television remote had been used. But often I would get to only about three storeys high before someone in the family, or my dog, would accidentally bump into the table, or the wind would blow through the window or my hand would shake, and my “Eiffel Tower” would tumble down! Irritable throwing of hands in the air and yelling at the dog would follow the collapse of the most magnificent structure ever built in the history of mankind. Then my mother would remind me that it was “only a game”, and it could be started all over again when I was in a “better mood”.

As the years went by, I realised, however, that some things in life could not always be successfully reenacted or reconstructed when “in a better mood”. I learned that some losses, such as loss of health, were permanent, and that some failures, such as a wrong diagnosis, were not as easy to forget or recover from as a child’s abruptly spoilt game of cards. Perhaps it is for this reason that I have been drawn to the stories of people who have encountered challenges, faced losses, attempted to start all over again, and turned life around when circumstances

landed them on “ground zero”. Thoughts of loss and recovery, married with experiences in my personal life, have stayed within me, and consequently, as a business student, I have been drawn to the topic of entrepreneurial failure.

## CHAPTER 1 INTRODUCTION

*“To pay for my father’s funeral*

*I borrowed money from people*

*he already owed money to.*

*One called him a nobody.*

*No, I said, he was a failure.*

*You can’t remember*

*a nobody’s name, that’s why*

*they’re called nobodies.*

*Failures are unforgettable.”*

*(Schultz, 2007)*

## BACKGROUND

Many newspaper and magazine headlines (Connolly, 2009; Sayle, 1998) tell tales of business owners who commit suicide because of business losses. These headlines possibly hint at many other untold stories of broken spirits and wrecked lives. In his Pulitzer-winning poem, *Failure*, (an extract from which opens this thesis) Philip Schultz reveals that he never forgot how his father’s bankruptcy changed his life and his mother’s life (Zasky, 2007). If failure could lead to such drastic consequences as suicide, or prompt outpourings that could win a major literary prize, what other stories might it have to tell?

While curiosity and personal interest might influence the choice of a thesis topic such interest of itself would not be sufficient reason to make the topic worthy of a doctoral project which requires an original and adequate contribution to knowledge and should also be of practical significance. And so the literature on entrepreneurship was explored. This exploration revealed a greater focus on success and survival than on failure in entrepreneurial ventures (Shepherd, 2003). Moreover, the primary emphasis of those studies that have examined failure has been on understanding causes of failure (Abdullah, Hamali, Deen, Saban, & Abdurahman, 2009; Bruno, Mcquarrie & Torgrimson, 1992; Zacharakis, Meyer & DeCastro, 1999). As Minniti and Bygrave, (2001) point out, this is indeed an important area of investigation, as explication of reasons why businesses fail can improve the probability of subsequent ventures succeeding. After all, as Lussier and Halabi (2010) suggests every entrepreneur starts up a firm with high expectations of achieving success. However, such motivation is sometimes not enough to “guarantee success” in a venture (Sausser, 1987, p. 33). As shown in Hogarty (1993), starting a new business involves major risk, and Holtz-Eakin (2000) makes clear that, despite enormous effort, ventures do frequently fail. Indeed in the unstable, complex, global environment that business have to face, it has become ever more challenging for ventures to survive and achieve success, most especially when they have only the entrepreneur’s own resources and capabilities to draw on.

Failure can be emotionally devastating (Ahmad & Seet, 2009), painful and costly for the entrepreneur (Coelho & McClure, 2005) who may have to face the stigma

of failure (Politis & Gabrielsson, 2009) and the loss of reputation (Smith & McElwee, 2011). The entrepreneur can get caught up in grief (Shepherd, 2003), shame (Smith & McElwee, 2011), discouragement, and rejection (McGrath, 1999). The mismanagement of failure can lead to serious emotional and financial costs (Coelho & McClure, 2005; Shepherd, 2003; Shepherd, Wiklund & Haynie, 2009). The experience can be so daunting for some that it can even lead to drastic, negative consequences, such as committing suicide, murder, or engaging in criminal or abusive behaviour (Smith & McElwee, 2011).

However, despite the negative consequences, failure can also present tremendous learning opportunities for the entrepreneur (Cope, 2005; Cope, 2011; McGrath, 1999; Politis, 2005, Singh, Corner & Pavlovich, 2007). It can, for example, lead to the development of entrepreneurial skills which can be used to develop subsequent businesses (Huovinen & Tihula, 2008). It can impact an entrepreneur's motivation and decision-making in such a way, for example, that he or she may be put off starting a venture again, or, conversely, may become more determined to have a successful venture (Cardon, Stevens & Potter, 2011; Cope, 2011, Singh et al., 2007). Although this academic discourse about entrepreneurial failure has drawn attention to failure as an important aspect of the entrepreneurship process and one that should not be ignored, (especially because of the impact it can have on an entrepreneur), it also, for the most part, calls for in-depth empirical scrutiny of entrepreneurial failure, particularly on those who have experienced this phenomenon (Cardon et al., 2011; Cope, 2011; Smith & McElwee, 2011; Singh et al., 2007). It is the paucity of empirical research on

failure in entrepreneurship coupled with our limited understanding of entrepreneurs' experience of venture failure, their resilience, and learning from this experience that laid the foundation for this thesis. The research aim along with the research questions that drive this thesis are stated next.

## **RESEARCH AIM AND QUESTIONS**

The primary aim of this study is to understand the phenomenon of entrepreneurial failure from the perspective of entrepreneurs who have experienced it. The second, and equally important, aim is to build a framework that portrays the reconstructed stories of entrepreneurial experience to strengthen understanding of failure, and thereby add to the literature on and theory of entrepreneurship. The overarching research question for this study is: *“How do entrepreneurs experience and learn from venture failure?”* Three subquestions seek to elaborate the principal research question. These, therefore, ask:

- *“What do entrepreneurs experience when their venture fails?”*
- *“How do entrepreneurs stay resilient when experiencing venture failure?”*
- *“What do the entrepreneurs learn from experiencing venture failure?”*

## **MAJOR CONTRIBUTIONS**

As mentioned previously, studies have mainly focused on causes of venture failure and while there seems to be growing acknowledgement about the negative and positive impact of venture failure, much of this discussion seems to be based

on “anecdotal evidence” in popular management literature (Cope, 2011, p. 604). Without the inclusion of the perspective of those who have experienced venture failure, it is possible that our understanding of this phenomenon, if based on anecdotal evidence, may not only be partial, but also misleading. Hence, by focusing on the entrepreneurs’ experience and learning from venture failure, this study will significantly extend knowledge of this phenomenon by providing rich insights into the key repercussions of failure, the impact on entrepreneurs, and their perceptions of this event. Moreover, the study will deepen our understanding of learning in entrepreneurship, by providing details of the extent of learning that takes place as a result of experiencing failure, how and what kind of skills and knowledge entrepreneurs gain, in what ways this learning is used, and whether the experience of failure discourages entrepreneurs from starting up a business again.

Moreover, by examining entrepreneurial resilience in the context of venture failure, this study will make a contribution to building theory on resilience in entrepreneurship theory literature. Despite the recognition of entrepreneurial resilience as a factor that can have an impact on the firm’s performance (Abdullah et al., 2009), there seems to be limited research and understanding of how an entrepreneur can adapt to difficult situations. Yet, we know that the very process of entrepreneurship can be extremely already stressful (Akande, 1994; Boyd & Gumpert, 1983). Quite often an entrepreneur plays a pivotal role in making many varied everyday decisions relating to the venture (Politis, 2005), and some of these decisions may have to be made in stressful, ambiguous and unexpected situations. Thus, if an entrepreneur faced with a challenging situation in relation to

his/her venture were to lack the resilience to deal with it, then this could result in ineffective decision-making, have a crucial impact on the performance of the venture, and perhaps even threaten the venture's chances of survival. Moreover, ineffective management of the stressful demands of a venture may also dent the confidence of the entrepreneur, his/her intentions to be involved in an entrepreneurial venture, and his/her willingness to take risks or appreciate new ideas in business (Politis & Gabrielsson, 2009). Deeper understanding of what works, and does not work for entrepreneurs in their attempts to adjust to venture failure, such as skills, resources, strategies, and mindsets, will pave the way for developing theories pertinent to entrepreneurial resilience.

This study will be valuable for entrepreneurs having to deal with change, crisis and unexpected situations. By considering the experiences of other entrepreneurs, as presented in the findings of this study, entrepreneurs currently facing similar situations may be able to evaluate their own experience, efforts to adapt, and learning from this experience.

## **OUTLINE OF THESIS**

The thesis will be organised into the following parts:

- Chapter 2, entitled "Literature review", presents a review of three main strands of literature related to the research question: entrepreneurial failure, resilience, and learning in entrepreneurship.



- Chapter 3 describes the methodology and method used to obtain data for the purpose of analysis. The chapter begins with the philosophical position adopted in the study and then elaborates the research design of the study. This is followed by the elaboration of the procedures and strategies used for data collection and analysis. In the end, steps to ensure goodness of a framework are explained.
- Chapter 4, entitled “Grief”, presents the findings on the first subquestion: “*What do entrepreneurs experience when their venture fails?*”. “Grief” is the first theoretical construct of the framework and has two themes: “Counting Losses” and “Revealing Hidden Wounds”.
- Chapter 5, entitled “Being resilient”, presents the findings on the second subquestion: “*How do entrepreneurs stay resilient when experiencing venture failure?*”. “Being resilient” is the second theoretical construct of the framework and has four themes: “Family”, “Friends, colleagues, books and the Internet”, “Spiritual beliefs”, and “Positive distractions”.
- Chapter 6 is called “Learning”. It presents the findings on the third subquestion: “*What do the entrepreneurs learn from experiencing venture failure?*”. “Learning” is the third theoretical construct of the framework and it has two themes: “Lessons in business” and “Deeper learning, personal transformation and spiritual growth”.

- Chapter 7, entitled “Integration of findings and proposed framework” presents the analysis of data presented in Chapters 4, 5 and 6. By employing the *fabric tear and repair* as an organising metaphor, a framework made up of three episodes is presented to tell a coherent, reconstructed story of participants’ experience of venture failure through an integration of the theoretical constructs developed in Chapters 4, 5 and 6. Each episode of the framework is discussed in light of Chapter 2 and other relevant literature.
- Chapter 8, entitled “Conclusion” clarifies the contribution of this thesis by discussing the implications for theory and practice.

The aim of Chapter 1 was to set the scene and introduce the thesis. Here the background to the study was introduced. The research objective and questions for the study were described and explained. The nature of the research topic and methodology were briefly explained. Finally, the main contribution this thesis intends to make was highlighted, and the structure of the thesis was outlined.

## CHAPTER 2 LITERATURE REVIEW

Chapter 1 introduced the overarching research question for this study: *“How do entrepreneurs experience and learn from venture failure?”* The three supporting subquestions are: *“What do entrepreneurs experience when their venture fails?”*; *“How do entrepreneurs stay resilient when experiencing venture failure?”* and *“What do entrepreneurs learn from experiencing venture failure?”* The main purpose of this chapter is to confirm and clarify where this research fits in the field of entrepreneurship by finding out what has already been researched in relation to the overarching research question and the three supporting subquestions. The remainder of this chapter is organised into three main literature review sections. These correspond with the three supporting subquestions in this study. The first section reviews the literature on failure in entrepreneurship. The second section consists of a literature review on resilience, and the third section reviews the literature on learning in entrepreneurship. Each section ends with a summary of key points that help in clarifying the gap in the literature and the contribution of this thesis.

## **ENTREPRENEURSHIP AND FAILURE**

The past twenty years have witnessed an explosion of research investigating entrepreneurs and their actions (Venkataraman, 1997; Hannafey, 2003) with considerable focus on finding out what leads to success in entrepreneurial ventures (Alstete, 2008). However, some academics have argued that entrepreneurial failure has not been given adequate attention and that, in order to understand the subject of entrepreneurship it is important to adopt a more holistic approach (McGrath, 1999; Singh, Corner & Pavlovich, 2007). In other words, instead of studying only the various factors that lead to entrepreneurial success, it would be beneficial to also focus on entrepreneurial failures (Shepherd, 2003, Singh et al., 2007). Failure is fundamental to understanding entrepreneurship as it can be a rich source of learning (Warren, 2004) and a crucial step towards developing entrepreneurial expertise (Mitchell, 1997; Huoven & Tihula, 2008). Studies on failure can assist policy makers, educational institutions, and venture funding organisations to better understand and meet the requirements and demands of existing and budding entrepreneurs (Ahmad & Seet, 2009; Liao, Welsch & Moutray, 2008).

Such arguments have sparked an interest, especially in the past decade, in examining failure in entrepreneurship. Studies have used a variety of theoretical approaches to examine failure. These include, for example, behavioural (Ahmad & Seet, 2009; Hayward, Shepherd & Griffin., 2006), psychological (Cannon & Edmondson, 2001; Gelder, Vries, Frese & Goutbeek, 2007; Shepherd, 2003;

Zacharakis et al., 1999), leadership competency (Swiercz & Lydon, 2002), financial (Holtz-Eakin, Joufaian & Rosen, 1994), pedagogical (Kampschroeder, Ludwig, Murray & Padmanabhan, 2008), cultural (Lussier & Halabi, 2010), social (Morrison, 2001), strategic management (Cressy, 2006; Harper, 1991; Hogarty, 1993; Liao et al., 2008), and policy (Holtz-Eakin, 2000) approaches. Even though theoretical approaches to studying failure in entrepreneurship are diverse, research on failure is fairly recent and has focused much on what causes failure (Borchert & Cordozo, 2010; Carter & Auken, 2006) so that the odds of firm failure can be minimised (Ahmad & Seet, 2009, Carter & Auken, 2006). The remainder of this section clarifies the definition for entrepreneurial failure used in this study. This clarification section is followed by a review of the existing literature on causes of failure, and it, in turn, is followed by a discussion on why research on failure in entrepreneurship is limited.

### **Definition of entrepreneurial failure**

What does failure mean? Researchers have given different meanings to the word failure in their studies (McGrath, 1999; Shepherd, 2003; Zacharakis et al., 1999). Not all studies on failure (Ahmad & Seet, 2009; Menefee & Parnell, 2007; Swiercz & Lydon, 2002) have explicitly defined failure, an idea which adds weight to Liao et al.'s (2008) argument that studies on failure use diverse terminologies such as: survival, exit, closure, and death. Furthermore, Carter and Auken (2006) suggest that in terms of explicit explanations of failure, at least four types of definitions have been used: “failing to make a go of it” (p. 494), bankruptcy, business liquidation to avoid further losses, and discontinuance.

Different definitions of failure will now be discussed in more detail before presenting the definition chosen for this study.

Cannon and Edmondson (2001), in their study on group-level belief about failure and its relationship to the group performance, conceptualise failure as “deviation from expected and desired results” (p. 162), and this definition includes failures of different types and magnitudes. In other words, failure according to this definition can be minor misunderstandings and interpersonal conflicts possibly leading to problems that are more serious as well as major mishaps because of experiments or some risk-taking. McGrath (1999), on the other hand, considers failure as “the termination of an initiative that has fallen short of its goals” (p. 14) where initiative is a particular entrepreneurial effort by an existing firm or entrepreneur to launch a novel combination of resources. McGrath’s definition of failure is more narrowly defined for the entrepreneurial context as compared to the broader definition of business failure in Cannon and Edmondson’s study. Both definitions reflect the idea of failing to meet outcomes that were wished for and expected.

Some failure definitions are more explicit about the financial performance of a venture. Zacharakis et al. (1999, p. 5) and Carter and Auken (2006, p. 494) have defined failure as bankruptcy in examinations of venture failures. Lussier and Halabi (2010) on the other hand define failure as when the firm is “not profitable” (p. 366). Similarly, Coelho and McClure (2005) define business failure as a

firm's inability to survive "the market test" i.e., "revenues do not sufficiently exceed costs" which makes it a less "attractive" option to continue the operation (p. 15). The latter two definitions are slightly broader than the bankruptcy definition in that the firm may not necessarily have to be bankrupt to be identified as a failure. The idea of a less attractive option, reflected in Coelho and McClure's definition, indicates that an entrepreneur may weigh options and voluntarily decide to cease operations if the firm is not meeting profit expectations. Cressy's (2006) definition is broader. It explains failure as when the "firm's value falls below the opportunity cost of staying in business" (p. 103), meaning that the attraction may fade when the entrepreneur sees that the prospects of remaining in business are less significant compared to getting out. Cressy's definition places more emphasis on opportunity cost than on profitability, suggesting that if the entrepreneur switches to another opportunity that is more promising rather than staying in current business which may very well be profitable, then that switching will be regarded as a failure. Moreover, the "staying in business" (p. 103) part of Cressy's definition does not specify whether it is the business operations that ceased or the ownership of the firm that is changed because of the current owner-manager's withdrawal from the business.

Bruno et al. (1992) have defined failure as "business discontinuance" (p. 293). They have kept their definition open: Business discontinuance could come about for various reasons including legal problems, partnership dispute, death, or simply a shift in interest in carrying on with the same business. Bruno et al.'s idea of business discontinuance is also taken up by other researchers. Shepherd (2003)

uses the term “business failure” (p. 318) in his conceptual article on entrepreneurial learning during the process of grief-recovery from failure in business. His definition of business failure is applied to an entrepreneurial context and he states that business failure “occurs when a fall in revenues and/or a rise in expenses are of such a magnitude that the firm becomes insolvent and is unable to attract new debt or equity funding; consequently it cannot continue to operate under the current ownership and management” (2003, p. 318). Shepherd’s definition includes the term “magnitude”, which indicates that he is referring to a major mishap, and the severity of the consequences of business failure is made explicit in this definition. Shepherd has stated that even insolvency leads to business discontinuance and, therefore, Bruno et al. and Shepherd share the common idea of business discontinuance as reflected in the definitions. Gelder et al.’s (2007) definition includes the phrase “cease of operation” (p. 393), hence also suggesting the idea of discontinuance. Moreover, Gelder et al.’s definition explicitly “excludes selling one’s business, merging or stopping it because there are better alternatives (which may also include a position as an employee” (p. 393). The definition also links the idea of being “forced” to stop operations because of “lack of resources and/or financial distress” to failure (p. 393). Thus, Gelder et al.’s definition also draws attention to the magnitude and seriousness of the consequences of failure aspect, as in Shepherd’s definition.

Michael and Comb’s (2008) definition although specific to franchise failure, also includes the aspect of discontinuance and draws attention to the seriousness and magnitude of failure: “Failed outlets include those not renewed by the franchisor,



closed for voluntary reasons, cancelled for quality control, and terminated for not paying fees. We specifically excluded reacquisitions by the franchisor because reacquisitions do not imply franchisee failure” (p. 80). Singh et al. (2007) also use “business discontinuance” (p. 332) as their operative definition of entrepreneurial failure. But the authors’ definition goes further in emphasising the type of discontinuance that qualifies as failure: “our definition encompasses not only economic factors such as bankruptcy and insolvency but also other factors such as intractable disputes and legal problems and personal issues of the entrepreneur. Importantly, this study’s definition of business discontinuance does not include less serious reasons for business discontinuance such as shift in personal interests of the entrepreneur” (2007, p. 332). Similarly, Liao et al. use the definition of discontinuance but it is specific to nascent entrepreneurs. The strength of this definition lies in clarifying the difference between discontinuance and failure:

Normally, entrepreneurial failure is referred to as the cease of operation for financial reasons. Since we examine nascent entrepreneurs during the firm gestation process, one type of entrepreneurial failure is the discontinuance of venturing efforts by entrepreneurs. Here we define entrepreneurial discontinuance as an action taken by a nascent entrepreneur to suspend his or her venture creation effort during venture gestation process. The reasons leading to entrepreneurial discontinuance as multiple – the funding may not have materialised, the prospect became less optimistic, or the opportunity costs of leaving a well paid job were difficult to overcome. In general, entrepreneurial discontinuance has a broader connotation than venture failure. Put differently, there may only be a small number of firms that experience entrepreneurial discontinuance for reasons that can be attributable to failure. (2008, p. 3)

The definition of entrepreneurial failure adopted for the purpose of this study is business discontinuance as described by Singh et al. (2007). However, meaning

includes involuntary exit, as well as voluntary closing down or selling off of the entrepreneurial venture to another party to prevent further debts or because of the less optimistic appraisal of the near future prospects of that venture. The meaning of involuntary exit encompasses not only economic aspects such as bankruptcy and insolvency but also other factors such as intractable disputes and legal problems. Importantly, this study's definition of business discontinuance does not include nonserious aspects such as shift in personal interests of the entrepreneur. Liao et al.'s (2008) idea that discontinuance has a broader connotation than failure is also present in Singh et al.'s definition. Business can be discontinued for many reasons and when failure to resolve serious problems or mishaps leads to discontinuance, then failure qualifies as business failure.

To elaborate upon this point regarding nonserious aspects four scenarios are presented. In scenario one, the entrepreneur discontinues the business because s(he) is moving overseas after marriage and is really looking forward to married life in another country. In scenario two, the entrepreneur sells her/his profitable business to a friend who makes a very attractive offer which is too good to refuse. In scenario three, the entrepreneur is discontinuing the business because s(he) is having marriage problems and the stress of her/his personal life is negatively impacting the health of the business. In scenario four, the entrepreneur discontinues a business in partnership with a friend because conflict leads to breakdown of the partnership. In scenario one and two, there is a sense of enthusiasm and willingness for the entrepreneur to discontinue the business. The entrepreneur can see positive benefits in discontinuing the business and decision-

making is relatively uncomplicated because it does not involve hard choices or less attractive circumstances for the entrepreneur. In scenario three and four, the decision to discontinue the business was difficult, as in an ideal situation, the entrepreneur would not have wanted to discontinue the business. There is an element of reluctance and difficulty involved in deciding to discontinue the business in scenario three and four even though on the surface all four scenarios seem to depict a shift in personal interest of the entrepreneur. Hence, this study's definition of business discontinuance would not include nonserious types of discontinuance such as those described in scenario one and two but would include discontinuances such as those described in scenario three and four.

### **Causes of failure**

As mentioned above, several studies have focused on and documented causes of failure (Borchert & Cordozo, 2010), the underlying logic being that understanding why firms fail can minimise the odds of failures happening in the future (Abdullah et al., 2009; Carter & Auken, 2006). Identifying causes is important because high business failures negatively impact the national economy, rate of employment, and can also lead to negative consequences for individual entrepreneurs (Ahmad & Seet, 2009). These studies highlight that the failure of firms can happen for a variety of reasons. Causes of venture failure are examined in this literature review because identifying reasons behind failure may form a part of entrepreneurial learning from failure. In this subsection, the earlier work on key causes of failure is organised into six categories.

First come the financial problems that include inadequate firm start-up capital (Bruno et al., 1992), liquidity constraints (Holtz–Eakin, Joulfaian & Rosen, 1994; Carter & Auken, 2006), and debt management issues as key financial issues leading to firm failure. Inadequate start-up capital is a result of an entrepreneur’s lack of knowledge and difficulty in getting loans from banks and other financial institutions because she or he does not have a prior business, profit and/or bank transaction record (Ekanem & Wyer, 2007). This situation means that the entrepreneur often relies on informal finance such as help from family and friends, personal savings and/or ongoing employment generated income (Ekanem & Wyer, 2007; Liao et al., 2008). Ample personal financial resources such as inheritance money can significantly increase the chances of firm survival. Further, availability of adequate funds prevents the entrepreneur being distracted from developing the business as a result of cash flow pressures (Liao et al., 2008), and of adequately meeting the requirements of fixed and working capital (Ekanem & Wyer, 2007). The demands to give customer credit (Abdullah et al., 2009), bad debts (Abdullah et al., 2009) and “assuming a debt instrument too early” (Bruno et al., 1992, p. 294), along with insufficient funds in the firm due to low profit (Abdullah et al., 2009), also make up the financial reasons that lead to venture failure. Moreover, underestimating the financial requirements, not having specific financial goals, plans and bookkeeping in place, not having a contingency plan to implement in financial difficulty (Hogarty, 1993), and poor relations with venture capitalists (Bruno et al., 1992; Hogarty, 1993; Zacharakis et al., 1999) are also cited as financial causes of firm failure.

A second cause of failure is problems with employees and customers that lead to venture failure. Employees lacking experience and skill, having negative attitude, being dishonest and lacking discipline are reasons cited behind venture failure (Abdullah et al., 2009). Additionally, the entrepreneur's tendency of "quick to hire slow to fire", i.e., not being able to dismiss employees that create problems for the firm, also contributes to failure (Hogarty, 1993 p. 6). Inability to manage large numbers of employees and failure to hire competent people are also reasons cited for venture failure (Ahmad & Seet, 2009). Customer-related problems include lack of trust and confidence in the firm or its products and services, delay in payments to the firm, failure of a firm to focus on its customers, and a lack of customers (Abdullah et al., 2009).

A third cause of failure relates to issues with planning that include lack of or inadequate business planning (Gelder et al., 2007; Hogarty, 1993), insufficient research (Ahmad & Seet, 2009; Hogarty, 1993), and not having specific business goals (Hiemstra, Kooy, & Frese, 2006). Firms that take a more proactive stance towards planning and strategy formulation can diminish the odds of venture failure (Gelder et al., 2007; Hiemstra et al., 2006). In terms of research, not spending effort and time on determining the market demand for product or service, not identifying the strategic location of the business, and not carrying out adequate investigations before making an investment are cited as research related reasons which cause failure (Ahmad & Seet, 2009).

A fourth cause of failure relates to the leadership, abilities and role of the owner-manager (Sweircz & Lydon, 2002). Owner-manager lack of expertise and experience, for example, inadequate knowledge (Liao et al., 2008), not having enough training (Carter & Auken, 2006; Michael & Combs, 2008), and not having management abilities and experience (Carter & Auken, 2006; Liao et al., 2008), lead to venture failure. Having functional skills in areas of marketing, operations, finance, human resource, and/or personal skills such as the ability to identify one's own weaknesses and strengths, ability to progress the firm rather than personal goals, ability to use external help and advice when required, and ability to create a sustainable firm help in reducing the chances of firm failure (Sweircz & Lydon, 2002). Moreover, an owner-manager's egoistic approach involving abuse of trust and power (Beaver & Jennings, 2005), overconfidence about the firm's prospects (Hayward et al., 2006), inability to create clarity and balance within a team (Bruno et al., 1992; Cannon & Edmondson, 2001), inability to fight competition (Abdullah et al., 2009), inability to adjust in crisis (Beaver & Jennings, 2005), inaccurate judgements (Ahmad & Seet, 2009; Busenitz & Barney, 1997), inability to maintain good relationships with stakeholders (Ahmad & Seet, 2009; Bruno et al., 1992; Zacharakis et al., 1999) and giving into the trappings of success (Bruno et al., 1992) are also cited as owner–manager related causes of firm failure.

A fifth cause of failure centres around issues related to the product or service offered by the firm. Problems with product or service quality can push a business out of the market (Hogarty, 1993). Additionally, issues with product/service

design, timing of launching the product/service, unsuitable distribution or selling techniques, too much reliance on certain types of customer (Bruno et al., 1992), as well as failing to locate the right market niche for the product or service (Hogarty, 1993), can all lead to venture failure. Finally, unfavourable environmental factors external to the firm can also lead to venture failure. Poor market conditions such as slow growth and size (Zacharakis et al., 1999), position of the overall economy (Abdullah et al., 2009), the state of the industry (Strotman, 2006), negative societal attitude, government policies, late government payments, poor sharing of information by government, bureaucracy, unethical tactics used by competitors, presence of bigger and/or foreign competitors with scale advantages, and disastrous events are all aspects of the external environment challenge that have been cited as reasons for firm failure (Abdullah et al., 2009). Overall, these six causal categories for failure collectively point to those factors that can trigger failure of a venture.

Recently studies have acknowledged that it would also be meaningful to investigate not only the causes of failure but also the experience of failure (Singh et al., 2007) and the impact that failure has on the well-being of the entrepreneur, his or her learning, and future decisions and activities that are influenced because of this experience (Cope, 2005; Shepherd, 2003). These issues are highly relevant and worth investigating because the entrepreneur plays a “central” role in creation of ventures (Markman, Balkin, & Baron, 2002, p. 149) and the entrepreneur’s experience of failure may influence any decisions regarding a future venture start-up as well as the decisions that will be made in that business (Minniti & Bygrave,

2001; Cannon & Edmondson, 2001). The experience of failure is an area of inquiry that is commonly investigated by researchers from, or in conjunction with, a learning perspective and, therefore, they are elaborated in the third main section of this chapter, “Learning in entrepreneurship”.

### **Difficulties studying failure in entrepreneurship**

Scholars have mentioned the difficulty of researching failure in entrepreneurship and hence there is relatively small number of studies in this area (Cope, 2011, Smith & McElwee, 2011). From early childhood, individuals are often taught by parents to avoid failure. Time and again they try to protect them from any harm; schools too endorse this message by rewarding students who make the fewest mistakes (Cannon & Edmondson, 2001). Since failure is viewed in a negative way, people are reluctant to participate in research on failure (Mc Grath, 1999; Politis & Gabrielsson, 2009; Zacharakis et al., 1999) and researchers have not paid enough attention to this phenomenon. There are practical and ethical challenges involved such as difficulty in locating owners of failed business ventures who may be willing to participate in the study (Ahmad & Seet, 2009; Bruno et al., 1992; Zacharakis et al., 1999; Ekanem & Wyer, 2007), people’s unwillingness to share experiences of failure (Ahmad & Seet, 2009), the difficulty in maintaining participant involvement in research and seeking personal information from them regarding their experience of failure (Shepherd et al., 2009).



Several researchers suggest rising above this antifailure bias in entrepreneurship. For example, Cressy (2006) puts forward the idea that “a sympathetic understanding of unfortunate (“unlucky”) individuals is [a] more sensible response than social opprobrium” (p. 114). Coelho and McClure (2005) suggest that

the analogy between business failure and mortality is a useful metaphorical device, but it should not mislead us . . . failure often serves the advancement of society in ways that are analogous to the role of death in vigorous and evolving biological systems (pp. 13-14).

In summary, research on entrepreneurial failures is emerging but there is far less research on failure than research looking into success. Identifying causes of failure seems to be the dominant perspective adopted in studies, and empirical research on experience of failure is emerging, though limited. This is the first major gap identified in this literature review. Secondly, we need to know more about how entrepreneurs stay resilient when experiencing failure, a topic which is the focus of the following section where literature on resilience is reviewed. This review corresponds to the second subquestion in this thesis: “*How do entrepreneurs stay resilient when experiencing venture failure?*”

## RESILIENCE

As previously mentioned, failure can be a difficult experience involving significant changes and uncertainty for an entrepreneur. Researchers have become increasingly interested in understanding how people adjust and even bounce back from difficult and extreme situations in life (Bonanno, Moskowitz, Papa, & Folkman, 2005). Such studies fall mostly within the category of “resilience” (Earvolino-Ramirez, 2007). The English word resilience originates from the Latin word “resilio”, which literally means to jump back (Klein, Nicholls, & Thomalla, 2003). Resilience is “effective coping and adaptation although faced with loss, hardship or adversity” (Tugade & Fredrickson, 2004, p.320).

The second subquestion of this study is: *“How do entrepreneurs stay resilient when experiencing venture failure?”* The emphasis of this question is, therefore, on entrepreneurial resilience, i.e., individual level resilience within the context of venture failure. Hence, this section is focused primarily on research which examines individual level resilience. Moreover, because resilience is relatively under researched in entrepreneurship, the section draws in research on resilience within the broader organisational theory literature to help clarify the research gap and explain the contribution of this study.

The literature on resilience began in the 1970s with a group of psychologists and psychiatrists examining problems of children at risk of psychopathology and

developmental issues because of genetic or experiential situations (Curtis & Cicchetti, 2003). They argued that such research had the potential to guide interventions and policies that could change the lives of such children (Masten, 2001). Researchers discovered that not all children exposed to high risk manifested the negative consequences that the theories of psychopathology predicted and in fact some children developed well in spite of being exposed to significant risks (Curtis & Cicchetti, 2003). Thus, researchers began to study what made these children resilient with a view to help develop prevention, intervention, and social policy (Curtis & Cicchetti, 2003). With time, this idea of preventing negative outcomes and promoting well-being spurred researchers to investigate resilience among adult individuals.

Not surprisingly, the literature on resilience expanded to include an extensive range of adverse, stressful, and disruptive life transitions. Its goal was “to pave the way for intervention” and prevent “undesirable outcomes of adverse situations” (Eye & Schuster, 2000, p. 563). For example, resilience has been studied in contexts such as loss of a loved one (Sandler, Wolchik, & Ayers, 2008; Bonanno, Moskowitz, Papa, & Folkman, 2005), abuse (Humphreys, 2001; Burton, 2004), war (Maguen et al., 2008), terrorist attack (Beitin & Allen, 2005; Bonanno, Rennie & Dekel, 2005; Fredrickson, Tugade, Waugh, & Larkin, 2003), mental and physical illness (Bellin & Kovacs, 2006; Greeff, Vansteenwegen, & Ide, 2006; Jonker & Greeff, 2009; Retzlaff, 2007), homelessness (Rew, Taylor-Seehafer, Thomas, & Yockey, 2001), economic hardship, violence and poverty (Li, Nussbaum, & Richards, 2007), old age (Kinsel,

2005), college life (Steinhardt & Dolbier, 2008), traumatic losses and major disasters (Walsh, 2007), in addition to ambiguous losses in life (Abrams, 2001). Studies have focused on both psychological and contextual characteristics that have an impact on an individual's capacity for resilience, and yet there is no agreed set of situations or qualities necessary to trigger resilience (Luthans, Vogelgesang, & Lester, 2006). As research on resilience is in its nascent stages, researchers argue that more research should be conducted in different populations (Bonnano, Moskowitz, Papa, & Folkman, 2005). The remaining part of this section will discuss the antecedents, attributes, and consequences of resilience.

### **Antecedents of resilience**

Citing Walker and Avant's (2005) work on conceptual analysis, Gillespie, Chaboyer and Wallis (2007, p. 126) explain that antecedents are those conditions or events that happen before the concept and it is when these conditions or events take place that the concept occurs. Earvolino-Ramirez (2007) puts forward the idea that adversity is the antecedent of resilience and that change, challenge and disruption are aspects of adversity. Gillespie et al. (2007) also point to adversity as the antecedent of resilience but further specify that the individual should have the capacity to interpret the event as adversity and this interpretation should be based on real circumstances rather than on a false sense of optimism or depressive feelings.

Within the organisational theory literature, studies point out different types of adverse situations: organisations are facing more competition and change (Conner, 1992). Large companies are failing more often and companies that have had a long track record of success are now finding it harder to deliver superior returns every time (Hamel & Valikangas, 2003). Organisations are facing pressures such as disruptive technologies, recession, politics, internet crime, terrorist attacks, natural disasters, extreme weather conditions, fire, accidents, infrastructure collapse, and job actions (Dervitsiotis, 2003; Foster & Dye, 2005; Linnenluecke & Griffiths, 2010; Sheffi & Rice, 2005). In order to be competitive in such a turbulent environment, organisations are reorganising, downsizing and implementing the latest technologies, and such changes can be quite challenging for an organisation and its people to survive and adapt (Wanberg & Banas, 2000). Such adverse events can impact an organisation's chances of continued existence and competitiveness as well as the well-being of its people. However, in spite of the severity of such adverse events, some organisations have not only adapted and survived but also performed better than normal. For example, Freeman, Hirschhorn, & Maltz (2004) examined the case of a company that had lost thirty nine percent of its staff, seventy five percent of its management committee and almost all of its physical resources and corporate records in the September 11, 2001 attacks on the World Trade Centre. Even with such heavy losses, the company not only survived but achieved record profits and revenues while also taking care of its employees and the families of those employees who passed away.

It is stories like these that have spurred interest among researchers to examine resilience and acknowledge its significance in the organisational theory domain.

Table 1, given below, highlights the antecedents of resilience in organisational theory literature.

**Table 1. Antecedents of Resilience in Organisational Theory Literature**

<ul style="list-style-type: none"><li>- <b>Crisis</b> (Chiripanhura, 2010, p. 153; Hunter, 2006, p. 45)</li><li>- <b>Threats and opportunities</b> (Dewald &amp; Bowen, 2010, p. 199)</li><li>- <b>Fast and/or disruptive change</b> (McCann, Selsky &amp; Lee, 2009, p. 45)</li><li>- <b>Challenging conditions</b> (Gittell et al., 2006, p. 303)</li><li>- <b>Untoward events</b> (Gittell et al., 2006, p. 303)</li><li>- <b>Strain</b> (Gittell et al., 2006, p. 303)</li><li>- <b>Setbacks</b> (Powley, 2009, p. 1291)</li><li>- <b>Unexpectedness</b> (Gittell et al., 2006, p. 303)</li><li>- <b>Adversity</b> (Harland, Harrison, Jones, &amp; Palmon, 2004, p. 5)</li><li>- <b>Critical strategic shifts</b> (Reeves &amp; Deimler, 2009, p. 10)</li><li>- <b>Stresses of environmental loading</b> (Horne, 1997, p. 27)</li><li>- <b>Disruptions</b> (Sheffi &amp; Rice, 2005, p. 41)</li><li>- <b>Change</b> (Hamel &amp; Valikangas, 2003, p. 55)</li><li>- <b>External shocks</b> (Stewart &amp; O' Donnell, 2007, p. 247)</li><li>- <b>Deep secular trends that can permanently impair the earning power of a core business</b> (Hamel &amp; Valikangas, 2003, p. 55)</li></ul>
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Table 1 reveals that, consistent with broader research on individual resilience, adversity is considered the antecedent of resilience in organisational theory literature. As mentioned in Chapter 1, the journey of entrepreneurship can be a demanding one in which an entrepreneur, despite inner drive, best intentions and

hard work to build a successful business, can get caught up in adverse situations. Venture failure can be the “most heinous” (Smith & McElwee, 2001, p. 91) of all challenging situations an entrepreneur can face. In spite of such acknowledgement, the context of venture failure is relatively overlooked in the examination of resilience. One possible reason behind this lack of attention becomes clear in the following subsection on attributes of resilience.

### **Attributes of resilience**

Citing Walker and Avant’s (1995) work on conceptual analysis, Earvolino-Ramirez (2007, p. 76) explains that attributes are those characteristics that are present when the concept occurs and are frequently associated with the concept in the literature. Earlier studies described resilience as dispositional, trait-like and, therefore, relatively fixed (Masten, 2001). This conceptualisation means that a person either had the resilience trait or not (Block, 1961). However, recently it is been argued that resilience is a common developable capacity (Bonnano, 2004; Masten, 2001). As positive psychologist Karen Reivich stated in an interview:

To say something is partly heritable doesn’t mean it’s not changeable. Research shows people can learn ways to become resilient. They can practice techniques that help them stay in the present, keep things in perspective and work on problems at hand. (Interview with Elias, USA Today, 2005, para.30)

Empirical evidence has shown that there are multiple methods for building resilience. These include: using positive emotions (Tugade & Fredrickson, 2004),

altering the levels of risks or assets (Masten, 2001), and fostering self-enhancement (Greenwald, 1980).

Earvolino-Ramirez (2007, pp. 76-77) points out that the defining attributes of resilience are rebounding/reintegration, high expectancy/self determination, positive relationships/social support, flexibility, sense of humour and self esteem/self-efficacy. Likewise, Gillespie et al. (2007, p.127) point out self-efficacy, coping and hope are attributes of resilience. Both studies concur that self-efficacy is an attribute of resilience. The remaining attributes put forward by these studies are also comparable. For example, the term high expectancy/self determination in Earvolino-Ramirez's study encompasses the aspects of having a purpose, feeling a sense of being able to rise above the hurdles, persisting, and surpassing without being defeated by ongoing difficulties that can lead to a sense of "hopelessness" (p. 77). These aspects correspond with future goal orientation, belief that goals can be attained and that pathways to achieving goals can be created and pursued as mentioned in Snyder's (2000) definition of hope cited in Gillespie et al.'s study.

Similarly, Gillespie et al.'s (2007, pp. 129-130) study cites Lazarus and Folkman's (1984) definition of coping: "recurrent oscillation of cognitive and behavioural efforts made by the individual in order to manage internal and/or external stressors that are appraised as excessive" which coincides with rebounding/reintegration, positive relationships/social support, flexibility and



sense of humour attributes of resilience in Earvolino-Ramirez's study (2007). For example, appraisal of social relationships as being strong and dependable, making efforts to surround oneself with positive social relationships, using humour to deal with stress in a difficult situation, flexibility, and being open to change according to circumstances can all be different ways of coping. More recent empirical studies on resilience in various contexts have found self-esteem (Lee, Brown, Mitchell, & Schirald 2008), optimism (Lee et. al, 2008), positive support (Jonker & Greeff, 2009; Levine, 2009) and hope (Eggerman & Panter-Brick, 2010; Mednick et al., 2007) as positive factors of resilience.

Stemming from these seminal studies on resilience is a greater understanding of resilience which enables it to be differentiated from other topics. The first comparison is between self-efficacy and resilience. Self-efficacy is a personality trait but resilience is not. Lees (2009) cites Bandura's (1977) definition of self-efficacy as a person's ability to carry out a particular task and points out that self-efficacious people and resilient people tend to have similar successful outcomes in a given situation. It is for this reason that people often confuse self-efficacy with resilience. The author further points out self-efficacious people tend to act in a proactive manner; they take on challenging tasks if they believe they can succeed and invest time and resources in carrying out the task successfully. They try to avoid stress and uncertainty by making sure they have the capabilities and resources to overcome what is causing stress. On the other hand, the author makes clear that resilience is reactive and it is to do with dealing with adversity. Resilient people have the ability to succeed in spite of adversity.

The second comparison is between hardiness and resilience. Earvolino-Ramirez (2007) argues that many people get confused and think of hardiness as resilience. By citing Bonanno's (2004) explanation of hardiness, Earvolino-Ramirez clarifies that hardiness is a personality trait which means being able to put up with adverse situations. Additionally, Earvolino-Ramirez argues that while hardiness allows a person to endure adversity, dealing with it may not necessarily result in a positive change in outcome. Resilience on the other hand includes dealing with adversity that would result in improved adaptive outcome(s).

The third comparison is between coping and resilience. Keller (2003) points out that resilience and coping have been used interchangeably in some studies and that some of the earlier works on resilience used the terms stress and coping. She clarifies the idea that these are two different concepts, and points out that when compared to coping, the resilience construct is "more multi-dimensional, specific efforts expended to manage stressful demands are not a consideration, and successful outcome or adaptation is a critical component (2003, pp. 31-32). Lees (2009) also suggests that the difference between coping and resilience becomes evident when examining the end result of these concepts. Citing ideas on coping and resilience put forward by Lazarus (1993) and Luthans et al. (2006) respectively, Lees argues that coping is concerned with successfully overcoming a negative situation with minimum damage. Resilience on the other hand lays emphasis on bouncing back or successful adaptation that results in growth beyond the normal position.

The fourth comparison is between optimism and resilience. Luthans et al. (2006) clarify the point that optimism refers to “positive attribution” (p. 30) about succeeding in the present and in the future and does not necessarily include the requirement of an adverse event as a trigger in the way that resilience does. Moreover, they argue that in optimism, an individual may not deeply consider the adverse situation and may “simply brush it off” (p. 30); but in resilience, the person takes a deliberate and realistic approach to handling stress and thus may be better at adapting and overcoming the situation and “even go beyond the normal equilibrium level of performance” (p. 31).

The fifth comparison is made between hope and resilience. Luthans et al. (2006, p. 30) cites Snyder’s (2000) explanation of what hope is in order to clarify the difference between hope and resilience. Luthans et al. elaborate on the idea that hope, according to Snyder, is theorised as a factor of psychological capital and consists of the “willpower” (having positive expectations and goals) and “way power” (having substitute pathways to cope with those expectations that do not continue in the manner in which they were expected to continue). Luthans et al. (2006, p. 30) further clarify that resilience is similar to the way power component of hope because “flexibility” is a factor of both hope and resilience concepts. However, the authors cite and agree with Bonanno (2004) that unlike hope, the concept of resilience includes a response to a challenging episode.

Finally, the concept of ego-resiliency and resilience are compared. In agreement with and citing Luthar (1996), Earvolino–Ramirez (2007) put forward the idea that there are two key differences between these two concepts. The first is that ego-resiliency is a personality trait; it includes a set of qualities of “general resourcefulness and sturdiness of character” but that resilience in contrast is a “dynamic developmental process” (2007, p. 76). Secondly, citing Luthar, Cicchetti, & Becker’s (2000) idea of resilience, Earvolino–Ramirez points out that, in ego-resiliency, it is not a requirement for a person to be exposed to significant adversity, but that in resilience, the definition itself includes the precondition of the person being exposed to adversity.

Within organisational theory literature, a range of disciplinary approaches has been used to study resilience. For example, leadership (Hunter, 2006; Harland, Harrison, Jones, & Reiter-Palmon, 2004; Stewart & O’Donnell, 2007), strategic management (Hamel & Valinkangas, 2004; Reeves & Deimler, 2009; Reinmoeller & Baardwijk, 2005), human resource (Powley, 2009), risk management (Ristuccia & Epps, 2009), culture (Cheng, 2007), and entrepreneurship (Dewald & Bowen, 2010). Not all studies have explicitly defined resilience (Chiripanhura, 2010; Dam, 1982; Ovi, 2001; Ristuccia & Epps, 2009), and the range of definitions of resilience that has emerged in the organisational theory literature shows that the disciplinary approach has impacted how resilience is conceptualised and defined in some studies. For example, resilience is modified to become strategic resilience in Hamel and Valikangas (2003) study that examined this concept from a strategic management perspective,

and to become career resilience in London's (1988) study that discussed this concept from a human resource perspective.

Moreover, Somers points out (2009) that several researchers adopt a "passive" or "active" resilience perspective to conceptualise and study resilience (p. 13). The author explains that the passive perspective is limited to looking at resilience as the ability to survive and bounce back when a significant disruptive event occurs, whereas the active perspective looks at resilience as more than just surviving one adverse event. This perspective encompasses a proactive approach to recognising risks, planning, and preparing to make sure that there is the ability to adjust positively and thrive in spite of any adversity that could occur.

Table 2 (See next page.) illustrates the idea that irrespective of the above mentioned diversities in approaches to the examination of resilience, several studies in the organisational theory literature, as with the wider literature on resilience, recognise resilience as a developable capacity (McCann, Selsky, & Lee, 2009; Vera & Rodriguez-Lopez, 2004).

**Table 2. Attributes of Resilience in Organisational Theory Literature**

<ul style="list-style-type: none"><li>- <b>Capacity/Ability to</b><ul style="list-style-type: none"><li>○ <b>Continuously anticipate and adjust</b> (Hamel &amp; Valikangas, 2003, p. 55)</li><li>○ <b>Cope</b> (Gittell et al., 2006, p. 303)</li><li>○ <b>Withstand</b> (Horne, 1997, p. 27)</li><li>○ <b>Resist</b> (McCann, Selsky &amp; Lee, 2009, p. 45)</li><li>○ <b>Absorb</b> (McCann, Selsky &amp; Lee, 2009, p. 45)</li><li>○ <b>Tolerate ambiguity</b> (Hunter, 2006, p. 45)</li><li>○ <b>Respond</b> (McCann, Selsky &amp; Lee, 2009, p. 45)</li><li>○ <b>Self renew</b> (Reinmoeller &amp; Baardwijk, 2005, p. 61)</li><li>○ <b>Reinvent</b> (McCann, Selsky &amp; Lee, 2009, p. 45)</li><li>○ <b>Change</b> (Hamel &amp; Valikangas, 2003, p. 55)</li><li>○ <b>Innovate</b> (Reinmoeller &amp; Baardwijk, 2005, p. 61)</li><li>○ <b>Adopt new organisational routines and processes</b> (Dewald &amp; Bowen, 2010, p. 199)</li><li>○ <b>Maintain resources</b> (Gittell et al., 2006, p. 303)</li></ul></li><li>- <b>Fundamental quality found in varying degrees</b> (Horne, 1997, p. 27)</li><li>- <b>Dynamic</b> (Luthans et al., 2006, p. 32; Gittell et al., 2006, p. 303)</li><li>- <b>Open to development</b> (Luthans et al., 2006, p. 32)</li></ul>
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Moreover, in conjunction with the above mentioned theoretical perspectives, the central view of resilience in organisational theory literature is of the robustness of an organisation as a unit that can survive, positively adapt and bounce back from a challenging event. The underlying assumption, as Linnenluecke and Griffith

(2010) argue, is that that when an event involving significant change and/or disruption occurs, resilient organisations can adapt, survive, and perform better than before because such organisations have a certain combination of resources, skills, strategies, and responses in place to deal with the situation in hand. Such a perspective on resilience is useful as it has stimulated research to understand how organisations can be better prepared in terms of handling complex and unexpected situations (Crichton, Ramsay, & Kelly, 2009; Dervitsiotis, 2003; Gittell, Cameron, Lim, & Rivas, 2006; Hamel & Valikangas, 2003; McCann et al., 2009; Dam, 1982).

However, two issues arise with this view of resilience in organisational theory literature. The first issue is that such a view of resilience “emphasizes the ability of organisations to rarely fail and maintain their performance despite encountering unexpected events” (Linnenluecke & Griffiths, 2010, p. 488). Firms do fail and not all firms may be able to survive and turn around crisis situations (Dervitsiotis, 2003). As already mentioned in the entrepreneurship and failure section of this chapter, there is a bias towards examining failure in entrepreneurship. This bias also seems to be prevalent in the organisational theory literature on resilience. An alternative perspective could be one that recognises that firms do fail and because failure can be a significant challenging event, it should be included as a context in which to examine resilience in organisational theory literature.

The second issue with this primary view of resilience is that it overshadows the role of individual level resilience in an organisational context. The literature reveals that although organisational resilience intervention plans include some element of developing resilience of individuals within the organisation (Dam, 1982; Dervitsiotis, 2003; Hamel & Valikangas, 2003, McCann et al., 2009) there are fewer studies with a direct and explicit focus on examining individual resilience in this literature (Barrett, 2004; Luthans et al., 2006; Wilson & Ferch, 2005). Examining individual level resilience is important because significant changes can be quite difficult for people to cope with and the literature suggests that if people have a negative attitude towards change then this attitude can have negative outcomes for the organisation (Wanberg & Banas, 2000). Some researchers have argued that organisations can be resilient if people working within these organisations are resilient. For example, London argues:

. . . people who are high in career resilience are receptive to information about themselves and the organisation . . . Organisational leaders who are themselves high in resilience, insight and identity are likely to create an environment that reinforces and supports resilience, insight and identity. They are likely to realize the importance of employees' contribution to accomplishing business goals, and hence these leaders place a high value on developing and rewarding their employees. (1988, p. 24)

Similarly, McCann et al. (2009) argue that it is not possible to develop resilient organisations if the teams and individuals within the organisation are not resilient and Luthans et al. (2006) refer to resilience as an “overlooked opportunity” (p. 31) for development of human resource in organisations. In relation to entrepreneurship, Dewald and Bowen (2010) who empirically examined the factors that influence the cognitive intentions of managers of small firms who are



expecting a disruption to happen argue that organisational resilience manifests itself through cognitive and behavioural resilience. Thus, examination of individual level resilience and a focus on the context of failure can lead to a more holistic understanding of resilience in organisational theory. Answering the second supporting subquestion of this study: “*How do entrepreneurs stay resilient when experiencing venture failure?*” will be a step in this direction.

### **Consequences of resilience**

Consequences are the conditions or events that occur as a result of the occurrence of the concept (Gillespie et al., 2007). Earvolino-Ramirez’s (2007) study argues that effective coping, mastery and positive adaptation are consequences of resilience (p.78). Gillespie et al.’s (2007) study argues that integration, control, psychological adjustment and personal growth are consequences of resilience (p.128). These studies are pointing towards some similar consequences, that is, the adverse situation is effectively managed and the individual is back to better than normal functioning reflected in positive outcomes such as personal growth and increase in knowledge or skills. “Effectively managing the adversity one is faced with in order to function at an optimum level” (p. 78) stated under effective coping in Earvolino-Ramirez’ study coincides with “integration physically and or psychologically in context” and “psychological adjustment” in Gillespie et al.’s (p. 128) study. In addition, “possessing great skill or knowledge” (p. 78) mentioned under mastery and “recovery is beneficial” (p. 78) mentioned under positive adaptation in Earvolino-Ramirez’ study coincide with “development of personal

control, psychological adjustment and personal growth” (p. 128) in Gillespie et al.’s study.

Table 3 (See below.) shows that organisational theory literature shares the idea with the wider literature that consequences of resilience are positive adaptation and bouncing back with growth and learning, in areas such as better performance and better capabilities.

**Table 3. Consequences of Resilience in Organisational Theory Literature**

- **Remain in business** (Chiripanhura, 2010, p. 153)
- **Survive** (Dam, 1982, p.4; Ristuccia & Epps, 2009, p. 88)
- **Retain resources** (Gittell et al., 2006, p. 303)
- **Maintain desirable functions and outcomes** (Gittell et al., 2006, p. 303)
- **Bounce back** (Sheffi & Rice, 2005, p. 41)
- **Rebound** (Hamel & Valikangas, 2003, p. 55)
- **Rise steadily again** (Cheng, 2007, p.136)
- **Positively adjust** (Luthans et al., 2006, p. 32)
- **Adapt** (Gittell et al., 2006, p. 303; Stewart O’ Donnell, 2007, p. 247)
- **Learn** (Stewart & O’ Donnell, 2007, p. 247)
- **Thrive** (Ovi, 2001, p. 105; Ristuccia & Epps, 2009, p. 88)
- **Grow** (Harland, Harrison, Jones, & Palmon, 2004, p. 8)
- **Increase capability and strength** (Harland, Harrison, Jones, & Palmon, 2004, p. 8)
- **Improve coping ability** (Harland, Harrison, Jones, & Palmon, 2004, p. 8)
- **Avert maladaptive tendencies** (Gittell et al., 2006, p. 303)

Overall, researchers have conceptualised and adapted the concept of resilience in a number of ways (Reinmoeller & Baardwijk, 2005). The perspectives of adversity, adaptation to change, and positive outcomes in the broader literature on resilience are also found in organisational theory literature (Dewald & Bowen, 2010). The review of the literature on resilience in relation to the second supporting question of this thesis: *“How do entrepreneurs stay resilient when experiencing venture failure?”* confirms that there is limited research on individual level resilience in the organisational theory literature, and that the context of failure is relatively unexplored in relation to resilience. The nascent literature on resilience (Bonanno, Moskowitz & Papa, 2005) helps to clarify that 1) resilience is a developable capacity to be able to positively adapt and bouncing back from an adverse situation, and 2) personal and contextual factors such as self-efficacy, coping, humour, flexibility, hope and positive social relationships are recognized as key attributes of resilience. Experiencing venture failure and adapting to the circumstances following this event may well result in some learning outcomes for the entrepreneurs.

Next, the literature on learning in entrepreneurship is reviewed. This literature corresponds in part to the overarching question and the third supporting question of this thesis: *“How do entrepreneurs experience and learn from venture failure?”* and *“What do entrepreneurs learn from experiencing venture failure?”*

## LEARNING IN ENTREPRENEURSHIP

Entrepreneurial learning has become a significant area of investigation in relation to the academic study and practical implications of entrepreneurship (Rae, 2004, p. 492). In the past decade, a number of theoretical approaches have been adopted to examine learning in the field of entrepreneurship. Studies have focused on examining how entrepreneurs/firms learn (Rae & Carswell, 2000; Rae, 2004; Fenwick, 2003; Cope, 2005; Lobler, 2006), what the outcomes of learning are (Cope & Watts, 2000; Cope, 2003), and what the learning needs for firms and entrepreneurs are (Sullivan, 2000). Studies were also undertaken to examine learning using contextual (McKeon, Johnston, & Henry, 2004), social (Taylor & Thorpe, 2004), and affective (Shepherd, 2004) perspectives. In addition, policy and education focused studies (Taylor, Jones, & Boles, 2004; Jones-Evans, Williams & Deacon, 2000; Edwards & Muir, 2005; Rasmussen & Sorheim, 2006; Jones & English, 2004) were undertaken to understand and investigate practices that support and foster the learning of entrepreneurship skills (Warren, 2004).

Even though theoretical approaches to studying learning in entrepreneurship are diverse, there is growing agreement that learning is fundamental in entrepreneurship and that experiences can be a rich source of learning for entrepreneurs (Warren, 2004). The remainder of this section will be focused mainly on reviewing studies on experiential learning in entrepreneurship as it is relevant to the focus of one part of the overarching researching question: “*How do entrepreneurs experience and learn from venture failure?*” and the third

supporting question: “*What do entrepreneurs learn from experiencing venture failure?*”

### **Experiential Learning in Entrepreneurship**

The bulk of studies on learning in entrepreneurship are based on the idea of experiential learning (Cope & Watts, 2000; Deakins & Freel, 1998; Minniti & Bygrave, 2001; Parker, 2006). Experiential learning “is a process by which knowledge is created through transformation of that experience” (Huovinen & Tihula, 2008, p. 155). It has been argued that previous experience can provide entrepreneurs with an opportunity to gain new knowledge to increase their firm’s performance and improve their coping with new challenges and uncertainties (Politis, 2005). This argument explains the growing interest of researchers in learning from experience in entrepreneurship and why researchers consider experiential learning “central to the entrepreneurship process” (Harrison & Leitch, 2005, p. 356). As happens to new research topics of increasing significance, researchers have taken different approaches to investigate experiential learning in entrepreneurship; nevertheless, some common themes have emerged. These themes will be discussed in more detail in the remaining part of this section.

*Contextual nature of entrepreneurial learning.* A number of studies have integrated concepts and ideas from individual learning theory in entrepreneurship. Here Kolb’s experiential learning theory (1984) seems to be seminal (Corbett, 2007; Politis, 2005). Using Kolb’s theory, Politis (2005) clarifies the notion that entrepreneurs are often exposed to various experiences that present opportunities

to gain new knowledge. Politis further adds that new knowledge can be gained if the entrepreneur grasps and transforms this experience and, therefore, learning is the process of transforming the experience into knowledge, which is made possible through four distinct learning abilities: experiencing, reflecting, thinking, and acting. According to Kolb (1984, p. 41), experiential learning can be described as a cycle that consists of four stages. The cycle shows how an individual can translate an experience through reflection into concepts which in turn can be used as a guide for active experimentation and in the choice of new experiences. The first stage in Kolb's learning cycle – concrete experience – is where the learner actively experiences an activity. For example, an entrepreneur (learner) may experience the consequences of a failed venture. This can be regarded as a concrete experience. The second stage in Kolb's learning cycle – reflective observation – involves the learner consciously reflecting back on that experience. To use the same example, the entrepreneur may reflect back on why the venture failed. The third stage in Kolb's learning cycle – abstract conceptualisation – occurs when the learner attempts to conceptualise a theory or model based on what is observed. In other words, the reflections are incorporated and refined into abstract concepts. The entrepreneur may form some abstract ideas, such as how to avoid failure, what to do and not to do in subsequent venture, and what could lead to ideas of a new venture. The fourth stage in Kolb's learning cycle – active experimentation – happens when the learner is trying to plan how to test a model or theory, or plan for a forthcoming experience. In this stage the entrepreneur puts the abstract concepts into practice.

Politis (2005) is also in agreement with recent researchers when she points out that Kolb's theory does not take into account the context in which the learning process occurs and, therefore, does not adequately capture the complexities of entrepreneurial learning. Specifically, entrepreneurs can transform experience into knowledge in different ways. They may not always follow a fixed order of steps as stated in the four stages of the learning cycle, and there may also be other factors that influence learning. Based on these arguments, more comprehensive frameworks of entrepreneurial learning process are being empirically tested and recommended. Such frameworks consider factors such as entrepreneurs' social context (Taylor & Thorpe, 2004; Rae, 2006), career experiences (Politis, 2008; Politis & Gabrielsson, 2009), and work environment (Lans, Biemens, Versteegen, & Mulder, 2008).

The social dimension in the entrepreneurial learning process is gaining importance. Fletcher's (2000) study highlights how entrepreneurs in small to medium-sized companies learn from their experience of network exchanges with the international firms they do business with. Sullivan's (2000) findings point out that mentoring support is crucial for entrepreneurs as it fosters their learning and performance. Paige's (2002) findings also show that important sources of learning for entrepreneurs were family members, experienced staff, stakeholders, and business related meetings. Similarly, Taylor and Thorpe's (2004) study shows that entrepreneurs not only make sense of their experiences through personal introspection but also through exchanges with their domestic, voluntary, commercial, and professional relations. Rae's (2006) model of entrepreneurial

learning, based on narratives of emerging entrepreneurs, also shows that entrepreneurial learning is formed through the social, economic and environmental context in which it takes place and that what people learn, as they become entrepreneurs and how they use this learning, depends on these contexts. Lans et al.'s (2008) study on the influence of work environment in entrepreneurial learning also highlights the social dimension in the entrepreneurial learning. The findings showed that assistance from others, various interactions within the business environment, communication within the firm and opportunities for learning and development for the entrepreneurs were significant factors of the work environment that had an influence on learning (2008). In fact, studies have reported that the act of telling stories helped participants to reflect on, organise, and integrate their own account of learning (Rae, 2000), and that a researcher can play a useful role in developing critical reflection (Warren, 2004). Such findings highlight the growing consensus for the significance of the social dimension in the process of entrepreneurial learning.

In terms of the influence of career experiences on entrepreneurial learning, Politis' (2005) conceptual framework explicitly incorporates failure when she discusses the impact of outcomes of previous entrepreneurial events on entrepreneurial learning. The author points out that the outcome of previous entrepreneurial events could be venture success or a failure and in citing McGrath (1999) argues that experiencing failure can have a positive influence on an entrepreneur's learning as s(he) can broaden the search for new possibilities when faced with the challenge of starting and managing a venture. Politis (2005) also points out that



failure is significant because an entrepreneur gets information that would not be available without experiencing that failure. Although Politis' (2005) entrepreneurial learning framework is conceptual, it has paved the way for future researchers to examine failure in relation to entrepreneurial learning.

In another study, Politis (2008) has empirically explored the role of prior start-up experience as a source of learning in the entrepreneurship process. Skills for coping with liabilities of newness, preference for effectual reasoning, and attitudes towards failure were three learning outcomes that were examined and compared using novice and habitual entrepreneurs in this study. Findings showed that previous start-up experience had a positive influence on all these learning outcomes and that habitual entrepreneurs are more likely to have a more positive attitude towards failure, more preference for effectual reasoning, and somewhat better skills in coping with liabilities of newness. In a more recent empirical study, Politis and Gabrielsson, (2009) found that previous start-up experience and experience from closing down a business are associated with a more positive attitude towards failure. Moreover, the authors found that experience from closing down a business because of poor performance is a highly valuable source of learning, while closure for more personal reasons does not lead to the same result. Both these studies not only make a contribution in empirically showing the influence of previous experience on entrepreneurial learning, but also bring forward the subject of failure by discussing it as an important learning outcome and as a contextual factor in entrepreneurial learning.

***Outcome(s) of experiential learning.*** Several studies have provided empirical evidence on outcomes of experiential learning in entrepreneurship, such as changes in thinking and behaviour of entrepreneurs, increase in entrepreneurial knowledge, and adjustment of business strategies and practices (Deakins & Freel, 1998; Cope & Watts, 2000; Cope, 2003; Fletcher, 2000; Warren, 2004). Moreover, studies have frequently borrowed learning theories from the wider adult and organisational learning literature to analyse and depict what entrepreneurs learn from experiences. For example, in examining learning from critical incidents, Cope and Watt's (2000) study cites Burgoyne and Hodgson's (1983) three levels of learning and Argyris and Schon's (1978) double-loop learning in pointing out that critical incidents in business can stimulate powerful personal and business learning. Fletcher's study (2000) also cites Argyris and Schon's (1978) single and double-loop learning in providing evidence of learning outcomes from internationalisation of business, and he highlights that entrepreneurial values, attitude and activities were modified through the entrepreneurs' learning and experiences related to international network exchanges. Likewise, Warren's (2004) study refers to Argyris and Schon's (1978) single and double-loop learning and Burgoyne and Hodgson's (1983) three levels of learning in providing empirical evidence of learning outcomes among women entrepreneurs with small to medium-sized businesses. Table 4 (See next page.), based on Warren's (2004) study, is used as an example to illustrate how studies have adopted individual and organisational learning theories to discuss experiential learning outcomes in entrepreneurship.

**Table 4 - Classification of Experiential Learning in Accordance with Learning Level**

<b>Learning level</b>	<b>Type of activity</b>	<b>Where obtained</b>
Level 1/Single loop: “applies to the assimilation of factual information of immediate utility but no real long-term developmental implications (corrective, relies on past routines)”	Technical/operational quick fixes	Employment agencies, help lines, other companies
Level 2/Double -loop: changes take place which challenge deep-rooted assumptions and norms (corrective, routines are changed)	Often concerned with growth; strategic planning, management systems, development of HR, IT, marketing functions	Support agencies such as Business Link, local colleges, consultants, commercial providers (such as banks)
Level 3/ Triple-loop: encourages individuals to reflect on and question not only their established ways of doing things, but also the underlying values and assumptions which have led to the status quo	Identification of role models, resolution of work/home conflict, reinforcement of self/identity	Friends, family, other businesswomen (may be formal)

Adapted from “A systemic approach to entrepreneurial learning”, by L. Warren, 2004, *Systems, Research and Behavioural Science*, 21, pp .11-12.

Cope’s (2003, p. 443) study illustrates that “discontinuous” events can be a significant source of learning both in personal and business terms. For these he mainly uses the term higher and lower level learning to discuss the findings of the study. In reviewing theories on individual and organisational learning, the author puts forward the point that several key learning theorists have argued that learning has two different levels. Cope further argues that these theories, in spite of using

different terms, describe the same key aspects of the two different levels of learning. The author relies on Fiol and Lyles' definitions of higher and lower level learning as he believes these definitions summarise the key distinctions between two levels of learning raised by other theorists:

Lower-level learning: Focused learning that may be more repetition of past behaviours – usually short term, surface, temporary, but with associations being formed. Captures only a certain element . . . single loop, routine level

Higher-level learning: The development of complex rules and associations regarding new actions. Development of an understanding of causation ...  
Double loop learning. Central norms, frames of reference and assumptions changed. (Fiol & Lyles, 1985, p. 810, as cited in Cope, 2003, p. 433)

Although several studies have reported on experiential learning outcomes in entrepreneurship, overall, the focus is more on experiences embedded within the start-up and growth stages of a business and less on experiences within the decline stage of a business or when a business fails. Since entrepreneurs act on the basis of their previous beliefs (Parker, 2006), there is a need to incorporate failure in understanding entrepreneurial learning because failure may have a crucial impact on the intentions, decision-making, and actions of the entrepreneur (Minniti & Bygrave, 2001).

***Methods of experiential learning.*** A number of studies using a variety of contexts have examined how entrepreneurs learn from venture experiences i.e., the methods used in transforming venturing experiences into knowledge. Several

studies confirm that entrepreneurs tend to reflect on their experiences (Deakins & Freel, 1998; Rae, 2000; Cope & Watts, 2000; Cope, 2003). Reflection is a normal and important part of the learning process which involves “consideration, contemplation, speculation, musing, and pondering” (Hedberg, 2009, pp. 10-12). Pavlovich, Collins, & Jones (2009, p. 57) in discussing the importance of reflective journaling, a specific method of reflection, and citing Van Manen’s (1997) work, clarify that reflection (such as reflective writing in a journal) is not so much about finding a solution to a problem as it is about “resolution through deeper understanding”. The authors clarify that deeper understanding results from a frank internal dialogue in which a person does not just rely on knowledge based in the external world but also gives importance to his/her personal feelings, ideas and beliefs.

Hedberg clarifies the notion that focus of reflection influences the type of questions a person would ask and thus would induce different types of learning (2009, pp. 14-16). First, is subject reflection in which a person focuses on the subject of interest and the key question during this reflection would be: “What am I learning about the subject being studied?” (Hedberg, 2009, p. 15). This questioning can clarify and deepen the understanding of the subject’s concepts. Second, is personal reflection in which a person focuses less on a particular subject and more on his/her own perspective. The key question, therefore, a person would ask is: “What am I learning about myself as I learn about the subject” (Hedberg, 2009, p. 15). Third, is critical reflection in which a person challenges her/his taken-for-granted assumptions, beliefs, and knowledge. Here

the key question s (he) would ask is: “What societal meaning does my learning have?” (Hedberg, 2009, p. 16).

In addition to reflection, a number of studies also found that entrepreneurs tend to rely more on informal ways of learning such as through experimentation, observation, and experiences than on formal ways of learning such as training (Paige, 2002, Mulder et al., 2007; Warren, 2004). This practice could be as a result of time or money limitations (Paige, 2002) and that courses and training modules may be prescriptive and not closely matched with the learning needs of the entrepreneurs (Sullivan, 2000). Table 5 (See next page.) from Mulder et al.’s study (2007) provides a range, frequency and percentage of learning activities mentioned by entrepreneurs in implementation of innovations. The table shows that reflection, observation, and experimentation are activities that are reported by entrepreneurs the most number of times in the interviews. The least frequently mentioned are acquiring knowledge in training, replication, and holding on to a personal vision.

**Table 5. Frequencies and Percentages of Learning Activities of Entrepreneurs Mentioned in Interviews (n=10)**

<b>Entrepreneurial learning activity</b>	<b>N</b>	<b>%</b>
Reflection	21	19.8
Observation	16	15.1
Experimentation	12	11.3
Performing occupational tasks	11	10.4
Checking information	9	8.5
Discussion	9	8.5
Conversation	6	5.7
Receiving feedback	6	5.7
Asking a specific question	5	4.7
Holding on to a personal vision	4	3.8
Replication	4	3.8
Acquiring knowledge through training	3	2.8

From “Competence development of entrepreneurs in innovative horticulture”, by M. Mulder, T. Lans, J. Versteegen, H. Beimans, and Y. Meijer, 2007, *Journal of Work Place Learning*, 19, p. 39.

In examining methods of experiential learning, studies have mostly focused on venture start up and growth experiences and overlooked venture decline and failure experiences. This finding also highlights the bias towards studying failure in entrepreneurship. Nevertheless, the few recent studies that have addressed venture failure in relation to learning in entrepreneurship will now be discussed in the following subsection.

***Learning from failure.*** A number of researchers have recommended that the context of failure should also be examined in order to understand how and what

entrepreneurs learn in entrepreneurship (Cope, 2003; Cope, 2005; Politis, 2005).

As Politis and Gabrielsson (2009) point out:

Failure in this stream of research [entrepreneurship] has thus been treated as an anomaly or a deviation from the normal state of affairs . . . Rather than continuing a research path where we continue to add further stigma to the failure concept in lectures and academic writings this approach can increase our knowledge of how budding and practicing entrepreneurs can use failures as valuable learning experiences. (p. 378)

Shepherd (2003) proposes that venture failure can cause grief which can interfere with the ability of the entrepreneur to learn from the events surrounding that loss and proposes a grief recovery model. Like Shepherd, many other researchers are in agreement that entrepreneurship can be an emotionally intense process and that entrepreneurs can experience considerable stress (Boyd & Gumpert, 1983; Akande, 1994 ) and act on the basis of their personal understandings and emotions which can influence the fate of their business (Baron, 2008; Das, 2008; Goss, 2005; Morrison, 2001; Cross & Travaglione, 2003). For example, the metaphor of “parent-child” relationship has been used to facilitate the understanding of the experiences, the intense emotions, and the deep identity connections between an entrepreneur and his or her business idea or a business resulting from that idea (Cardon et al., 2005, p. 2).

In another conceptual article, Shepherd (2004) moves away from discussing emotions associated with failure to offering some suggestions on how academics can educate student entrepreneurs in managing their emotions to avoid failure, how to improve their emotional intelligence, and how to enhance the emotional



capability of an organisation. A study by Pittaway and Cope (2007) suggests that it is almost impossible to incorporate aspects of entrepreneurial learning such as how to deal with financial challenges or crisis in simulation courses that are offered to students of entrepreneurship. Entrepreneurs and students of entrepreneurship can, however, better manage and learn from business failure if educators and researchers understand how entrepreneurs experience venture failure.

Few empirical studies have reported on what entrepreneurs learn from experiencing venture failure. Singh et al.'s (2007) exploratory study found that this experience was a "life altering event" as it had changed the entrepreneurs' lives economically, socially, psychologically, and physiologically (p. 337). The study also reported that learning among entrepreneurs took place in each of those areas affected by venture failure, thereby drawing attention to the range of difficulties and learning that can result from experiencing venture failure. Since, the study is exploratory in nature, the authors recommend further research, especially to understand the extent of learning from this experience that is brought forward by entrepreneurs into subsequent ventures. More recently, Cope's (2011) study also examined learning outcomes from experiencing venture failure and presented these in four broad categories: better understanding of oneself, reasons behind the failure of their ventures, learning about networks and relationships, and learning about how to better manage ventures. Cope's study also found that the entrepreneurs engaged in higher level learning in order to recover and learn from their experience of venture failure. In agreement with Singh et al. (2007), Cope

points out more research should be conducted to examine learning from venture failure, in particular, the role of an entrepreneur's social environment, and the long-term impact of venture failure. In summary, the review of literature on learning in entrepreneurship highlights that this is an emerging area of research. Despite failure being acknowledged as a significant learning experience for an entrepreneur that deserves more attention, it remains a relatively underresearched area of enquiry in this stream of literature with few empirical studies directly focused on learning from failure.

The main purpose of this chapter was to confirm and clarify where this thesis fits in the field of entrepreneurship by reviewing what has already been researched in relation to the overarching research question and the three supporting subquestions in this study. Three strands of literature were reviewed, corresponding with the supporting subquestions: failure, resilience, and learning in entrepreneurship. The review confirmed that empirical studies on experience, resilience and learning in relation to failure are limited. As already mentioned in Chapter 1, the present research is an attempt to understand failure from the perspective of entrepreneurs who have experienced it, with emphasis on their experience of venture failure, how they stay resilient, and their learning from this experience. The overarching research question and the supporting subquestions stated in Chapter 1 will address the gaps in the literature identified above. The following chapter discusses the methodology and methods used to address the research questions in this study

## **CHAPTER 3 METHODOLOGY AND METHOD**

The purpose of Chapter 3 is to elucidate the philosophical position in the study and to describe and justify the methods used to investigate the research question stated above. The chapter has five main sections. It begins by outlining the philosophical position. The second section deals with the research design of the study. This section is followed by three sections that describe the procedures and strategies used for data collection, data analysis, and the steps taken to evaluate the composed theoretical framework.

### **PHILOSOPHICAL POSITION**

A researcher's ability to formulate and examine research problems depends on his/her fundamental assumptions about ontology and epistemology. Thus ontology and epistemology are briefly described before going into further details of the philosophical position underpinning this study. A key ontological concern for researchers is to elucidate whether they believe in or reject the idea of the existence of a single, objective, real world. If one believes in this idea, then the aim is to determine the structure and function of that singular world. Otherwise, the aim is to understand how we construct and interpret our differing realities (Campbell & Wasco, 2000, p. 779). Researchers argue that epistemological assumptions are related to the assumptions of ontology (Campbell & Wasco; 2000, Solem, 2003). For example, as Campbell and Wasco, (2000) explain, if the ontological idea is of an objective reality, then the researcher takes on the position of an objective and detached observer who tries to eliminate all forms of bias in

order to capture reality accurately. However, if this idea is not accepted, then the researcher aims to understand how reality is constructed and interpreted and the researcher does not consider it necessary to be detached in the research process. The ontological and epistemological assumptions also influence the methodological choices of the researcher, i.e., how a researcher “will go about finding whatever he or she believes can be known”, and debates on these assumptions have given birth to various theoretical paradigms that shape the conduct of social inquiry (Guba & Lincoln, 1998, p. 201).

The philosophical position, or researcher’s assumptions underpinning this study, is elucidated using Burrell and Morgan’s (1979) widely acknowledged scheme of four paradigms. This scheme puts forward the idea that the main assumptions that characterise different approaches to social theory can be understood with the help of two dimensions. The first dimension is the subjective–objective dimension, representing two broad and somewhat contrasting standpoints on four key and widely debated assumptions about the nature of social science: ontology, epistemology, human nature, and methodology. Realist ontology refers to the assumption that human beings are born into a factual social world that is made up of rigid, concrete, and relatively absolute structures. These structures exist whether or not individuals identify or label them. Nominalist ontology denies any real structure to the world and assumes that individuals use concepts and labels to structure the reality for the purpose of describing, making sense of and negotiating the external world. Burrell and Morgan add clarity by saying that in terms of organisational theory, research based on this ontological status tends to show how

tangible aspects of an organisation depend on the subjective constructions of individuals.

Epistemological assumptions are “about the grounds of knowledge – about how one might begin to understand the world and communicate this as knowledge to fellow human beings” (Burrell & Morgan, 1979, p. 1). When the epistemological assumptions are positivist, the focus is on clarifying and forecasting the happenings in the social world by looking for underlying connections and regularity from the point of view of the witness, in order to obtain knowledge. When the standpoint is antipositivist, the world can only be understood from the point of view of the numerous human beings who are engaged in the activities that are of interest to the researcher; herein each person will have somewhat idiosyncratic interpretations of these activities. Finding overarching laws or regularities in social activities is precluded by idiosyncratic interpretations and thus not relevant to an antipositivist view.

The third set of assumptions relates to human nature and these refer to the broad assumptions about the type of associations between a human being and the society in which s(he) resides. The determinist standpoint regarding human nature relates to the assumptions that a human and his/her activities are determined by the circumstances or the surrounding environment. The voluntarist position predicates that a human is self-governing and has freedom to carry out whatever s(he) aims for. The final set of assumptions about the nature of social science is the methodological assumption, which relates to the manner in which one tries to look

into and gain understanding about the social world. The assumptions of ontology, epistemology, and human nature influence the methodological choices of the researcher. When the methodological position is ideographic, then this refers to the assumption that social world can be understood only by getting insider knowledge from the subject under examination. The nomothetic approach lays emphasis on structured protocols, scientific rigour, and hypothesis testing; here quantitative techniques and methods such as surveys, scientific tests and standardised research tools are commonly employed. Hence, at its extremities, an objectivist position would correspond to a realist, positivist, determinist, and nomothetic viewpoint, and the subjective position would correspond to a nominalist, antipositivist, voluntarist, and ideographic viewpoint.

The second dimension is regulation–radical change which refers to the key assumptions about the nature of society (Burrell & Morgan, 1979). Regulation and radical change reflect different points of view about the nature of society. On one end of the dimension lies sociology of regulation, which focuses on explaining why a society is likely to stick together rather than disintegrate i.e., it concerns itself with the status quo, social stability, harmony, social amalgamation and unity, team spirit, need fulfilment, and authenticity. At the other end of the dimension lies the sociology of radical change, which refers to finding explanations for major transformations, structural differences, and forms of control, opposition, liberation, deficiency, and the inherent capacity for development.

Burrell and Morgan (1979) integrate these two dimensions to present four distinct paradigms: functionalist, interpretive, radical humanist, and radical structuralist. The functionalist paradigm characterises a position that is deep-rooted in the sociology of regulation and approaches its subject matter from an objectivist viewpoint. On the whole, emphasis within this paradigm is on providing coherent justification of societal dealings and the way these can be regulated and controlled. Its approach to social science tends to be “realist, positivist, determinist and nomothetic” and it has been the popular paradigm for academics (Burrell & Morgan, 1979, p. 26). The interpretive paradigm adopts an outlook of social regulation, but approaches research from a subjectivist viewpoint. Researchers thus emphasise and seek to uncover and understand the point of view of the actors involved in the social activities. Its approach to social science tends to be “nominalist, antipositivist, voluntarist and ideographic” (Burrell & Morgan, 1979, p. 28). The philosophical assumptions of the researcher in the present study fall within the interpretive paradigm and, therefore, this paradigm is explored in greater depth later in this section.

The radical humanist paradigm is similar to the interpretive paradigm in that its subjectivist position and approach to social science comes from the “nominalist, anti positivist, voluntarist and ideographic” standpoint but falls within the position of sociology of radical change (Burrell & Morgan, 1979, p. 32). The basic notion of this paradigm is that “the consciousness of man is dominated by the ideological superstructures with which he interacts, and that these drive a cognitive wedge between himself and his true consciousness” and that the emphasis is to let go of

the constraints of existing social arrangements due to “false consciousness” in order to realise full human potential (Burrell & Morgan, 1979, p. 32). Lastly, the radical structuralist paradigm, like the radical humanist paradigm, focuses on sociology of radical change but from an objectivist position.

Burrell and Morgan (1979) further elaborate that theorists located within any one of the paradigms have a particular way of perceiving the world because of the underlying agreement with regards to basic assumptions about the nature of the science and society. These sets of assumptions would be fundamentally different from those held by theorists in other paradigms and hence these paradigms can be regarded as four, alternate ways of viewing the social world. They further emphasise that over time one can work in different paradigms, suggesting a shift in the way in which one views the social world, but that a researcher cannot at the same time work in more than one paradigm because of the contrary nature of the set of assumptions underlining each paradigm.

Burrell and Morgan’s scheme of four paradigms is not without criticism. For example, Deetz (1996) points out that this scheme is like a safe haven for functionalists to defend themselves from increasing criticism and that it allows researchers to use it to argue the novelty and legitimacy of their work. Deetz argues that the dimensions used by Burrell and Morgan “obscure important differences in current research orientations and lead to poorly formed conflicts and discussions” (1996, p. 191). Nevertheless, the Burrell and Morgan scheme of four paradigms is helpful in understanding a researcher’s position in a study and



clarifies the fundamental assumptions regarding this study when it is viewed as offering more of a “descriptive” rather than a “prescriptive” model (Bircham-Connolly, 2007, pp. 67-68).

### **Interpretive Paradigm**

As already mentioned, the interpretive paradigm is discussed in depth because it is the paradigm within which the current research is best located. The intellectual roots of the interpretive paradigm can be traced back to the work of early German idealists who believed that the “ultimate reality of the universe lies in the ‘spirit’ or ‘idea’ rather than in the data or sense perception” (Burrell & Morgan, 1979, p. 227). One of those first philosophers was Immanuel Kant (1724-1803) and according to his philosophy “a priori knowledge was seen as independent of any external reality and the sense data which it ‘emits’; it was seen as the product of the ‘mind’ and the interpretive processes that go within it” (Burrell & Morgan, 1979, p. 227). Recognition within the realm of natural sciences that human values interfered with scientific inquiry, and concern within the realm of cultural studies that an actor’s life and actions were too complex to be studied through scientific methods interested in creating common rules and regulation, led to the dissatisfaction with sociological positivism in this period (Burrell & Morgan, 1979). This disenchantment marked the birth of various schools of thought which today, based on their intellectual foundations, are collectively known as the interpretive paradigm (Burrell & Morgan, 1979).

Interpretive researchers consider social reality as an expansion of human consciousness and personal experience; individuals through the use of universal language and exchanges of daily life may build and maintain a social world of “intersubjectively shared meaning” that is in a constant process of transformation (Burrell & Morgan, 1979, p. 261). Interpretivists perceive all human action as meaningful and to understand a particular human action or experience, a researcher must grasp the subjective meaning of that action i.e., understand the action or experience from the point of view of the individuals involved in it (Schwandt, 2003). As Nordqvist, Hall, and Melin (2009) make clear,

In this view, understanding is reached through detecting or assigning meanings to social phenomena (Lindholm 1979), where meaning is seen as ‘what an experience means to a person, defined in terms of intentions and consequences’ (Denzin 2001:160). In the interpretive approach, *understanding* is thus about *seeing something*, such as an organisational phenomenon, as *something* and *interpreting* is about *seeing things in new ways, or assigning new meanings to them* (Asplund 1970; Odman 1991). (p. 298)

Burrell and Morgan (1979) further elaborate that the interpretive paradigm can be considered in terms of four distinct categories of interpretive theory that share this common feature of attempting to understand the social world mainly from the point of view of the actors involved in the social process (as opposed to the researcher), and reflect a move of intellectual attention from positivism along the subjective–objective dimension of the scheme of four paradigms. The four major categories of interpretive theories are: 1) solipsism, 2) phenomenology, 3) phenomenological sociology, and 4) hermeneutics. The authors emphasise that the extent of subjectivity in terms of the four strands of subjective–objective dimension distinguishes these interpretive theories.

The remaining part of this section focuses on the discussion on phenomenological sociology because this is where the philosophical position of the present research is situated. Writers within phenomenological sociology share the common “aim to understand the social world rather than predict or control it” (Gallant & Kleinman, 1983, p. 13) and “recognize that social reality is created and sustained through the use of typifications or ‘ideal types’, as individuals attempt to order and ‘make sense’ of the world in which they live” (Burrell & Morgan, 1979, p. 252). As Yu (2003) explains, human beings have an accumulated stock of knowledge from day-by-day life episodes that can be used to interpret life’s incoming events, and that typifications are like rule of thumb, based on lived experiences that are typified and crystallised to use in an interpretive framework. Yu (2003) compares humans’ use of typifications to driving a car on a familiar road where a driver does not need to ask for road directions, use maps or look for road signs:

. . . our interpretation frameworks continue to search for familiar roads that render thinking unnecessary. . . In this framework, human action is not seen as a given response to some external stimuli, but arises out of the meaning and significance people construct in events. (p. 337)

However, as Gallant and Kleinman (1983) explain, there is also difference in the way in which phenomenological sociologists study social reality that produces differences in the type of knowledge produced. Ethnomethodology and phenomenological symbolic interactionism are two schools of thought within phenomenological sociology that are both concerned with meaning but have different views of meaning and ways of investigating it (Gallant & Kleinman,

1983). Ethnomethodology is inclined towards the work of Alfred Schutz (Flecha, Gomez, & Puigvert, 2003). In Schutz's approach, "social actors are the ones who give meaning to their actions" (Flecha et al., 2003, p. 46) and, therefore, his concern was to understand the social world from the point of view of those living within it, as opposed to that of the researcher. To explain the meaning of any social action, Schutz's emphasis is on the individual's consciousness (Flecha et al., 2003, p. 46). As Ferguson (2006) elaborates:

The aim of Schutz's work 'is to interpret the actions of individuals in the social world and the ways in which individuals given meaning to social phenomenon' (1967, 6). Meaning, however, does not lie in experience itself. Rather, 'those experiences are meaningful which are grasped reflectively' (1967, 69), which is not to say abstractly in the light of specific concepts but, rather, as the product of an attentive attitude that delimits a specific segment of the ongoing stream of practical activities: 'when I immerse myself in my stream of consciousness, in my duration, I do not find any clearly differentiated experiences at all', but 'The very awareness of the stream of duration presupposes a turning-back against the stream, a special kind of attitude towards that stream, a "reflection" as we call it' (1967, 47). (pp. 92-93)

According to Flecha et al. (2003), Schutz drew on Husserl's life world concept and defined it as the backdrop of unquestioned assumptions and beliefs that individuals use for interpretation, noting that many social realities depend on what is taken for granted (Flecha et al., 2003). Acknowledging Schutz, ethnomethodologists are interested in the ways in which social actors make clear and convince themselves and each other that the procedures and actions in which they are involved are rational and consistent. The focus is to understand the techniques which reveal the actor's process of interpretation to organise the world and make it seem logically "accountable" (Burrell & Morgan, 1979, p. 250).

Hence, ethnomethodologists “treat the interpretation process itself as a phenomenon of investigation (Wilson, 1970)” (Gallant & Kleinman, 1983, p. 5). The examination of practices of everyday life becomes the research topic instead of exceptional experiences knowingly perceived and assigned meaning (Flick, 2009). According to Garfinkel, who founded ethnomethodology (Flick, 2009), the “social situation” is a “process of accountable action” in which “indexicality” (expressions and activities that are used but are not necessarily clearly stated and can vary in different situations) and “reflexivity” (the ability to look back on what has happened before) play a crucial part (Burrell & Morgan, 1979, p. 248).

Unlike ethnomethodologists, the main concern for phenomenological symbolic interactionists is “to interpret social action” (Gallant & Kleinman, 1983, p. 5) and for this they depend on meanings that the social action has for the actors involved (Flick, 2009, p. 62). The aim is “to capture the actor’s definition of the situation” and take the actor’s “interpretations into account” when building theories (Gallant & Kleinman, 1983, pp. 10-13). Phenomenological symbolic interactionists are influenced by and acknowledge the work of G. H. Mead, particularly the concept of self. As Flecha et al. (2003) explain:

Mead considered “*self* as the interrelationship between the *I* and *me*. The *I* is formed by our body’s responses to the actions of others. The *me* is the whole of the attitude of others that the *I* assumes. The *I* and the *me* are phases of the self. The self is the *self*, which can be both subject and object at the same time. (pp. 58-59)

Mead's ideas on self are reflected in Blumer's (1969) "three simple premises" of phenomenological symbolic interactionism:

The first premise is that human beings act towards the things on the basis of the meanings that things have for them . . . The second premise is that the meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows. The third premise is that these meanings are handled in, and modified through, an interpretive process used by the person in dealing with the things he encounters. (p. 2)

Phenomenological symbolic interactionists believe that people do not just react to things but construct the social world in which they live (Burrell & Morgan, 1979). Gallant and Kleinman (1983) explain that people, according to symbolic interactionists, have some say in how they describe things and take action, but that this does not imply that people can do whatever they feel like. It means that people have free will to define objects and act as they wish but that, in attributing meaning, they interact with other people and also take into consideration the limitations of the situation and the society. Gallant and Kleinman further add that scholars within this tradition view "the individual as "making sense" of obdurate reality within the interactive matrix which constrains the whole gamut of experience" (1983, p. 8).

Relating the above discussion to the present study, phenomenological symbolic interactionism is the adopted philosophical position. The perspective applied in this research is that entrepreneurs make sense of their venture-related experiences and act on the basis of the meanings attributed to these experiences. It is the phenomenon of venture failure that the researcher is interested to understand and build theory on through the interpretations of the entrepreneurs who have

experienced it. Unlike ethnomethodology-based studies, the interpretation process is not the phenomenon of investigation in this study. To explain this further it will help to use an example: If the emphasis were to find out “how” the entrepreneurs know and convince themselves and others that what they were doing while experiencing venture failure was rational and consistent, then this would have been an ethnomethodology type of study, because the focal point of interest would have been on describing the methods the entrepreneurs used to make sense of their everyday activities when experiencing venture failure as they attempted to create order in their world. However, the focus of this study is not to test what is already known, such as previously formulated theories, but to build “empirically grounded theory”, as close as possible to the subjective perspective (i.e., a theory on venture failure based as far as possible on the point of view of the entrepreneurs) on venture failure with emphasis on how they experienced it, how they stayed resilient, and what they learned from it (Flick, 2009, p. 15). Phenomenological symbolic interactionists use a variety of methodological approaches (Denzin, 2004) and so the approach in this study will be elaborated in the following section.

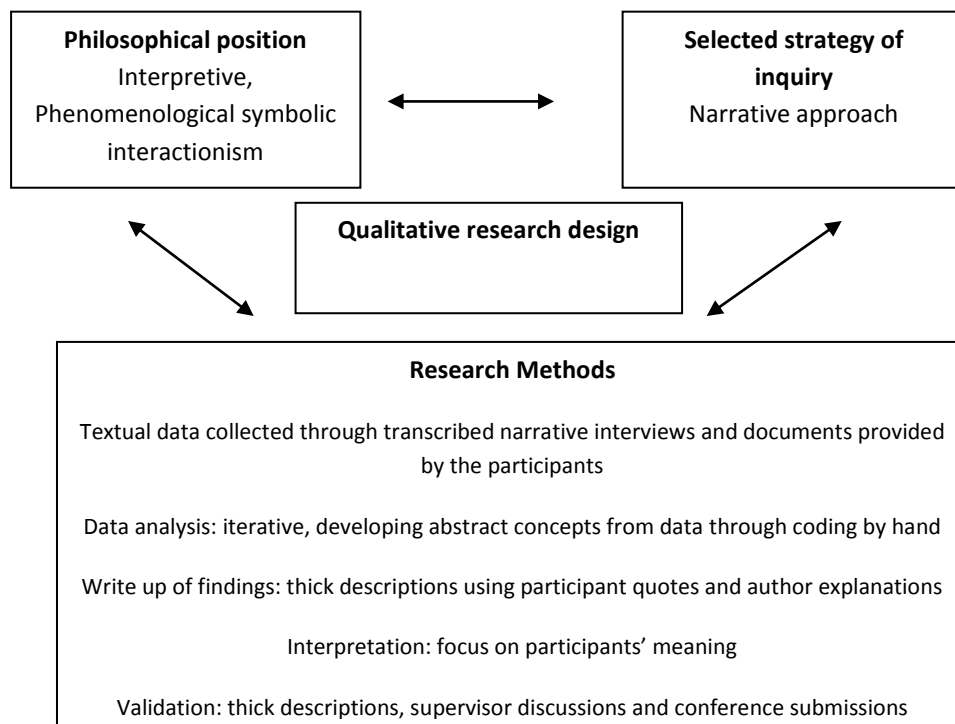
## **RESEARCH DESIGN**

Research design is a plan that elucidates a string of decisions and strategies adopted to examine the research questions in a thesis (Trafford & Leshem, 2008). The design explicates the selection from a range of options available to the researcher at various points in the research process (Flick, 2009; Ragin, 1994).

Creswell (2009) suggests that any researcher should think about philosophical position, strategies of inquiry, and research methods as three crucial interconnected components in framing a research design. He further adds that a researcher's choices within these three components reflect whether the design would tend to be qualitative, quantitative, or mixed method (See Appendix A.).

A qualitative research design is discussed in detail in the following section, and is summarised in Figure 1 (See next page). The first component of the research design is the philosophical position of interpretive, phenomenological symbolic interactionism which has just been discussed. The second component of research design comprises strategies of inquiry. These are “types of qualitative, quantitative, or mixed methods designs or models that provide specific direction for procedures in a research design. Others have called them “*approaches to inquiry* (Creswell, 2007) or *research methodologies* (Mertens, 1998)” (Creswell, 2009, p. 11). A researcher makes use of strategies of inquiry in progressing from philosophical position into the arena of empirical information (Denzin & Lincoln, 2003b). A narrative is one of the many forms of qualitative research and is the form adopted as a strategy of inquiry for this study. This position is discussed in further detail in the subsection titled “Narrative as a Strategy of Inquiry” (See page 75). The last component of the research design is research methods which include the researcher's choices regarding data collection, analysis, and interpretation. The research method component of the qualitative research design in this study is elaborated in three sections in this chapter: data collection, data analysis, and ensuring goodness of framework.





**Figure 1. Qualitative Research Design in Current Study.**

Adapted from *Research Design: Qualitative, Quantitative & Mixed Method Approaches* (p.5), by J. W. Creswell, 2009, Thousand Oaks, CA: Sage.

## **Qualitative Research**

Qualitative research is a “field of inquiry” that cuts across disciplines, fields and topics (Denzin & Lincoln, 1998, p. 2). It does not exclusively belong to a particular paradigm or theory and neither does it have its own set of research methods or practices (Denzin & Lincoln, 1998). It encompasses numerous points of view and styles of practice (Locke, 2001) and hence is categorised by researchers in a variety of ways (Flick, 2009). Appendix B shows some of the

ways in which qualitative research is explained and classified. The detailed classification and clarification of varieties of qualitative research, the overlapping terminology, comparisons and ideas (Denzin & Lincoln, 1998) can be mind-boggling for a researcher (Miles & Huberman, 1994). This study relies on Creswell's (2009) clarification of qualitative research.

Creswell (2009, pp. 175-176) knits together the common views of researchers about qualitative research and points out nine key characteristics that describe this field of inquiry. First, qualitative researchers typically tend to collect data in a natural setting. This approach means they prefer to interact with people and watch their behaviour within the environment in which the problem or issue of research interest takes place instead of relying on some artificial setting such as a laboratory. They also typically prefer face-to-face-type interactions rather than sending out instruments for completion. Second, the researchers themselves tend to collect data, whether it is through observing people, interviewing people, or examining documents. Usually they do not rely on other researchers' questionnaires or instruments to collect information. Third, qualitative researchers tend to gather data from different sources such as interviews, documents, and observation. They usually make sense of and develop themes from the different forms of collected information. Fourth, qualitative researchers tend to inductively analyse the data. They build their data from bottom up, by arranging the data into progressively more abstract categories of information. The researchers work in a backwards and forwards fashion between the categories and database to achieve a complete set of themes. Fifth, participants' meaning is the

focal point of interest for qualitative researchers i.e., they tend to focus on the meaning given by the participants to the research problem and not on their own viewpoints or on what is written in the literature about this problem. Sixth, a qualitative research process is emergent, which means that the plan to carry out the research is flexible and open to change. For example, the research question, the way the data are collected, and the individuals to be included in the study may be altered in order to learn about the research problem. Seventh, qualitative researchers usually apply some lens to their study. The lens may be theoretical, historical, social, philosophical or any other. Eighth, in qualitative research, the researchers interpret what they observe, hear and comprehend, and the interpretations cannot be divorced from their background and earlier knowledge. The participants and readers of the qualitative report are also involved in interpretation and hence multiple outlooks on the problem can appear. Lastly, qualitative researchers try to build a multifaceted and holistic picture of the research topic. This construction involves including diverse points of view and factors in a setting. The larger picture is usually presented with the help of a framework that illustrates the multiple aspects of a phenomenon or a process.

### **Narrative as a Strategy of Inquiry**

“Narrative inquiry refers to a subset of qualitative research designs in which stories are used to describe human action” (Polkinghorne, 2003, p. 5). According to Bruner (1996), the fundamental way of perceiving and knowing about the world is by means of a narrative. This assertion is based on the assumption that complex and rich phenomena of life and experience are better represented in

narratives (Lieblich, Tuval-Mashiach, & Zilber, 1998). A past experience cannot be relived and neither the researcher nor the participant in a research study can have complete access to it (Denzin & Lincoln, 1998; Lawler, 2002). Nonetheless, the narrative inquiry helps reveal the meaning and description of key and remote issues of that experience in the form of a story. Hence, “the study of narrative is the study of the ways humans experience the world” (Grimmett & MacKinnon, 1992, p. 404). Literature suggests there is a growing interest in the potential contribution of narrative inquiry in entrepreneurship research (Endres & Woods, 2007; Warren, 2004).

Polkinghorne (2003, pp. 5-24) clarifies that there are two common types of narrative inquiry. The first and more common is the analysis of narrative approach. In this approach, the researcher collects stories as data. The researcher then inspects these stories in order to inductively develop concepts or common themes. The second approach is narrative analysis. In this approach the researcher collects descriptions of events and happenings and blends them using a plot to produce a story or stories, such as historical account, case study or biographic episode. The present study uses the first approach.

A narrative can also take many forms such as novels, short stories, films, television shows, news accounts, comics, paintings, ballet, interviews, songs, and written journals (Cohan & Shires, 2001). In this study the analysis of narrative approach uses interviews as a method to collect entrepreneurs’ stories as verbal

data. This approach is further elaborated in the data collection section of this chapter. The verbal, recorded data of the interviews is converted to textual data via transcription. The researcher works with this textual data, in addition to written documents provided by participants, emails, communication and the researcher's observation during interviews, to interpret participants' stories. The information in the participants' stories is retold by the researcher with the help of theoretical concepts developed from the data. The entire process of converting textual data into findings is elaborated in the data analysis section of this chapter.

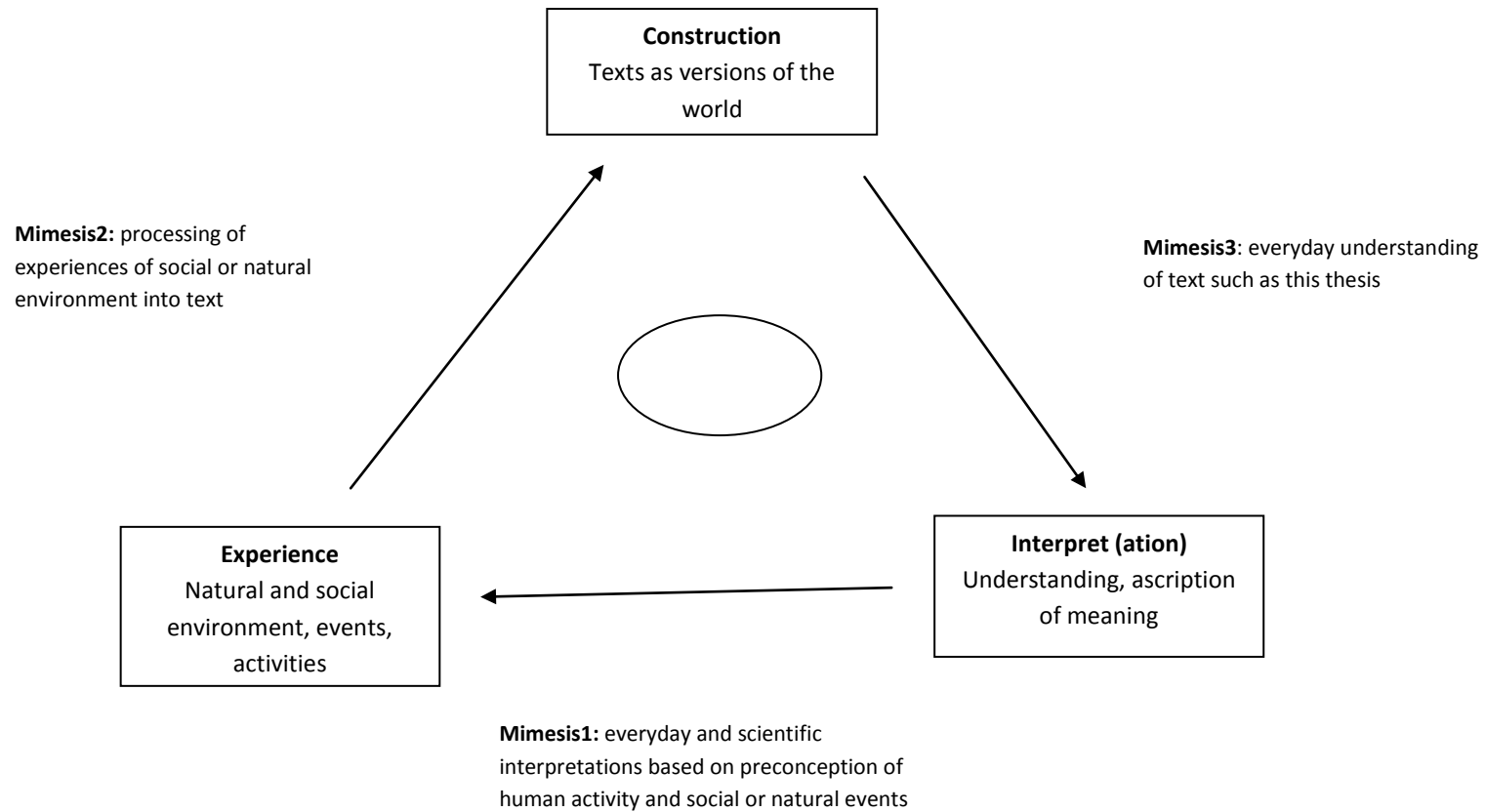
A common subject of discussion is whether narratives help researchers to directly access real experience (Flick, 2009; Lawler, 2002). Furthermore, researchers have had concerns about the use of narratives in research based on the argument that participants may not always accurately remember past events, may misrepresent or may lie about certain incidences and this distortion would produce biased accounts of what had actually occurred (Lawler, 2002). The position taken in this study is that a narrative is neither a crystal clear vehicle of an experience in a person's life nor is it a mere collection of facts about an experience (Lawler, 2002). Rather, narratives are products of the society because people tell their stories within the background of a social, historical and cultural setting, knitting other people's stories in their own, which in turn get circulated socially. Narratives are also an apparatus for interpretation (Lawler, 2002) because "people usually encode their experiences in narrative form" and they typically use narratives to elaborate and give reasons for their opinions and actions (Shkedi, 2005, p. 10). Narratives enable one to make sense of and understand personal

experience, and what went on before is remembered, interpreted, and reinterpreted in an attempt to achieve some sense of coherence in the light of current knowledge and hence, there is no such thing as “unbiased access to the past” (Lawler, 2002, p. 250). The very task of conveying all the happenings through language requires a “higher level of order on them than they have in the flux of everyday experience” (Polkinghorne, 2003, p. 16). As Lawler elaborates:

We all tell stories about our lives, both to ourselves and to others; and it is through such stories that we make sense of the world, our relationship to that world, and of the relationship between ourselves and other selves. Further, it is through such stories that we produce identities. Every time we write a CV, or give an account of ourselves to a friend or an acquaintance, or explain inherited characteristics, we are engaged in story-telling, and producing an identity which is relatively stable across time . . . [And] research...introduces another level of interpretation – that of the researcher . . . [In a research setting] the kind of questions asked, the whole direction of the research, will to some extent influence the kinds of narrative research subjects produce in the research itself, as will the location of the researchers themselves. Again, the issue here is not of ‘bias’ or ‘distortion’, but one of the inevitability of interpretation and reinterpretation. (2002, p. 250)

Thus, the actual lived experience is a messy cocktail of irrelevant events, everyday errands as well as simultaneous numerous developments (Carr, 1986) and narrative is a somewhat congruent and structured representation of that experience in the form of a story (Polkinghorne, 2003). A narrative tells us about life in a meaningful way (Shkedi, 2005). The inevitability of interpretation and reinterpretation argued for by Lawler is also discussed by Flick (2009): “The idea of mirroring reality in presentation, research, text has ended in crisis” (p. 84). Flick further argues that this idea may be replaced by Ricoeur’s (1981, 1984) idea of three stages of the process, mimesis, that is depicted in Figure 2 (See page 80.).

Mimesis means transformation of the natural world into a symbolic world. For example, the presentation of natural or social relations in stage drama or in literary text is a mimesis. Relating this idea to this study, the participants reconstruct and interpret their lived experience in the form of a narrative. The narrative told in the interview situation is only a version of that experience, interpreted and constructed by the participant for the specific purpose of taking part in the research project's interview. The researcher processes this symbolic version of the participant's experience into text via transcribing, writing and presenting the findings in thesis. This thesis is converted into understanding as its readers interpret the written text in it. Thus, "experiences are not mirrored in narratives or in the social science texts produced about them" (Flick, 2009, p. 84).



**Figure 2. Process of Mimesis.**

Adapted from *An Introduction to Qualitative Research* (pp. 78-80), by U. Flick, 2009, London, England: Sage



## **DATA COLLECTION**

### **The Narrative Interview**

Since the events making up a story are only available to us through telling, a narrative has two basic components: the tale and the teller. The interview situation can be regarded as a story telling arena (Johansson, 2004) or “inscription of narrative production” (Czarniawska, 2004, p. 55). There are many ways of conceiving narratives in interviews and this study uses the “narrative interview” to collect stories of venture failure as data from the participants (Flick, 2009, p. 178). As Flick explains, in the narrative interview method, participants are provided the opportunity to open up and share their views without being obstructed as far as possible by the interviewer. To elicit a narrative from the participant, the interviewer crafts a “generative question” that is open-ended but at the same time specific enough “for the interesting experiential domain to be taken up as a central theme” (Flick, 2009, p. 178). Table 6 provides Flick’s example of a good generative question and Table 7 provides the question for the current study inspired by this example (See Table 6 and 7 on next page.).

**Table 6. Flick's Example of a Generative Question in the Narrative Interview**

This is a typical example of a good generative question:

I want to ask you to tell me how the story of your life occurred. The best way to do this would be for you to start from birth, with the little child that once you were, and then tell all the things that happened one after the other until today. You can take your time in doing this, and also give details, because for me everything is of interest that is important for you.

Source: Hermanns (1995, p. 182)

From *An Introduction to Qualitative Research* (p. 178), by U. Flick, 2009, London, England: Sage

**Table 7. Current Study's Generative Question in the Narrative Interview**

I want to ask you to tell me the story of your business. The best way to do this would be for you to start from how you got into the business and then tell all the things that happened one after the other. You can take your time in doing this, and also give details, because for me everything is of interest that is important to you. I may have to ask a few questions to get more clarity while listening to your story.

Adapted from *An Introduction to Qualitative Research* (p. 178), by U. Flick, 2009, London, England: Sage

After asking the question, the interviewer actively listens and waits for the participant to finish telling the story and then, if needed, asks other generative questions about parts of the story that are of research interest but have not been sufficiently covered by the participant. Flick argues that this is a sensitive method to elicit participants' perspectives and helps to obtain "a more contextualized and comprehensive account of events and experiences" than other types of interviews in which topics as the way these should be discussed are to quite an extent "pre-structured" by the questions asked by the interviewer (2009, p. 191). The participant is less likely to be concerned with whether or not s(he) is giving the correct answer which is different to a prescriptive approach in interviews in which

questions are asked to seek specific information and the participant has to form the answer to confirm to the limits to the question.

### **Selection of Participants**

The aim of this research is to build theory and not test theory. Therefore, those entrepreneurs who experienced venture failure and were willing to talk about their experiences were selected for the study. There is not full agreement in the literature about how to define an entrepreneur and there have been many ways in which an entrepreneur has been defined (Stearns & Hills, 1996), such as someone who is self employed (Parker, 2006), is an owner-manager of a firm (Warren, 2004), involved in starting up an innovative private venture (Politis, 2008) or involved in starting up new small or medium sized enterprise (Sullivan, 2000). However, this study adopts Politis and Gabrielsson's operative definition of an entrepreneur: "Our operative definition of entrepreneur in this study is an individual who establishes and manages a business, which is consistent with past entrepreneurship research" (2009, pp. 370).

Creswell states, "purposeful selection of participants represents a key decision point" in a study (1998, p. 118). The selection of participants was based on three suggestions made by Taylor and Bogdan (1998). First, the participant should be an entrepreneur who has experienced a business venture failure. This filtering is described as "criterion sampling" by Taylor and Bogdan (1998, p. 118) which means that all people selected for the research should have experienced the

phenomenon because they should be able to contribute to the evolving theory. Second, the participant should be someone the researcher does not know because strangers mostly give better information in interviews (Spradley, 1979; Taylor & Bogdan, 1998). Third, the participant should be someone who has time and does not have any problems talking about his/her experience.

After having decided the criteria for selecting the participants, the second decision related to the number of participants to be interviewed for this study. Although there is no fixed rule regarding how many cases a researcher should study (Eisenhardt 1989), interviews with 20 participants were aimed for as it was anticipated that this number would generally be enough for patterns to emerge. Sampling ended after integrating data from the twenty-first participant as the saturation point was reached at this stage, that is, no new information was emerging through interviewing more participants (Locke, 2001; Maykut & Morehouse, 1994).

To identify participants who matched the criteria described above, project information sheets were distributed to personal contacts on the researcher's university campus and in public places such as the local church. Newspaper advertisements were also placed asking for volunteers for this project. Data were collected between February 2007 and August 2009. Most interviews lasted for one and a half hours and they provided the main source of data. The researcher also relied on public and personal documents, media articles, and website information

provided by the participants (Creswell, 2009). Moreover, the researcher took observation notes during the research setting and used relevant data from email communication with the participants (Creswell, 2009).

### **Participant profile**

Twenty-one entrepreneurs participated in this study and narrated stories of their experiences of small to medium-sized venture failure. The ventures belonged to a range of retail, trade, manufacturing, service and agriculture sectors and each venture existed for a period ranging between 5 months to 12 years. At the time of the interview, the experience of venture failure ranged from less than 1 year to 30 years previously. The age of the participants at the time of interview ranged between the mid-twenties to early seventies, and at the time of venture failure ranged from the early twenties to the sixties. Fourteen out of 21 participants were male and 7 were female. Nine out of 21 participants were not born in New Zealand. Ten out of 21 participants had prior work background and/or knowledge of the product or service offered by their business venture. For example, participant B had worked as a carpet layer apprentice before starting up the carpet retail business. Eighteen out of 21 participants were first-time entrepreneurs.

At the time of data collection, 17 participants were based in the North Island of New Zealand (8 participants in Hamilton, 3 in Wellington, 4 in Auckland, 2 in the upper North Island, 1 on the east coast of the North Island), 1 participant was based in Australia, and two were located in North India, having since moved

overseas. Thirteen out of the 21 participants had partners in business. Of these 13 participants, 7 were in partnerships with family members and 3 were in partnership with friends. Further details about participants and their businesses are provided in Table 8 (See next page.). Each participant in the table was given an alphabetical code name, for example, participant A, and these match the order in which they appear in this chapter's text.

**Table 8. Additional Information about Research Participants and their Ventures**

Participant	What was the motivation to start the venture?	Nature of the business	Fate of the business	Occupation after venture failure
A	Interest in clothing industry and financial motivation	Clothing manufacturing	Economic recession and failure to compete with foreign competitors who had scale advantage led to losses and closing down of the firm.	Started up and running successful art gallery with wife. Sells paintings internationally and conducts painting workshops.
B	Financial motivation	Carpet retail	Poor credit management led the firm to brink of bankruptcy, participant jumped partnership, sold assets to avoid bankruptcy and firm was closed down by the other partner.	Started up and is running a successful property development business
C	Interest in self employment	Truck transport	Lack of adequate funding to hire more staff. Physical exhaustion and stress led to financial losses. Firm was eventually closed down.	Studying towards a formal business qualification, unsure of what lies ahead after the completion of studies but open to the idea of working for someone or starting up a business.
D	Pay off existing debts and means of livelihood and employment	Construction and property management	Branched off to related businesses without adequate staff, capital and systems in place leading to financial losses and bankruptcy.	Started up car parts business with a friend.
E	Financial motivation and interest in business ideas that helps protect the environment	Tyre recycling	Failed to secure funding so business had to be closed down and assets had to be sold off to pay back debts and avoid bankruptcy.	Working on a ground breaking technology to restart the discontinued business
F	Interest in making the product available to the wider community	Pest control equipment	Partnership issues led to closing down the firm.	Went back to working as a scientist, does not want to be involved in a business again
G	Means of livelihood and employment	Poultry farming and selling	Inadequate funds to tackle unexpected crisis situations in the business led to closing down	Picked up a sales job. Then started another clothing label business in partnership after 2 years. After failure of this venture, decided to

Participant	What was the motivation to start the venture?	Nature of the business	Fate of the business	Occupation after venture failure
			of the firm because of financial losses.	work full time as a marketing professional.
H	Interest in self employment	Prawn farming and selling	Unexpected financial losses due to disease and change of government regulation, sold business to repay debt	Studying towards higher business degree
I	Interest in self employment	Sports retail	Inadequate financial management led to debts and closing down of the business.	Working in the area of mental health
J	Interest in the concept of proper grieving through personal life experience	Grief gift retail	Partnership issues, inadequate finances led to closing down of the business.	Looking for full-time employment as well as partnership and funding opportunity to restart the same business
K	Passionate about mushrooms, financial motivation and self employment	Mushroom farming and selling	Unexpected financial losses due to disease spread led to closing down of the firm.	Looking for full-time employment and opportunity to restart the business
L	Interest in self employment and interest in this industry	Software distribution and sales	Partnership issues and inadequate funding leading to massive losses, leading to receivership.	Took up a full-time job and then started up a successful consultancy firm
M	Interest in self employment	Doors and window making	Partnership issues led to closing down of the firm, the assets were sold to another company in order to recover from financial losses.	Completed a postgraduate qualification in business, helped successfully grow other businesses, working in consultancy, leadership and change management roles
N	Financial motivation	Tanning Boutique	Financial losses led to bankruptcy	Looking for full-time employment and open to the idea of starting another business, working on a new business concept with a friend



Participant	What was the motivation to start the venture?	Nature of the business	Fate of the business	Occupation after venture failure
O	Means of livelihood and employment and interest in kites	Kite making and retailing	Inadequate funds led to losses, debts and closing down of the firm	Works as an academic and does not want to be involved in starting up another business
P	Means of livelihood and employment and interest in kites	Kite making and Retailing	Inadequate funds led to losses, debts and closing down of the firm	Started up another business that involves life coaching, business coaching and art lessons
Q	Means of livelihood and perceived lifestyle opportunity by starting business - freedom to live in the city instead of doing farming like rest of the family	Travel and tourism	Lack of adequate capital and partnership issues led to losses, debts and closing down of the firm	Working full-time as a marketing professional
R	Live comfortably after retirement and freedom to work as and when one wants	Furniture retail	Economic recession and failing to meet government regulations led to bankruptcy.	Started up a fast food business
S	Interest in sustainability	Event management	Inadequate funds led to losses, debts and closing down of the firm.	Worked as a nurse, raised plastic bag awareness in the community, currently working on starting up another business
T	Financial motivation	Dry cleaning service	Relocation and sickness contributed to heavy financial losses. Firm was sold to prevent bankruptcy and recover from financial burden.	Works in a government organisation in a customer service and administration role
U	Lifestyle and financial motivation	Egg business	Cash flow problems made it difficult to financially sustain the business and therefore, it was closed down.	Continues to work as an academic and open to the idea of starting up another business

## **Ethical Considerations and Behavioural Guidelines**

The researcher has certain ethical responsibilities to all of those who might be affected by the research process or by the research results (Vaus, 2002). According to McCracken (1988, p. 26), a participant in a qualitative interview faces some risks and the interviewer should make sure that the interview process does not victimise the participant. The interview might include participant's personal feelings, the opinion of others and confidential information which, if made known, would have harmful consequences for people's lives and reputations (Gubrium & Holstein, 2002). To address any ethical issues, the following procedures were carried out. First, an application was sent to the University of Waikato Ethics Committee for ethical approval for this study. Second, before the interview, participation information sheets and consent forms were presented to all the potential participants. The participant information sheet provided relevant information about the nature of the research and helped the potential participants to decide whether or not to participate (Kent, 1996). The consent form aimed to highlight the main concerns for participant. For instance, that participation is voluntary (Seidman, 1991) and that the participant could choose to withdraw at any time without any consequences, that anonymity would be guaranteed (Neuman, 2000), and that the interview would be tape-recorded. The consent form also served the purpose of a written and formal agreement between the researcher and the participant to ensure that both parties' rights were protected.

In particular, certain behavioural guidelines were also followed during the interview. Because of the nature of the topic, efforts were made to "reassure" the

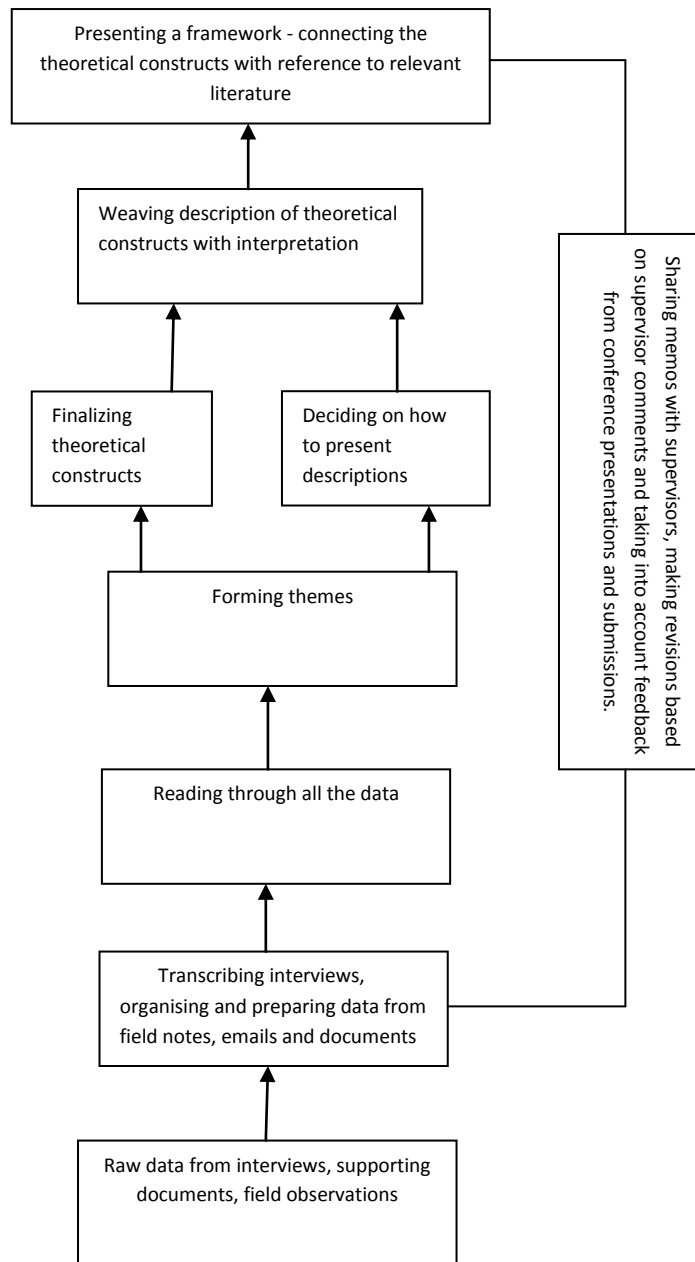
participants that “they are all right” after they revealed “something personal, embarrassing or discrediting” (Taylor & Bogdan, 1998, p. 100). Attentive listening, having good eye contact and showing interest, understanding and respect for what the participants revealed (Kvale, 1996) were some of the behavioural techniques used. The overall stance of the researcher was that of “empathic neutrality”, i.e., communicating an attitude of “understanding, interest and caring” but also being “non-judgemental” towards the interviewee’s opinions, activities and disclosure (Patton, 2009, p. 53). In summary, the questioning techniques and behavioural guidelines provided in the literature were useful in collecting valid data for the purpose of this research. Having explained the overall research approach for this study, this chapter now describes the data analysis procedures used for this research.

## **DATA ANALYSIS**

Data analysis is the process of transforming the collected data into findings. While each researcher can look for some guidance through other academics’ suggestions and work, no specific “recipe” is available to carry out the analysis (Patton, 2009, p. 432). Data analysis was guided by the literature review in Chapter 2 which provided a useful starting point to understand the participants’ experience of venture failure and learning from it. This section elaborates on the overall nature of the process, the key decisions, and the actual steps involved in converting data into findings.

### **Iterative Nature of the Process**

The process of data analysis is illustrated in Figure 3 (See next page). This process, although sequentially depicted, was iterative in nature, i.e., the researcher moved back and forth between the stages of data collection, transcription, forming themes, theoretical constructs, and writing up of findings.



**Figure 3. Data Analysis Procedure.**

Adapted from *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (p. 185), by J. W. Creswell, 2009, Thousand Oaks, CA: Sage

## **Use of computers**

To analyse qualitative data, some researchers rely on manual techniques i.e., they colour code, cut and paste text segments from the transcripts onto cards, while others use computer software as they find it a more efficient and less time-consuming way to code, manage, and store information (Creswell, 2009). The use of computer software is not a prerequisite as it is the researcher's mind and not the computer that does the thinking and the analysis (Flick, 2009; Patton, 2009; Tesch, 1990). Software packages are "pragmatic tools that support qualitative research. Their users should reflect on the technology's impact on the research itself. Neither should they be overloaded with hopes and expectancies, nor should they be demonized" (Flick, 2009, p. 370). The researcher should take into consideration his or her individual style and preference, skill of using computers, and the quantity of data to be analysed when thinking about the use of computer software (Patton, 2009).

In this study, Microsoft Word was used for typing and storing participants' interview transcripts. The transcripts were then printed for reading, highlighting and the jotting down of comments on the side of the text. Beyond this, software specially developed for qualitative data analysis was not used for analysis of textual data. The researcher has prior experience of using NUDIST software but found using software for qualitative data analysis intrusive in that it sidetracked and restricted the mind in thinking about the data in terms of software instructions and specification. Qualitative analysis is a "demanding intellectual task" and "is done in almost constant interaction with data" (Tesch, 1990, p. 113). It is

important for new researchers to focus on “learning about how to do good analysis, rather than just how to use a program” (Weitzman, 2003, p. 334). Consistent with the above suggestions of experienced researchers, a free, uninterrupted, open mind and more time spent with the data, rather than developing skills in using software, were given priority to allow creative ways of thinking and understanding the data.

### **Writing up Findings: Balancing Description and Interpretation**

One of the decisions that had to be made was how much description should be included in presenting the findings. Patton (2009, p. 503) argues that description and participants’ quotes are the back bone of a qualitative study but that too much of it can make the findings seem “trivial and mundane” while less description can make findings seem “thin” and stripped of “context and meaning”. Using Patton’s suggestions, the researcher tried to achieve a balance by interweaving interpretations with descriptions throughout Chapters 4 5, 6, and 7. An adequate amount of description and multiple “power quotes” or “most compelling bits of data” (Pratt, 2009, p. 860) were provided for the reader to understand the foundation of how the researcher had interpreted the collected data; at the same time enough interpretation was woven into the description for the reader to comprehend it. In Chapter 7, a framework explaining the connection between the theoretical constructs was presented. Reference to literature was made to provide the basis of interpretation that guided this framework. Presenting at conferences provided an opportunity to share and discuss ways to present and analyse data (See Appendix C.).

## Steps in Constructing a Theoretical Narrative from Collected Data

This section describes the actual steps in the process used to transform the raw text of the transcripts, and other information, into a reconstructed theoretical narrative. Each step is explained with the help of examples. There is a raft of terms associated with the tasks of naming and comparing parts of data such as open coding, selective coding, axial coding, theoretical codes, core codes, in vivo codes, and provisional codes that have been used in different ways and have, therefore, become increasingly ambiguous (Locke, 2001). The researcher was inspired by the simple and clear steps laid out by Auerbach and Silverstein (2003, p. 43) and so these have been used in this study. These are depicted in Table 9 below.

**Table 9. Six Steps for Constructing a Theoretical Narrative from Text**

<p>MAKING THE TEXT MANAGEABLE</p> <ul style="list-style-type: none"><li>-Explicitly state your research concerns and theoretical framework.</li><li>-Select the relevant text for further analysis. Do this by reading through your raw text with Step 1 in mind, and highlighting relevant text.</li></ul> <p>HEARING WHAT WAS SAID</p> <ul style="list-style-type: none"><li>-Record repeating ideas by grouping together related passages of relevant text.</li><li>-Organise themes by grouping repeating ideas into coherent categories.</li></ul> <p>DEVELOPING THEORY</p> <ul style="list-style-type: none"><li>-Develop theoretical constructs by grouping themes into more abstract concepts consistent with your theoretical framework.</li><li>-Create a theoretical narrative by retelling the participant's story in terms of the theoretical constructs</li></ul>
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From *Qualitative Data: An Introduction to Coding and Analysis* (p. 43), by C.F.L. Auerbach and B. Silverstein, 2003, New York: New York University Press.



*Step 1: Using the research questions as a guide to identify relevant text.* After transcription of all participants' interviews, the next task was to make sense of all data in the transcripts. The immediate concern was how the large volume of written material should be reduced to begin the process of making sense of it. The research subquestions helped in sifting relevant from irrelevant segments of text. The subquestions also helped sort the relevant texts from each transcript into separate blocks. As the transcripts were read, each text segment was checked to find whether it helped in achieving illumination of the research questions and in understanding the participants better. If the answer to these questions was yes, then this was considered to be relevant text and the segment was matched with the supporting subquestions. By the time this process had been repeated for all 21 transcripts, three major bodies of relevant data emerged and these formed the basis of subsequent stages of the data analysis plan. The relevant data matched the supporting subquestions asked during the interview and were initially given the names *experience, resilience, and lessons/outcomes*.

However, there were also text segments that did not fit neatly into one of these groupings. To address this concern, simple reminder points were made beside these "orphan" text segments (Auerbach & Silverstein, 2003, p. 58). For example, participant F talked about her terminally ill husband. At this stage, the relevance of this segment in relation to venture failure was unclear so this text segment was copied and pasted into a separate Word document and a comment was made beside the text stating, "participant F talked about her terminally ill husband". These points were revisited and such text was then placed under appropriate

categories as it became clearer whether, and how, it served further understanding of the overall research question. In the case of the example of participant F, the orphan text was found to fit with the theme of *spiritual beliefs* in the later stage of data analysis.

***Step 2: Immersion in the entrepreneur's point of view, understanding and reflection.*** The second stage involved a much closer look at the relevant data sets from stage one. At this stage, portions of relevant text were highlighted and labels were added to the highlighted text. Labels were words or phrases next to the highlighted lines of relevant text that most closely described the meaning of those lines. The main objective at this stage was, as far as possible, to interpret the phenomenon of venture failure as experienced by the participant. For this reason, exact words or short phrases used by participants were most often used as the label. The highlighting and labelling of text helps in deeper understanding of the text (Flick, 2009, p. 309). For example in the following excerpt, the word *stress* was used to label participant A's text: "It was 10 years of stress but these 2 months after the factory closed were the worst period. I was stressed". The participant elaborated on his experience of venture failure and this excerpt captures the stress that he underwent after the venture failed. Thus, *stress* is an example of a label attached to this data incident.

Flick (2009) clarifies the point that a researcher may choose to do this highlighting and labelling in many ways; for example, line by line, sentence by

sentence, or paragraph by paragraph, and the choice of approach depends on various factors such as the type of research question, material, individual style, and stage of the analysis. The research questions in this study were open-ended and this approach combined with the narrative approach in interviews resulted in detailed descriptions. Informal conversations when transcribed do not, however, look like a perfect piece of literary text that is easy to read. On the contrary, the material from the transcripts in this study revealed incomplete sentences; sometimes participants used only a word or so to state a point and at other times they used sentences or whole paragraphs or more to elaborate, and clarify the same point. Although detailed examination of data is recommended, researchers will often rely on their own judgment to decide what makes up a piece of data (Locke, 2001, p. 67). Therefore, in this study, the approach of highlighting and labelling text was kept fairly flexible. Sometimes a word, a metaphor, a short phrase, a few sentences, or even a paragraph would constitute a highlighted and labelled piece of data.

***Step 3: Identifying similar ideas in relevant text of each participant's transcript.***

At stage 3, text segments of each participant's transcript were rechecked to identify which highlighted and labelled data incidents were found more than once. Thus, any such duplicated, highlighted and labelled pieces of data or data incidents identified in stage two for a single participant were now classified as similar ideas. For example, Table 10 (See next page.) shows three different examples of similar ideas identified from participant A's transcript: feelings of loss, stress and self-stigma. This iterative process was conducted on all relevant

text of all the participants’ transcripts. Hence, stage 3 helped the researcher to immerse herself deeper into the volume of text in order to scrutinise repetitions which had the same underlying meaning and, therefore, could be combined together. At this stage of “within-case interpretation” (Nordqvist et al., 2009, p. 301), the aim was to pay close attention to the data incidents (Alvesson & Skoldberg, 2000), debate their underlying meaning, and subsequently categorise the various data incidents as similar on the basis of that underlying meaning.

**Table 10. Examples of Similar Ideas in Participant A’s Transcript**

Similar idea (1) Feelings of loss
For me it was an identity issue. There is a lot of self-esteem and ego tied up in this because what we do really says what we are. = <i>business loss and identity</i>
I was a bit time clothing manufacturer. When the business failed, it was not just financial losses but also an identity issue. = <i>business loss and identity</i>
Similar idea (2) Stress
I was very stressful = <i>stress</i>
Emotionally I was shot and stress level was high. = <i>stress</i>
It was ten years of stress but these two months after the factory closed were the worst period. = <i>stress</i>
I was stressed, shattered and wasn’t sleeping at night. = <i>stress/deteriorating health</i>
Similar idea (3) Self-stigma
I had the down days when I felt “Oh man I am such a mess, such a failure”. I can now hear my kids say, “Dad you are not a failure”. = <i>self-stigma</i>
There is a lot of stigma [associated with venture failure] . . . We didn’t see some of my peers in the clothing trade. = <i>self-stigma/perceived change in peers’ attitude because of failure</i>

**Step 4: Identifying repeating ideas across participants’ descriptions.** After having identified a variety of similar ideas in each participant’s transcript, a

comprehensive list of similar ideas was created. This list was made up of sublists of similar ideas from all 21 participants. Similar ideas emerging from one participant were listed under that participant's pseudonym in the Word document for easy identification. Furthermore, the sublists were categorised under the three textual analysis headings: experience, resilience, and lessons/outcome to make it easy to locate a simple idea. The final list of similar ideas was then rechecked to identify which similar ideas belonged to more than one sublist (participant's list of similar ideas). Any such similar ideas that were found in more than one participant's list of similar ideas were now called "repeating idea" (Auerbach & Silverstein (2003, p. 54). This "cross case interpretation" (Nordqvist et al., 2009, p. 301) enabled identification of common patterns and differences emerging across the whole set of participants' narratives. For example, checking was done to find whether the three similar ideas elaborated in Table 10 were also present in relevant text of other participants' transcripts. All three similar ideas were categorised as a repeating idea at this stage because the same idea was found in other participants' transcripts. Table 11 (See next page.) shows that similar ideas from participant A's transcript in Table 10 were also identified in other participants' transcripts. In Table 11, examples from two participants' transcripts are included to illustrate the process of identification of ideas that were similar to the ones found from participant A's transcript (as shown in Table 10) and of classifying them as repeating ideas.

**Table 11. Examples of Repeating Ideas: A Similar Idea found in more than one Transcript**

<b>Example of repeating ideas</b>
Feelings of Loss
I think for me it was that I am the kite woman and if I'm not making kites then who am I? There was the recognition I got as a kite maker and the self-esteem was all tied up in what I did. I noticed after business failure conversations would quickly turn to kite-making because I did not have anything else to talk about or do. I hadn't replaced kite-making with anything else and that was who I was – P.
It's [the business] just a big part of you that's gone out there – K.
Stress
It was very stressful – C.
It was basically a matter of survival and it is amazing how you are hit up against the wall – B.
Self-stigma
I have stopped dating. I feel quite unattractive. Since I have gone bankrupt I feel I don't have anything to offer to anyone and that is why I feel quite unattractive - N.
I don't talk about it [venture failure]. People are unable to understand the circumstances and in our socialist upbringing, there is no such thing as failure. Therefore, when someone fails then the stigma is that they have done something wrong, irrespective of them going out and creating wages and employment in the economy and irrespective of doing work for the general good of the country. People never see it like that – R.

**Step 5: Assembling repeating ideas into themes.** At this stage, each repeating idea was assigned to a theme. A theme, simply put, was a cluster of two or more repeating ideas that were grouped on the basis of a common meaning or theoretical connection (Auerbach & Silverstein, 2003). For example, *feelings of loss*, *stress*, and *self-stigma* are three repeating ideas constituting the theme “Revealing Hidden Wounds”. *Feelings of loss* illustrated the participants’ attachment to their business and their expressions of feelings of loss of control over their life and loss of personal identity because of failure of the business.

*Stress* was the anxiety experienced by participants. *Self-stigma* revealed the participants' belief that there is negative social stereotyping about entrepreneurs who have failed ventures and how they transferred those negative beliefs to themselves. The three repeating ideas described a deeper, personal loss experienced by the participants because of venture failure and were, therefore, arranged under the theme of "Revealing Hidden Wounds". Detailed description of repeating ideas and themes have been presented in Chapters 4, 5, and 6.

***Step 6: Organising themes to form theoretical constructs.*** A theoretical construct is an abstract concept which consists of themes that form a part of a theoretical framework. Auerbach and Silverstein (2003) state, "Theoretical constructs move the analysis from the description of subjective experience found in repeating ideas and themes to a more abstract and theoretical level" (p. 67). Developing theoretical constructs helps in understanding the themes more deeply and how they fit into the overall theoretical framework. Hence, this stage was crucial in the quest to "create a coherent story" in which the themes were not only described but also used to provide an explanation of how these themes fitted together (Pratt, 2009, p. 860). These constructs helped "to better grasp the meaning" of what entrepreneurs did and said in their stories (Nordqvist et al., 2009, p. 302).

When deciding what to call a theoretical construct, the main concern was to choose a term that most closely represented the underlying relationship and meaning of the themes grouped together. Data were scrutinised and reference to

the relevant literature was also made for ideas on how to label the constructs. Grief was mentioned in the entrepreneurship literature as a reaction to loss of the business (Shepherd, 2004). These themes were, therefore, assigned under the theoretical construct “Grief”. Similarly, Chapter 5 has a detailed description of themes assigned to the second theoretical construct, “Being resilient” and Chapter 6 describes the themes assigned to the third theoretical construct “Learning”. Findings related to each subquestion were considered as a mini story. The focal character (theoretical construct) found in that mini story in turn enabled the researcher to recount the overall experience of the participants in a coherent manner.

In order to decide on how to organise themes into a theoretical construct, each theme was regarded as a character in a story. Pratt (2009) points out, however, that when there are too many characters in a story each “demanding ample screen time” it becomes difficult to tell the story clearly (p. 861). Hence, just as a literary story has a focal character, the participants’ experience of venture failure needed to create a coherent story. For this reason, it was important to combine these various themes into one focal character. The content of each story was able to revolve around its focal character. For example, Chapter 4 elaborates the two themes that are arranged under the theoretical construct “Grief”: “Counting Losses” and “Revealing Hidden Wounds”. This theoretical construct was appropriate because the majority of the participants described the venture failure as a significant loss. In fact some participants (such as participant M) used the word “grief” when describing their experience of venture failure and used



metaphors such as “death” and “divorce” to emphasise the extent of loss they experienced when the venture failed. Grief was the participants’ reactions to loss because of venture failure. The two themes: “Counting Losses” and “Revealing Hidden Wounds” portray the participants’ emotional, physical, and social responses to their loss because of venture failure and this formed the basis of grouping them together into one focal character called “Grief” (See Table 12 below.). Specifically, “Counting Losses” gave an insight into the participants’ perceived penalties associated with venture failure. “Revealing Hidden Wounds”, on the other hand, portrayed a deeper level and more personal sense of loss experienced by the participants because of venture failure.

**Table 12. Example of Arranging Themes into Theoretical Constructs**

Grief (Theoretical Construct)
<b>Counting Losses</b> (Theme one)
- Unemployment ( <i>Repeating idea one</i> )
- Loss of income ( <i>Repeating idea two</i> )
- Loss of property & assets ( <i>Repeating idea three</i> )
- Lifestyle changes ( <i>Repeating idea four</i> )
- Lost or strained relationships ( <i>Repeating idea five</i> )
<b>Revealing Hidden Wounds</b> (Theme two)
- Feelings of loss ( <i>Repeating idea one</i> )
- Stress ( <i>Repeating idea two</i> )
- Self-stigma ( <i>Repeating idea three</i> )

*Step7: Retelling the participants' experience of venture failure.* Auerbach and Silverstein (2003) state that “A theoretical narrative describes the process that the research participants reported in terms of the theoretical constructs. It uses the theoretical constructs to organise people’s subjective experience into a coherent story” (p. 73). The participants’ story of venture failure was reconstructed with the help of theoretical constructs in Chapters 4, 5, and 6. Chapter 7 includes the framework that elaborates upon the links between the theoretical constructs. Occasional references were made to relevant literature to clarify and “strengthen the argument” of the organisation of the theoretical constructs (Charmaz, 2006, p. 166).

To frame the reconstructed story of the entrepreneurs’ experience of venture failure, a central metaphor was deployed. That metaphor relates to the tearing and repairing of fabric. The use of this metaphor helped to address the challenge of capturing and presenting the disconnected findings from Chapters 4, 5 and 6 into a “meaningful” [cluster of] “ideas and relationships” (Aita, McIlvain, Susman & Crabtree, 2003, p. 1424). Carpenter (2008) explains that in its simplest meaning, a metaphor is a “figure of speech, replacing one idea or object with another to suggest an analogous relationship” (p. 274) but when suitably used in qualitative research, it can help to shed light on the experience being examined and convey it in a way that evokes emotion and goes further than “straightforward information-oriented” (p. 278) account so that the reader is able to relate with and deeply understand the experience. Entrepreneurial failure is not an event experienced by everyone. To help readers to intimately and empathetically appreciate this less-

than-familiar experience, the reconstructed story was presented using metaphors that most people would be able to identify with. Consideration was also given to whether the metaphors chosen would allow effective portrayal of the most salient aspects of the venture failure experience rather than merely “cast shadows” on it (Carpenter, 2008, p. 279). This stage concludes the data analysis process used for this study.

## **EVALUATING THE COMPOSED THEORETICAL FRAMEWORK**

When evaluating a study, judgments are made about the “goodness” of theory that researchers develop (Locke, 2001, p. 59). As already mentioned, the focus of the present study is not on testing or falsifying theory in an “attempt to increase predictive understanding of phenomena” (Orlikowski & Baroudi, 1991, p. 5). Rather this is a qualitative study the purpose of which is to build theory grounded in empirical data that is collected in the form of participants’ narratives of failure. Therefore, criteria commonly used to test positivist studies, such as validity and reliability, were considered inappropriate and avoided because an interpretive study such as this one is not about establishing truths (Klein & Myers, 1999; Nordqvist et al., 2009). Rather research of this nature is about using excerpts from participants’ narratives and other supporting evidence such as documents and field observation as a “basis for generation of knowledge that opens up rather than closes, and furnishes opportunities for understanding” (Alvesson & Skoldberg 2001, p. 5). Despite the explanation of why positivistic criteria are not

applicable in a study of this nature, there nevertheless seems to be no consensus on the criteria which should be used to judge qualitative research (Patton, 2009).

In this study, the researcher has relied on the seven quality criteria suggested by one frequently cited researcher, Eisenhardt (1989, p. 548). The first criterion is about the assessment of the strength in the method used. The researcher has provided arguments for using the methods of data collection and analysis in Chapter 3 of this thesis. The second criterion is if adequate evidence is provided about sample, data collection procedures and analysis. The overall research process in this study is explained in Chapter 3 of this thesis. The philosophical assumptions, strategy of inquiry, methods of data collection and analysis is elaborated upon in a transparent manner. The third criterion is whether careful analytical procedure is followed by the researcher. The analytical process is described under “data analysis” in Chapter 3 of this thesis. The fourth criterion is whether evidence grounding the theory is provided. The emphasis was on clear presentation of findings to help the reader understand this research. Chapter 1 explicitly laid out how this thesis was organised. Furthermore, the reader was guided at the beginning of Chapters 4, 5 and 6 in terms of how the findings were organised. Figures and tables were used to clearly present the empirical data and lay out the process of data analysis. These figures and tables were referred to in the main body of the text. Moreover, participants’ quotes and descriptions of theoretical constructs were provided in Chapters 4, 5, and 6. A framework was provided in Chapter 7 to explain relationships between theoretical constructs. The fifth criterion is if rival explanations have been ruled out. The findings of this study were discussed in the light of existing relevant literature and the researcher

discussed and shared memos with supervisors all along the research process. The sixth quality criterion is if there is sufficient evidence presented for each construct for readers to make their own evaluation of fit with theory. Chapters 4, 5 and 6 of this thesis are packed with rich quotes from multiple narratives as supporting evidence for repeating ideas, themes and theoretical constructs. A final criterion is whether theory building leads to fresh insights. In this study, the focus was on developing theoretical constructs based on participants' subjective viewpoints rather than imposing prior knowledge on the empirical data. The extent of new insights also depends on the reader's assessment after reading the report.

Having discussed the evaluation of the goodness of the composed theoretical framework, Chapter 3 comes to an end. The philosophical position of the researcher, the research design, and the methods used to investigate the research question were elucidated in here.

The following chapter will present the findings to the first supporting question in this study: *"What do entrepreneurs experience when the venture fails?"*

## CHAPTER 4 GRIEF

In Chapter 4, findings on the venture failure experiences of the participants are presented. As already mentioned in Chapter 2, the overarching research question for this thesis is: *“How do entrepreneurs experience and learn from venture failure?”* The first supporting subquestion asks: *“What do entrepreneurs experience when their venture fails?”* As might be expected, venture failure leads to a considerable change in the participants’ life. It involves not only the discontinuation of a business but also the loss of almost everything significant that the participants had possessed, achieved, and aspired to achieve when the business was started. However, the heavy personal costs and the financial setback were not simply confined to the business; they also crept into the personal life of the participants. The title of this chapter, Grief, refers to the first main theoretical construct of this thesis. “Grief” is the term chosen to refer to the participants’ emotional, social and physical reactions to the venture failure. The narratives reveal that participants experienced grief for periods ranging from several months to several years. The chapter is organised into two major sections. In the first main section, findings are presented on the first theme of this theoretical construct – “Counting Losses”. The following section presents the findings on the second theme – “Revealing Hidden Wounds”.

## COUNTING LOSSES

The first theme, counting losses, refers to the participants' descriptions of the penalties that were a direct outcome of venture failure. As can be seen in Table 13 (See next page.), penalties such as unemployment and loss of income threatened the ability of several participants to afford basic necessities of life such as owning (participants A, B, O, P) or renting a house (participants, N), affording groceries or meeting medical bills (R). These areas will now be elaborated on.

### Unemployment

For the entrepreneurs, their venture was their main source of employment. All but three participants (E, F and U) were rendered unemployed when the venture failed as they had no other businesses or jobs. As participant J revealed:

*I can't get a job and I have applied for many and there is no reason why I shouldn't get a job – J.*

Similarly, participant A confided:

*From being a big time clothing manufacturer to being unemployed and living on the government benefit for 5 years was not an easy transition – A.*

**Table 13. Counting Losses**

Participants	Loss of income	Loss of property and assets	Lifestyle changes	Unemployment	Lost or strained relationships
A	X	X	X	X	
B	X	X	X	X	X
C	X			X	
D	X	X	X	X	X
E	X	X	X		
F	X				
G	X		X	X	
H	X		X	X	
I	X			X	
J	X	X	X	X	
K	X		X	X	
L	X			X	X
M	X		X	X	X
N	X		X	X	X
O	X	X	X	X	X
P	X	X		X	X
Q	X	X		X	
R	X	X	X	X	X
S	X	X	X	X	X
T	X		X	X	X
U	X	X	X		

**Loss of income**

For the entrepreneurs, the venture was the main source of income and, therefore, loss of the business meant loss of income for the participants and their families.



For example, participants H, S, N and T elaborated on their strained circumstances as shown below:

*We were living in a hand to mouth situation. I did construction work, food processing and all sorts of things to keep the house fires burning. I remember once I thought if I can give a certain amount of money to my wife then that would be so great. I carried on for years with no support – H.*

*The major thing that I have never experienced is having no money so it's not just failure as having no money is extraordinary – S.*

*In the last week of the business I had earned \$45 and so financially it was very difficult – N.*

*My husband has had a very difficult transition period. He is not bringing in more money so he has got the guilt – T.*

### **Loss of property and assets**

Eleven out of the 21 participants lost their houses and/or other personal assets such as cars and life savings. The houses were either mortgaged for business loans or were later put on the market to pay back debts and recover from financial losses. For example, participant R described the extent of loss after the business failed:

*We had the 20,000 square feet home; we had the heated swimming pool, and the games room. We lost it all – R.*

Similarly, participant J said:

*I have no house and no job. I mortgaged my house to get into the business and I have got tenants in the house at the moment as I cannot afford to get back into it. I'm a displaced person – J.*

### **Lifestyle changes**

Fifteen out of 21 participants described having to make lifestyle changes such as moving into smaller homes, having a reduced standard of living, and reduced participation in social activities, or relocation to another suburb or city because of the financial setback resulting from venture loss. For example, participant P said:

*We lost everything. We lost our home, our business and our cars. It was a terrible year as we absolutely lost everything and our self esteem – P.*

Participant S commented on her change in social life:

*It isn't easy because the whole conversation among people of our age is how well their property investments are doing and that conversation can go on for hours. There are a lot of things that you are expected to be doing and you are a part of and we are not – S.*

Participant N also elaborated on some wider-ranging financial cutbacks:

*I had to put my son's sport on hold for a year – N.*

Participant T talked about looking for a suitable offer to be able to sell the house for recovery from debts, having tenants in her house, and not being able to have children:

*We are still considering bankruptcy because we cannot get the \$25,000 credit card on to the house mortgage as our mortgage is fully indebted. We did try to sell the house last year but the offers were not good enough to cover the debt. So we have tenants in our house now and this is all a by-product of what happened with the business – T.*

*It [the failed venture] cost us having kids as well. My husband [also business partner in the failed venture] had a vasectomy. The plan was that when the money would come in from the business we would get the reversal operation done. The baby cot would be put in the staff room while I could work a few hours a day. I had it all planned out. Last year when the business was sold, I decided to not have the baby because there is no money. So if that business had worked, we would have been successful and I would have probably had a child. My husband has guilt about it. We are very mindful that we are not going to turn against each other. It is not his [husband's] fault. So it [setback of venture failure] is never going to leave us alone, whether it is the actual dollars and cents or whether it is one thing leading into another and then that affecting something else. It [the failed venture] has affected us in every way, house-wise, family-wise, strength-wise, resilience-wise, confidence-wise. It is not just about 'ok we had money in the bank and now we don't'. You have the expectations, the potential and everything else and then you go to less than nothing. – T.*

Participant U described the changes in lifestyle and social activities as a result of winding up the egg business:

*We were quite disappointed after the business was discontinued and felt we had quite a big gap in our lives. It was hard work but we loved the lifestyle and our social life. When we came to New Zealand it was hard to make friends here. We have been here for about 3 years and we didn't have many friends. The business enabled us to do have some relationships. We felt welcomed and for the first time we felt we belonged in New Zealand. When we gave up the business, we felt we had lost that. So I think for us it was the change in relationships, going back to town where we found it very hard to develop a circle of friends. We have to do it all over again. That is certainly one of the biggest stresses; we certainly felt more isolated again – U.*

These excerpts highlight the idea that a failed venture can have multiple effects on a person's life, not just financial repercussions.

### **Lost or strained relationships**

“Lost or strained relationships” refers to the participants' relationships that were spoilt or put under strain. The participants admitted to being *secretive* (B), *telling lies* (D) or *not communicating enough* (R) about the business failure. This lack of communication caused misunderstandings, leading to strain and loss of relationships. However, for the participants such approaches were mostly a self-preservation strategy and a way to cope with the ongoing setback of venture

failure. Sixteen out of the 21 entrepreneurs had life partners or spouses at the time of the business; for 2 of those 16 entrepreneurs (participants D and R) the relationship with their life partners ended because of stress related to the business failure. Six other entrepreneurs (participants B, L, M, O, P, and T) described the high level of strain the business had on their relationship with their life partner. Participant D, whose marriage ended with the venture, explained:

*I lied to my wife because she would yell at me. It rolled into business as well. Business is your master and you cannot have two masters. My wife got involved with the running of the business and it was a competition where the business was the other wife. We had arguments and fighting. The start-up period is incredibly intensive and you have to give it all and your partner needs to be incredibly supportive – D.*

Participant T, whose husband was also her partner in the business, talked about the stress in her marriage:

*We were very mindful of running the risk of it [marriage break-up]. This [the venture failure] was either going to make us stronger or break us altogether. We have fought a lot. I was worried about him. He was stressed out about the debts and worried about me. I talked constantly about business management and customer service to him and it led to arguments and ultimately he had the ulcer that nearly killed him. He was really tired and he worked so many hours. He also has two girls from his previous marriage and had the additional stress of looking after them. Things weren't good for him as he worked long hours and he is a big*

*drinker. That is his coping mechanism. His ex-wife said, 'You guys did this to the business.' So there was a lot of stress from there as well – T.*

Participant M also made a disclosure about the strain on the marriage:

*My wife said, 'You are about to lose us' and she was prepared to pack her bags and leave with the kids to live with her mum. She had her own stress with a baby of few months old and I just wasn't aware of it because I was so focused on the business – M.*

Participant R elaborated on the stress that ended his marriage:

*She [wife] would lie awake all night concerned about the business. In a relationship you share your problems and you involve your partner in the day to day issues but she was stressed out and it all became too much for her – R.*

Similarly, participant L confessed:

*It was a testing time for my marriage as well. It was quite tough for my wife. Lots of things she said was [sic] right in hindsight and I didn't listen to her then – L.*

In addition, participant B admitted that financial pressure also causes stress for the partner/spouse:

*If your partner has financial difficulty then you would understand the difficulty it puts on a relationship. We went through extremely difficult times and I am sure she felt sometimes that, 'OK I am on my way out because it's extremely difficult' – B.*

Participant Q, who was single at the time of this venture failure, said that if he had *had pressures of marriage then it would have been very difficult*. His business partner confided in him that his marriage was under considerable strain when financial pressures starting mounting up. The stress in marriages or personal partnerships came about because of a lack of work-life balance, financial pressures, difference of opinion about business decisions, and miscommunication. Lack of time was one of the main reasons for the strain on marital relationship for two participants (D and M). The small to medium size of the business meant that the participants were involved in day-to-day running of the business and worked long hours, often multitasking, especially at the start-up phase and when the venture was showing signs of failure. This situation left little scope for the participants to spend time with family and became an additional contributor to marital tensions and break-ups.

The venture failure negatively affected not just relationships with spouses/partners but other relationships as well. Thirteen out of 21 entrepreneurs had their immediate and/or extended family members involved as investors, partners and managers in the business. For example, participant M's relationship with his brother and parents has never been the same since their capital investment in M's business was lost because of the business failure. Moreover, M's brother was employed in the business and he lost that job as the business failed, which led to further misunderstandings in the family. Similarly, family money was invested in participant S's business. Financial losses created misunderstandings and intensified family tension.

The findings offered above demonstrate that the family and business role of an entrepreneur are closely intertwined. Stress created in the family can contribute to participants' grief at venture failure, and pressures in the business can create stress in the family, which at times lead to strained and broken relationships. The findings draw attention to the extent of the losses that the participants had to endure. Venture failure was not limited to business discontinuance; it meant life-changing circumstances for the participants and their family. The multiple challenges which the entrepreneurs were confronted with after venture failure required immediate attention. Finding a job, paying bills, downsizing accommodation due to financial setbacks were not tasks that could be put on hold for a while. As the participants tried to absorb the sheer scale of the changes that had occurred in their life, there was not much opportunity to take a break from the chaos. There was no sick leave or bereavement leave, no opportunity to feel the anguish they experienced, or permission to function at less than their optimum selves. Life for them seemed unforgiving. Overall, the theme of "Counting Losses" provides an insight into the penalties that the entrepreneurs perceived as having to pay because of venture failure.

However, while these were the more discernable and surface manifestations of the extent of loss the entrepreneurs experienced, they by no means capture the full extent of the losses suffered.



## REVEALING HIDDEN WOUNDS

“Revealing Hidden Wounds” is thus the second theme of the theoretical construct “Grief”. This theme gives an insight into a deeper, personal description of loss that emerged from the participants’ narratives. For example, participant A was grief-stricken for *10 years* and participant M for about *5 years*. Some participants (S, N, R, and G) said that they had *not fully healed* (R) and *some pain was still there* (G) even though several months or years had passed since the venture failed. Four participants were tearful while narrating their experience for this research. Terms with negative connotations such as *struggle* (I), *hard* (N), *bad* (N), *difficult* (A), *death* (B), *terrible* (P), *mess* (S), *nightmare* (K), *tough time*, *suffering*, *pain* (L), and *bitter* (G) were used to describe the episode of venture failure. Three repeating ideas: Feelings of loss, Stress, and Self-stigma surfaced from the “Revealing Hidden Wounds theme”. These ideas are illustrated below in order to draw further attention to the grief the participants associated with venture failure.

### **Feelings of loss**

As mentioned previously, the participants described venture failure as a difficult and unpleasant experience and as one that resulted in life-changing consequences. Participants revealed deep emotional attachment to the business when they described their feelings towards it and of losing the business. For example, participant L said:

*Your enterprise is your baby. It is your idea and you are throwing a lot of money, time and everything else in it and you just don't want that [failure] to happen – L.*

Similarly, participant K explained how he felt about his business:

*It is so rewarding to see those tiny heads pop up from the mushroom. How do I describe this? It is similar to a baby being born. It is [the venture] such a big part of you that is gone – K.*

For participant J, the business was her *dream*. Other participants used terms such as *death* (B) and *divorce* (M) to describe how they felt after the business loss. The use of such relationship-based terms shows that participants considered the loss of the business to be a deeply personal loss. As participant M said:

*Losing a business is the same as losing your partner. It is like going through a divorce in some cases – M.*

Loss of control and lost identity were participants' predominant descriptions of loss associated with business discontinuance. Loss of the business generated feelings of loss of control over one's life. For participants, that sense of controlling one's life meant achieving a successful business, a venture which provided freedom and ownership of what they wanted to do and how they wanted to live. For example, some participants had left stable jobs to enter into businesses because it gave them the freedom of choice to work in their own style without being answerable to any higher authority. In addition to freedom of choice in work life, a successful business also provided the security of a career,

the security of home ownership, a good income, lifestyle, the security of being able to lead a comfortable retirement, and the security to be able to plan and provide for family as well. The participants felt helplessly out of control when this sense of security and freedom was lost with the loss of the business. Participant B's main motivation to start a business was to *earn a lot of money and have no boss to answer* and elaborated on what it then meant to lose the home that he had bought with the earnings from the business and which he had to sell when the business failed:

*Having to let go was extremely difficult. Just to sell our castle, the house we own where my wife and kids live is extremely hard – B.*

Similarly, participant I explained why he left a secure bank job to start a sports retail business and how he felt after the business collapsed:

*I started to think about the good things of being your own boss, being in control of your own destiny and not being answerable or accountable to some higher authority figure. I had become increasingly worried about the downturn in business and started to doubt myself. The sense of control that I used to have was gone. I was out of control – I.*

Participant R explained his motivation for being in business and his position after the venture failure:

*Business to me has always been a means to an end. It is my retirement plan. It is to develop cash flow to the extent where you are not involved in the business on a daily basis. That has been so far an impossible thing to*

*achieve. I have this urge to create a business because working for somebody else frustrates me. I am unemployable. To be independently wealthy, to own a property for income, to get to the day where I do not have to go to work has been my lifelong goal. Now that does not mean I do not want to work, it means that I would only go to work when I want to go to work. The goal is to create a business that will allow the creation of assets. In addition, my core belief was to show my previous generations that finally somebody within the family had gained the skills to create wealth. No one has been able to succeed to a great degree yet they would come from hardworking family farms – R.*

*I was stripped of all assets including car and was left with nothing to start all over again. I was surviving on meagre income and was receiving \$110 weekly as state benefit. I was unable to get employment after sixty-odd applications. This was totally soul destroying – R.*

Such quotes illustrate that a venture failure is usually not just about tangible losses. It also involves a profound sense of disappointment that emerges from losing everything else such as house and car that symbolises their efforts to achieve their aspirations to create an ideal life.

The participants also expressed feelings of loss of identity and personal failure with the loss of the business. Their identities were closely associated with the image of a successful businessperson. Therefore, when the business failed, the difference between venture failure and personal failure was blurred and feelings of

losing one's identity or confusions about one's identity surfaced. For example, participant S questioned the meaning of the word *I* when describing her feelings after the venture failed to take off.

*I have never had failure before. It changes the sense of who I am. It is a failure in the newspapers with your photo. It is pretty gutting for a while. How on earth can I fail? There is also the question of who am I now? I'm not who I was but I don't know who am I yet – S.*

Similarly, participant P defined herself as *the kite woman* and she admitted a sense of loss of her identity and self-esteem when the kite-making business failed:

*I think for me it was that I am the kite woman and if I'm not making kites then who am I? There was the recognition I got as a kite maker and the self-esteem was all tied up in what I did. I noticed after business failure conversations would quickly turn to kite-making because I did not have anything else to talk about or do. I hadn't replaced kite-making with anything else and that was who I was – P.*

Participant K, *felt like a loser* after discontinuing the business due to heavy financial losses. Similarly, participant A, in describing how he felt after the venture failure, and how he feels now after creating another, successful business, revealed the close connection between his identity and the business:

*I had the down days when I felt 'oh man I am such a mess, such a failure'. I can now hear my kids say, 'Dad you are not a failure'. For me it was an*

*identity issue. There is a lot of self-esteem and ego tied up in this because what we do really says what we are – A.*

Similarly, participant D said:

*It [the business] becomes such a big part of who you are and it doesn't always reward you well – D.*

And participant K said:

*It's [the business] just a big part of you that's gone out there – K.*

The findings for the repeating idea feelings of loss confirm and illuminate the fact that venture failure can be a major life event that can trigger intense emotional reactions of loss. The findings also show that the participants had developed a deep emotional attachment with the business, which explains their source of grief. Feelings of loss of control and loss of identity further emphasise that the participants also grieved about their lost expectations. The participants regarded a successful venture as a tool that would enable them to be free in ways such as how and when they wanted to work, provide security in life, and also fulfil the desired image to be a successful businessperson. Hence, when the venture ceased to exist, the participants expressed feelings of loss of control over their life and loss of personal identity.

## Stress

All the participants in this research study described feelings of being overwhelmed, vulnerable, and being out of control when the venture failed highlighting the extent of stress they underwent when the venture failed. Participants described *being trapped* (G), *stuck, on an uphill battle* (T) *hit against the wall* (B), *on the edge of emotional breakdown* (A), *shell-shocked* (D) and *experiencing posttraumatic stress* (D) to describe the extent of the stress and helplessness they experienced.

For many participants, there was the stress of having to survive, that is, the anxiety about being able to continue providing for one's own basic needs and those of the family after venture failure. This stress included the pressure to find employment, earn a living, find a place to live, and continue to afford personal necessities. For example, N, a single mother who lost her business describes the stress when she could not afford the place where she lived:

*I was living with flat mates for five and a half years but now I couldn't pay my part of the rent. Because I had initially paid most part [sic] of the bond money, I was able to pay the rent for 2 to 3 weeks. After that I did not have enough money to move into another house. I could see that I would have to take my son into a shelter and I was so worried. I could probably go on all day and tell you how many things were affected by it [losing the business]*  
– N.

Survival stress was less for those who had some financial backing or savings to pay back the debts and support themselves through the period of uncertainty, or lesser family responsibility, or some hope of getting suitable employment soon, or an ongoing alternative source of income. For example, participant A was stressed about *not getting jobs* at his age:

*At my age, no one wants to give you a job because you are too experienced . . . it would have been harder if the kids were not grown up and self-supporting [when the venture failed].*

Similarly, participant Q, who was living with his parents at the time when the business failed, acknowledged that he did not experience as much stress as his business partner who was married and had family responsibilities. Participant Q had no uncertainty over where to live or how to financially support a family. Moreover, he acknowledged that even though he had lost his parents' savings in the business, he had incredible *support* from them through this period:

*It was a very frustrating time but I got placed in a job within a month so there was no depression. It was a smooth transition. If I had the pressures of marriage then it would have been very difficult – Q.*

Participant U made clear that the financial stress as a result of discontinuing the business could have been much worse if she had not had income from her full-time job:

*We are a little bit different. We still had our jobs so the stress was more related to the disappointment of discontinuing the business – U.*



Several participants also described their stress as feeling pressured from everywhere. The pressure was the feelings of being overwhelmed because there were multiple challenges to deal with at the same time, such as the need to sort out ongoing legal formalities and disputes, paying back the ongoing business debts, and having to deal with financial institutions, creditors, media exposure, and family reactions. The business discontinuance did not mean an automatic end to problems associated with the business. Participant A explained that even after the factory closed it took about 2 more months to complete all legal formalities:

*I was devastated because of the pressure of the unions and bank even though the accountants were trying to tidy up the mess. Even after the factory closed, it was still my responsibility to give an account of the taxes and all that sort of stuff. It was just enormous. When a factory is sealed then there is no work, but you still need to work . . . completing and tying the ends of something and that takes time – A.*

In a similar vein, participant K explained that there are ongoing problems even after the business is discontinued:

*Reality kicks in. Things do not stop just because your business has stopped. Debts do not disappear and banks really do not have patience. I mean I have talked to the bank manager and he is really helpful but at the end of the day you have got to keep that money coming in – K.*

Participant G also explained:

*There was pressure from everywhere. There was pressure to show stable income to my family; there was pressure to pay back debt and there was pressure to get married – G.*

Participant T elaborated:

*Just last week the accountant finished the books and was charging us \$800 each week. You get to a stage when you are so exhausted. If I didn't [sic] fight so much, I think I would have been six foot under or we would have been bankrupt 3 to 4 years ago – T.*

Participants also described the stress of unwanted media attention. Some participants had originally attracted media attention and got publicity for their unique business ideas and contribution to society, but when the business failed, the participants were again in the media's sights. This time, however, the media attention was unwanted as it led to embarrassment and lack of privacy. As one participant said (cannot specify which participant for confidentiality reasons):

*There were times when things were in the paper. In New Zealand you can't slink off and imagine that it is not in the public domain. It is there big time, so I have to do things quietly and this is not good. It is excess baggage and you can't do anything about it.*

The findings show that after venture failure the participants were in a situation where they had to deal with multiple problems simultaneously.

The participants reported being *emotionally and physically exhausted* (K). The fatigue built up over time and took a toll on the health of some participants. Exhaustion was the result of a lack of work-life balance, with little time for rest and relaxation and grief resolution. *Things just get buried* (M). The ability to stay calm and focused in order to respond to problems effectively could perhaps have reduced the levels of stress that led to fatigue and health issues. As already described, there was ongoing stress to survive and stress from credit agencies, banks, business partners, and family that did not cease with the cessation of the business. Some participants described slowing down and an inability to perform day-to-day activities while others described longer-term illnesses, frequent visits to the doctor, and hospitalisation because of ongoing stress. For example, participant I developed depression and underwent counselling and treatment for recovery:

*I clearly remember the moment when I had an overwhelming panic attack at the shop one day while we were refurbishing the place. I told my wife and dad who were there at the time that I needed to get away. I did get away as I went straight to bed when I got home. Going to bed as soon as I got home became a pattern. I had become increasingly worried about the downturn in business and started to doubt myself. The sense of control that I used to have was gone. I was out of control. From that day on, life became a real struggle and I lost complete confidence in myself with overwhelming feelings of failure. I saw my GP who talked about depression, prescribed some medication and suggested counselling. The counselling sessions provided some moments of clarity but did nothing to*

*lift me out of the depression. The medication didn't really help either. And then my GP referred me to a psychiatrist – I.*

Participant N developed thyroid disorder and described other symptoms of ongoing stress, such as *an overactive bladder*, associated with the stress of venture failure:

*I have had a physical manifestation of stress like men would lose their hair and people would lose weight. The physical manifestation in my case has been the onset of menopause in the premenopausal stage. I also developed thyroid disorder [sic] during that time – N.*

Participant L too described physical symptoms of stress because of undergoing the experience of venture loss:

*There was so much stress that I went through a period that every time I ate food I was in the toilet. I couldn't take in any food. There was so much stress – L.*

Participant G elaborated on his anger and addictions, which he believed were an outcome of the ongoing, unresolved stress he was undergoing when the venture failed:

*There was a wild cat inside the poultry shed and I strangled it. I killed it. No normal person would do this. That itself shows my level of stress and state of mind. When I closed the business, I had burnt the farm with all the live chickens in the sheds. It was as if my pain burnt with the farm. I had started a lot of drinking in all this stress. I only confided in a glass of whiskey. I was sick. I used to smoke 20 to 30 cigarettes in one night – G.*

Participant T elaborated on her husband's and her own physical and mental health issues that she believed were the direct consequence of the stress they underwent in trying to prevent the venture from failing and in dealing with the consequences the lost business:

*I was so stressed that I said to him [owner of the premises that was rented for business] 'If I jump the bridge tonight, it will be on your head'. I was considering suicide at that point. We had major stress. My husband [also the business partner] had a heart attack that nearly killed him. He nearly died again because he had a bleeding ulcer and that was because of stress as well. Then my shoulder was affected and I had to be on ACC for 2 years. I didn't go on antidepressants until last year but should have gone on this before. I was in constant pain because of my shoulder pain and that took me down to the absolute gutter. I couldn't cope with it. The stress made it worse and this had a great big snowball effect. Both of us were suicidal because of the business situation. It takes a lot of effort to put them [suicidal feelings] away. I also had stress spots. These would also appear a week after some major stress event. It was my body's way of reacting to stress. These health problems were because of stress related to the business – T.*

The stress of survival and feelings of pressure from everywhere highlight that the participants experience ongoing stress to survive financially and deal with the aftermath of venture failure, such as carrying out legal and financial obligations. The venture failure did not mean a clean, automatic end to all the problems for the

participants as they fought two emotionally demanding battles one after the other. The first battle involved the period of trying to save the business and facing the painful end of it, and the second battle was the struggle through the financial, legal, and social aftermath of the venture failure. These battles were long, continuous periods of stress for the participants, with not enough time to adjust to the loss of the business. As participant K said, *Reality kicks in. Things don't stop just because your business has stopped.*

These entrepreneurs who were in partnerships-based ventures, also had to cope on their own with the problems and emotional burden of venture failure. These challenges were also an everyday reminder of the venture loss. Such unresolved stress and feelings of sadness manifested themselves in the form of fatigue, overwork, and health issues, adding to the emotional burden and prolonging the period of grief, as the participants fought to deal simultaneously with several challenges associated with venture failure.

### **Self-stigma**

Participants acknowledged there was considerable stigma associated with failure of a business venture and cited examples of unwanted media exposure, banks' and creditors' dealings with failed business owners, and attitudes of the family members and the society. For example, participant O who now does business mentoring and teaching described people's reaction when he speaks about his

discontinued business. A similar reaction to venture failure was echoed in other examples of stigma.

*When I'm mentoring other businesses or promoting courses that I have developed, to other companies then sometimes I tell people that I'm not an academic. I tell them that I understand where businesses come from and I have some street flair. I tell people about my business experiences when I think they are not understanding or listening to me. Therefore, I tell them this is where I come from, this is what I did, and this is what it cost us. Some people then say how can you be mentoring if you failed and you are not successful. However, I have learnt so much more than somebody who is successful and has never gone through that cycle. So there is this attitude that you should never fail and you shouldn't ask for help – O.*

This excerpt highlights how a society can draw a demarcation line separating entrepreneurs who have experienced venture failure from those who have not.

Self-stigma was revealed in how the participants felt about themselves and how they behaved when the venture failed. Hence, this theme refers to the participants' belief that there is negative social stereotyping about entrepreneurs who have failed ventures and to the fact that the failed entrepreneurs transfer those negative beliefs to themselves. This process of self-stigmatisation in turn leads to negative feelings such as not being good enough and to altered behaviour, such as social withdrawal. The narratives revealed that there were multiple overlapping layers of self-stigmatisation related to the experience of venture failure. There

was the self-castigation of not having enough money, losing social status, unemployment, failing to meet business goals and family needs, as well as bankruptcy. Most commonly narratives revealed strong stigma towards bankruptcy in particular, whether or not they had experienced it themselves. Bankruptcy was most commonly interpreted as *walking away with someone else's money* (participant B). Another interesting finding is that entrepreneurs had very strong feelings about bankruptcy and about themselves in relation to bankruptcy. Those who avoided bankruptcy took pride in their decision to put themselves through financial hardships rather than put others under financial strain by not paying their bills (participants B, P, K, and T).

When referring to stigma regarding venture failure, participants described both the direct and the indirect differences in treatment they experienced in day-to-day situations related to business and in social contexts, for example, reactions of family and friends. Participant N described two experiences of being treated differently after bankruptcy. One centred on how she was treated as a customer in the bank where she went to withdraw money after bankruptcy and the second was about how she was treated by a company after she disclosed her inability to pay back the money she owed them:

*Before I went bankrupt I tried asking people what really happens. I only knew the basics about bankruptcy but nobody knows the questions, nobody knows how to answer them and nobody told me that the day my bankruptcy would go through, the banks would cancel my EFTPOS card. Nobody told me that when you go bankrupt and take withdrawals from the*



*bank, the manager has to come and sign it [sic]. Therefore, you have got three people staring at you. Nobody told me that and it is hideous. Why are all bankrupts put together? For some people it is their personal spending that causes bankruptcy and for others it is purely business reasons. It is not fair to differentiate people and because of that, you do find yourself feeling guilty. People know that I am bankrupt so I feel quite guilty sometimes when I am buying something new because I feel it is their money. Therefore, it is going to take quite some time to get over. People do not really forget when something bad happens. With bankruptcy, they say it is 3 years but people still struggle after bankruptcy is over with their credit ratings. One company had cut up my bills when I had approached them but I found out later that they blacklisted me for credit rating. I feel guilty about it, which makes walking on the street or shopping centres difficult. It makes me feel horrible. If somebody would approach me, I would feel horrible about that. So I still don't know how I would react if someone would approach me – N.*

Participant N described the *hideous* feeling of being treated differently by the bank, after bankruptcy and that, it made her feel guilty. She says, *it's not fair to differentiate people* and yet wonders *why all bankrupts are put together*, suggesting that people who have gone bankrupt because of profligate personal spending should be treated differently from others who have gone bankrupt while trying to create a business (such people as herself). The excerpt highlights not just the social stigma but also the tendency to stigmatise oneself about bankruptcy.

Participants also described experiences of negative family reactions as examples of stigma against people who fail in their businesses. Family comparisons, changed attitudes towards the participants, and social exclusions were various reactions that the participants described as examples of social stigma associated with venture failure. In some cases, participants described a subtle and indirect family reaction as an example of social stigma associated with business failure and the impact this had on people's decision-making. For example, participant E described how his niece rang up other family members to tell about the business closure. This news of the niece calling up his brother had an impact on his decision to exit the business. He explained how he would have been *much better off financially* if he had quit the business much earlier instead of *pouring more money* in to revive the business, which he described as *face saving* efforts as he *was worried about what people would think* of him after knowing about his failed business. The emotionally-laden decision to pour money into the business instead of working on an exit strategy was an attempt to protect his image as a successful businessperson and is an example of judgment error resulting from self-stigma associated with business failure.

*There is a stigma about failure. The day we closed the business, my niece rang my brother up and said 'Hey did you know they closed their place up?' We poured money into the business for saving our face and lost about \$450,000. We could have come out of it probably losing only about \$150,000 but we kept the business going because we were worried about what people would think. So this was a total waste of money and social issues make a big difference on a person – E.*

Another incidence of a family's reaction to the business loss was provided by participant H. As a consequence of witnessing a change of attitude from extended family members, participant H believes that, except for this wife and kids, other relationships are superficial and change with the fate of a business or personal financial circumstances.

*The only people you can rely on are your wife and kids. Those are the only persons who stay with you. Even other family members wash their hands off [sic] when you are in trouble. In conversations, I have seen the attitude change. From it is 'our' family business to it is 'his' business. When it was profitable, it was 'our' business and later it was said that it is 'his business or his failure'. I have seen it happening in the family where you can't count on anybody – H.*

The findings reveal how entrepreneurs may develop self-stigma associated with venture failure or how their feelings of self-stigma may be reinforced because of what they experience in their social context. How entrepreneurs make sense of their venture failure experience may, therefore, depend on their social context. A social culture that treats entrepreneurs differently, or a perceived change in family attitude after business failure, may strengthen negative self-beliefs of those who have lost a venture, or drive them into feelings of isolation and being misunderstood by the society, thus complicating grief and impacting their overall well-being and the decisions they need to take in their personal and professional life.

Evidence of self-stigma could also be discerned when participants described feeling less worthy, having lowered self-esteem, lacking confidence, and having feelings of not being good enough after the venture failed. For example, participant N had developed feelings of being less worthy than others after bankruptcy when she stopped dating, thereby, reducing the chances of meeting a supportive life partner and blocking a possible source of stability and happiness in her life:

*I have stopped dating. I feel quite unattractive. Since I have gone bankrupt I feel I don't have anything to offer to anyone and that is why I feel quite unattractive – N.*

Evidence of feelings of inadequacy could also be seen when participants used labels such as *loser* (participant K) and *failure* (participants A, S, E and T) to describe how they felt about themselves after the venture failed. Moreover, participants acknowledged that their venture failure experience had led to *lower self-esteem*. For example, participant E believed that failure is like a *contagious disease* and there is *considerable stigma* about losing a business. He elaborated on the attitude towards failure in New Zealand: *We as a nation tend to recognise success and failure means you didn't get it right and you weren't good enough.* After the business loss, he felt like a *failure* and had *lower self-esteem as a result of the venture failure*. Participant E further reinforced the ideas that such feelings of inadequacy arose because it was *hard to live with the reality* that his family got dragged into the hardships and problems related to venture failure when all he was trying to do was *support* and provide for his family through this business venture. Participant E internalised the negative social stereotype of *not being good enough*

and provides an example of self-stigmatisation. Participants also acknowledged they had lesser confidence in their decision-making after the business venture folded. For example, participant I said:

*It was really a feeling that I had let people, particularly my family, down. To a degree, I had convinced my wife that I could run the business successfully and that it was worth giving up a relatively secure job in the bank. I was up until then a confident (but not over-confident) person. I was confident in my ability to make decisions and achieve success in business. This confidence took a real hit. Well it took several hits and I started to have self-doubts about my ability to be successful. I doubt that I will ever go into business again. My confidence took a major hit. I became very wary about being responsible for myself and my family through self-employment in a competitive market – I.*

Like E, participant I also felt he was not good enough and lacked confidence. Similarly, participant R acknowledged that making decisions after the business failure became problematic due to fear of making another mistake that could lead to a catastrophic mistake:

*There is quite a lot of anguish a person goes through after bankruptcy. You become isolated and you don't function well. Before bankruptcy you would have made quick decisions but now you ponder endlessly to make a decision in case it is a wrong one. I have stopped myself from taking action. I don't want to make a wrong decision because it could have a*

*traumatic financial outcome and I still want to create an ongoing business with substantial profits – R.*

Participant T elaborated on how she feels about herself because of this experience:

*Failure is a bad thing because there hasn't been much failure in my family. The fact that I started something and could not make it work means that I was a failure. I have a lot of guilt about it [venture failure] because we are still living with the consequences. I have a lot of self-blame because I didn't have any business ownership or management experience. I kept wondering what I have done wrong because I am the common factor in this. You are killing your own head, you doubt yourself, and you murder your self-confidence, regardless of anything happening around you. So many people said, 'It is not your fault'. In hindsight, part of me says, 'Yes, they are right' but a lot of me still feels it is my fault because I missed out many things and I wasn't business savvy. What really cuts my heart strings too is that my husband said to me that he worked extremely hard all these years and now he has nothing. I feel responsible for that. If I didn't [sic] say yes to this idea, he wouldn't have done it. I just keep saying 'I am dumb; I am stupid because I don't know what I am doing'. [When looking for employment] I was absolutely petrified that I had a failed business. This did not look good on my CV. I got this job which is a good confidence booster – T.*

Participant N also admitted that the business failure has *put a great dent on the self-efficacy* and she *procrastinates a lot* as she is *not confident in (her) decision-*

*making ability.* For some participants, feelings of not being good enough spread through all aspects of their lives, such as not being a good enough husband, son, parent, or partner. For example, participant B felt as if he was not a good enough husband when he could not afford to provide enough spending money to his wife and when bills started piling up because of debts from the business. B also had to sell their home and move into a smaller place to recover from the debts:

*I'm sure my wife felt sometimes that 'Ok I am on my way out' because it's extremely difficult. I look upon myself as the breadwinner and most women, like my wife, would be quite happy to be in a life where they get at least \$600-700 to spend and have no bills to pay – B.*

Participant A felt quite *hopeless, emotionally shattered and devastated* after having lost all his life's savings and his home. The sense of hopelessness remained for a long period of time, as he felt that all that he had created for himself and his family was lost as a result of the business failure: *From being a big time clothing manufacturer and turning over a million dollars a year, I was now living on the dole and unemployed for years. He felt responsible for making his family go through the hard times when they were penniless. He also felt responsible for his staff when the business failed and spent a lot of time finding jobs for them.*

However, some participants admitted that any stigma associated with venture failure lies within a person's mind. For example, participant J believed that she is

responsible for the way she feels about the venture failure experience and describes the tension to maintain her social identity after the loss of the business:

*People come and go is my philosophy. Probably I would be the hardest person on myself. We all try to keep this image that we have our jobs and money and that used to worry me a lot more than [when the business failed] and it used to be important for me to keep my image and make stories – J.*

Similarly, participant L also said that stigma about business failure is in one's own mind:

*As business people it [stigma] is probably in our own mind. When we went into receivership, I was expecting a lot of backlash. Many of my close friends are happy that this [receivership] happened although it was not a nice experience from my point of view – L.*

Participant T also shared her point of view about the stigma of business failure:

*I don't think there [sic] much more than it [stigma of business failure] used to be. The recession has given a relief to so many people because the media talks about the extent of failure of businesses in these times of recession and that one in four businesses fail in the first 4 years of start up. I think we are giving excuses to fail which is not necessarily a bad thing but I don't class myself in that. It is not ok for me to use recession as an excuse – T.*



The findings here show that participants interpreted venture failure not only in a negative sense but also held themselves responsible for it. This finding adds further weight to the suggestion that the professional and personal identity of an entrepreneur can be closely intertwined and that, when venture failure is viewed negatively, that thinking can impact negatively on the self-esteem of the entrepreneur.

Evidence of self-stigma could also be seen in several participants' preference to be socially withdrawn and isolated because they believed that society by and large had a lack of understanding of what they were going through, and also because they feared social discrimination. Participant S explained that she preferred being left alone and not sharing her problems because she believed no one would understand what she was going through:

*There is a big loss [venture failure] but there is no sympathy card for me! I have found that [sharing problems with people] to be quite a pressure. I don't know anyone whose business has collapsed. People generally don't know what to say. If they are not in the business they would wonder why you bothered starting up a business because it is obviously [sic] not very good way to live. There was pressure in success and there is pressure in failure – S.*

Similarly, R explained his reason for *feeling isolated*:

*You don't talk about it [venture failure]. People are unable to understand the circumstances and in our socialist [sic] upbringing, there is no such thing as failure. Therefore, when someone fails then the stigma is that they have done something wrong, irrespective of them going out and creating wages and employment in the economy and irrespective of doing work for the general good of the country. People never see it like that – R.*

Participant D talked about social stigma associated with bankruptcy and the effect of this on his social life:

*I had massive support from the official assignee of the insolvency and trustee service. People working for such organisations understand. They get the picture because they meet hundreds of people who have gone bankrupt. It is the people in the wider community who don't understand what it is to go through venture failure. It is the business people, and the banks I need to ask credit from who don't understand and that is where the problem of social stigma exists. I stopped going to church because people there knew about me – D.*

Some participants had to relocate to another city, suburb, or house after the venture failed. As described under “Counting losses”, this relocation was because they had to sell their existing property to recover from debts, or were unable to afford the rent on the houses they lived in, or had found employment in another city. As already described, relocation meant *additional stress of having to move* (participant A) and a change in lifestyle but the participants preferred this relocation. For example, participant K decided to move to a new city after the

business folded because it meant a *fresh start* in life. It meant getting away from the memories of the place that not only reminded him constantly of the lost business but also away from a place where people knew him as the *mushroom business man*. This was a personal identity and status issue about how people related to participant K in the local area where the venture was set up. Furthermore, he believed that doing a nine-to-five job would help him get back into a life that was *normal*. The world *normal* suggests that running an entrepreneurial business was not something that participant K considered as a normal way to choose to live because it did not allow for the relaxation that other people enjoyed in nine-to-five jobs. A failed business made his life far from normal.

*I am not living here because I am not doing this business. I am moving away for a fresh start somewhere else. I am looking forward to the relaxation of a normal life which I haven't had for years – K.*

Similarly, for participant S, experiencing the business loss in a *new city* meant a new place where people from her social circle in her home city were not present and where she was not *expected to be part of social events* where people of her age usually talked about *how their property investments were doing*. Having lost properties after the venture failure, participant S did not want to be part of such events as she felt out of place. Hence, experiencing venture failure in a strange new city was better than going through the same experience in the city to which she belonged. The isolation in the new city helped her to start dealing with the personal feeling of *failure* and she looked forward to moving back to her city *after sorting out the mess*. Use of terms such as *mess* and *failure* and preference for

living an isolated life until she finds a way to rebuild her life highlight the self-stigma that participant S has about the lost business.

*The thing that helped too was withdrawal. It helped because I am not in the same city. There is the question of who am I now? I'm not who I was but I don't know who am I yet – S.*

Preferring to ostracise oneself and moving away from family and friends may lead to both positive and negative consequences from the point of view of the well-being of the entrepreneur who has experienced venture failure. For example, excerpts from participants S and K suggest that some isolation may offer some relief for entrepreneurs, away from the distractions, demands, conflicting suggestions, and the expectations of society. This type of isolation may facilitate the process of looking inwards for answers on how to heal after this setback and to chart out plans for a future life. However, preference for lengthy periods of isolation arising from feelings of self-stigma associated with venture failure may also cut off the chance of reaching out to others for support, ideas, and opportunities on re-inventing life after venture failure, and of the healing that takes place through social exchange. Thus, too much isolation can prolong the grief of venture failure. For example, participant D blocked off the chances of getting support from his church, even though he had acknowledged the church as a valuable resource and that it took years for him to heal from the grief of venture failure. When participant D opted for counseling; just having the space and time to share his story with the counsellor enabled him to make sense of the venture failure. The counselling sessions facilitated inner reflection and expression of suppressed inner feelings, thus contributing to healing from the grief of venture

failure. Similarly, participant S clearly pointed out her reasons for preferring isolation, but also confided that after more than 3 years she had still not healed from the grief of venture failure.

Each participant's grief may be as unique as his or her own individual circumstances and personal nature. Perhaps the entrepreneurs need to be more conscious of the reasons behind their particular decisions and ways of dealing with grief and stress associated with venture failure. For example, if they prefer to ostracise themselves because they fear social ostracisation, then this preference may indicate an unsound decision, one based on stigma associated with venture failure. Such a preference may not necessarily be helpful in the long run as it can deprive them of those potentially positive benefits of social exchange that facilitate long-term well-being and reinvention of life after venture failure.

Several participants described feelings of apprehension about how family, friends and business associates would react if they came to know about the business failure. The reason for fear of disclosure about business failure was that such disclosure could lead to a different treatment such as social rejection by, for example, family, friends, and business associates. Moreover, such disclosure could have a negative impact on their image, self-image and reputation, thus hindering future employment and business opportunities. Their preferences for secrecy and nondisclosure were fuelled by a need to preserve themselves from the threat of social discrimination. However, these behaviours also led to feelings of

loneliness and isolation and emotion-laden business decisions. For example, participant B did not confide in any of his friends when his business failed. He kept *secrets from everyone* including his wife as long as possible because of the fear of discrimination from others. The interview situation was the first time he talked in detail about his experiences of losing the business:

*When you go penniless, not only do you lose a lot of money but you also lose a lot of pride. There is a stigma about it. It was extremely difficult and I kept it as a secret from everyone for two reasons. I think the main reason is pride. My friends did not have any idea that I was in this situation. It is a small town and if my friends knew I was broke then they would say 'Poor B'. If I had shared, it might have been easier. I had kept secrets from my wife as well. Ninety-nine percent of the information was kept a secret. The second reason is that you try to keep faith. You have to try to get back on your feet. In this small town, you want to be able to go and shop if you like and get credit and do something again within the same town. You try your utmost to keep a secret. Although I have not been bankrupt, I have lost a lot of money and then made a lot of money again. Bankruptcy was an option as I had many bills. I could have gone bankrupt and it would have been the easy option because there were many bills for which I was not liable. If I bankrupted myself then I probably would not have had to pay all the accounts but the problem is that it would not put me in a good state in the future for earning money. When you meet people at the credit control or you meet the guy you want to build the house for*

*then they would not look at you in the same light. This is because you have got that stigma of bankruptcy and you didn't pay the bills in the past – B.*

Participant B's excerpt also reveals his stigma he places on himself about bankruptcy. Bankruptcy according to him is that *easy option* of not paying the bills, an avenue which he takes pride in not opting for. Similarly, participant N kept the business failure and bankruptcy a secret from her close friends for a long time and that led to stress and feelings of loneliness:

*I was nervous for weeks because I didn't know what to expect when people would know about my bankruptcy. I felt threatened by one of the customers who didn't get paid. The stress from holding it [the news of business failure and bankruptcy] from people is hideous. Most people would not have a clue of what you are talking about and that feeling of loneliness can be quite hard. The loneliness would make it most frustrating and make you close to tears – N.*

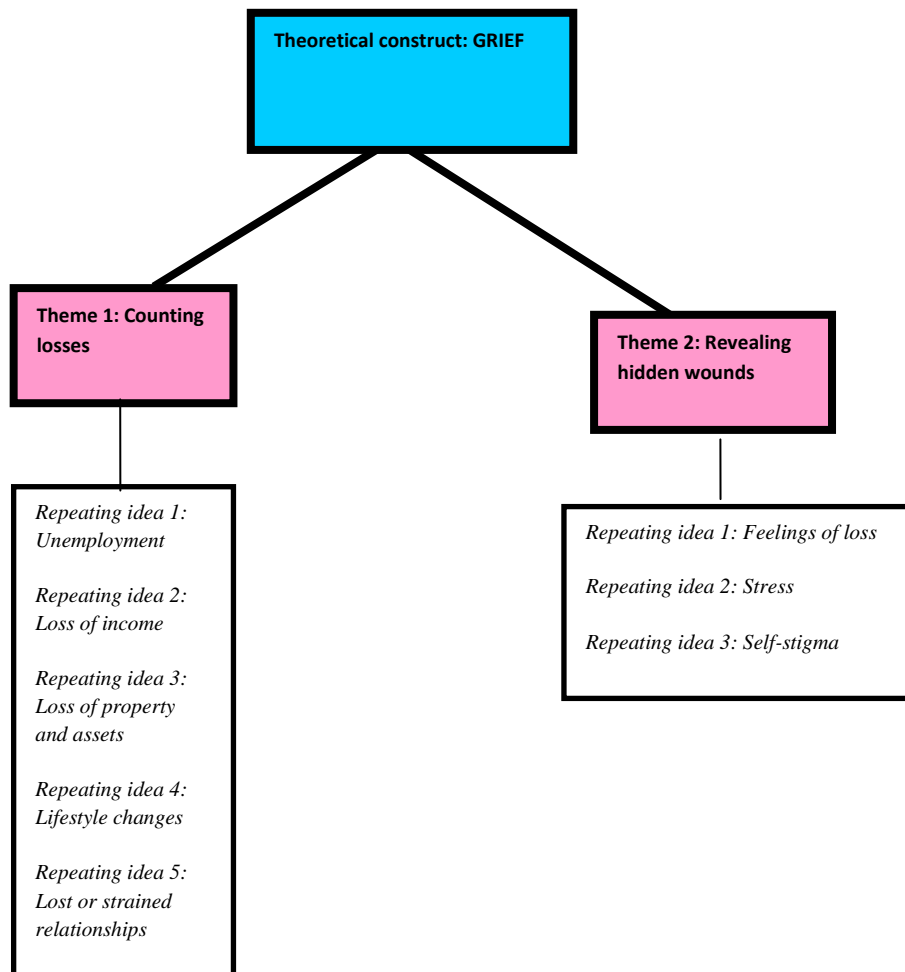
To some extent, fear of rejection or discrimination may help entrepreneurs maintain a socially desirable image so that they are not treated differently in contexts where venture failure is perceived in a negative way. However, it also contributes to feeling of loneliness. Taken together, the findings relating to self-stigma draw our attention to negative feelings about self and to behavior which is altered because those who self-stigmatise get drawn into in negative social stereotypes about venture failure, especially about bankruptcy and other areas affected by it, such as grief. From the participants' stories, tales of not feeling good enough, guilt, isolation, being misunderstood by one's society, lowered self-

esteem, expecting negative reactions, and lack of understanding from society emerged. Altered behaviour as a result of believing in negative stereotypes included examples of social withdrawal, labelling oneself in negative terms, trying to maintain a false image, and changed attitudes to decision-making in business.

To recap, the overarching research question of this thesis is: *“How do entrepreneurs experience and learn from venture failure?”* and its first subquestion asked: *“What do entrepreneurs experience when the venture fails?”*

This chapter has presented the findings on the experiences of the entrepreneurs when they faced venture failure. In so doing, it has provided an insight into the issues that arise for entrepreneurs when a venture fails. The research findings make clear that venture failure can be a life-changing experience that can trigger grief among entrepreneurs. Grief was apparent in the participants’ descriptions of the penalties they had to face because of venture failure and how they felt about this experience at a more personal level. Metaphorically, the lives of the entrepreneurs were torn apart by the failure of their venture. The layers and levels of grieving experience already captured in these findings are now depicted graphically with the help of Figure 4 on next page.





**Figure 4. Repeating ideas and themes of theoretical construct ‘Grief’**

Having dealt in Chapter 4 with the question: “*What do entrepreneurs experience when the venture fails*”? Chapter 5 now presents this study’s the findings on the second supporting subquestion: “*How do entrepreneurs stay resilient when experiencing venture failure?*”

## CHAPTER 5 BEING RESILIENT

Chapter 4 vividly demonstrated how the experience of failure could tear asunder the lives of those who had failed to fulfil their dreams and ambitions. In the face of such grief, picking up the threads of the shattered fabric of their life and starting all over again initially appeared to be a mammoth undertaking. This chapter presents the findings on the second subquestion: “*How do entrepreneurs stay resilient when experiencing venture failure?*” It does so by grouping them into four themes: Family, Friends, Colleagues, Books and the Internet, Spiritual Beliefs, and Positive Distractions. It is these groupings that together form the second theoretical construct of this thesis: Being Resilient. The findings show that the entrepreneurs’ beliefs that they could carry on meeting the challenges, bounce back from this event in their life, and formulate ideas to move forward did not appear at once. These changes were achieved through a gradual process of reflection and taking tiny steps each day to move forward. The things that sustained them through this journey are depicted via the key themes summarised in Table 14 (See next page.). The following discussion illustrates these themes.

**Table 14. Themes Illustrating the Theoretical Construct of ‘Being Resilient’**

Participants	Family	Spiritual beliefs	Friends, colleagues, books and the Internet	Positive distractions
A	X	X	X	X
B	X			X
C	X			X
D		X	X	
E	X	X		
F	X	X		
G		X		
H	X	X	X	
I	X		X	X
J	X	X		
K	X	X	X	X
L	X	X	X	
M	X	X	X	
N	X	X		X
O	X		X	
P	X		X	X
Q	X	X		
R	X		X	
S			X	X
T	X		X	X
U		X		X

## **FAMILY**

Family played a crucial role in healing from the setback of failure and provided the strength needed to cope with the challenges. Two repeating ideas within this

theme: “Role Models” and “Support and Ideas” elaborated below offer greater insight into the role of family in the life of an entrepreneur after venture failure.

### **Role models**

Participants referred to members of their family, who were examples they looked up to, as a source for finding strength and dealing with adversity such as the setback of venture failure:

*You go right back to your grass roots. How you are conditioned as a child and all the experiences you learn as a young adult kicks [sic] in. I have had good but stern parenting. My family has always been very hard-working. We went through hardships and this has been the case for several generations in my family. My father and grandfather experienced failure because of economic depression. As an adult, I was in the police and I have seen many other people in similar situations. I have seen what happens if you do not pull yourself out. You have a choice. You can stay, fall to pieces and destroy what is left or you can gather the pieces and start again. I think the reality I grew up with and my broad spectrum of experiences as a young adult have helped me. So apart from the initial shock, I was not going to jump the bridge – C.*

*As a child, I watched my grandfather and parents work very hard and I used to work with them at the farm. We only had a two-room house. My mother used water from the stream for hand washing clothes and we had a big tank in which we collected the rainwater. There was no power and we*

*had to bath in cold water during winters. I remember walking four miles to where the bus used to pick us up and travel from there about 15 to 20 miles to the primary school. So I have been brought up with these hardships. My mother died 5-6 years ago; she ended up living in a 2 million dollar mansion. Therefore, I have seen that if you work hard and keep yourself on track then you get results. In a building, you first build four walls and then when you can manage, you build one room and then another room. You have to keep building on whatever you have – E.*

*I have been fantastically blessed because I had a husband, who was a very devout and extremely good man. He left me an example like no other on how to deal with incomprehensible misfortunes and then I lost him when he passed away. Three years later another man loved me just as much. Many women never get that kind of love in their life even once and I have had that twice. I have also had several years of publicly funded university education. I would be ungrateful to an extraordinary degree to not recognise that I have been hugely blessed in my life. So I'm not going to ruin that sense of blessing by whinging even though I do feel betrayed and responsible – F.*

These excerpts show that parents, grandparents, and partners can be family role models that inspire entrepreneurs in dealing with hardships when the venture fails. The way these role models tackled adversity in their own lives had left profound impressions on the minds of the participants and influenced how they made sense of venture failure. Moreover, reference to upbringing and childhood events shows that what entrepreneurs experience and observe as children can influence the way

in which they make sense of and deal with venture failure. As participant M puts it:

*I had a good dad and he was a guy of the old order who survived the war and he didn't talk a lot. He wasn't the sort of father you had lots of conversations with as a child but he was the kind of father who brought up a family of 5, 4 boys and 1 girl. He was the kind of father that held good safe space for you to make lots of mistakes, learn from your mistakes, and not get condemned for your mistakes. So I would say my resilience came from that core foundation of value-based upbringing from my parents – M.*

Other participants referred to family experiences that gave them the strength to deal with the venture failure challenges:

*My father was a very fearful person, totally frustrated, as he could not realise his dreams. Therefore, he took out his frustrations on us. I was the proverbial doormat with absolutely no self-esteem and no confidence. I did not even realise I was an intelligent person until I was in my late thirties! When I look back where I come from in my life, I realise that I am not doing too badly – J.*

*Both my mother and father are dead. Therefore, I have already been through a few hiccups. To me nothing is worse than that apart from something happening to my son, which would be the last straw. I have already learnt to move on. My mother died when I was very young and the experience does harden you a bit. I took upon myself a mother's role in the family. Losing a loved one feels like free fall from the top so once you've*

*hit the bottom you know then there is a bottom and that it's not a free fall when you go down. At some point there is a bottom where you stop and then you stand up and go on – N.*

*Many people do not know what hardship is. When I look back, nothing ever comes to mind as some of the hardships we went through as little kids. Those things stay within you, you can tap into it, and it becomes your strength. Resilience comes from a tough childhood and the experience of coming into a new country and establishing a new life. I used to focus my mind constantly on the situation when I came here as an immigrant 24 years ago and I had no money and knew nobody. Therefore, I thought I was more resilient than most other people were. I thought I have lost lots of money but at least I now know many people. So something positive will happen with the help and support of people I know – L.*

Working hard (participant E, C), and finding humour in difficult situations (participant N, T) are examples of how family culture influences the way in which entrepreneurs perceive and deal with loss of the business. Findings show that participants maintained optimistic views of resolving immediate complexities of venture failure and reinventing life by visiting memories of salient, adverse experiences in their past. These mostly emerged from their childhood. Losing loved ones, financial and emotional hardships, and particularly in childhood, other family members' journeys of revival or letdowns were the most commonly revisited memories of adverse experiences. Whether the participants had directly experienced these adversities or simply witnessed them in others, the repertoire of these experiences was in all of the cases perceived as a source of strength which

the participants reflected upon against the backdrop of ongoing venture failure circumstances.

Reflection on such events was a medium through which the participants reassured themselves that they had the spirit to endure the setback of venture failure and rebuild their life and career. For example, participant N reflected on her tough childhood and the experience of losing her parents. Affirmations like, *I have already learnt to move on. It is not a free fall. There is a bottom at some point where you stop then you stand up and go on* draw attention to the manner in which she assures herself that: 1) there is *nothing worse than losing a loved one*, an experience that she had already endured; 2) venture failure is a setback but not as severe as the experiences she has already been through; 3) even the pain of losing a loved one is bearable, and *it is not a free fall*. So she will be able to endure the setback of venture failure. Hence, entrepreneurs can use previous experiences as a way to manage the stress of their current situations and maintain a hopeful attitude rather than only concentrating on the negative dimensions of the venture failure experience.

### **Support and ideas**

Some participants acknowledged the support of their family members as crucial in their healing from the emotional distress of venture failure and in reinventing their life. Primarily, participants elaborated on the emotional support of family



members as a factor that contributed to *healing* (C) from the distress, *getting through* the challenges, and moving on in life. For example, participant K had tears (field observation) when he described the emotional support from his brother at a time when he was depressed and *feeling like a loser*. K received an email from his brother that said that he *was not a loser* because he *worked really hard and stuck at it [the business] despite all odds*. Even though the business failed to take off, he *introduced a product in the market that didn't exist before*. Similarly, participant I said:

*Support from family has been in the way they have loved me. Just being there for me, trying to help in their way while probably having little understanding of what was happening to me. They extended nonjudgmental, unconditional love and support for me – I.*

Participant T elaborated on the support in her family:

*My brother-in-law said, 'Oh you are being too negative for me' and I said 'Excuse me!' The rest of the family support was more in terms of sympathy. They would say 'Oh God, you poor things', which was good but at the same time it really didn't do anything for us. My sister was pretty good in terms of being business savvy. At the same time she was very forceful when things weren't going well because she was frustrated that it was hurting us emotionally. She would yell about things so it would end up feeling like an attack on me. In hindsight I can see this but at the time I hated her guts. I felt like saying to her that 'You are not helping by screaming at me' because that compounded my feeling that I am an idiot. So in some ways*

*her support did more harm than good but I knew she didn't mean to. It wasn't her intention – T.*

Participants used images such as *rock* (A), *not walking away* (B), *not being demanding* (B and C), and *stability* (E and A) to describe the support they received from their spouses. Participant M's elaboration on spouse support resonates with the accounts of spouse support in seven other interviews:

*There was no pressure on me. There was no money, luxury or basic comforts and there was constant creditor harassment. Still she coped. She didn't criticise as she knew I was doing my best. In that sense I was very lucky otherwise it could have been very demoralising – M.*

Participants perceived their spouses/partners who carried on with rebuilding life without much complaining or seeming too distressed about the current situation as supportive. It is interesting to note that the two participants, D and R, admitted that their partner's stress at venture failure and resulting arguments (Lost or strained relationships, Chapter 4) contributed to the relationship break-up. The reasons they stated for the marriage break-up and other participants' descriptions of family support in this chapter suggest it is fair to say that entrepreneurs, as well as their family members, may need to learn ways to cope with their stress as they can unintentionally pass on their stress of venture failure to each other. An inability to cope with the stress may be perceived by entrepreneurs as an unsupportive attitude. For example, participant T felt as if she was attacked by her sister who was trying to help but lost her temper. Moreover, in terms of family support, the relatives' verbal expressions of moral support for the entrepreneurs

helped in boosting their morale and healing from the pain of venture failure. This effect could be seen in participant K's example of this brother's email.

In addition to the emotional support, participants also acknowledged the family members' role in helping to cope with the financial uncertainty and starting up a new business. For example, participant A's adult children had offered their residence after he had lost his house and life savings due to venture failure. Moreover, A's wife came up with the idea of selling the family house and moving in a cheaper location to help manage financial debts. She had also helped in setting up the new business and is now involved in managing it. Participant B's wife suggested the idea of selling the house in order to recover from the burden of financial debt and helped establish the new property development business. Participant E's children worked long hours to help with the financial pressures brought upon in the family due to the failed business:

*Family support is absolutely necessary. If you try to manage everything by yourself then you can never do it. I had the support of my wife, who is very positive, and my children. We would be working 7 days a week. It has been 2 years now and I have not taken a day off. The kids used to come home and that helped us a lot – E.*

Participants also described aspiring to a good quality life for their family as a force that infused them with a sense of determination into making efforts towards reinventing life in spite of the emotional and physical exhaustion brought about by venture failure. As participant L explained:

*I had a family to support. I was determined to keep my daughter in a good school. The people who are closest to you are the reason why you feel like getting up in the morning and facing the challenges – L.*

Similarly, participant N said:

*My son is what keeps me going. I do not want to raise a bad boy. I want to raise a good citizen and that is my motivation to keep going – N.*

In addition, participant R said:

*We had a family focus. Our three children was [sic] what helped me get through – R.*

Participant T said:

*I had many reasons to stay motivated. I had my step daughters, husband, and parents. I was also lucky that my husband's health was fine when I had the shoulder problem and was going through the worst time. I was lucky as well that when my husband had the heart attack and ulcer, I had good health to look after him. I think if we had both got ill at the same time, it would have been a dual suicide. I wouldn't let him do it [commit suicide] because of his girls and I think that was his motivation. When I was eighteen, I tried to commit suicide so I had a suicidal tendency. But I didn't feel quite the same. When I went there [tried to commit suicide] that time, I thought more like 'I'll do everyone a favour'. This time I thought 'I can't cope and I want get out of all this'. I recognise being suicidal this time as being selfish because of what it would cause my family and that was one of very few reasons that I didn't – T.*

Participant G was so financially stretched that he decided to sell one of his kidneys while he was overseas without telling his parents or partner about it. He planned to use the money from the kidney to repay some of the enormous debt from the failed business. However, sitting in the hospital corridor he changed his mind because he could not put his family through the pain of losing him if the surgery turned out to be unsuccessful.

Hence, the excerpts highlight that family can be a crucial source of resilience, can facilitate problem solving through ideas (participants A, B), can help in reinventing a career (participants A, B and E), and can be the motivating factor to continue on the path of dealing with challenges and reinventing one's career (participants L, N, R and T). Overall, the "Family" theme offers a deep insight into the crucial role of an entrepreneur's family when the venture fails. Chapter 4 emphasised that family distress and conflicts can add to an entrepreneur's emotional burden in dealing with venture failure. On the other hand, the findings of the family theme highlight that family experiences and culture, support, and role models can help in healing from, and enduring, the challenges associated with venture failure. Family can be a reason for entrepreneurs to reinvent their life after venture failure. They can be a safe haven where they receive unconditional, nonjudgmental support when the venture fails. On the other hand, family can also be the place where painful life experiences originate (participant J & N) and can shape an entrepreneur's way of thinking and coping with venture failure.

## FRIENDS, COLLEAGUES, BOOKS AND THE INTERNET

Other than the family, the participants also referred to self-help guides, books, articles, websites, and advice of friends and colleagues as sources of supportive, *healing, inspirational and motivational* (participant K) words of wisdom that enabled them to make sense of their *suffering* (participant I). These sources prompted the participants to evaluate their current life, business assumptions, and strategies in dealing with the aftermath of venture failure. For example, participant L referred to advice he received on sharing his problem with a social contact which changed his way of coping with the negative thoughts in his mind and moving on to reinventing his career:

*He told me to go home and make two boxes. Every time a thought comes into your mind, ask yourself if it should go in the old box. If yes, then let your lawyers, accountants and everybody else deal with that box and you deal with the new box. That was such a simple statement. I passed this idea on to many people who lost jobs or went through a marriage break-up. When something bad happens like this [business failure] then your mind constantly works on what happened and what you could have done better. This can consume much of your energy, and unintentionally you can get into a negative spiral. It takes a while to clear up the mind and take any new decisions. It is not easy mentally and it will be almost inhuman in a way if we do not focus on the old box. But the longer you focus on the old box, [sic] you are not moving into the next chapter of your life – L.*

Similarly, participant K also referred to the *motivational* advice of a friend on how to cope with the setback:

*You need to wake up every morning and say, 'Today I expect a miracle' and you will get it. That does not mean you will win Lotto. It means that if you expect a miracle every day, you will notice something good that will happen. On the contrary, if you expect things to go wrong, then they do go wrong as you will attract negative things – K.*

The excerpts from participants L and K show that an entrepreneur's network of friends and social contacts can be very useful. They can offer encouraging advice on how to move forward and not get trapped in grief. Positive social exchanges can uplift the spirits of entrepreneurs and facilitate healing as they feel that they are being understood and that they are not alone in this situation. New ideas can help entrepreneurs to efficiently deal with the problem that they may be struggling with on their own. Participants L and K learned to cope with the stress of the situation through such social interactions.

Some participants also pointed out that professional counselling can be very useful in healing, achieving a sense of coherence, and finding the strength to carry on after venture failure. As participant M stated, *A professional counsellor is absolutely a good avenue*. Participants D and I dealt with the emotional turmoil through professional counselling:

*In a sense, my psychiatrist believed in me and believed that I would get better. He held the hope for me when I had lost it for myself – I.*

*I went for counselling for about a year and I got the answer of why I got bankrupt in the last session – D.*

Participant R opted for psychological profiling after the business failed:

*I have got psychological profiles done to find out if I was a square peg in a round hole and whether I was really beating down a wrong track – R.*

Participant T elaborated on her conversation with a naturopath she was seeing for her stress-related shoulder pain. This conversation helped participant T understand why she did not opt for bankruptcy even though many other people suggested she should do so:

*I went to a naturopath and had to explain everything. He said to me that I never stood up for myself in my school years when I was teased for my height. Regarding the business, he identified that I was retaliating to what had happened at school. So instead of standing up for myself then, I was fighting ten times harder now for the business. I was basically overcompensating because I wanted to know why I won't give up when most people would give up in my circumstances – T.*

Such conversations brought clarity for the entrepreneurs in terms of understanding why the venture failed and what could be done to deal with the ongoing challenges. Other participants pointed to inspirational ideas from websites (such as *Ted.com*), self-help, spiritual, and business books (such as *Second Half of Life*), meeting and listening to the journey of other entrepreneurs (*Sir Robert Jones, the Dragons Den show* on television), and attending conferences and seminars. For example, participant R said:



*I listen to my I-pod every morning. It is life improvement and also business related information that I listen to. Listening to this type of information every morning always produces an idea to solve a current problem. If you walk into the library a book will literally fall off the shelf or stick out in front of you and that book would be exactly for the problem you are trying to deal with. That just happens so many times. I just wander around until I find my answer – R.*

Similarly, participant O regarded a self-development course as very helpful to deal with the setback of venture failure:

*Not long before we all fell apart I bought a self-development kit. It was all about personal development, goal setting, personal beliefs and motivation and I thought this would help in the business. Part of that course was about your personal beliefs and what's important to your life. We did that course and wrote all those things that were important to us. That [participation in the course] was the rock that kept us together because when all this was going on, we were going through listening the tapes and reading the material, writing stuff down, what was important to us. I think because of doing that personal development stuff we did recite what was important to us and who we were as individuals. The house and the car are material things and it's hard to lose them but in the end it is all peripheral rubbish – O.*

The self-development kit enabled participant O to have conversations and reflect on what was important and what the common goals which they wanted to achieve were. Having such conversations with one's life partner helps in identifying

common goals and identifying values with one's life partner does help in preventing the relationship from breaking up when there is considerable stress. Participant T elaborated on why her marriage survived despite the enormous stress she and her husband underwent:

*I think we were fighting for the common goal. We were angry about why we were working so hard but also knew that we couldn't sleep if our friend who had invested in the business didn't get paid. Those were the kind of conversations we had all the time. We asked ourselves if we could handle the guilt if we didn't try to make the business work. So we collectively decided that we are going to do everything possible to make it work. I am not saying that he [husband and business partner] didn't do everything he could do but I compromised an awful lot to do what he wanted to get done and to make him happy and feel better. My parents have taught me that in a relationship you have to work hard. So I also thought that I was not going to fail in everything I have done. There are a lot of things that go into it [what helped in being resilient] – T.*

Although most participants actively engaged in the process of understanding the meaning of this experience and easing the pain by sharing it with others, guidance also often came from random and unanticipated sources that helped them in the journey through the aftermath of venture failure. For example, participant A, although deeply religious, found himself in a very stressful state of mind until one day he came across a Biblical scripture by chance. As A explains:

*It was this scripture, God's word that steered my life in the positive direction. It read something like this: 'He who lights the fires says the*

*Lord, you should get from me nothing but ashes'. I was making a lot of effort to get off the dole and get a job. I was shattered, not sleeping in the night and the scripture said if you light your own fires, you would just get ashes! I thought does God mean that I do not have to push and stress so much because He is there to take care of it all. It was only about twenty words in that scripture but it changed my whole attitude. I really took this on board as a word from God, backed off and became more relaxed about the whole situation. Things did change when a friend offered to do a painting course and even offered to pay the fees for it. Today I am watching God make it all happen as my artwork sells all over the world. I had a friend who was in the same industry and facing the same crisis but he committed suicide. Even though it was very stressful, I never got to the stage of contemplating suicide because my strength came from good values and commitment to the Lord who is our saviour – A.*

In participant A's case the particular words from the Bible and the friend's idea to try out painting exposed him to new ways of thinking about venture failure that helped in reducing stress, generated new business ideas and *steered life in the positive direction*. Overall, the findings of this theme highlight that the significance of an entrepreneur's social support outside the family cannot be underestimated as source of resilience. In an increasingly shrinking world, from a communication perspective, traditional methods such as counselling, meetings, conferences, self-help books, and modern approaches such as the Internet, I-pod and e-communities enabled the entrepreneurs to access new ideas from acquaintances as well as strangers. Such ideas and examples promote a sense of

connection with others and a feeling that ‘I am not the only one who is going through this’, thereby facilitating a sense of willingness, confidence, and optimism to move forward. Social support can be even more crucial when an entrepreneur has little or no family support (for example, participant R’s case). Hence, being open and willing to try out new ways of dealing with challenges and setbacks associated with venture failure can help the entrepreneurs to solve their venture related problems more efficiently and effectively.

## **SPIRITUAL BELIEFS**

The findings reveal that thirteen out of 21 participants hold profound beliefs about the existence of a higher power, irrespective of belonging to different religious backgrounds or proclaiming themselves as people who do not follow any specific religious traditions. The most common image of God or a higher power was that of a supreme creator who manages and controls this world. The participants described God as someone who: 1) is a *parent* (F); 2) *looks after you* (K); 3) would *listen* (G) to your worries without making any *judgments* (D); 4) could *open and close doors* of opportunities (E); 5) could offer *rewards and gifts* (H, A); 6) *help, whenever in need* (D); 7) give *tools* to shape one’s life (E), and 8) *test you* (A, M). Three repeating ideas within this theme of spiritual beliefs emerged from participants’ narratives. These ideas offer a deep insight into the function of spirituality in healing from the pain of venture failure and in finding the strength to face and adapt to the challenges associated with this setback. These are 1) This is God’s will; 2) God always listens, loves and cares; and 3) Self-responsibility

## **This is God's will**

Participants' narratives revealed that one of the ways in which participants found the strength to endure and deal with the realities of venture failure, as well as heal from this personal setback, was by accepting this episode as part of God's will or plan. For example, participant Q understood the business failure as part of *God's will*. God always gives a *positive response*; therefore, business failure is a temporary setback on the path to where God really wants one to be:

*Whenever I need God, He is there. I share even the smallest things with God. I have a great relationship with God and I always get a positive response so I thought it must be God's will that we must get out of it [the business] – Q.*

Participants M and A also elaborated on their belief in God. Participant M considered business failure as a way in which God was *testing* him and preparing him for future projects:

*My core spirituality is my faith and I believe in God. I have never stopped praying and prayer for me is like a form of meditation. Part of the resilience was from the sense that there was a greater dynamic going on. That does not mean I blame God. It meant that there was somebody greater than I was and that there was always a lesson to learn from what was happening. Even when I lost my wife, unbelievably the first words I ever used were 'How am I surviving this? God must have some more work lined up for me and there is a reason why He is testing me' – M.*

Participant A believed that this incident was part of a larger *plan* that God had for him and this incident prepared him for what lay ahead for him in the future:

*God wants to see what you are made of. Having said that God has a plan for you, the faith needs to be active. I think the two are compatible with one another. On one hand, there was the getting on and doing stuff and on the other hand, it was allowing God to close some doors and open new ones. If you are stationary, it is very hard for you to go through a door that God might open, the motivation still needs to be there – A.*

Participant U also believed that God had a larger plan:

*We pray a lot. We have a strong faith and Christian beliefs. For us we knew that God had a plan. At the end of the day He was preparing us for something and that's why He gave us chickens to look after. We always believe that there is a purpose for what happens to us. Sometimes you need the tough times because that is when you grow as a person. As an occupational therapist, I know that you don't always make life easy for other people by helping them and rehabilitating them. They need to learn how to cope with more difficult things in life – U.*

The excerpts suggest that a spiritual belief such as “This is God’s will” can be comforting, because at a subconscious level, the participants held God answerable and in charge of what were happening in their lives. This enabled them to accept venture failure as part of God’s larger life plan, a context through which He wants to test their abilities, convey the meaning of life, and help them grow into becoming better individuals or develop awareness. For example, participant Q

understood the venture failure as part of *God's will*. God always gives a *positive response* to him; therefore, he considered business failure to be a temporary setback on the path to where God really wants him to be. The excerpt also reveals Q's expectations of positive results from God. He subconsciously placed God in a position of responsibility for whatever happens in his life, including the fate of the business and the aftermath. This belief was also comforting as it enabled him to emotionally adapt to the reality of venture failure, transcend the phase of personal disappointment, and focus on his career objectives. Similarly, participant M said that he does not *blame* God for venture failure, yet subconsciously believed God has a part to play in the fate of the business so that he can learn *lessons* and be *prepared* for future life situations. Participant A also believed that venture failure happened because it was part of God's plan for him. When venture failure is considered to be a part of God's will then it can become easier for entrepreneurs to accept the circumstances and move on from the stage of grieving to a stage of self-determination, and facing the challenges and rebuilding a career.

### **God always listens, loves and cares**

Participants also talked to God. Doing so made them feel calm and strengthened. For example, G had no one else to confide in about his business problems and so when he felt troubled, he *talked* to God. Similarly, participant D described the feeling of being able to confide in God when there is too much stress going on:

*My faith did help at times when things were hard. I can go to a room and totally lose it because I am allowed to and also because He is there and He is listening – D.*

Similarly, participant A admitted that his faith in God prevented him from cracking under the pressure of the circumstances he was in because of venture failure:

*I never got to the stage where I was contemplating suicide because as a Christian you are not allowed to. You do not think on those lines and if our trust were not in Jesus then we would have come apart totally. We knew a person who committed suicide because the business failed and that was not even on my horizon. It was devastating and enormous for me but if one knows there is God and he loves you then ultimately it is all going to work out. We have been active Christians. We have been long-term, active Christians for 30-40 years and we are really committed to the Lord and Jesus is our saviour, Christianity is ingrained in us – A*

Participant A's excerpt shows that spiritual beliefs can act as a buffer against negative coping strategies, such as the self-destructive tendency to commit suicide. The religious faith helps in enduring ongoing challenges related with venture failure and helps maintain confidence that *ultimately it is all going to work out* even though one *can come apart totally* in a situation like this. Participant K proclaimed himself as not being religious but gave examples of certain day-to-day *events* that happened around the time of venture failure that he believed were because of the presence of a higher power:

*I am not religious but I have beliefs. I do believe there is something out there, whether it is God or universe, which does look after you. One day I remember walking through the door and wondering that I have never seen a praying mantis catch and eat something. It is strange because two days*



*later when I was working on the computer, the praying mantis lands on the curtain in front of me. Few seconds later, a beetle flew and landed almost straight in its arm. The praying mantis caught and ate it. I was just sitting there overwhelmed because this was happening inside my house in front of my eyes. So I like to believe there is some higher power out there and you will find the answers that you are looking for – K.*

Similarly, participant H claimed that he was born into a religious family but did not take part in any religious traditions:

*There is a God and He will take care of me. I am accepting of every religion and draw upon religious beliefs of many different people. I see spirituality through my children and my mother. I see more spirituality through them than through any statues. I drew my strength and I could connect closer to God through my family. I saw my children as gifts from God. I saw them as being a part of what He has given. Spirituality for me is connecting on a day-to-day basis. During this time I stopped drinking in totality because I was not handling reality very well and I used to lash out at my kids – H.*

Excerpts from participants H and K suggest that even though some participants had not talked of any specific religious beliefs, they still talked about their belief in the presence of a higher power that looks after and controls everything in this world. The feeling of the presence of a higher power in everyday events and the feeling of connection with that higher power on a day-to-day basis helped the participants to remain hopeful about a positive future. Overall, the findings highlight the second repeating idea of participants' spiritual belief that emerged

from the narratives. That idea portrays a God who is like a close friend, or parent, as someone who looks after you, who would always listen to one's problems, be nonjudgmental, and not turn His back even in the most difficult circumstances. Because the image of God is of a higher power who is unconditionally caring, dependable and can be a confidant, the feeling of isolation, discrimination and helplessness is somewhat diminished.

Moreover, conversations with God or prayers allowed participants to express and share their feelings, something which can be soothing and comforting in the face of grief. For example, participant D said a conversation with God *helps* as he is *allowed* to go to a room and totally *lose it*, as he believes God is there and He is listening. The excerpt reveals that entrepreneurs may not always feel comfortable sharing their grief of venture failure with other people. Conversations with God can be a useful outlet that helps voice and release the bottled-up, unexpressed feelings related to venture failure, feelings which the participants did not or could not share with anyone else. Thus, prayers or conversations with God can help in emotional adaptation for entrepreneurs who are experiencing venture failure. Because the participants hold the belief that God listens and loves unconditionally, they feel that someone is listening to them without judging them. Furthermore, it is important to mention here that while praying to God may leave the venture-failure-related problems unresolved, it can help minimise the extent of the stress and build emotional stamina to continue with the efforts to deal with these problems and progress on the path to re-inventing one's career, instead of feeling disheartened and giving up.

## **Self-responsibility**

The third repeating idea related to the spirituality theme that emerged from the narratives was that participants believed that God wants everyone to take an active role in his or her life and He is there to help those who sincerely try to help themselves. The underlying idea is that life's goals are achievable and misfortunes can be overturned because God recognises the work of dedicated and hard working people and collaborates with them to make life better. Thus, one must not give up trying even though much seems to be lost because of venture failure. For example, participant E, echoes participant A's belief that God helps those who are willing to put in the effort towards dealing with their own problems:

*I always have faith in God and do prayers in the morning. My belief is that God gave me two hands, two legs and a brain and I am going to use them. He has also given hands and legs to monkeys but that does not mean that they can do what I can do. Therefore, if I sit here and wait for God to do something then there is no difference between a monkey and me. God has given me something to think with so I have to think. God has given me the tools to use and I should be able to do what I want to do. God will not come down and say here is a cheque or here is what you should do or should not do. God does not create a path. You create the path and he has given you the tools to do it. So we are involved in creating the technology that will help us restart the business – E.*

Participant F also believed God to be the reason behind her strength to carry on in spite of the pain she feels about venture failure. She believed God had nothing to

do with the outcome of a business, or any such negative events in one's life, but was always there to offer love and support during such times:

*My husband had a stroke and I had to nurse him for 10 years. That was dreadful. It was because he smoked too much, never did any exercise, was overweight, and had a stressful job. He got exactly what he did so why blame anybody but him. The old idea is that God personally painted all the flowers. However, such an idea makes God personally responsible for all evil and there is a lot of it. The contemporary thought is that God did not design the way things are. God gave life, freedom, and love to be whatever it [sic] wanted to be. That includes parasites and hyenas, just as we have the freedom to be Hitler or Churchill. God, like parents, never gives up on His kids. The parental image is so powerful. You are responsible for your children when they are little. However, when they get older, if they are going to do something dangerous then you actually cannot stop them. So if you have a child who grows and robs a bank then you would go and visit them in prison and say to them that 'I love you but I don't love what you did' and that's the theology of God which I think is enormously supportive. So all these years, I was looking after my husband, agonising over his disability, the pain and the effect it had on us. Those were ghastly years but we felt that God was right there with us. That experience gave me an outlook on life which helps me cope with it [venture failure] – F.*

This last excerpt illustrates how participants' spiritual beliefs and prior experiences can influence the way in which the venture failure episode is interpreted. The interpretation can have an influence on the participant's resilience

and attitude towards re-building life. Participant F did not wallow in self-pity or blame God for the venture failure. In spite of the hurt, she took full responsibility for her actions, tried to confront the reality of venture failure, and focused on dealing with the challenges associated with it. Her experience of losing her husband reminded her of past times where she has coped with loss with God being *right there* like a *parent* for her. She used that experience as a reference point to remind herself that she can cope with the present uncertainty and loss of venture failure. Other participants with this type of belief also took up the theme of self-responsibility when dealing with venture-failure-related problems and reinventing their life, keeping in mind that God would be standing backstage knowing when to pull the strings and help. Participant E's excerpt, *God will not come down and say here is a cheque or here is what you should do or shouldn't do* reflects his spiritual belief that he has to take on an active role in managing failure related problems and reinventing his career.

Besides the presence of a higher power, participants described other aspects of spirituality that had an influence on the way they perceived and dealt with the setback and challenges of venture failure. For example, participants N and L had *vision* that they held on to when they felt anxious:

*You have just reminded me of something that I do hold on to from time to time. I have always had this vision of a big valley behind me and there is a whole line of ancestors behind me. These are all family people and I do not know where it [the vision] comes from. I do not remember reading it but I have an image that I am not alone and there are these people holding*

*me up. I do remember at a very low point as if there were these people holding me, standing up and that felt really good. You embrace this good feeling and you do not feel so alone – N.*

*When I go through some big challenge in my mind I will try and get some angels around me. People are angels. Although they may not be physically here but they are like a source . . . I don't know what the correct word is but it is some kind of strange energy that one can tap into – L.*

Both of these excerpts suggest that spirituality can help entrepreneurs heal themselves. In particular, the feeling of isolation can diminish when participants feel a spiritual connection with other human beings or *higher power* as already discussed above. As participant N stated, *you don't feel so alone*. Such spiritual beliefs can also help in enduring and dealing with the challenges. Participant L described this as a *strange energy*. Participant J's spiritual beliefs made her feel certain that she would be involved in starting up another business and that venture failure was a temporary, difficult transition period:

*I believe that we come to this planet for a reason. We come here to complete certain projects. I believe that my business partner and I had previous incarnations together and that I had to teach her something through my business. This meant that I could lose everything and I was prepared to lose all if that could save her soul. I believe that was my contract. My business partner knew this well. She told me and another friend that being with me was her last chance. However, she refused to learn a lesson. It was like the King Solomon's story in the Bible. Two mothers claimed that they were the baby's mother and took the baby to*

*King Solomon. He said, 'Ok cut off the baby's head'. I feel like that. While I was prepared to put the baby on the line for her, it [the business] will come back to me because it was for the right intentions. Therefore, I think that I will be going through a very hard transition period but I know there is a need out there. It is a spiritual and emotional need and not just a consumer need – J.*

Participant J considered venture failure to be a *difficult transition period*. She not only drew on her spiritual beliefs to comprehend what went wrong with her partnership in the business but also why the business failed. Although she proclaims herself as not a religious person, she referred to the Bible to explain why she thought the business failed. Moreover, her spiritual reasoning shifted some responsibility for the failed business to the effects of a *previous incarnation*. The gravity of venture failure gets somewhat reduced when it is considered against the backdrop of a larger life project or purpose that one has to fulfil. One of the life projects participant J had to fulfil was not the business but teaching her partner some lessons through the business. Therefore, the business was a tool to complete this life project.

Overall, the findings contribute to the understanding of how spirituality is manifested in entrepreneurship. Specifically, spiritual beliefs provide a framework to make sense of venture failure. The beliefs can influence the way in which the entrepreneurs try to reflect on and comprehend the reasons why they are going through the venture failure experience in life. In this sense, spiritual belief can be a positive catalyst for endurance, facilitate acceptance and adaptation to the

venture setback, and be a guiding force for life ahead. For example, looking at failure from the spiritual angle of reincarnation (participant J) or God's role in ordinary life events (participant K) may diminish some of the negativity surrounding the experience and create hope for a better future. Failure may be perceived as the effect of past life deeds (participant J) or an event that has happened because of the will of a higher power (participant Q). It can be a test that one has to pass in order to demonstrate one's faith in God (participant A); a journey that one has to embark on to be better prepared for further significant missions in life (participants A & M). The findings in this chapter suggest that the way entrepreneurs perceive their relationship with God, and other spiritual beliefs, can have an impact on how they interpret and deal with their venture-failure-related problems.

The sample in this research did not consist of only entrepreneurs who strictly followed religious teachings like having to go to church every week. Nevertheless, the findings do suggest that some participants held spiritual beliefs irrespective of whether or not they actively subscribed to a specific religion (K, J, F, N, L and H), and spiritual ideas shaped by religion and life experiences can act both as a source of resilience and a framework which the entrepreneurs use to make sense of failure. These beliefs influence the manner in which the participants interpret venture failure and this sense making process helps them stay hopeful in their attempts to repair their life. The overall findings also suggest that participants with spiritual beliefs as compared to those without spiritual beliefs were more easily able to accept the setback of venture failure as they were guided by their



spiritual reasoning. However, significant assertions about this cannot be made due to the small sample size in this study.

## **POSITIVE DISTRACTIONS**

Positive distraction is the third theme that makes up the theoretical construct of “Being Resilient”. Participants described humour and taking part in enjoyable, relaxing kinds of activities as what got them through this difficult period. This had a healing and calming effect as it enabled the participants to shift their mind away from the ongoing stress of the venture failure. The two themes are presented below.

### **Laughing about it**

Participants N, R and T described a sense of humour as something that helped them get through:

*Sense of humour helps a lot. When we were growing up we were quite poor and we had hardships. However, as a family we used to throw our hands in the air and laugh at ridiculous things happening in our lives. We had a massive sense of humour as a family. We even laughed through our dad’s funeral! – N.*

*My sense of humour helped me. I can go and tell a tale about venture failure in a manner that people will laugh about it – R.*

*I think one of your saving graces is that we try and laugh a lot and we do crack each other up. So wherever we could, we found something funny and laughed about it. People would be horrified to hear some of the jokes we make about ourselves but that I think is our coping mechanism. We have always been happy and able to laugh at ourselves but that does not mean that sometimes laughter hasn't turned to tears really quickly. It was a release – T.*

The excerpts above show that by laughing and adding humour to a difficult situation the participants were able to alter their negative state of mind and restore a sense of normality when they were experiencing stress and uncertainties because of venture failure.

### **Doing new and interesting things**

Participants B, I, A, and T described leisure pursuits and getting involved in new activities such as running, taking part in marathons, music and painting, as healing activities that helped their mind to relax as the focus was diverted to enjoyable activities instead of constantly dwelling on how to solve the immediate venture-failure-related crisis:

*It becomes difficult with your family because you are busy sitting on the couch and thinking. Going for a walk or a run and playing sports helps me take things off my mind. I survive on my dreams – B.*

*I enjoy walking, running, completing marathons, and other walking events. Running provided an essential outlet . . . a release often from work and, at*

*times, family-related difficulties. It also provided my main motivation in achieving goals, something I had not been particularly successful in with other parts of my life . . . or at least that is the way I felt! The endurance of long distance running, building up to and completing marathons was and is still huge for me. I enjoy probably at least 9 out of 10 of my training days. My music, including relaxation music, takes me to peaceful places and helps me to sleep – I.*

Participant A talked about painting *as very relaxing and healing*. Participant S talked about raising environmental awareness in the community by doing away with plastic bags:

*There are a lot of positives for me to get into a creative space. It is a process of its own, of moving through failure. I have started to initiate things. The plastic bag awareness is my first initiation and to know I am getting well – S.*

Participant T socialised as a way to take her mind off the stress:

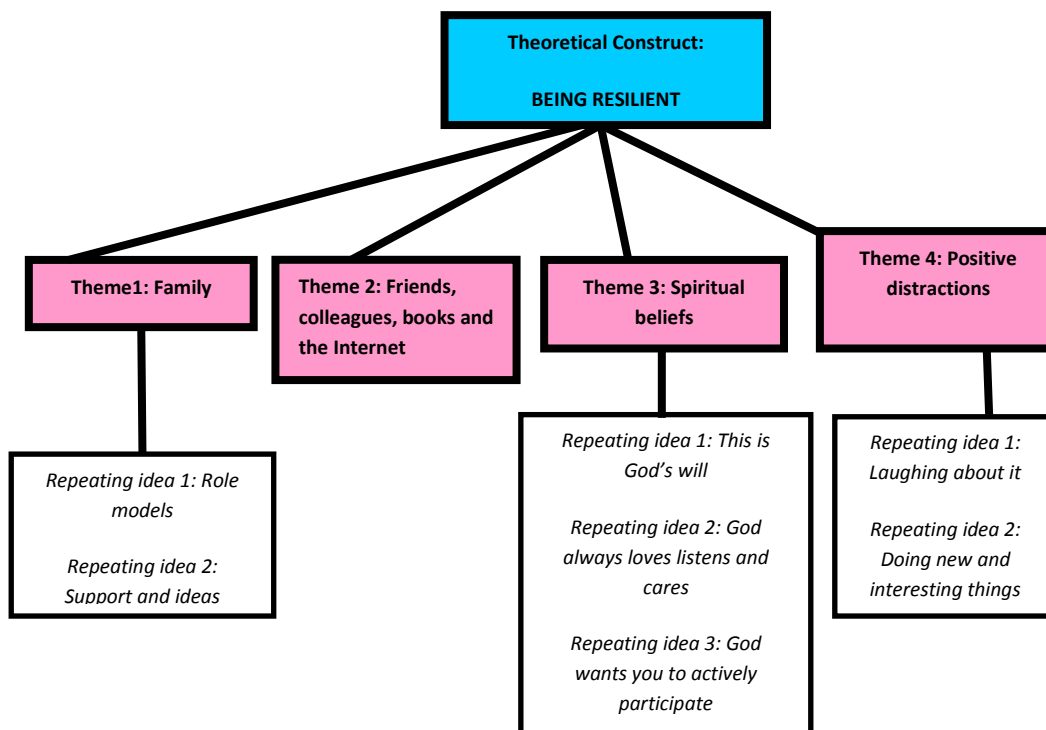
*We were very friend-oriented. I tried to have barbecues at our place and stay quite social – T.*

Participant I's excerpt and S's example also illustrates that enjoyable activities were not only positive distractions but also provided the participants with a medium through which they could feel a sense of accomplishment that would help in rebuilding a self-esteem and identity torn apart because of the venture failure. Participants (P, B) also talked about dreams that helped them survive through this difficult phase of their life:

*One of the things that also helps is that I dream about what I want. I wanted the security of a home and I just dreamt about it even if it seemed like an impossible dream. I think that's what I do – P.*

Dreams of what the participants wanted to achieve enabled them to create a sense of hope and an ability to envision a positive future even though they were in a venture failure situation that appeared bleak because of significant losses. The excerpts suggest that positive emotions arising from an activity, whether it was painting (participant A) or running (participant I), helped participants heal and find strength in the midst of emotional and professional turmoil because of venture failure. Moreover, the power of the present moment lived to its fullest was a powerful means to begin healing the body and mind. The stillness of the present moment freed the participants from the burden of anxieties that the mind constantly dwelled upon and offered an opportunity to relax and feel invigorated.

Overall, the purpose of Chapter 5 was to illustrate the findings for the question: *“How do entrepreneurs stay resilient when experiencing venture failure?”* These findings were presented with the help of the theoretical construct “Being Resilient” and its four themes: Family, Friends, Colleagues, Books and the Internet, Spiritual Beliefs, and Positive Distractions (See Figure 5 on next page). The findings show that the entrepreneur relies on his/her social environment and sometimes spiritual beliefs to keep moving forward in spite of the numerous problems and challenges occur as a result of venture failure. Thus resilience, and the threads which comprise it, play an important part in repairing the torn and tattered fabric which results from the entrepreneurs’ experience of venture failure.



**Figure 5. Repeating ideas and themes of theoretical construct of ‘Being Resilient’.**

In the following chapter, Chapter 6, the findings on the third supporting subquestion of the thesis: “*What do entrepreneurs learn from experiencing venture failure?*” will be presented.

## **CHAPTER 6 LEARNING**

Chapter 5 examined the idea that entrepreneurs cultivate a sense of being able to have a better future, and a willingness and ideas on how to move forward in life. This ability helps them stay resilient when dealing with the setback of venture failure. This chapter extends the understanding of entrepreneurs' experience of venture failure by exploring the learning that resulted from going through the failure process. The chapter's theoretical construct "Learning" and its two themes "Lessons in Business" and "Deeper Learning, Personal Transformation and Spiritual Growth" present findings related to the third supporting research question in this study: "*What do entrepreneurs learn from experiencing venture failure?*"

### **LESSONS IN BUSINESS**

In addition to the impact of external environmental factors, (such as recession, extreme weather conditions, changed legislation, and increasing competition) the participants were able to point to what they perceived as performance gaps and blunders in business practices which contributed to venture failure. Some were very specific to their individual business situations. Nevertheless, the common reasons leading to business failure that the participants acknowledged as "lessons learnt" were: 1) not doing enough research, 2) not planning and preparing before starting the business, 3) not carefully selecting partner(s) in business, 4) not paying enough attention to personal financial security, and 5) underestimating

risks and not planning for contingency (See Table 15 below.). These are presented below.

**Table 15. Lessons in Business**

Participants	Not doing enough research	Not planning and preparing before starting the business	Not carefully selecting partner(s) in business	Not paying enough attention to personal financial security	Underestimating risks and not planning for contingency
A					X
B	X	X	X		X
C	X	X			X
D	X	X		X	X
E	X	X	X	X	
F			X		
G		X			X
H	X	X	X	X	X
I	X	X			
J	X	X	X	X	
K	X	X		X	X
L	X		X		X
M			X		
N	X	X			
O	X	X		X	X
P	X	X		X	X
Q	X	X	X		
R					
S			X	X	
T	X		X		X
U		X		X	X

## **Not doing enough research**

Fourteen participants agreed that research before starting up the business was crucial to understand the industry and regarded lack of research as one of the key reasons why their venture failed. As participant Q said:

*The business concept was wrong. Without proper thinking, you shouldn't start anything in life. One must always do practical and theoretical research. We didn't prepare well before starting up the business – Q.*

In a similar vein, participant C commented:

*One has to be fully aware of things happening around – C.*

Participant R said:

*Sourcing the right information at the right time is very crucial – R.*

Participant T said:

*The power of being informed before you make a decision is the most important lesson I have learnt. I just didn't have enough knowledge under my belt. The relocation was not foreseeable by anybody but it also turns out that the clause in the agreement is one they [company that leased the premises for the business] couldn't have used. I feel foolish because we should have seen it before signing the agreement. So that is where my lawyer and I stuffed up. We didn't notice the clause and we didn't research it. I assumed that my lawyer knew what he was doing and thought that we had no choice but to relocate – T.*



Regular market research and up-to-date information about competitor activities were also regarded as crucial to be able to make the correct strategic decisions even after starting up the business venture. This information according the entrepreneurs, determined the fate of the business.

### **Not planning and preparing before starting the business**

Fourteen out of 21 entrepreneurs acknowledged that they started up the ventures without adequate planning and preparation and this issue was identified as a key reason that led to venture failure. Their businesses did not have a formal business or financial plan and issues such as access to adequate resources including staff, technology, infrastructure, skills, and legal regulations were not systematically thought about and prepared for. For example, participant P admitted that they were *almost childish* in starting up a business without adequate business skills and planning. Now, in the new business, she does things differently by setting clear business goals:

*Write down your goals and plan. Do not just make plans for the business but also do life planning – P.*

Similarly, participant K said:

*I guess more planning would be a major thing. I have learnt a hell of a lot. If I was to start a business again today then there would be a little bit more planning, perhaps a little bit less optimism and I would be always expecting that disaster to happen – K.*

Participant H also acknowledged:

*Set up your objectives and then decide a structure for the company. We don't do that. We set up a company and go running – H.*

Participant T said:

*You should have a business plan, specific goals and know how to get there – T.*

The findings illustrate that participants were not sufficiently aware of the complexities of managing a business successfully and had, therefore, not spent much time in planning and preparation before setting up the business.

Participants learned that doing a business is *stressful* and can be quite *demanding* in relation to additional responsibilities and expectations such as having children, being in a marriage, or having a partner. They acknowledged that experiencing business failure opened their eyes to the reality (participant K) of running a business, what it involved in terms of day to day effort, and the consequences of underestimation, oversight, or too much optimism. For example, participant L said:

*This [starting up and managing a business] was a much tougher game than what I expected. The reality was much harsher than what I thought – L.*

Echoing these sentiments, participant D said:

*Running this business was extremely hard. Anyone who tries to run a business is so great because it is insanely hard work. It is not just physically hard, it is also emotionally hard. You have to be prepared to*

*give up things and your life to it and it may not always reward you well –  
D.*

Participant I admitted:

*I had rose-coloured glasses on when I went into business – I.*

Participant J acknowledged:

*I learnt some real business lessons – that dreams aren't necessarily able  
to be sustained on thin air – J.*

Participant N said:

*In a business the juggling act is huge and when you work for someone it is  
much simpler – N.*

Participant T said:

*I think there is an awful lot that goes into it [a business] and I think  
everyone starting up a business has rose-coloured glasses to some extent. I  
think people who are successful in business are those who can put those  
rose-coloured glasses aside, look at the pros and cons really harshly and  
not get overwhelmed by the potential greatness of the business. I had rose-  
coloured glasses on and I thought I could make this simple business work.  
My husband knows the technical side of things and I thought I would be  
the manager and there would be no problem. I have learnt to not be afraid  
to look stupid enough to ask more questions and have rose-coloured  
glasses so much. No harm in having them on for a bit to see the positive  
potential but not to rely on them – T.*

Participants learned that just having a good idea was not enough and that even the best ideas could result in failure if they lacked careful preparation, planning and thought:

*No matter how great and how green is your idea, you still need to be able to make a profit – E.*

Participants acknowledged error in judgment and that *more accountability and responsibility* (participant B) would help next time. Overall, the participants described a much more disciplined and less casual, ad hoc approach towards starting up and managing a business venture. Those participants who had once more ventured into a business described a change in business practices and those who had not entered into a business, expressed the intention to do things differently next time around.

For some participants the reflection on what was wrong with their business practices also triggered intentional learning such as attending workshops, seminars, conferences, and undertaking professional courses. Engaging in these activities helped them to acquire the requisite skills and to gain further understanding in areas where they had little or no expertise. For example, participants C and M took professional business courses at university. Participant R attended seminars and conferences on marketing and frequently refers to business books:

*I have become a student of business practices. I haven't had any tertiary education in business but I have done lots of short courses of personal development, and marketing – R.*

Participant N did a course on accounting. Participants O and P attended short courses and workshops on small business start-up and development. For all participants, taking part in this research project was also part of their ongoing efforts to learn more about owning and managing business ventures and their reflection on the venture failure experience. Moreover, there was deeper introspection on the question of what went wrong with the business and what they had learnt from this experience. This process of reflection enabled them to explain how their attitude, emotions, beliefs, and personal characteristics influenced their decisions and actions in the business and how these contributed to venture failure.

### **Not carefully selecting partners in business**

Ten out of 21 participants also talked about how their beliefs had changed about selecting a business partner. If there were another venture, they acknowledged that they would be more careful and look for professionalism in partnerships. Participants, if not solely operating the business, were in partnerships with their friends, life partners or family members. There were informality and a lack of boundaries in the business and partnership roles were often not strictly defined or carried out because of the personal association the entrepreneurs had with their business partners. As participant Q put it:

*Friendship and business should never be mingled. The world revolves around money and when money is finished, your friends disappear. You need good partners. Good partners would be those people who are strong financially and have a strong work and compatible work culture – Q.*

Similarly, participant J said:

*In the next business, I would be looking for integrity and honesty in partnerships. Also it is not just the capital but the human resource input I would be looking for – J.*

Participant S said:

*I wouldn't start unless partners are with me right from the beginning. I also don't want partners who are simply shareholders in business – S.*

Lessons around partnership also included not entering into partnerships at all as far as possible (participant B) and that a partnership with a spouse in a business can be incredibly stressful (participants R and D).

### **Not paying enough attention to personal financial security**

Chapter 4 illustrated the personal financial maelstrom that participants and their families had to go through as a result of venture failure. Participant H's excerpt below captures the essence of what nine out of 21 participants learned about protecting oneself and one's family financially:

*As an entrepreneur, expect that your business is going to go through tough times, which means that before you start your business you must have a separate cash flow. This should be your staying alive money which keeps your house fires burning and helps you pay your bills, groceries, children's education, and house rent. This should be a separate source of income that cannot be touched by you, any financial institution or any people you owe money to. This is the first powerful lesson I learnt – H.*

Participants O and P also learned that the financial security of the family should not be compromised for the sake of the business:

*There is no way I would be putting my house up on the market again – O.*

*I have started a business again. This time I am not holding a lot of stock that is worth thousands of dollars because I have learnt about financially protecting ourselves [family] – P.*

As the excerpts illustrate, experiencing financial hardship led the participants to cultivate a different attitude.

### **Underestimating risks and not planning for contingency**

Twelve out of 21 participants agreed that had there been a thorough consideration of the possible business risks, they would have been better prepared to tackle the challenging situations in the business. Some believed such planning could even have minimised, if not prevented, the irrecoverable financial setbacks that contributed to business failure. For example, participant H said:

*We spent so much time on capital investment programme but spent no time on contingency planning. We need to spend more time on contingency planning beforehand to determine what can happen when things go wrong and how we will deal with it – H.*

Participant E said:

*You have got to be prepared to take risks. There are calculated risks and there are foolish risks. I think you have got to take a calculated risk and say, 'Hey I'm going to jump in that water that is pretty deep but I think I will be okay'. If you jump in the water without knowing the depth then you will harm yourself. So it's got to be a calculated risk in business – E.*

Participant C said:

*One has to consider the risks and be fully aware of things happening around – C.*

Participant K said:

*Probably my biggest mistake was that I underestimated the problems that could happen – K.*

These excerpts once again highlight the idea that a lack of risk assessment and preparation was mostly the result of a lack of knowledge and underestimation about the real-life complexities of running a business.



The participants had not made any contingency plans or formulated an exit strategy if the business were to show signs of failure. For example, participant A said:

*I'll give you three people as an example. We all owned factories of the same size. One guy sold out. I was about to sell out 18 months later but got caught in the storm [economic recession]. The third guy continued the business and later he committed suicide. You have got to be able to make fast decisions; you have got to be able to do it because you can't just sit there. I moved too late – A.*

Similarly, participant D acknowledged the blunder of not making a timely exit from the business:

*I should have pulled the pin a lot earlier – D.*

Participant P now has a fuller range of possible scenarios for her new business:

*I have an exit strategy this time. You have to understand and accept that one has to do business planning. When you do it, you learn why it is important. You may not completely buy the idea of planning an exit strategy but when it starts going wrong then you start to recognise what you had written 2-3 years earlier. However, when you do not plan for an exit strategy then you are so emotionally bound to the business – P.*

These excerpts further reveal the participants' underestimation of the complexities of running a business and not taking into account the possibility of venture failure.

For some participants this reflection on what went wrong with business also stimulated personal transformation and spiritual growth. This idea is elaborated upon in the following section.

## **DEEPER LEARNING, PERSONAL TRANSFORMATION AND SPIRITUAL GROWTH**

“Deeper Learning, Personal Transformation and Spiritual Growth” refers to learning that was not just a surface level adaptation to improve performance in subsequent business ventures. It involved critical self-reflection against the backdrop of interactions with others and their opinions and knowledge and connecting with one’s inner self to examine the cause of business failure. The process involved questioning, deconstructing or modifying existing beliefs, assumptions and ways of doing things. The participants wove the venture failure experience into the fabric of their lives. Four repeating ideas emerged within this theme: 1) using the power of enhanced self-awareness, 2) redefining self and venture failure, 3) wholeness, and 4) increased empathy. Together they offer a detailed insight into the deeper learning, personal transformation, and spiritual progression that happened as a result of experiencing venture failure. These repeating ideas are discussed with the help of Table 16 (See next page.).

**Table 16. Deeper Learning, Personal Transformation and Spiritual Growth**

Participants	Using the power of enhanced self-awareness	Redefining self and venture failure	Wholeness	Increased empathy
A	X	X	X	
B	X	X	X	X
C	X			
D	X		X	X
E	X			
F			X	
G		X	X	
H	X	X		
I	X	X	X	X
J				
K	X	X		
L	X	X	X	X
M	X	X	X	X
N	X	X		X
O			X	X
P	X	X	X	X
Q				
R	X			
S	X	X	X	X
T		X	X	
U	X	X		

## Using the Power of Enhanced Self-Awareness

Enhanced self-awareness refers to the participants' identification of how their emotions, beliefs, attitudes, and personal characteristics influenced business decisions and contributed to venture failure. Thus, while all the participants identified the performance gaps and erroneous decision-making that contributed to business failure as illustrated under "Lessons in Business", 15 were also able to further explain the underlying reasons behind these misjudgements and performance setbacks. Such enhanced self-awareness initiated significant changes in behaviour and decisions regarding self, career and life in general. Participants elaborated on business decisions based on a false sense of ego and attachment, which were not in the best interest of the business. In fact, awareness of a false sense of ego and attachment provided the common examples of the participant's understanding of how they contributed to the fate of the business. For example, participant P explained that she enjoyed the *high profile* of being a businessperson and was *too emotionally involved* and *passionate* about kite-making. Consequently, she made *several emotional decisions around money*. Moreover, participant P admitted that not exiting the business when losses started to show was an example of *emotional bonding* with the kite business and her image as a kite maker, a cocktail that ultimately resulted in massive financial losses.

*We should have given up the business at least 3 years before we did. Part of it is the self-esteem issue because we thought, 'What else can I do?' and people perceived us as very successful in business. My husband [was also business partner] was in meetings with the high-ranking government officials, helping organise the festivals in the city. He was the kite-man, I*

*was the kite-woman and we were in news and TV programmes. I had a high profile and I loved that and all that is hard to lose. I also recognise what my strengths are and what is not. I know marketing is not my strength – P*

Such understanding about how one's own attitude, emotions and behaviour contributed to venture failure is an example of enhanced self-awareness. Participant P's self-awareness has triggered changes in the way she now looks at her new business and the decisions she makes. Specifically, she works hard in her new business and has a carefully planned out exit strategy. This is an example of how P has learnt not to be emotionally bound to a business that conveys an image of a successful business person, a false sense of ego that interferes with her decision-making:

*I will be taking the new business very seriously and working out exactly how many units I need to produce to earn the kind of income I want to earn. This time I am not just going out there and trying it. I am determined to make the business work. I have an exit strategy this time. You have to understand and accept that one has to do business planning. When you do it, you learn why it is important. You may not be fully buying the idea of planning an exit strategy but when it starts going wrong then you start to recognise what you had written 2-3 years earlier. However, when you do not plan for an exit strategy then you are so emotionally bound to the business – P.*

Similarly, participant B realised that he was too attached to the symbolic trappings of a successful business person such as a big house and was more worried about

keeping up with his peers. He explained how this attachment interfered with his decision-making in business.

*Learning to let go was very difficult. My ego was high. I wanted to be successful and keep up with my peers. Having to let go was the most difficult thing. For example, just having to let go our home, our castle, was extremely difficult. When things got bad and I had huge debts, I made things worse in trying to recover by throwing in more money in the business. It was like gambling – B.*

Now B practises detachment from the trappings of success that boost his false sense of ego:

*However, if this [losses] had to happen again, it would not worry me. I know when to let go. I know it is a nice house but I have the attitude that it is just a piece of timber and there is another house out there. So such things don't worry me as they did earlier – B.*

Similarly, participant L also practises detachment by having an exit strategy in the business:

*When it is your first enterprise then you feel it is your baby or your idea. You invest a lot of money and time and you do not want the failure to happen. I have now learnt that I should kill a business if it is not working. Just kill it rather than get emotionally attached to it, continue pouring in good money and destroying everything else. At the end of the day it is human life and there is no point destroying yourself – L.*

Participant L also acknowledged that it was his *ego* that interfered with his decision- making in business, specifically when he had to decide whether he should exit from the failing business.

Participant D also realised how his habit of lying was closely linked with his need to maintain an image of a successful business person and his need to be accepted by others:

*I wanted to know why I went bankrupt and I suddenly got the answer 4 years later in the last session of counselling. All through my life when dad asked me if my hand was in the cookie jar, I said no. I also told lies to my wife because she would yell at me. It [the lying] rolled into business as well. I lied in the business all the time and spoilt all my relationships. I have learnt that if I lie then I give permission to others to lie to me. When I deceived other people, it created a self-deception around me as well. The little bubble protected me. For me, faith in God was also part of self-deception. I donated large amounts of money to the church and I purchased things in business that I could not afford, ultimately leading to bankruptcy. I thought God would take care of the expenses. I was stupid because it does not work that way – D.*

Now participant D does not lie to maintain relationships and a false image of a successful business person:

*Now I am very honest. I don't lie about anything and if anyone asks me a specific question then I'll answer that question no matter how hard it is to answer that question. I don't have an image of God handing out lollipops*

*to me. I now think God is more like a friend and I have to take actions for the betterment of my life – D.*

The findings seem to suggest how a false sense of ego is boosted by the trappings of success and interferes with the decision-making of the entrepreneurs. Another false sense of ego acknowledged by a number of entrepreneurs was the feeling that they had adequate knowledge and expertise to manage the business and they did not need anyone's help or suggestions. For example, participant L did not consider his wife's comments about the credibility of his business partner which, on reflection, proved a mistake:

*My wife said a lot of things [about my business partner] and in hindsight she was right but I didn't listen to her and I learnt a lesson out of this as well – L.*

Now participant L considers advice given by others, especially his wife:

*Now if she has to say something, I give it a thought. She is quite conservative whereas I just take the risk but sometimes the conservative approach helps – L.*

Participant K also learned to take advice and help from others. He did not take any advice when his mushroom business was suffering because of a disease that he was unaware of and unprepared for. In hindsight, he realises it was his *ego* that prevented him from accepting any help:

*I have been raised to sort out my own problems. That is the way I have grown up and asking for help is something that has always been really out of my comfort zone. I am a bit stubborn as well since it [business] is my*



*baby. I have always wanted to do this by myself, this is my challenge and I want to achieve it and build it up – K.*

*I have got better at asking for help from people in the last year. I probably asked for help quite a lot. I did not realise there are many people that are able to help. However, I think because of me not asking for help in the past, it has taken a long time for me to know what kind of help is out there – K.*

Like participants L and K, participant M also understood the value of accepting help and advice when experiencing grief:

*It took me 5 years to get over it [venture failure]. It takes time to admit your own vulnerability and then be prepared to open up to the idea of seeking help. Now this is something I did the second time around [when the wife passed away] because I opened up my heart for help. Help came from all sorts of places. Being able to cope with the emotional journey of understanding who you are, your vulnerability and that in any experience of major loss you go through a grieving period and that there is a reality. If you can develop awareness in your grief then that's the critical thing of getting through the process. You have to do your grief work and it is not about doing this on your own. Someone who can listen, can hold the space, and can ask the right questions for you. Someone who can help deeply examine your strengths and weaknesses. That is the critical part of the help process and that's something I didn't do at the time of the loss of my business. But then 30 years ago there was a stigmatism about going to go to a counsellor. Luckily today there is no such stigma. I don't think a business mentor may have the kind of counselling skills that are necessary.*

*Even with the counselling skills, you have got to go and meet a couple of them to find the one who is really going to work with you. The critical thing is that you are going through your grief whether it is the loss of someone or loss of a business. Grief does have stigmatism about it because one of the dynamics of grief is that sometimes it can change you and your behaviour. People see that you change; they see that you are grieving, they don't know how to cope with grief and so they don't want to get involved. People often say once you have lost something then you find out who your real friends are and that's something I found with both my experiences – M.*

The findings suggest that perhaps the venture failure and its consequences could have been minimised or even prevented if the false sense of ego had not interfered with the participants' decision-making in business. The findings also highlight that learning was a slow process and for some it took months and years to learn some of these lessons. The help and support of people and time taken off to reflect on the experience can move the person from feeling the pain to acceptance of reality with better understanding and initiating changes to improve life. Participant M talked about the importance of keeping a diary for learning through self reflection. Participant U also commented on the power of learning from experience through reflection:

*The reflective behaviour seems to have gone out of fashion. If we all reflected on our experiences then we wouldn't get stuck in repeating patterns as we would learn from our experiences – U.*

While all participants engaged in self-reflection, only M and U consciously identified the importance of reflection in the learning process.

Out of enhanced self-awareness the participants also took steps to set boundaries, i.e., limits to do with healthy behaviour, acceptable relationship dynamics, and communication style. This boundary setting was to protect themselves from further hurt, disappointments and stress, and to create an environment of mutual respect and equality. For example, participant E is prepared to take on a partner in the second attempt at starting up the business because he wants to take care of himself by being involved in the business for a lesser number of hours:

*Earlier I had the attitude that I could not take in a partner because I did not want anyone telling me, 'No, we are not going to do this or that'. Now if someone comes along and says he can run the business then I am open to that idea. I want to start taking things a little bit easy and I don't have the attitude that I am invincible. I look at life in a different sense and with this new technology coming up we are better off having half of the wedding cake – R.*

Participant I stated that *giving too many discounts* to customers was one of the key reasons why the business had the irrecoverable financial setback which caused it to close down. Engaging in self-reflection enabled him to peel away the layers and get to the core of the problem – why he was giving too many discounts to the point where he was not thinking of the effect of the discounts on the bottom line.

As participant I explained:

*It just had that feel good factor of helping people, going a bit overboard I suppose in ensuring that they went away happy – I.*

Furthermore, participant I recognised that he had a *generous* personality and a tendency to give discounts as a way of gaining social acceptance and forming relationships. Now his relationships are more *real and enduring* and his relationship skills are enhanced because of what he learnt from the experience of venture failure. Participant N drew limits in terms of what was acceptable to her in any business communication:

*Never take people on their word and take everything in writing. It seems quite obvious but quite frankly it wasn't back then when the business failed. Do not just believe people when they say something with an authoritative tone. If somebody is being pushy in business then just say 'Excuse me, please stop. I will be back in a minute'. Don't let people pressure you into making decisions because that's when mistakes happen – N.*

Participant S learnt about partnership dynamics and that she would not be willing to put herself in a situation where other partners can blame her for any business losses again:

*When the business wasn't doing well I had unhappy shareholders who were also members of the family. I wouldn't start unless partners are with me right from the beginning. I'm looking for active partners next time and not simply shareholders in business – S.*

After experiencing venture failure, participants S, H and C also drew personal boundaries to ensure good health as they learned that physical fitness and mental health seemed to be very closely connected. For example, participant C learned to manage his stress and anxiety about an uncertain future by focusing on *one day at a time*. Participant H *gave up alcohol completely* as he realised that this was an unhealthy way of coping with his stress.

Participant S started paying greater attention to her health when she found herself in a difficult personal financial situation as a result of venture failure:

*My health improved. I lost a lot of weight and I am now a regular gym person. In a time like this, you have to do that because if you have no income and you are an older person then you cannot afford to get sick. So all of those intellectual things became real and I thought that I must attend to these things about health that people talk about – S.*

Overall the findings of setting boundaries suggest that participants learned the importance of their physical and emotional well-being and, therefore, devised strategies and took personal responsibility for taking care of themselves.

### **Redefining Self and Venture Failure**

Thirteen out of 21 participants perceived themselves and venture failure in a positive light. A common aspect of this modified perception was that the participants thought they were more mature, wise, and resilient and had not failed as a person just because the business had failed. This was a shift from states of resistance such as feelings of loss and personal failure (Feelings of loss, Chapter 4)

and thinking of failure negatively (Self-stigma, Chapter 4) to a state of increased acceptance. The participants experienced and elaborated on personal growth when describing the lessons learned from experiencing venture failure. One of the key outcomes that participants described was resilience. They learnt that no matter how overwhelming and difficult circumstances such as venture failure are, these are still temporary and one can survive such episodes in life with the right attitude and support from others. Dealing with this unexpected and difficult transitional period made the participants feel less daunted and more confident in their ability to cope with any such life situations in future. As participant U explained:

*You learn things about yourself such as your ability to cope and how you cope. You learn a lot of interpersonal skills, you learn how to think creatively about how you are going to solve problems and you learn how to build relationships with people you are working with. You learn to negotiate with clients. We use what we have learnt from the egg business in our current role [working as managers of a camp ground] – U.*

Participant I explained:

*Yes, there are challenging situations but for the most part, I rise to those challenges and handle them effectively. I have had the occasional stumble though but have learnt from each stumble – I.*

Similarly, participant P said:

*I think one of the big things I learnt after we lost everything was rise from ashes. Even when we had no money, no family support and one of the parents died in the middle of all this quite painfully. We had no extended*

*family here but what I realised was that we lost the house and lost the car but still our needs were met. We still survived it and it is survivable. What I learnt is that you can pick yourself up, redesign and reinvent your life –P.*

Participant M said:

*I picked myself up a lot quicker. I had greater resilience the second time around when I experienced a major loss. Losing the business made me more resilient to cope with the loss of my wife – M.*

In addition, participants B, H and G admitted that they are not scared of any challenging circumstances in the future. This they believed is because of experiencing venture failure:

*I'm a lot more casual when things go wrong. If I was to go down to my last few thousand dollars then it wouldn't worry me because I believe now that I can get through it and it does not scare me anymore – B.*

*I'm not scared anymore of any stressful or challenging situations – H.*

Participant G said that he learned to manage stressful situations better after facing the challenges associated with his venture failure:

*What I am today is because of this experience. My personality has become so strong. My other friends are afraid of so many things but I am not afraid and I can deal with any situation. I know that to accomplish anything you have to give your 110% and that is why I am doing well today. I know this was a bitter experience but it has taught me how to work*

*towards something that I want to achieve and has given me confidence that I will survive through any problem – G.*

*I have learnt a lot. I am not afraid of anything. You can give me the worst of news. Bad news does not shake me. At that age, I have gone through numerous bad news; so much stress that now I look at a stressful situation as a list of bullet points. I can go and tackle each bullet point on my own and emerge out of the crisis. This is what I have learnt – G.*

Participants also perceived themselves as more *mature* and *wise* after having gone through venture failure. They elaborated on their newfound knowledge about what happens after bankruptcy, liquidation or receivership, an outcome that they did not have a clear idea about prior to this experience. Going to courts, living in adversity, learning about regulations and procedures associated with bankruptcy negotiations with creditors and media attention were some of the situations that the participants had not experienced before. For example, participant I said:

*I have much more wisdom and understanding of the effect of depression on people's lives – I.*

Similarly, participant H, who had formal qualifications in business management before starting up the business, explained:

*One becomes more mature. Every day is a new experience and every day is a new lesson. I do not think anything in the Management School really taught me or gave me an ability to deal with things that I went through – H.*

Excerpts from participants I and H suggest that some learning takes place as a result of doing something or experiencing a certain event. Business management



issues are discussed in text books but such information may not result in learning. The above comments on feeling more resilient, mature and wise are an illustration of the participants' increased self-acceptance that also signal healing, moving on from the negative feelings associated with the setback of venture failure to a new beginning, and personal growth. The sense of pride in overcoming obstacles after the failed venture and perceived personal growth and increased knowledge are examples of positive thoughts that worked as a soothing balm, helping the participants restore an inner sense of harmony.

The participants also viewed venture failure in a more positive way. Specifically, as already described in Chapter 4, when the participants shared their memories of when the venture failed, they then mostly referred to this as quite difficult and detrimental. However, when participants talked about their present lives and plans for the future, then they referred to the same experience as unfortunate when it occurred but one that provided them with valuable opportunities to learn about the business, self, and life in general. For example, participant G said:

*What I am today is because of this experience – G.*

Participant S said:

*This experience is a PhD on change and transition – S.*

Participant H said:

*I never imagined going to courts. It [the experience] teaches you about life – H.*

Participant M said:

*The business experience has opened me to a whole new richness around my own learning. So out of the loss of business this is what I am now” [successful career in change management and consultancy]. Failure is only a milestone to the journey ahead – M.*

Participant N experienced the *stress of having to keep the secret of bankruptcy* from her friends but now openly discusses the subject of bankruptcy with them, and she found this opening up to be very helpful in healing from the setback of bankruptcy. She wanted to take part in this research project to share her experiences of bankruptcy in the hope of helping others. Hers is another example of increased self-acceptance and redefining failure. Moreover, the participants acknowledged that one could not reverse the losses or *change what had happened* (P) but one could *move on* (L) and make progress by weaving valuable lessons from this experience into one’s life. The narratives are replete with examples of how the participants had woven the venture failure experience and its lessons into their present lives and plans for the future, thus revealing a shift from resisting to accepting venture failure as a valuable episode in their life. Participants K, T and U’s excerpts capture the essence of this shift and a more balanced view about venture failure:

*I have achieved something [introducing a new product in the market]. I walk away as a winner if you don’t look at the financial side of things – K.*

*Personally I believe everything happens for a reason. I have learnt an awful lot about what not to do. This experience is like looking through a*

*kaleidoscope. There are so many different facets to it. There is the good, the bad and the really ugly. There is literally the blood, sweat and tears that I have put into it. So there is the disappointment of it. I hate hindsight. Hindsight is a bitch. I wish there wasn't such a thing as hindsight because you are able to look into it more. I think I have learnt a lot. I don't like to think it was a waste of time, money and effort and everything else. I don't think I am ever able to help thinking like that but at the same time I have to work really hard to try and take any good stuff out of it. What I have been trying for the last year to keep myself sane is to tell myself 'Ok but you have learnt this and learnt that'. So in some ways after failing I am more business savvy than a lot of people who are starting it. I am getting better at it [to think of what I have learnt from this experience] and I think time will do that more and more – T.*

*It [failure] is a learning experience. If you don't fail, you don't grow. We live in a world where failure is seen as something wrong and bad. The label is attached too early. It may not be the same outcome you anticipated but that doesn't make it failure. Failure should be quite simply not achieving what you set out to achieve but it does not have to be negative – U.*

## **Wholeness**

Wholeness depicts the understanding that work and personal life are not mutually exclusive fragments. Initially, the business was primarily viewed as a tool that

enables one to achieve a secure and materially comfortable life. However, after experiencing venture failure, 12 out of 21 participants paid more attention to integrating their core beliefs, abilities, personalities, concerns for others (such as family and society), and sense of personal well-being with work initiatives. In other words, these participants now understood the value of bringing their whole self to work, making decisions that were in harmony with their strength, values, and beliefs, and not just materialistic needs. There was a progression in their beliefs from seeing work primarily as a tool for material benefits, to considering it a path leading to a more meaningful and complete living for self and others. Such progression influenced career choices after venture failure and created a sense of harmony and feelings of *enthusiasm, balance, dream-fulfilment* (participants B and P), *happiness* (participant L), *meaning* (participants I and M), *enjoyment* (participant A), and *sense of achievement* (participant G, A, B and O), in spite of the day-to-day challenges and uncertainties in life.

Participant P, who attended a personal development course when the business was failing, explained how her values had an influence on her decisions when the business was sinking under heavy losses:

*You need to consider your personal values. This is something that never occurred to me before I did the personal development course. What are my values? My value was to behave in an ethical way and that is why I did not go bankrupt. That is why I lost the house. I could have kept the house if I'd declared bankruptcy. However, I decided to pay everybody I owed and that was a conscious decision as a result of what I learnt – P.*

Likewise, participant M said:

*. . . some people want to go into owning businesses and it's part of the unconscious process of finding out who their real self is because, I think, there are a number of people who if they were consciously aware of who they actually are would actually not go into businesses on their own, or with friends or their family – M.*

And participant D, who entered into business to get out of debt and find work said:

*I think I started out with the wrong foundation. The reasons why I went into it [business] weren't just pure. I suppose that is the only way I can describe it to you now. I know people who try to get into business for reasons like they want an easier life and I have noticed that such people tend to fail. The ones who tend to succeed are the ones who got into it for really pure, good motives and they had got what they needed to make it happen. It is kind of balance between the two – D.*

Participant F, I, O and T all had no desire to start up a business again and went into different careers.

*I hate competition and I much prefer collaboration, cooperation and mutual offering. I don't want to be involved in commercial research again as it is not compatible with my beliefs and values – F.*

*I doubt I will ever go in business again because I am too giving and generous to be a profit-oriented business man – I.*

*One thing I have learnt is that I never want to go back in business. Having to earn money is a bit demotivating sometimes. You know you cannot feed your kid unless you make the sale and for some people this is motivating but for me that is not motivating – O.*

*I won't ever do a business again because I am far too pessimistic about business and I don't think I would let myself take that leap again no matter how well I researched it. If I was to ever consider a business again, it would have to be so carefully thought out and investigated that by the time I would do all that, the opportunity would probably pass. I have ideas of business but even if I won Lotto, I am not going to go there because of what has happened with this business. A friend of mine sent me an email about pros, cons and fatal flaws in a business and not once have I looked at that email. Because if it [a business] doesn't have a fatal flaw, which I think it would, I would still not know what I am doing. I am a worrying person and I have been hesitant. But I am obsessively so in a way. I can always think about the worst possible scenario. I think I have a predisposition for it because things didn't come right at the time; I am conditioned to think how it is all going to go into crap – T.*

Participants I, F, O and T were first time entrepreneurs and realised that there were aspects of entrepreneurship that did not match with their values and personality. Participants I and T admitted to not having confidence in their ability to run a business successfully as a result of this venture.

Some participants described choosing career paths and business ventures that endorsed a sense of purpose and meaning in life. For example, participant I moved into mental health support work after experiencing and learning about depression when the venture was failing:

*It has always been people first with me. It is just more meaningful now. Now my work is in mental health support work. This is about peer support, empowerment and self-determination both for me and others. I am supporting others to have or regain those things that we all have a right to have – I.*

After the business failed, participant N made a decision to spend more time with her son and create a work-life balance, and participant M gave up his business initiatives and ambition for *10 years*, giving adequate time and support to his wife and young children, thus saving his marriage that was failing because of his lack of attention and presence at home. Participant L's excerpt below captures the essence of how participants tried to create more balance in life, which was reflected in how they described their career decisions after venture failure:

*I am living the dream now. It is a nice little simple business with about half a dozen customers. I now eliminate everything that causes stress. I have learnt that happiness is the most important thing. All those things [status and money] mean nothing if you cannot wake up in the morning and be happy. No one wants to wake up in the morning and say 'I want to have a real bad day' but we take away our real happiness when we do complicated things. We try to do things when the timing is not right or without funding or skills. Therefore, many things are like an idea that you*

*are trying to bring into this world. We create our own stress. Happiness comes from a simple life. However, simplicity is not easy. It is always hard to make something simple. A remote control has so many buttons that we never use. Therefore, what I have learnt is to not complicate life too much. Do something that you love doing and something that you are good at and also helps to make money – L.*

One of the interesting outcomes of reflecting on the experience of failure was that it facilitated the participants' ability to recognise their strengths as an entrepreneur and in knowing what can go wrong in a business and what an entrepreneur can go through when it fails. Participants such as M and P started up businesses and entered into careers that were based on their core capabilities, talent, and this new understanding based on their experience of failure:

*I now work in the change management, leadership development, and business mentoring area as I believe I have valuable experiences to share with people in businesses – M.*

*My business now combines what I love doing, that is art, with workshops where I try to beat some sense into other entrepreneurs. I am offering business mentoring/coaching for people in the creative industry as I think they have a particular set of challenges and they are different to other businesspeople. They are too focused on only the art aspects – P.*

Participant P also offers life transition workshops where clients learn how to cope with major changes and create balance in life.



Overall, the findings on wholeness reflect the participants' decisions and the steps taken to live a more balanced life. They also reflect a desire to take decisions that are not based purely on material needs. The findings also illustrate how some participants turned their misfortune of failure into an opportunity to create another business or career.

### **Increased empathy**

Nine participants had an increased empathy towards entrepreneurs who experience failure and other stressful life episodes. Seven participants took up career roles or started businesses that had an aspect of helping others through their newfound knowledge that resulted from experiencing failure (D, I, L, M, N, O, P). One participant (S) has started work on setting up a business helping other people *re-invent* their lives. Three participants (M, N, D) successfully helped turn around other businesses and this success they owe to their newfound knowledge from experiencing venture failure. As participant D said:

*Since I have been bankrupt, I have helped build other businesses and so I have seen other business people through my course of work. Because of my experience, I have a good perspective on why businesses fail. Through this experience of bankruptcy, I wanted to give something back and that is why I wanted to give you this interview. It's been an awful experience for me and I think it does not have to be this bad. There are things that can be done to stop failure and if you do fail then there are things that help you get back on feet – D.*

Participant D used the term *crisis management* to describe the lessons in effective negotiation with creditors in the event of being unable to pay the bills on time. He has shared his lessons with companies in financial crisis and one day hopes to start up a consultancy firm that offers guidance to entrepreneurs who are on the brink of bankruptcy. Participant N also helped other businesses after venture failure:

*I have helped two businesses triple in growth. It is all about processes and paying bills on time. I had my experience to tell them when to say 'No', or 'You just have to be careful there'. I know what can go wrong when you do not pay – N.*

Participant O is involved in teaching business management:

*I have learnt an awful lot since then even though I have not been involved in business. However, I have been involved in giving back [through mentoring and teaching]. The academics have no idea and it is good to be able to have this background – O.*

Participant I now works in the area of mental health support:

*I am sharing my life experience and in this way supporting, connecting with, and walking alongside people who are travelling a similar and often traumatic path. I am sharing my story with people in the hope that someone reads something in it that creates the thought that 'If he can do it so can I'. I have always had a 'people first' approach in life. It is just more meaningful now. Now my work is in the mental health support area and this is about peer support, empowerment, and self-determination both*

*for me and others. I am supporting others to have/regain those things that we all have a right to have – I.*

*I have developed a recovery plan which is being increasingly used by people with mental illness. It identifies the triggers and early warning signs of when I am beginning to become unwell and strategies to minimise the impact of not feeling well – I.*

Participant M now has a career in change management and consultancy:

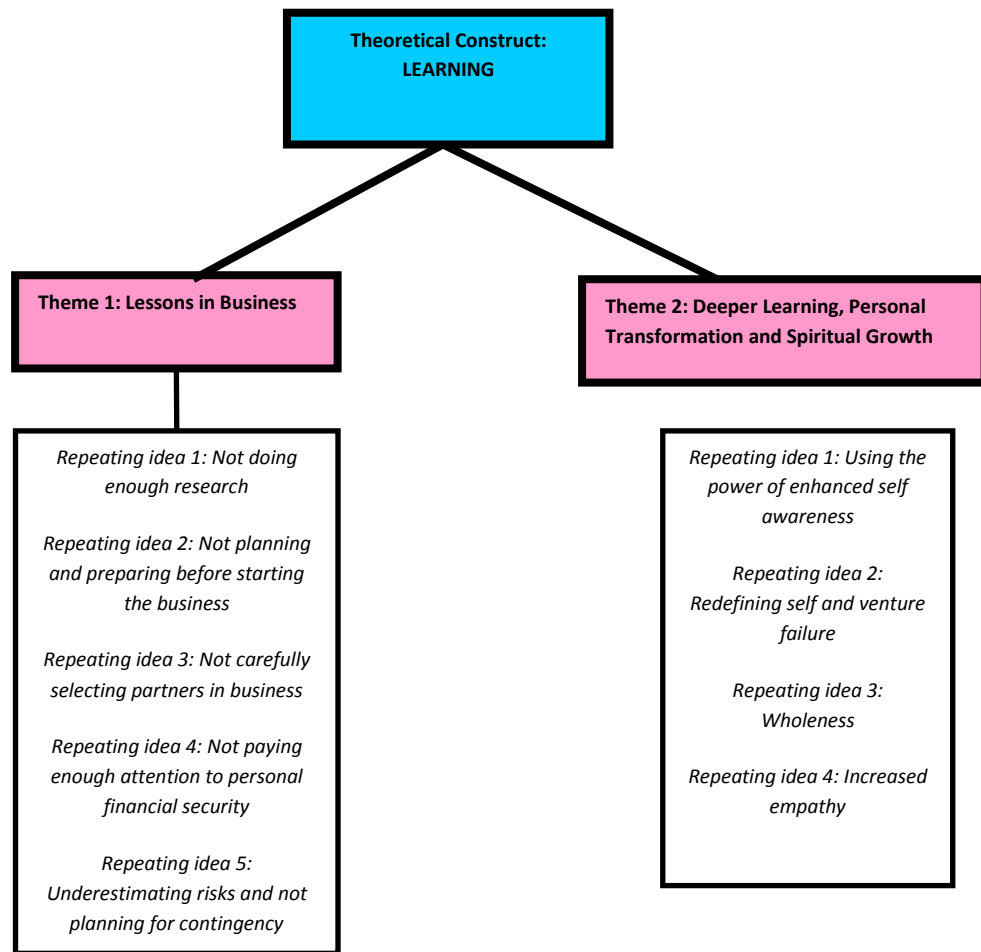
*The business experience opened me up to just the whole richness of my own learning. This learning enables me to do the great work that I do with my clients today. So part of the big value that I bring to my business relationships today came out of the lessons I learnt from going through that experience. For example, I learnt 'There is always something better waiting around the corner so I must carry on and do what I plan to do'. I am a very good transformational agent. Since the venture failure experience, I have helped turn around a number of businesses. Soon after the loss of my business, I came back to this city. A friend of mine took over a business that was losing half a million dollars. After I stepped in, it was a multi-million dollar business. I also turned around struggling divisions of corporate organisations and made those successful. I do not go and work on the business side. I actually go and work on getting people to talk about their own spiritual well-being. So out of that loss of business this is what I am now. This is the kind of richness that I gain from that experience – M.*

Chapter 4 had illustrated that sharing personal grief and setbacks involving failure may not be easy. The enthusiasm to help others by sharing personal experiences in this research, and other people through their work, illustrates the participants' shift beyond personal interest, their increased empathy, and connectedness with people. For example, participant M said:

*I am more than supportive. You [the author] are writing the pages that are the missing manual on going into a business and it needs to go out there. I can and want to help you to fill those pages. Your article caused some deep resonance for me and that's why I contacted you and if there is any way that I can help you then I'm more than willing – M.*

Summing up, the third subquestion underpinning this thesis is: “*What do entrepreneurs learn from experiencing venture failure?*” The findings with the help of two main themes –“Business Lessons” and “Deeper Learning, Personal Transformation, and Spiritual Growth” have now been presented. The findings highlighted the idea that lessons were not limited to business lessons and were more comprehensive than expected. The participants also talked about learning more about themselves, how to deal with loss and crises, relationships, making career choices, and finding new meaning in life. There was deep personal transformation, which amounted to more than deconstructing or modifying a few old ideas to improve business performance in the light of new information from experiencing venture failure. This transformation depicted enlightenment, connecting with one's inner self, understanding of the influence of one's actions on others, and the importance of other people's contributions in one's life. It also depicted the weaving of the experiential learning into actions and decisions that

would help in improving one's life, career, and other people's life. Moreover, it depicted renewed strength and enthusiasm to work towards one's goals and live life more authentically. For these reasons, this theme is called "Deeper Learning, Personal Transformation, and Spiritual Growth" to encompass the depth, range, and richness of the participants' learning as a result of experiencing venture failure. Figure 6 placed on the next page illustrates the theoretical construct of "Learning".

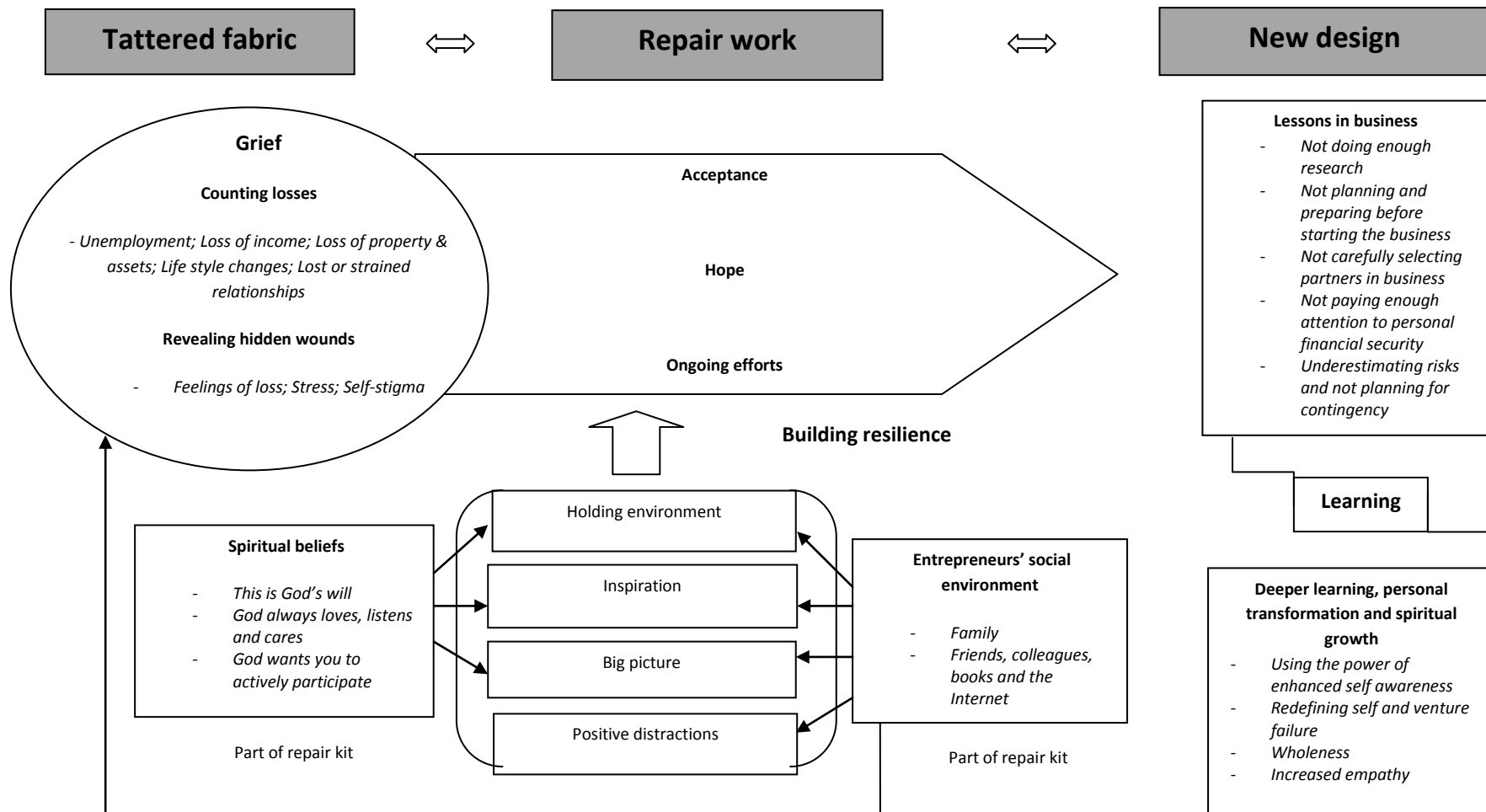


**Figure 6. Repeating ideas and themes of theoretical construct ‘Learning’.**

The following chapter, Chapter 7, draws together the findings from Chapters 4, 5 and 6 and integrates these with the relevant literature to produce a framework which depicts the experience of venture failure holistically.

## **CHAPTER 7 INTEGRATION OF FINDINGS AND PROPOSED FRAMEWORK**

While Chapters 4, 5 and 6 open the window for the reader to gain an insight into the venture failure experience of the entrepreneurs who participated in this research, Chapter 7 further develops this study through the presentation of a framework which tells a coherent, reconstructed story of the participants' experience of venture failure. This framework brings together the root metaphor of fabric tear and repair, Figure 7 (See next page.), and an integration of the theoretical constructs laid out in Chapters 4, 5, and 6. As discussed in Chapter 3, this approach is consistent with the analysis of narrative approach adopted as a strategy of inquiry in this study as here the researcher reads the collected stories that the participants tell about their experience, develops themes, and presents a congruent, structured representation of their stories to the reader (Polkinghorne, 2003). This chapter is organised into two main sections. The first section presents a summarised description of the framework while the second section provides a more detailed discussion of that framework. It does so by analysing the different episodes summarised in the framework more deeply. Here too each episode of the framework is elaborated upon and discussed in the light of the findings of Chapter 2 and other, relevant scholarly writings.



Grief fades

**Figure 7. Entrepreneurial experience of venture failure**



## **SUMMARISED DESCRIPTION OF THE FRAMEWORK**

Three iterative episodes together make up the framework of entrepreneurial experience of venture failure. These are characterised in Figure 7 as “The Tattered Fabric”, “Repair Work”, and “New Design”. The metaphor fabric tear and repair, a combination of three metaphors is used to integrate the findings of chapters 4, 5, and 6 and narrate the reconstructed story of the entrepreneurs’ experience of failure. Sometimes metaphors are combined to highlight different aspects of a phenomenon (Carpenter, 2008, p. 279). The first metaphor fabric is used for the entrepreneur’s life. The second metaphor, tear is used for grief associated with failure. Tattered fabric is the combination of metaphors fabric and tear that is used to label the first episode of the framework. Stories depend on associations (McCloskey, 1995, p.215). Tattered fabric, a familiar image, helps to orient the reader to the extent of disruption and sense of loss related with failure. This episode is mainly based on the findings of Chapter 4. The multiple rips and holes in the fabric emphasise that the disruption went beyond the mere discontinuation of a venture because the entire fabric which shielded and characterised the life of the entrepreneur was torn asunder. The holes in this tattered fabric symbolise what was missing in the entrepreneurs’ life. While venture failure was the most obvious, gaping hole, unemployment, lost income, lost assets, lifestyle changes, and lost or strained relationships opened up other, significant holes that further threatened the integrity of the fabric and signalled the potential for further dilapidation (Counting Losses, Chapter 4). Wrapped only in their threadbare fabric, the entrepreneurs felt overwhelmed and uncertain what to do to. A sense of anguish and anxiety set in as each hole acted as a reminder of how different the

fabric had been before the venture failed (Feelings of loss; Stress, Chapter 4). The shredded fabric of the entrepreneurs' lives also made them feel inadequate, different from others, lonely, and affected their behaviour (Self-stigma, Chapter 4). The entrepreneurs' anxiety continued as their problems did not end with the failure of their ventures. The imagery of tattered fabric exposes not only the day-to-day complexities but also gives a detailed insight into the lasting losses and debilitating grief that entrepreneurs experience when their ventures fail.

One would try to repair holes in a fabric to avoid physical discomfort and social embarrassment. In this sense, tattered fabric as a label for the first episode helps to establish a sense of connection with the next episode of the story that is labelled repair work. The repair work episode is mainly based on findings of Chapter 5 and depicts the entrepreneurs' experience of adapting to life after venture failure. In this episode the entrepreneurs, despite experiencing the effects of grief, find the resilience to adjust to the ongoing changes, and plunge into efforts to repair the tattered fabric of their lives. It was not easy for them to begin the journey of repair and sustain their morale throughout the process, given their feelings of anguish, anxiety and inadequacy, and the pressures they encountered on a daily basis. Nevertheless, the repair kit comprising the fibre of their spiritual perspectives (Spiritual Beliefs, Chapter 5) and the fibre of their social environment (Family; Friends, Colleagues, Books and the Internet, Chapter 5) assisted them on this journey. These threads were interwoven in such a way as to create both an acceptance of reality after venture failure and hope that helped them persevere instead of succumbing to the grief and pressures during this repair

episode. The label, repair work, helps to draw attention to the shift in the approach of the entrepreneur in this story i.e. from a passive state of feeling like a victim overwhelmed with grief to proactively making efforts to adapt to life after failure. The entrepreneur is the repairer of his/her life. The repair work label emphasizes that resilience, i.e. the ability to adapt and bounce back from this adverse situation had to be nurtured; it is not a fixed state like quality as already mentioned in Chapter 2. This ability of the repairer depends on his/her repairing efforts but also depends on his/her repair kit. Therefore, repair kit draws attention to the idea that entrepreneurial resilience should not be looked upon in an isolated manner. The significance of the social environment and spiritual beliefs in building entrepreneurial resilience becomes even more evident in referring to these as fibres in the repair kit needed to stitch the fabric of life.

Like the label tattered fabric, repair work label also helps to maintain a sense of continuity in the story by bridging the gap with the third episode called New Design. The label new design helps to signal that this would be the concluding episode of the story that would discuss the outcome of the repair work undertaken, that is the new patterns that form on the fabric of life. This episode draws primarily on the findings presented in Chapter 6 and gives an insight into the outcome of the entrepreneurs' journey of repair. As repair work got under way, holes were patched up and parts of the fabric were restored. As the worn out look of their fabric diminished stitch by stitch, the entrepreneurs' overwhelming sense of grief began to fade (Learning, chapter 6). So grief faded slowly through the process of repairing the fabric. The newly patched holes gave a new look to the

fabric. The very holes that threatened the integrity of the fabric became points of illumination as the process of patching up these holes (such as finding a job, paying off debts, fighting legal battles, and seeking medical treatment) set the entrepreneurs on the path to acquiring new knowledge, skills, and spiritual growth (Learning: Lessons in business; Deeper learning, personal transformation and spiritual growth, Chapter 6).

Having presented a summarised reconstructed story of entrepreneurs' experience of venture failure, the remaining part of this chapter presents the detailed version of the entrepreneurs' story.

## **THE TATTERED FABRIC**

The majority of the entrepreneurs experienced grief as a result of experiencing venture failure thereby adding force to other studies that argue that venture failure causes grief (Shepherd, 2003; Singh et al., 2007). This study gives an in-depth insight into aspects of grief related to venture failure (See Figure 7). While "Counting Losses" illustrated what entrepreneurs perceived as the pertinent penalties incurred as a result of the failed venture, "Revealing Hidden Wounds" exposed their inner private feelings and reactions to what was missing in their life because of these costs (Grief, Chapter 4). These challenges in addition to the perceived financial and emotional "sunk costs" (Zellweger & Astrachan, 2008, p. 353) of the venture failure contributed to grief.

Unemployment, loss of income, loss of personal assets, changed lifestyle and strained or broken relationships – negative consequences of venture failure – reinforce the argument that venture failure is a significant and life-changing event (Singh et al., 2007). More than half of the entrepreneurs who participated in this study had lost personal assets such as their car, house and life savings. All but three entrepreneurs were unemployed. The findings support the argument that small business owners tend to rely on the business for the main source of income and the majority of their resources and time are utilised in the business (Beaver & Jennings, 2005). Moreover, it is harder to get adequate finance in the start-up year, especially for first-time entrepreneurs and, therefore, equity from family, friends and personal debt from banks is used to set up the business (Huyghebaert, Gucht & Hulle, 2007). Income, personal assets and savings were lost due to the failed venture, consequences that highlight the financial vulnerability of entrepreneurs and the impact this had on their lifestyle. Family savings and assets were invested into the business to raise capital or recover from debt after failure, pushing the entrepreneur and his/her family to live in financially straightened circumstances for a time. The financial pressures seeped into the personal relationships of the entrepreneur (Lost or Strained Relationships, Chapter 4). Spouses were most affected by the failure but so too were those relatives who had ties with the business in terms of investment or work in the business.

For several entrepreneurs, work-life balance and financial issues put considerable strain on the relationships with spouses, parents and siblings, and in two cases the stress of venture failure triggered divorce. Entrepreneurship may not necessarily

enhance work-life balance (Kirkwood & Tootell, 2008) and this study shows that work-life balance issues continued even after the venture failed as the majority of the entrepreneurs, although not in formal employment, spent most of their time trying to work through the unfinished matters related to the business. The stress of this in many cases led to exhaustion and neglect of family duties, causing tension in relationships with the result that not only the entrepreneurs but also the family members had to suffer the repercussions of venture failure both in terms of work-life balance, stress, and financial worries. Thus this study confirms Aldrich and Cliff's (2003, p. 591) argument that family and entrepreneurship are closely intertwined. The study also answers the authors' questions as to whether venture failure has an impact on the family and which conditions of this experience negatively affect the family.

Several entrepreneurs also felt a sense of loss of control and identity after the venture failed (Feelings of Loss, Chapter, 4). These findings illustrate the entrepreneurs' attachment to the business and the complex entanglement of business and personal identity created by the entrepreneurs. For the entrepreneurs, the venture was a dearly valued possession. Attachment develops because of the meanings bestowed on a possession (Richins, 1994). Self-esteem, sense of fulfilment and identity are all needs of an individual that are fulfilled through work (Harpaz & Fu, 2002, pp. 639-640). Hence, entrepreneurial status, income, social networks and other achievements were a type of embellishment that decorated the fabric of the entrepreneurs' lives but the failed venture placed the entrepreneurs into a challenging dilemma, as it disrupted the unique design of the fabric and replaced the cherished embellishments with holes. What followed was

not just anguish but also confusion about their role as individuals and their place in society. Since, “identity is socially constructed” (Lips-Wiersma & Mills, 2002, p. 185), they also faced an identity crisis and a disruption to the assumptions, ideas and plans in their life as each adornment was ripped from the fabric. While studies have previously suggested that entrepreneurs experience grief when ventures fail (Shepherd, 2003, Singh et al., 2007), this study clarifies that it is not just the loss of the venture that they grieve about. They all grieve for all other meanings that the venture represented, such as sense of achievement, following one’s passion, sense of stability, security, comfort, and freedom in being one’s own boss.

The entrepreneurs’ physical and emotional wellbeing suffered (Stress, Chapter 4). Previous studies have elaborated on stress among entrepreneurs with existing businesses (Boyd & Gumpert, 1983; Akande, 1994). This study extends the understanding of stress in relation to entrepreneurship by providing an insight into stress related to venture failure, specifically what causes it and what the effects are. The majority of the entrepreneurs were stressed about difficulties in meeting their basic financial needs and those of their families. The stress was also the result of a lack of experience in handling multiple problems and new situations such as legal obligations, creditors, media exposure, and family reactions. Moreover, there were also physical exhaustion and health issue(s). The current study found that the entrepreneurs experienced prolonged periods of grief ranging from several months to years and reported a wide range of physical problems such as thyroid disorder, heart attack, bladder problems, skin problems, and psychological problems such as depression, sleeplessness, suicidal tendencies, and violent behaviour such as

cruelty to animals, addictions and panic attacks. Suicidal tendencies (participant T) and extreme, violent anger such as cruelty to animals (participant G) highlight that entrepreneurs can come to the very brink of causing themselves and others harm when grappling with stress from the changes in their life after venture failure.

In addition to feelings of loss and stress, the entrepreneurs also experienced self-stigma (Chapter 4). Suggestions of stigma associated with venture failure including bankruptcy (Deakins & Freel, 1998; Efrat, 2006; Lee, Peng & Barney, 2007; Morrison 2001; Politis & Gabrielsson, 2009) have been made in some studies; this study empirically confirms the presence of stigma in relation to venture failure and provides qualitative depth to our understanding of the various aspects and impact of self-stigma in relation to venture failure. Several entrepreneurs felt inadequate, guilty, isolated and/or misunderstood. Some entrepreneurs feared and expected negative reactions and/or lack of understanding from society and withdrew socially. They used negative self labels, kept a false image, and became secretive. These revelations echo the descriptions of the concept of self-stigma (Corrigan et al., 2010; Corrigan, Watson & Barr, 2006; Corrigan & Wassel, 2008; Greene-Shortridge, Britt & Castro, 2007; Hackler, Vogel & Wade, 2010; Kelly & Jorm, 2007; Meyer, 1995; Vogel, Wade & Haake, 2006; Werner, Aviv & Barak, 2007; Yen et al., 2005). The study also found that there were multiple overlapping layers of self-stigma related to the experience of venture failure. There was the self-stigma of not having money, losing employment and social status, failing to meet business goals and family needs, as well as bankruptcy. Singh et al.'s (2007) study reported social distancing as a



result of guilt and embarrassment among two out of five entrepreneurs. As pointed out above, social distancing is one of the ways in which a person experiencing self-stigma can react and was also reported by some entrepreneurs in the current study.

The current study also found that several entrepreneurs were concerned about others' reactions to their failed business and the repercussions of this failure on their ability to find employment, to network, and to gain access to capital in order to start a subsequent business. Because of these concerns some entrepreneurs chose to lie and be secretive about the state of their business even with their closest friends. The findings here differ from Cope's (2011) study that pointed to self-stigma in only one participant. In addition, there were no concerns about the "long term professional cost" (p. 9) of failure among the participating entrepreneurs with failed ventures in that study. Another interesting finding that the current study reveals was that stigma amongst the majority of the entrepreneurs was strongest towards bankruptcy whether or not they had experienced it themselves.

As reported in the current study, the entrepreneurs' went through prolonged periods of stress and suffered health problems. Support and communication are vital for grief resolution (Hazen, 2008). In the current study, several entrepreneurs' grief associated with venture failure was not openly acknowledged or adequately supported (Self-stigma, Chapter 4). The urgency with which the entrepreneurs were expected to settle all unfinished matters related to the failed

venture indicate the lack of understanding, acknowledgement, and support for their grief. The attitude that the “show must go on” (Bento, 1994, p. 35) or that one should “get over it” (Doka, 1989, p. 4-7), or silence from others, or demands to catch up with one’s duties was perceived as lack of support and indifference by the entrepreneurs.

When grief is not adequately recognised, acknowledged or supported then it can become “disenfranchised” (Doka, 1989, p. 3). This happens when whether to grieve and how to grieve is contested by the individual or by the social system to which he or she belongs (Bento, 1994). If there is a social tendency to view failure as something negative, then this is a form of stigma, which can lead to disenfranchisement of venture-failure-related grief. Disenfranchised grief can delay the expression of grief though not permanently, because at some stage the grief will express itself, “in direct or indirect ways” (Bento, 1994, p. 38). Some entrepreneurs confessed that being interviewed for this study was the first time they had opened up to speak about their feelings associated with venture failure.

So self-stigma not only had a negative impact on self esteem but it also became a barrier was help seeking behaviour. Not wanting to share venture related problems or grief with other people due to fear of discrimination or withdrawing from social events are examples of how self-stigma prolonged the period of grief. As participant N said, *It takes years to recover because the stigma sticks around for a while*. Hence, the self-stigma provides a possible explanation of why some participants admitted prolonged periods of stress and health complications after

venture failure. Overall, the tattered fabric episode gives a detailed account of entrepreneurs' grief and the challenges which lay ahead of them when their ventures failed. Figure 7 depicts the cycle of grief in this episode. The next episode of this story illustrates how entrepreneurs break from this cycle of grief, through a painstaking, stitch by stitch process of repair.

## **REPAIR WORK**

The tattered fabric episode highlighted the notion that the entrepreneurs' problems did not end with the venture failure. Life was frayed as there were bills to be paid, legal obligations to be fulfilled, loose ends of the business to be tied up, and food to be brought on the table for oneself and family. Despite being engulfed with grief, the entrepreneurs were compelled to look for ways to repair the fabric of their lives. They could not afford to risk further damage to themselves and their loved ones and it was this need to normalise life that pushed them into endeavours to restore various aspects of their lives' tattered cloth, such as finding a job and meeting legal obligations. As suggested in well-known motivational theories (Goud, 2008; Sarin, 2009), it is human nature to try and meet the basic physiological and safety needs essential to sustain life. Providing empirical weight to Shepherd's (2003) conceptual study on the dual process of grief recovery from business failure, the entrepreneurs in the current study oscillated between orientations to restoration and orientation to loss. They were more restoration-oriented in suppressing their feelings and proactively working through the challenges arising from the failure of the business that threatened their sense of physiological and safety needs. Shepherd suggests that restoration-orientation

to grief recovery from the loss of venture failure may also include an aspect of avoidance which distracts the entrepreneurs from the memories and thoughts evoking feelings of loss. These eventually fade into the background as the aspects of the new activities and role played in those activities gain more of the entrepreneurs' attention. This concept has been discussed further in the "repair kit" section (See page 250.).

Restoration was not simple as it took time and there was no easy way out. Despite continuing efforts, several entrepreneurs were confronted with numerous problems. Repair work of some areas of their life was sluggish and outcomes were not instantly known, thus prolonging the sense of grief and making their journey of restoration seem long and arduous. Eighteen out of 21 entrepreneurs in this study were first-time entrepreneurs but those who were experienced and had run successful ventures before found it as challenging as the rest in repairing their tattered fabric. This finding is different from Cope's (2011, p. 618) study that reported that participants who had earlier successful ventures recovered and moved forward from the setback of failure more easily.

Confronting how they felt about the loss of venture through reflection and dialogue with others gave way to ideas on how to deal with the loss, and reduced the feelings of being overwhelmed for the majority of the entrepreneurs. Reflection has been reported in others studies on how entrepreneurs learn from experiences (Deakins & Freel, 1998; Cope, 2003, Cope, 2005; Cope & Watts, 2000; Rae, 2000). Hope, acceptance and the ongoing efforts helped the

entrepreneurs stay resilient through this task of repairing the tattered fabric. The repair kit image elaborates on how acceptance and hope among entrepreneurs were nurtured by their social environment and sometimes by their spiritual beliefs (See Figure 7: Holding environment, Inspiration, Big picture, Positive distractions)

## **Acceptance**

Acceptance of the venture failure experience helped the entrepreneurs to be resilient in dealing with the aftermath of venture failure (See Figure 7.). In the current study, acceptance was the recognition that the venture had failed, and that while nothing could be done to reverse this event, the challenges as the result of failure should be tolerated and overcome to improve life. For some entrepreneurs their spiritual beliefs (This is God's will, Chapter 6) facilitated the acceptance of the venture failure experience despite its negative impact and gave them strength to move forward and proactively make changes in their lives. Acceptance was also a deliberate choice for some entrepreneurs, more like a do-or-die, matter-of-fact type judgment because of the reality of the threadbare fabric and how it impacted them and their families. Acceptance based on practical realities was evident in expressions such as *reality kicks in* (participant K); *you have to keep building on whatever you have* (participant E); *you have a choice . . . fall to pieces and destroy what is left or you can gather the pieces and start again* (participant C). Acceptance of this experience was also evident in the willingness of entrepreneurs to share the painful parts of their experience through interviews for this study.

Acceptance is a concept discussed in ancient religious and philosophy as well as contemporary literature (Williams & Lynn, 2010-2011). Etymologically, the meaning of acceptance is “to take what is offered” (Hayes, 2004, p. 656). An accepting stance in relation to an experience means to be willingly available and tolerant of the various aspects of that experience instead of attempting to avoid or escape from the painful and worrying aspects and extend the pleasant ones (Williams & Lynn, 2010-2011). Acceptance is to do with flexibility and opening up to an experience rather than having a rigid approach favouring control and safely following one’s own rules (Hayes, 2002). However, an accepting stance does not mean being passive; it means being able to acknowledge the blatant reality of that experience (Williams & Lynn, 2010-2011), understanding the difference between what can and cannot be changed (Hayes, 2002) and committing to change despite the distress related to that change (Williams & Lynn, 2010-2011).

Although acceptance of experience has been widely discussed, much work needs to be carried out with respect to theory development in this area (Williams & Lynn, 2010-2011, p. 37). Nevertheless, its significance has become evident in the growing number of acceptance based therapies used for a variety of problems (Orsillo & Batten, 2005). Therapies are based on the premise that a non accepting stance such as “denial, prejudice, escape and non-compliance” is associated with psychopathological problems (Williams & Lynn, 2010-2011, p. 20). For example, acceptance commitment therapy (ACT), rather than primarily focusing on symptom reduction, guides a person to acknowledge and examine how his/her

avoidance or escape attempts to control unsettling thoughts have been an obstruction in living the kind of life he/she wanted to live and how s(he) can commit to what needs to be changed (Orsillo & Batten, 2005).

Positive connection between accepting an experience and individual resilience was found in a recent study examining the resilience of older rural women. The study found that these women had been a part of the world war era and accepting war as a reality that could not be changed because it had already happened is what helped them stay resilient (Dorfman, Mendez & Osterhaus, 2009). Findings of the current study add to this limited empirical evidence that an accepting stance towards an experience nurtures resilience because it allows one to proactively face rather than avoid the situation. Moreover, the current study also highlights that spiritual beliefs and practical realities facilitate acceptance of an experience.

## **Hope**

Figure 7 shows that hope also helped the entrepreneurs stay resilient. In Chapter 2, hope has been argued as an attribute of resilience (Gillespie et al., 2007). The findings of the current study support this argument. When the venture failed, the majority of the entrepreneurs found themselves in a hopeless situation. Being hopeful meant that the entrepreneurs believed that venture failure was a temporary and survivable setback; they had the determination to overcome the challenges that occurred in their life as a result of this setback and had the goal to positively turn around their life even though ideas on how to achieve this goal were not

straightaway apparent. Hopefulness was evident in expressions such as *something positive will happen* (participant L); *it is all going to work out* (participant A); *looking forward* (participant K) and in their inclination to keep trying to improve their life despite what they were encountering on a day-to-day basis. Hopefulness was evident in trying out new things and being open to new ideas in improving their situation.

Hope is a developable psychological capacity (Folkman, 2010; Lipschitz-Elhawi 2009; Norman, Luthans & Luthans, 2005; Riskind, 2006). The significance of hope is perhaps best understood by the consequences when it is missing in a person's life (Folkman, 2010). A hopeless situation is a grim place in which one feels "despair, depression and ultimately loss of will to live" (Folkman, 2010, p. 901). Hope requires nurturing and is not an "automatically self renewing resource" (Folkman, 2010, p. 901). In psychology research, hope is "defined as a cognitive set that is based on a reciprocally derived sense of successful: (a) agency (goal-directed determination) and (b) pathways (plan of ways to meet goals)" (Snyder et al., 1991, pp. 570-571). According to this definition, hope is a construct that has two components which are interrelated and both are crucial for a person to think and act in a way that helps them achieve their goals. Feldman and Snyder (2005), in citing Snyder et al., 1999, make clear "that the subjective experience of hope does not depend upon the real, concrete pathways to goals, but rather upon a perception that effective pathways could be charted if needed and so desired" (2005, p. 406). Stajkovic (2006) points out that hope can be active or passive. The author clarifies that in the case of passive hope, a person would be



keen for a desire to be fulfilled but s(he) does not carry out any action for this to happen (2006, p. 1210). For example, if the entrepreneurs after failure would just wish for life to be normal again and problems to disappear but actually did nothing about it then this would be an example of passive hope. Active hope on the other hand, is aligned with the above definition from Snyder et al., as the person would be action oriented, self determined and have some knowledge of ways to achieve a goal (2006, p. 1210). The entrepreneurs in this study actively hoped and this was evident in their purpose and efforts to normalise life and willingness to try out new things.

Research on hope is mainly located in the fields of medical science and social sciences (McCarter, 2007); within the organisational theory literature, there is limited research on this concept (Juntunen & Wettersten, 2006; Peterson & Byron, 2008). However, some empirical evidence on the usefulness of hope in a work setting has emerged, seeing it as a positive influence on workers' job satisfaction (Duggleby, Cooper & Penz, 2009), performance (Duggleby, Cooper & Penz, 2009; Peterson & Byron, 2008), and commitment at work (Ahiauzu & Asawo, 2009). There is a gap in understanding the role of hope in entrepreneurial situations. This study makes a contribution by illustrating the role of hope as a factor in resilience and how it is nurtured. How hope is nurtured becomes clearer in the remaining discussion of this episode.

Having discussed acceptance and hope in the context of this study, the following subsection – repair kit – elaborates on how the entrepreneurs moved from grief to

a state of acceptance and hope that enabled them to stay resilient through repairing their tattered fabric.

## **Repair kit**

As illustrated in Figure 7, the repair kit of all the entrepreneurs was made up of the fibre of their social environment (Family; Friends, colleagues, books and internet, Chapter 5) and in several cases, the fibre of spirituality (Spiritual beliefs, Chapter 6). Through the needle of their ongoing reflection the interwoven effect of these two fibres was acceptance and hope. This acceptance and hope in combination with their repair efforts, sustained their resilience in repairing the tattered fabric. In the remaining part of this subsection, it becomes evident that the entrepreneurs were not lonely weavers on this journey and repairing the tattered fabric was more of a collective effort, given the influence of the social environment and at times their spiritual beliefs.

***Holding environment.*** As already mentioned, the entrepreneurs' circumstances were changed because of venture failure, and they grappled with feelings of loss, stress, and stigma. Judgement, criticism, lack of honest communication, and arguments with some family members added to the entrepreneurs' burden of grief (Lost or strained relationships, chapter, 4). Negative ideas corrode hope and motivation making people pay more attention to their failures (Riskind, 2006, p.179). In Figure 7, the arrow connecting the social environment part of the entrepreneurs' repair kit with the cycle of grief portrays how entrepreneurs,

despite making efforts to normalize life, can get thrown back into grief when they perceive a lack of support and understanding, especially from their loved ones. The stable, gentle, and compassionate presence of family members and other people throughout this journey (Family; Friends, colleagues, books and internet, Chapter 5) helped the entrepreneurs to feel hopeful and that hope nurtured their resilience. The entrepreneurs were helped by people, particularly a spouse or close family members, who were warmly present in a trusting manner, who remained patient and calm, containing their own and entrepreneurs' inner turmoil. Offering help in whatever way possible or sharing ideas, but not in an imposing manner, listening without being judgemental, and speaking encouraging words were all instrumental in nurturing hope that all was not lost and that one could successfully deal with the ongoing problems with the available support. As participant I said, *He held the hope for me when I had lost it for myself.*

Spirituality also helped to restore a sense of hope and acceptance of the venture failure experience in their lives. Spiritual beliefs warded off feelings of loneliness for some entrepreneurs as they felt the caring presence and understanding of the higher power. Perceiving venture failure as part of a higher power's plan rekindled a sense of responsibility to repair their tattered fabric, reduced the negative feelings around venture failure, and facilitated the acceptance of this event, as mentioned before. In chapter 5 findings indicated that participants with spiritual beliefs were more easily able to accept venture failure as part of life due to spiritual reasoning than those without spiritual beliefs. However, significant assertions cannot be made as the sample in this study is small. Prayer or informal

conversations with God provided a safe space and allowed expression of distressing thoughts and acknowledgment of vulnerability in stressful moments. In this space, the entrepreneurs did not have to be secretive or defensive. Social environment and spiritual beliefs provided the room for entrepreneurs to reflect and pull themselves together. Doing so boosted their morale and belief in their ability to bring life back to normal. As participant M said: *Someone who can listen and can hold the space and ask the right questions for you.*

Although, as discussed in Chapter 2, positive social support has been suggested as an attribute of resilience, the concept of holding environment helps in more deeply understanding the specific dynamics of what makes a positive support system for entrepreneurs experiencing venture failure. Winnicott (1965) introduced the concept of a holding environment to academia. The concept is based on the metaphor of a child being held in the arms of the mother. A mother holding the child in her arms responds to the child's emotional and physical needs, withstands the child's tantrums with patience, and protects her/him from harm. It is this safe, compassionate and engaged presence of the mother that helps in the child's healthy development as he/she gradually learns to take risks and deal with the baffling experiences and emotional setbacks that eventually occur in life. Winnicott later extended the concept of a holding environment to psychoanalytic situations (Minkle, Bashir & Sutulov, 2008), pursuing the idea that not only children but also adults sometimes need a safe and a supportive place where they can safely acknowledge and express their emotions and vulnerability and interpret their painful experiences (Kahn, 2001). This concept also has its roots in eastern

spirituality, is referred to as holding space, and is based on the spiritual principle that “whatever happened is the only thing that could have happened” (Corrigan, 2006, p. 1). Using the analogy of a “container”, Corrigan explains that the holding space is about supporting people by offering space, that is being present in their life but without expectations, letting go of the need to control outcomes, remembering it is not one’s “own show”, and not hindering the activities of people engaged in filling life (2006, p. 1). Holding environments are like

. . . temporary shelters to which people, caught in storms, find their way. There, they collapse in front of a fire while others bring them warm clothes and soup, let them know they are okay and will make it, and help them figure out how they can get to where they are going (Kahn, 2001, p. 268).

***Inspiration.*** From feeling like a vulnerable victim, anxious about the future and wanting to give up, the entrepreneurs were inspired to proactively and courageously repair the fabric of their lives regardless of the daily issues and the surrounding uncertainty. The entrepreneurs found inspiration in ordinary events such as reading a book, browsing a website, going for a run, painting, and conversation with a friend. Examples of resilient attitude and behaviour in extraordinary events (such as death of a loved one, immigrating to another country, living in financial hardship, difficult childhood) whether in one’s own life or in others’, created a feeling of hope for entrepreneurs that venture failure related problems, like other life problems, could be overcome and life could get better than it had been. These examples inspired the entrepreneurs to keep focused and work on their problems instead of feeling defeated and surrendering to them, thereby suggesting that hope and resilience can be nurtured through

inspiration. Sometimes the inspiration was in the form of a new spiritual understanding. For example, participant A described how his life was steered in a positive direction after a chance reading of a verse in the Bible which enabled him to understand that venture failure and his failed attempts to get employment were part of God's purpose and that he must allow God to open doors for him. This inspired him to keep working at his problems but simultaneously be more accepting of hurdles that came his way. Participant D's inspiration to face problems courageously instead of escaping by lying to others was the result of an idea that sparked in his mind about what God expects from him while he was in conversation about his life's problems with a counsellor. Inspiration is "a specific epistemic process that provides psychological and spiritual sustenance and is characterised by a remembrance or recognition of some knowledge or perspective valuable in the social or psychological context given" (Hart, 1998, Conclusion, para 1.). It is a feeling of understanding that can be deliberately used to fulfil some task (Hart, 1998) and leads to enhanced wellbeing, (Thrash, Elliot, Maruskin, & Cassidy, 2010, p. 488) hope, and unambiguousness in life (Hart, 1998). This study adds to the limited research on inspiration (Thrash & Elliot, 2003) by illustrating its significance in boosting resilience and hope in the context of entrepreneurship.

***Big picture.*** The big picture involves being mindful of the larger perspective in one's life i.e., one's vision, purpose or dream in life. For several participants the big picture involved a family aspect such as providing a good life for children, or building a comfortable and secured future for the family. Such was the power of

the family aspect of the big picture that it dissuaded some participants from taking any steps that would prove detrimental for their family in the long run. For example, participant T elaborated how despite feeling suicidal several times, she did not attempt it for the sake of her family. Participant G decided not to sell his kidney when he thought about his family's grief if the operation was unsuccessful and resulted in his death. For some participants, the big picture included aspects of upholding personal values and spiritual fulfilment.

The big picture boosted the entrepreneurs' self-determination and sharpened their focus allowing them to pursue goals compatible with it instead of feeling defeated by the challenging nature of day-to-day obstacles in this process of repair. For example, participant P's big picture was her lifelong dream to own a beautiful house. With every setback she reminded herself of this big picture. She planned out every aspect of that dream house in great detail and the possibility of living in it one day kept her motivated and focused despite the uncertainty and problems she encountered during the process of repairing the tattered fabric of her life. The positive prospect represented in the big picture stimulated the entrepreneurs to rise above day-to-day uncertainty and unpleasantness and work towards that prospect with a sense of hope. A simple search on the Google search engine using the term *vision* or *story board* generates numerous websites for life coaching consultants and successful people who encourage others to believe in the potential of the big picture in fostering hope and creating positive changes in one's life. The story board has been used as a hope fostering technique which incorporates the idea of picturing oneself achieving the goal set and the resultant feeling of gratification

together with celebration of success (Riskind, 2006, p. 178). This enables the person to shift their focus from hopelessness surrounding the here and now to the promise of the future.

***Positive distractions.*** Some entrepreneurs also perceived their sense of humour and taking part in new and interesting activities as pivotal to their resilience by taking their mind off the negativity generated by venture failure (Positive distractions: Laughing about it; Doing new and interesting things, Chapter 6). Humour helped to cultivate a temporary sense of normality, a break from the overwhelming feeling of hopelessness, doom and gloom. As Centers points out:

. . . the value of humour as a hope-inspiring strategy is perhaps the most underestimated. Valliant said, “Like hope, humor permits one to bear and yet to focus on what may be too terrible to be borne” (17, p. 386). . . . Humour binds us to one another, reminds us that we are participating together in this great mystery. (2001, p. 263)

Humour is said to be an attribute of resilience (Earvolino-Ramirez, 2007) as discussed in Chapter 2. The current study reveals that participation in new and interesting activities such as art, music, sports, therapy, community work and having get-togethers at home was more commonly mentioned by entrepreneurs in getting away from the feelings of loss which fostered their resilience than was the use of humour. Shepherd (2003) referred to getting way from the feelings of loss as the avoidance aspect of restoration orientation, a helpful part of the grief recovery process. The current study also found that for some of these entrepreneurs, the idea and encouragement to participate in such activities came



from their family, friends and even counsellors in an effort to help them combat their high levels of stress and/or depression. Overall, in their approach of being restoration oriented (Shepherd, 2003), entrepreneurs were more inclined to suppress their feelings and proactively work towards the challenges as a result of venture failure than to avoid feelings of loss through humour or engaging in new and interesting activities.

What the current study also found was that for some entrepreneurs engaging in new activities opened up inspirational avenues which motivated them towards building a new career role or starting a new business. For example, participant A became an artist after he was introduced to painting classes by a friend. The art classes not only relieved the ongoing stress of not finding employment but also inspired him to start a business around an art gallery and sell paintings. Participant I was inspired to work within the area of mental health and help others with depression after he began to feel the benefits of relaxation and physical activities such as running and listening to music which also motivated him to participate in marathons. Doing new and interesting things can reinforce the “calming effect of hope” (Folkman, 2010, p. 905) and has the potential of “putting us back together again” (Bryson 2004, p. 326). The findings under positive distractions in this study offer empirical support for these suggestions.

Overall, the episode of repair work highlights that an entrepreneur experiencing venture failure is not repairing the tattered fabric in a vacuum; the surrounding social environment and quite often spirituality intermingle with the entrepreneur’s

ongoing reflection and play a crucial role in nurturing his/her resilience through boosting a sense of acceptance and hope.

## **NEW DESIGN**

As can be seen in Figure 7, new design, the third main episode gives an insight into the entrepreneurs' tattered fabric revealing signs of restoration, learning, and fading grief (Learning: Lessons in business; deeper learning, personal transformation and spiritual growth, Chapter 6). All entrepreneurs elaborated on not one but a combination of causes as to why their business failed and a variety of tasks to do or not to do in subsequent business endeavours (Lessons in business, Chapter 6). Thus, reaffirming that "there are many paths to survival and many roads to failure for an entrepreneurial venture" (Bruno et al., 1992; p. 300). The entrepreneurs' lessons learnt in business echo the main causes of venture failure discussed in the first main section of literature review, Chapter 2.

In addition to learning business lessons, all entrepreneurs developed self awareness, transformed personally and some even became more spiritually inclined (Deeper learning, personal transformation and spiritual growth, Chapter 6). Fifteen entrepreneurs became more aware of their role in the failing of their venture. This awareness triggered changes in their behaviour and decisions regarding career and life in general (Enhanced self awareness: expansion beyond ego and setting boundaries for self and others, Chapter 6). As already discussed in chapter 2, single and double loop learning (Cope & Watts, 2000; Fletcher, 2000; Warren, 2004), greater self-awareness, personal transformation and generative

learning (Cope, 2005; Cope, 2011) have been reported in previous studies on experiential learning outcomes. In terms of self awareness, the current study gives a more thorough description in revealing that a number of participants developed an awareness of how their ego influenced their decision-making and activities and became more aware of the lack of boundaries they had for self and others and how this impacted their business.

Thirteen entrepreneurs also had modified perception about self and venture failure. They identified themselves as more mature, wise, and resilient, acknowledging that they had not failed as a person just because the venture had failed. This positive tone in these findings hints at the fading grief of the entrepreneurs, and their self-perception of enhanced resilience adds some support to Politis's (2008) study which found that previous start up experience leads to enhanced skills for coping with liabilities of newness. Although not all the fabric's holes such as a failed marriage or losing the family house could be repaired, the entrepreneurs perceived the venture failure as a valuable learning opportunity even though it was unpleasant to experience it (Redefining self and venture failure, Chapter 6). This finding is consistent with other studies which have found that a more positive entrepreneurial attitude towards failure is developed after experiencing it (Cope, 2011, Huovinen & Tihula, 2008; Politis, 2008).

Before venture failure, all entrepreneurs viewed business primarily as a tool that enabled them to achieve a secure and materially comfortable life through self employment. After failure, 12 out of 21 entrepreneurs learned to pay more

attention to integrating their core beliefs, abilities, personalities, concerns for others, and sense of personal well-being with their work initiatives (Wholeness, Chapter 6). Wholeness was reflected in the decision of four first-time entrepreneurs to going back to working for someone instead of pursuing an entrepreneurial career. For some entrepreneurs, wholeness was reflected in the subsequent business ideas and/or intentions to start a new business, as well as in the kind of job roles they took up. “Developing and becoming self”, “unity with others”, “expressing self” and “serving others” are important purposes which when not expressed make people opt for career transitions (Lips-Wiersma, 2002, p. 497). In a study examining entrepreneurial motivation through the perspective of work-place spirituality, it was found that entrepreneurs can be differentiated into two groups: “cash is king entrepreneurs”, who define their success in a materialistic way, and “make me whole” entrepreneurs who define work as their reward and believe spirituality and business should be integrated (Kauanui, Thomas, Rubens & Sherman, 2010, p. 621). Kauanui et al.’s study contributed to understanding the close linkage between spirituality and entrepreneurial motivation. The current study extends these findings by providing empirical evidence that several entrepreneurs who started the business with a “cash is king” type of materialistic attitude, changed into having a “make me whole” attitude, with four even deciding to give up the idea of an entrepreneurial career as a result of this shift in attitude. The finding that only four first time entrepreneurs were not open to the idea of continuing with an entrepreneurial career, as it did not suit their mindset, values, motivation and beliefs suggests that venture failure does not deter most entrepreneurs from starting a venture again. However, of these four, two also stated that they lacked confidence to attempt a new venture (participants

I and T). Through this finding, the current study addresses the question of whether failure has a long term impact on an entrepreneurial activities and motivation (Cope, 2011; Cardon et al., 2011).

Through their experience of venture failure, the entrepreneurs readily shared their experiences with others to assist them in avoiding the same pitfalls and other common stressful situations such as a failing marriage and financial crisis. The current study found that their experience enabled them to show empathy towards others in similar situations (Increased empathy, Chapter 6). Being familiar with and identifying with others' emotions is empathy (Butts, 2000).

Overall, the new design episode not only reveals the lesson entrepreneurs learned in business, and personal transformation, but also their spiritual growth. Suffering, such as venture failure in this study, can be a path to the discovery of spiritual meaning and development (Driver, 2007). Self-awareness, change on the basis of this awareness, self-acceptance, wholeness, and empathy are aspects of spirituality (Butts, 2000; King & Nicol, 2000; Hogan, 2000). As King and Nicol (2000) propose:

. . . the journey towards spirituality represents the quest to unite one's inner and outer world, to provide meaning and purpose to one's life . . . It is a sense of wholeness, a oneness of who we are and an awareness of how we fit with our external environment. (p. 138)

Similarly, Hogan's (2000) framework of spirituality at work is explained in terms of two broad paradigms: the old paradigm and the emerging paradigm. The shift from the old to the emerging paradigm is spirituality and is explained with the

help of four dimensions: from “fragmentation” to “wholeness”; from “self-absorption” to “relationship focus”; from “emphasis on material values” to “inclusion of spiritual values”; from “instrumental purpose of work” to “developmental purpose of work” (Table 1, p. 56). In this study, several entrepreneurs developed a sense of wholeness, had increased empathy and changed as they became more self-aware. These outcomes resonate with the emerging paradigm described by Hogan. Hence, it becomes apparent that venture failure results in spiritual inclination, which is a new finding not reported in previous studies that have mainly reported on outcomes of venture failure in terms of learning outcomes (Singh et al., 2007; Huovinen & Tihula, 2008; Cope, 2011). Through these findings, the current study also reinforces Kauanui et al.’s (2010) argument that a spiritual lens may enable us to gain a more holistic understanding of entrepreneurial motivation and behaviour.

In summary, the purpose of this chapter was to present a coherent, reconstructed story of participants’ experience of venture failure. An organising metaphor of *fabric tear and repair* was used in conjunction with a framework that integrated the theoretical constructs of Chapters 4, 5, and 6 and narrated the reconstructed story with the help of three episodes. The framework was discussed in the light of the three main strands of literature reviewed in Chapter 2: entrepreneurial failure, resilience and entrepreneurial learning, while also engaging with other literature and concepts, such as hope, acceptance, holding environment, inspiration, and spirituality. Next, Chapter 8 concludes this thesis by presenting the theoretical and practical implications of this study.

## CHAPTER 8: CONCLUSION

The primary aim of this study was to understand the phenomenon of venture failure from the perspective of entrepreneurs who have experienced it. The second, and equally important, aim was to build a framework that portrays the reconstructed stories of entrepreneurial experience, strengthen understanding of venture failure, and thereby add to the literature on and theory of entrepreneurship. This aim was achieved with the help of the overarching research question for this study: *“How do entrepreneurs experience and learn from venture failure?”* and its three supporting subquestions:

- *“What do entrepreneurs experience when their venture fails?”*
- *“How do entrepreneurs stay resilient when experiencing venture failure?”*
- *“What do the entrepreneurs learn from experiencing venture failure?”*

Chapter 1 provided the background to this thesis, the research aim and questions, the major contributions, and the outline of this thesis. Chapter 2 reviewed three strands of literature, corresponding with the subquestions: venture failure, resilience, and learning in entrepreneurship. The review confirmed that theoretical understanding and empirical research on experience, resilience and learning in relation to venture failure are limited. Chapter 3 described the methodology and method used to obtain data for the purpose of analysis. The chapter clarified that interpretive, phenomenological symbolic interactionism was the philosophical position guiding this study. The chapter also clarified that a qualitative research design was adopted for this thesis and narratives were used as a strategy of inquiry.

Data were collected via narrative interviews with 21 entrepreneurs who had experienced failure of small to medium-sized businesses. This body of data was transcribed and analysed. Chapters 4, 5, and 6 presented the findings on the three subquestions. Chapter 4 presented “Grief,” the first theoretical construct. Chapter 5 presented “Being resilient”, the second theoretical construct. Chapter 6 presented “Learning”, the third theoretical construct. Chapter 7 retold the story of entrepreneurs’ experience of venture failure through integration of the theoretical constructs of chapters 4, 5, and 6 in a framework and with the help of the metaphor of fabric tear and repair. This is the final chapter of this thesis and the purpose of this chapter, as previously outlined in Chapter 1, is to clarify the contribution of this thesis by discussing the study’s implications for theory and practice.

## **IMPLICATIONS FOR THEORY**

### **Implications for theory on entrepreneurial failure**

The first major theoretical contribution of this thesis is that it extends the current understanding of the phenomenon of failure. As already mentioned in Chapters 1 and 2, studies on failure have mainly focused on causes of failure. In providing theoretical insights into the venture failure experience of the entrepreneurs, this study extends the current understanding and theory on venture failure beyond merely understanding what causes it. Material losses described in this study were expected outcomes of venture failure. The significant contribution of this study is in revealing that the expected material losses of venture failure are just a tip of the iceberg as venture failure is felt at a much deeper, more personal level by the



entrepreneurs. This point is reflected in the majority of entrepreneurs experiencing grief which could last for months and years. It is also seen in their deep attachment to the lost business and to all else that was lost because of the failure. These losses create a complex entanglement of their personal identity and professional identity, leading to stress and self-stigma.

In reinforcing the stressful nature of entrepreneurship (Akande, 1994; Boyd & Gumpert, 1983), the study extends the understanding of stress by specifically examining it in relation to venture failure and highlighting three causes of stress for majority of the entrepreneurs: financial worries, lack of knowledge and skills in dealing with multiple problems that occurred after venture failure, and exhaustion. In presenting a range of psychological and physiological problems that occur, the study presents a unique finding that this venture-failure-related stress can be so hard to deal with that it can even trigger suicidal tendencies and bouts of violent anger. This finding reaffirms the importance of examining entrepreneurial resilience as discussed in Chapter 1.

Moreover, in echoing previous studies that say that there is stigma associated with venture failure (Cardon et al., 2011; Coelho & McClure, 2005; Cope, 2011; Cressy, 2006; Deakins & Freel, 1998; Efrat, 2006; Lee, Peng, & Barney, 2007; Politis & Gabrielsson, 2009), the study reveals that several entrepreneurs stigmatised themselves in response to their venture failure reflected and that this behaviour manifested itself in their tendency to be secretive about venture failure, feelings of inadequacy, preference of social withdrawal, and not seeking help. Furthermore, the study reveals that the entrepreneurs' stigma is strongest towards

bankruptcy whether or not they had personally experienced it, and that self-stigma has multiple overlapping layers, i.e., it is not just linked to venture failure but also to its consequences such as reduced or no income, unemployment, grief, and reduced social status.

### **Implications for theory on resilience**

Another significant contribution of this study is that in increasingly turbulent environments for businesses, it is a timely response to a need to understand entrepreneurial resilience when confronted with business failure. As Chapter 1 states, despite the acknowledgement of importance of entrepreneurial resilience in venture performance (Abdullah et al., 2009), there is limited research and understanding of how entrepreneurs can adapt and bounce back from stressful situations such as venture failure. Chapter 2, which reviews the broader organisation theory literature, revealed that the primary view of resilience in this literature is linked with the idea of a firm surviving and performing better after being exposed to an adverse event (Linnenluecke & Griffiths, 2010). Firm failure, even though a challenging situation, is ignored as a context when examining resilience and relatively few studies have examined individual-level resilience in this discipline (Harland et al., 2004; Hunter, 2006; Luthans et al., 2006).

By examining entrepreneurial (individual-level) resilience in the context of venture failure, this study expands the primary view of resilience in organisational theory literature. The framework in this study builds on the limited literature and understanding of individual resilience in organisational theory literature by illustrating hope, acceptance and entrepreneurial efforts as factors in

entrepreneurial resilience. Moreover, by providing empirical evidence on hope and acceptance as factors of entrepreneurial resilience in the context of venture failure, the study adds force to the recent argument on the significance of hope (Juntunen & Wettersten, 2006; Peterson & Byron, 2008), and highlights the significance of acceptance in organisational theory literature. Additionally, the framework draws attention to the role of social environment and sometimes spiritual beliefs in building entrepreneurial resilience. The framework also illustrates four specific ways in which entrepreneurial resilience can be nurtured: holding environment, inspiration, big picture, and positive distraction.

### **Implications for theory on learning in entrepreneurship**

This study extends the literature on learning in entrepreneurship by illustrating how and what entrepreneurs learn as a result of experiencing failure. Consistent with previous research on experiential learning in entrepreneurship, the study provides the finding that entrepreneurs learn by reflecting on their experience (Cope & Watts, 2000; Cope, 2005; Cope, 2011; Deakins & Freel, 1998; Rae, 2000). This process of reflection is not only intermingled with happenings in the social environment but also the entrepreneurs' spiritual beliefs. Through this finding the study reinforces the argument that entrepreneurial learning is influenced by the dynamics of the social environment (Lans et al., 2008; Rae, 2006; Taylor & Thorpe, 2004) but adds to this understanding of learning in entrepreneurship by highlighting the role of spiritual beliefs.

In terms of learning outcomes, consistent with previous studies on learning from experience in entrepreneurship, this study also found evidence of both lower

routine type learning and higher level learning such as increased self-awareness and personal transformation (Cope & Watts, 2000; Cope, 2005; Cope, 2011; Fletcher, 2000; Warren, 2004). These findings overall highlight that the venture failure experience has a long-term impact on entrepreneurs (Cardon et al., 2011; Cope, 2011; Singh et al., 2007).

### **Implications for theory on spirituality in entrepreneurship**

A significant contribution of this study is that it extends the limited research into and understanding of the linkage between spirituality and entrepreneurship (Pio, 2010; Kauanui et al., 2010). The study highlights that spirituality helps in adapting to venture failure and that entrepreneurs use a spiritual lens when reflecting on the failure experience. The framework shows that for several entrepreneurs spiritual beliefs were instrumental in nurturing entrepreneurial resilience through boosting a sense of hope and acceptance. The framework also shows, there was spiritual growth among several of the entrepreneurs. It was reflected in changed behaviour and attitude based on enhanced self-awareness, wholeness, and increased empathy, all of which are aspects of spirituality (Butts, 2000; King & Nicol, 2000; Hogan, 2000). Although self-awareness has been reported in other studies on learning in entrepreneurship, this study provides a more thorough description of increased self-awareness by highlighting that the awareness of one's ego (and how it influenced behaviour and decision-making) as well as a lack of boundaries for self and others were commonly reported aspects of increased self-awareness. Additionally, the current study found that several entrepreneurs who started their business with a materialistic attitude transformed into developing a less narrow and a more empathetic attitude; a few even decided

to exit the entrepreneurial world as a result, in part, of this shift in attitude. Researchers have asked whether venture failure has a long-term impact (Cardon et al., 2011; Cope, 2011; Singh et al., 2007). These findings highlight that venture failure does have a long-term impact. This impact was most evident in the entrepreneurs' career decisions shaped by the learning and spiritual growth that occurred.

## **IMPLICATIONS FOR PRACTICE**

### **Implications for entrepreneurship students, mentors and educators**

Given the grief an entrepreneur can experience because of venture failure, courses on entrepreneurship should include the topic of venture failure and the impact of emotion management in venture failure (Shepherd, 2004). Pittaway and Cope (2007) found that although simulation courses, based on the principle of learning by experiencing, can be used in entrepreneurship projects, it is not possible to simulate challenging events such as venture failure. The framework (Figure 7) developed in this study can be used as a starting point by mentors and educators involved in entrepreneurship courses as a means to draw attention to personal and practical challenges related to venture failure, the pitfalls in starting up and managing ventures that can lead to failure, and the complex psychological, social, and spiritual processes involved in unravelling the mystery the complex nature of the venture failure experience. The framework can be used to encourage students to deepen their understanding of entrepreneurship by analysing business skills and expertise taught via course curriculum in relation to venture failure, to also expand their thinking by considering how their social environment and personal

spiritual beliefs can influence their venture-related endeavours, and to help them in dealing with problems they encounter when enacting entrepreneurship. By using this framework the students may learn to better appreciate the idea that entrepreneurs are not isolated from what happens in their environment when they embark on the journey of entrepreneurship (Cope, 2011).

### **Implications for current entrepreneurs**

The framework in this study can be a valuable reference tool for entrepreneurs when facing the setback of venture failure. Entrepreneurs like to learn from other entrepreneurs' experiences (Sexton et al., 1997) and tend not to rely on courses and training modules because there may be time and money limitations (Paige, 2002) or because the courses may be prescriptive in nature and not closely matched with their learning needs (Sullivan, 2000). Since the framework in the current study is based on narratives of entrepreneurs who have experienced venture failure, it offers a useful starting point for entrepreneurs, and the families of entrepreneurs who are currently experiencing the setbacks of venture failure, to make sense of their own experience. Using the information in the framework, the entrepreneurs and their families caught up in such an event can analyse for themselves the disruption in their own life, their grief and their progress in adjusting to and bouncing back from this incident. This analysis may help them to identify obstacles in their path. The framework offers four pathways to building entrepreneurial resilience that lead to new beginnings: holding environment, inspiration, positive distraction, and big picture. The entrepreneur and his/her family can use these pathways to analyse, openly discuss, and identify the

problems they are facing as well as how they can find ways to create a mutually supportive environment, minimize their ongoing stress, and move forward in their own situation. Moreover, getting to know about similar experiences others have endured and survived can be healing and reassuring (Smith & McElwee, 2011).

### **Implications for policy makers and financial institutions**

The study also has relevance for financial institutions and policy makers. The current study found that the sense of urgency with which the entrepreneurs are expected to meet financial obligations can cause considerable stress, impact the health and well-being of entrepreneurs and their families, and even lead the entrepreneur to the brink of suicide. Such ramifications add force to the issue raised by Huovinen and Tihula (2008, p.167) that financial institutions should consider being more “open minded” towards entrepreneurs with failed ventures. Current policies may need modifications to ensure that entrepreneurs with failed ventures do not just have financial support but also have access to psychological and social support (Singh et al., 2007).

## **LIMITATIONS AND FUTURE RESEARCH**

This research was interested in understanding the phenomenon of entrepreneurial failure from the perspective of those entrepreneurs who have experienced it. It is because of this interest in the perspective of the entrepreneur that collecting narratives from entrepreneurs who have experienced failure seemed appropriate. However, the impact of failure was not limited to the entrepreneurs but also their

families. Moreover, Figure 7 illustrated that the entrepreneurs' grief, their resilience in dealing with the setback of failure and lessons learnt from this experience was influenced by their social environment, especially the significant people in their life such as their family and friends. Future studies can examine how others in an entrepreneur's life experience failure. Longitudinal, ethnographic research can be conducted to examine how entrepreneurs and the significant others in their life progress through the journey of adapting and bouncing back from the setback of failure (Cope, 2011).

As mentioned before, a major contribution of this study was in providing theoretical insights into entrepreneurial grief triggered by failure that lasted from several months to several years. What remains a key issue is the understanding of how this grief of failure can be effectively managed by the entrepreneur. Such an understanding could help to minimize the personal damage such as deterioration of health and relationships. Researchers could conduct further empirical research to develop fine grained theories of grief management that focus on and incorporate specific and effective strategies to deal with feelings of loss, stress and the multiple overlapping layers of self-stigma related to failure.

This study draws attention to the role of spiritual beliefs in building entrepreneurial resilience through fostering hope and acceptance. The findings indicate that participants who discussed spiritual beliefs were more easily able to accept the experience of failure through spiritual reasoning. However, significant assertion cannot be made about this finding for two reasons. The first reason is that the sample size of this study was small. The second reason is that for some



participants the failure incident had happened recently and these participants were still in the process of making sense of and adapting to some of the challenges after venture failure. For other participants failure had occurred several years ago and therefore there may have been issues in recalling information. Cope (2011) refers to this as a “constraint inherent in any retrospective research and one not easy to solve” (p. 619) but cites Chell (2004) in arguing that this constraint is somewhat moderated by the idea that when people experience a significant event then usually they have a good memory of it. Nevertheless, it is suggested that further research should be conducted to examine whether entrepreneurs with spiritual beliefs are able to more easily accept the setback of failure.

Overall, it is hoped this study contributes in shifting a common mindset towards failure from one which sees it as a don't-ask-don't-tell scary event to a chapter in one's entrepreneurial life that can be challenging but manageable to seeing it as one that can offer an opportunity to gain new knowledge and thus help in reaching one's potential. It is hoped that the readers take one key message from this thesis, that is: venture failure, although undesirable, is survivable and can be utilised as a springboard to bounce back into a satisfying and enriching career or can mark the beginning of the deterioration of a person's life. What is made out of this experience – positively or negatively – lies in the entrepreneur's willingness and ability to tap into his or her social support, and stock of spiritual beliefs and knowledge to create possibilities that can transform this experience into an opportunity for a new and fresh beginning.

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## APPENDICES

### APPENDIX A: QUALITATIVE, QUANTITATIVE AND MIXED METHODS APPROACHES

Tend to or typically...	Qualitative Approaches	Quantitative Approaches	Mixed Methods Approaches
Use these philosophical assumptions	Constructivist , advocacy, participatory, knowledge claims	Postpositivist knowledge claims	Pragmatic knowledge claims
Employ these strategies of inquiry	Phenomenology, grounded theory, ethnography, case study, and narrative	Surveys and experiments	Sequential, concurrent, and transformative
Employ these methods	<ul style="list-style-type: none"> <li>• Open-ended questions,</li> <li>• Emerging approaches</li> <li>• Text or image data</li> </ul>	<ul style="list-style-type: none"> <li>• Closed -ended questions</li> <li>• predetermined approaches, numeric data</li> </ul>	<ul style="list-style-type: none"> <li>• Both open - and closed - ended questions</li> <li>• Both emerging and pre determined approaches, both quantitative and qualitative data and analysis</li> </ul>
Use these practices of research as the researcher	<ul style="list-style-type: none"> <li>• Positions him-or herself</li> <li>• Collects participant meanings.</li> <li>• Focuses on a single concept or phenomenon.</li> <li>• Brings personal values into the study.</li> <li>• Studies the context or setting of participants.</li> <li>• Validates the accuracy of findings.</li> <li>• Makes interpretations of data.</li> <li>• Creates an agenda for change or reform.</li> <li>• Collaborates with participants.</li> </ul>	<ul style="list-style-type: none"> <li>• Tests or verifies theories or explanations.</li> <li>• Identifies variables to study.</li> <li>• Relates variables in questions or hypothesis.</li> <li>• Uses standards of validity and reliability.</li> <li>• Observes and measures information numerically.</li> <li>• Uses unbiased approaches.</li> <li>• Employs statistical procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Collects both quantitative and qualitative data.</li> <li>• Develops a rationale for mixing.</li> <li>• Integrates the data at different stages of inquiry.</li> <li>• Presents pictures of the procedures in the study.</li> <li>• Employs the practices of both qualitative and quantitative research.</li> </ul>

From *Research Design: Qualitative, Quantitative & Mixed Methods Approaches* (p. 17), by J. W. Creswell, 2009, Thousand Oaks, CA: Sage.

## APPENDIX B: VARIETY IN QUALITATIVE RESEARCH

Author and Year	Variety in Qualitative Research
Creswell (2007)	Five types are discussed <ul style="list-style-type: none"> <li>Narrative, phenomenology, grounded theory, ethnography, and case study</li> </ul>
Crotty (1998)	Five main theoretical perspectives are foundations of social research <ul style="list-style-type: none"> <li>Positivism (and postpositivism), interpretivism (includes phenomenology, hermeneutics and symbolic interactionism, critical inquiry, feminism and post modernism)</li> </ul>
Denzin & Lincoln (2003a)	Variety and development in qualitative research is explained in seven phases
Jacob (1987)	Ecological psychology, holistic ethnography, ethnography of communication, cognitive anthropology and symbolic interactionism
Patton (2009)	Key questions commonly asked in various theoretical traditions used to discuss the variety in qualitative research <ul style="list-style-type: none"> <li>Ethnography, autoethnography, reality testing (positivist and realist approaches), constructionism/constructivism, phenomenology, heuristic inquiry, ethnomethodology, symbolic interactionism, semiotics, hermeneutics, narratology/narrative analysis, ecological sociology, systems theory, chaos theory: non linear dynamics, grounded theory, orientational (feminist inquiry, critical theory, queer theory and others)</li> </ul>
Schwandt (2003)	Three epistemological stances of qualitative inquiry are discussed <ul style="list-style-type: none"> <li>Interpretivism, hermeneutics and social constructivism</li> </ul>
Tesch (1990)	Twenty six types graphically represented in a cognitive map according to research interest <ul style="list-style-type: none"> <li>Content analysis, discourse analysis, ethnography of communication, ethnoscience, structural ethnography, symbolic interactionism, ethnomethodology, transcendental realism, ethnographic content analysis, event structure analysis, ecological psychology, grounded theory, phenomenography, qualitative evaluation, action research, collaborative research, critical/emancipatory research, holistic ethnography, educational ethnography, naturalistic inquiry, phenomenology, educational connoisseurship, reflective phenomenology, case study, life history, hermeneutics, heuristic research</li> </ul>
Wolcott (2001)	Conceptualisation and diagrammatic representation of qualitative inquiry as a tree, highlighting the interconnectedness and difference between different approaches, depicted as the branches of that tree <ul style="list-style-type: none"> <li>Participant observation strategies, ethnography, field study, interview strategies, archival strategies, non participant observation strategies, ethnology, community study, anthropological life history, micro ethnography, ethnography of communication, conversational analysis, ethnomethodology, phenomenology, investigative journalism, biography, oral history, literary criticism, philosophy, content analysis, history, connoisseurship, observer study, human ethology, non-reactive unobtrusive research</li> </ul>

## **APPENDIX C: RESEARCH ACTIVITIES**

### **Published Article**

Singh, S., Corner, P., & Pavlovich, K. (2007). Coping with entrepreneurial failure.

*Journal of Management & Organization, 13(4), 331-344.*

### **Full Conference Paper**

Singh, S. & Pavlovich, K. (2008, December). *Meaning(s) derived from suffering*

*entrepreneurial failure*. Entrepreneurship paper session presented at the

meeting of 22nd Annual Australian and New Zealand Academy of

Management Conference, Auckland, New Zealand.

### **Award**

5<sup>th</sup> Most Promising Dissertation Award (2008), Management, Spirituality, and

Religion Doctoral and New Faculty Consortium, Academy of

Management, Anaheim, LA