

**Should an Entrepreneur Re-Enter in Business after Failing the First
Time: A study to focus the importance of entrepreneurial learning
from business failure in Ireland**

MSc Research Project
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ABSTRACT

In the era of 21st century, for any business, it is hard to survive with the rising competition. When there is uncertainty involved in anything, there is bound to be failure. Every entrepreneur wants their business to be a success. However, some business fails and some succeed but in the end every business teaches something. This research aims to focus on the importance of learning from business failure and to study how business failure and the challenges faced in business can be a learning experience for them and can perhaps consider re-entering into business in Ireland. The research aims to focus on the human nature of an entrepreneur by studying different approach of entrepreneurs towards business failure. The sole motivation to study this topic is to encourage the entrepreneurs and people who wish to become an entrepreneur, to face business failure in a positive way and taking it as a lesson to start again rather than never trying. The research interviews four entrepreneurs which have been classified into two groups. A thematic approach was used to analyze the data referring to the objectives of the research. Six themes were established out of the interviews that the research would study.

The research concludes that an entrepreneur clearly learns many lessons from facing failure in business and can therefore, apply those lessons in order to re-enter business again. The research concludes after studying the entrepreneurs who closed their business in the past, that there is a definite possibility for an entrepreneur to start again with a business after facing failure. However, it may not be necessary for all the entrepreneurs re-enter in business again, but the research embarks upon the possibility of the option by concluding that with the lessons learnt from the first failure, they may be able to work on a business again even more efficiently.

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DEDICATION

I dedicate my thesis to my Parents whose support has been a pillar of motivation for me throughout this journey.

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Firstly, I want to thank god for giving me the strength and knowledge to make this work happen. I thank my parents, Mini and Aman for being a wonderful family and sending their love throughout this journey.

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List of tables	8
SECTION 1 – INTRODUCTION	9
1.1 Introduction	9
1.2 Structural overview	9
1.3 Research questions and objectives	11
1.4 Purpose.....	12
1.5 Research gaps	12
SECTION 2 – LITERATURE REVIEW	14
2.1 Business failure in the context of entrepreneurship.....	14
2.2 Causes of Failure	15
2.3 Impact of failure.....	17
2.4 Business failures and emotions	18
2.5 Recovery	19
2.6 Learning from failure	20
2.7 Debate on the importance of learning from business failure.....	22
2.8 Conclusion to Literature review.....	24
SECTION 3 - METHODOLOGY	25
3.1 Research design	25
3.1.1 Methodological approach	25
3.2 Sampling and data collection	26
3.2.1 Data collection from Group A	28
3.2.2 Data collection from Group B.....	29
3.3 Research philosophies.....	29
3.3.1 Interpretivism Approach.....	31
3.4 Data analysis.....	31
3.5 Limitations	32
3.6 Ethical considerations	33
SECTION 4 - FINDINGS.....	34
4.1 Summary of Findings.....	46
SECTION 5 – DISCUSSION.....	48
SECTION 6 – CONCLUSIONS AND RECOMMENDATIONS	52
6.1 Future Recommendations.....	53
Bibliography.....	54
Appendices.....	58

Appendix 1 – Interview questions of Group A.....	58
Appendix 2 – Interview questions of Group B.....	59

LIST OF TABLES

Table 1. Candidate information of group A

Table 2. Candidate information of group B

Table 3. Research objective 1.

Table 4. Research objective 2.

Table 5. Research objective 3.

SECTION 1

1.1 INTRODUCTION

Business failure has been one of the biggest fears among the entrepreneurs while running or starting a business. Various calculations are done before starting and building a successful business. When a business fails, it not only affects the business's foundation, but it also deeply affects an entrepreneur's ability to start another business (Cope 2011, Ucbasaran et al. 2013). However, many successful entrepreneurs have failed in their first businesses including Bill gates who started his first company named Traf O data and failed. In a report by Andy locket, (2012) and S. John Lyon, (2012), they discussed about the life of an entrepreneur after the business fails, stating, that most of the successful entrepreneurs today have succeeded after the failure of their first businesses. Therefore, the researcher finds it important to study the importance of entrepreneurial learning from business failure because not every entrepreneur faces failure with the right approach and not all entrepreneurs learn a valuable lesson from a business failure (Ucbasaran, Westhead, & Wright, 2006). Therefore, research aims to conclude that if failure is seen, it should be witnessed as a temporary phase that provides valuable lesson to the entrepreneurs in the entrepreneurship process (Politis & Gabrielsson, 2009). The researcher finds it important to study the causes of failure and the impact of failure on entrepreneurs in order to understand the different approach of entrepreneurs towards business failure which the researcher feel, would majorly contribute in understanding the importance of learning from failure.

1.2 STRUCTURAL OVERVIEW

Section 1-Introduction

The research gives a brief introduction of the thesis title and explaining why the title is worthy of studying. The thesis then begins with describing business failure and the gaps in the existing literature. Furthermore, the research explains the main research question by dividing it into three research objective which would help understand the overall experience of an entrepreneur in three different

stages. Followed by that, the research explains the overall purpose of this study and at last will be consisting of definitions of key concepts.

Section 2-Literature review

The research uses insights of literature related to business failure and entrepreneurship in a pattern of three stages used by the researcher to describe the overall entrepreneurial experience. It begins with the review of literature related to motivation behind starting a business for an entrepreneur. Followed by the literature related to factors that causes a business to fail. And lastly the literature related with the impact of business failure on an entrepreneur and the way entrepreneur recovers and learns from it.

Section 3. Methodology

The research summarizes the research design by explaining the methodological approach used to collect and analyze the data. The sampling of data and methods of collection of data have been included giving an in-depth explanation on how the overall study has been done followed by the limitations that were seen in the study and ethical considerations.

Section 4. Findings

In chapter 4, the findings of the qualitative study have been summarized using a thematic approach where in 5 themes were established from the data in order to fulfill the research objectives as explained in section 1.

Section 5. Discussion

In section 5, the research discusses the findings along with the observations from the findings and connecting them with the literature review used in the research in order to obtain a theoretical understanding of the findings and have a justified conclusion.

Section 6. Conclusion and recommendation

The research summarizes the findings with respect to the research objectives and the main research question and furthermore gives recommendations that can be used for future study.

1.3 RESEARCH QUESTION AND OBJECTIVES

The research question is to study the importance of learning from business failure in order to re-enter in business. The researcher sets three objectives in order to address the need of systematic knowledge to study the entrepreneur's experience of running a business.

Research objective 1.

To study the real motivation behind becoming an entrepreneur and starting a business

At first, the research study aims to focus on the factors that motivates the individual to become an entrepreneur and start a business. It is important to understand the different reasons that an entrepreneur could have to start a business which would help understand the mind set and attitude of an entrepreneur right at the beginning of starting a business.

Research objective 2.

To study the approach of an entrepreneur towards challenges and failures faced in the business

After studying the real motivation behind starting a business, it becomes important to study the different approach that an entrepreneur had towards the challenges and failures arising in the business. Studying the approach and response of an entrepreneur towards business failure would help the researcher to understand the different emotions attached to business failure of an entrepreneur and how they differ from one entrepreneur to another.

Research objective 3.

To study the impact of business failure and how an entrepreneur can learn from it

The next objective is to study the impact of business failure and challenges on an entrepreneur. This would help to understand how deeply they were affected and what kind of effects it had on them.

Furthermore, the research would study how an entrepreneur can learn from failures and challenges faced in the business.

1.4 PURPOSE

The purpose of the study is to show that every business faces some sort of challenge in the business, but how well does an entrepreneur learn from those challenges and apply them ahead in their life. The two set of groups that are interviewed would help to understand two different sides of entrepreneurs, one that faced challenges and overcame, while other that faced challenges and decided to close business. With this purpose in mind, the research aims to study the importance of entrepreneurial learning focusing on the human nature of an entrepreneur of a small medium enterprise in experiencing the over all phase of failure and taking it as a life learning experience.

1.5 RESEARCH GAPS

Research on business failure transfer back to the 1800's during the evolving phase of commercial banks that was spreading the financial knowledge (Horrihan, 1986). This financial data was the genesis of research studies and only focused on financial and accounting aspects of the business failure and later, the study started spreading into different factors such as general management, sociology, and entrepreneurship. Therefore, many studies have evolved that studies business failure with many different aspects (Singh.2012). In the last 10-15 years, the research around entrepreneurial failure have significantly increased (Ucbasaran, Shepherd, Lockett and Lyon 2013). Cardon, Stevens and Potter (2011), have found a schematic process of conducting a research on entrepreneurial failure that is, it should be divided into smaller pieces which could be easily analyzed then. Similarly, several studies have been done on the effects of business failure, a very few studies have been done on the life of an entrepreneur after facing business failure. Jenkins, (2012), studies the life of an entrepreneur facing business failure and states in her research that there is further scope of testing and scoping of new models to study why entrepreneurs may approach differently to business failure. Similarly, Haapala,(2016) states that business failure impacts on an individual level is mostly been studied at a global level.

However, researcher also found that very limited studies have been done to study entrepreneurial learning and its importance focusing on different business in Ireland. Majority of studies are done on major firm failure. Therefore, the researcher finds it worthy to study the importance of learning from business failure for an entrepreneur focusing on business in Ireland. As Jenkins, (2012) explains that limited study has been done to study the life of an entrepreneur after business failure, Cardon, Stevens and Potter (2011) explains that re-entry of entrepreneurs in business have been one subject to debate. Another gap that the researcher found was that limited research has been done studying the importance of re-entry of entrepreneurs in business after facing failure. Because of this, the researcher feels there remains a gap in the literature to study the importance of learning from business failure for an entrepreneur and deciding to re-enter in business. Therefore, by studying the importance of learning from business failures in Ireland and deciding to re-enter in business, the research aims to fill that gap.

SECTION 2. LITERATURE REVIEW

In this review, the thesis aims to study the literature related to business failure in context of entrepreneurship. Followed by which, the research would study the literature related to the factors that cause a business to fail and the impact it has on an entrepreneur. Lastly, the research would study the different aspects of learning in an entrepreneur's life following with the debate on the importance of entrepreneurial learning which is found among various literature.

2.1 BUSINESS FAILURE IN THE CONTEXT OF ENTREPRENEURSHIP

Research to study the failure of a business has been an important concept to study in the field of entrepreneurship (Grace S. Walsh, 2016). A study of the factors causing a business failure is important for the academics, practitioners and regulators. Since then it has been studied by a wide range of researchers following different methodologies (Beaver, 1966 ; Freeman et al., 1983 ; Dunne et al., 1989 ; Moulton et al, 1996 — management; Yamakawa et al., 2015). Presently there is a growing body of entrepreneurship yet only a few studies have been done in the field of it (Amanda Marie Vallone, 2008). The failure in entrepreneurship can be defined from the term entrepreneur which according to Drucker, 1985, defined an entrepreneur as the one who risks the success of his business in order to capitalize by developing the business between a supplier and customer. Therefore, as described by Drucker, an entrepreneur may or may not be aware of the risks that he/she is willing to take keeping the sole purpose of capitalizing. Although all entrepreneurs focus on building a new business, most of them fails as the outcome of a new business is uncertain (Knight, 1921; Ucbasaran, Shepherd, Lockett, & Lyon, 2013). Therefore, when a business fails, it leaves both a positive and a negative impact on the business runners (Chong Kyoon Lee, 2017). However, a business failure can be treated as a learning opportunity for the entrepreneurs (Coelho & McClure, 2005; Cope, 2011; Shepherd, 2003). But mostly when a business fails, an entrepreneur is not willing to start another business afterwards. This mostly happens because a business failure not only affects the financial aspect of the business but also leaves an impact on the psychological and social nature of the entrepreneur (Shepherd & Patzelt, 2011). In such cases, the entrepreneur faces the risk of survival in terms of financial aspect for himself and his family. In general,

the magnitude of the business failures is determined by various institutional factors (Sutton & Callahan, 1987; Ucbasaran et al., 2013). The statement also discusses that the higher the amount of business failure, the greater

would be the impact on an entrepreneurial activity. This has led to the establishment of institutions to reduce the number of business failures (Baldwin, 1997)

2.2 CAUSES OF FAILURE

Prior research that studies the factors causing business failure has been done that mainly consist of three main themes, Cognitive biases, liability of newness and human capital (Shepherd and Wiklund, 2006). To understand the reactions of entrepreneurs towards failure, the thesis focuses on human capital and cognitive biases as causes of failure. It would also help understand the implications of business failure after studying these themes as causes of business failure. When entering any business, it was found out that having over confidence which is a cognitive biases is said to have resulted in early exit from the business therefore, increasing the chances of business failure (Hayward et al, 2006). Hogarth & Karelaia, 2011 also found out that fallible judgement which also comes under cognitive biases also leads to a business failure. To support that overconfidence in an entrepreneur leads to a business failure, Busenitz and Barney (1997) found out that entrepreneurs have comparatively more confidence than a business manager by having to calculate the probably of their deaths from health diseases such as heart problem and cancer. In addition to that, in a research which was done to study the impact of overconfidence in entrepreneurs, Cardon et al., (2011) found out that in newspaper accounts of causes of business failure, overconfidence in an entrepreneur accounts for approximately 5% chances that the business would fail. However in opposed to that, Hayward, Forster, Sarasvathy, & Fredrickson, 2010 found in their research that overconfidence can also act as a mechanism for entrepreneurs to rebound when they experience business failure due to the presence of positive emotions as a by product from overconfidence.

To study the human capital theme, the thesis reviews the literature that studies lack of set of skills as one of the factor that causes business failure. Shepherd & Wiklund, 2006 in their study explains that entrepreneurs lacking specific set of skills to manage and successfully own a business becomes one of

the factors that causes business failure. Thus, the human capital theory states that entrepreneur with higher human capital have greater chances to achieve their goal and perform significantly (Becker, 1975). However, Politis, (2005), found out that the necessary skills for an entrepreneur to have can be achieved from experience.

Another skill that comes under the human capital skills is having the right approach. Cronje et al, 2004, in his research states that failure of a business is greatly influenced by an entrepreneur's strategic approach towards the business. He further explains that it is through the entrepreneur's approach towards business that he/she can affect the business environment being negative or positive. It is through the right strategic approach, the management could make the business objectives, make decisions, and solve problems more effectively (Cronje et al, 2004). Nieman and Nieuwenhuizen (2009) in their study found out that one of the factors that causes a business to fail is the lack of positive attitude of an entrepreneur that signifies his/her motivation and approach towards the business. A positive mindset encourages an entrepreneur towards achieving their goals and reduce the risk of business failure (Hendrikse & Hendrikse, 2004:238). According to Barringer & Ireland, 2010, an entrepreneur must not disregard the importance of proper planning in the business. It is the proper planning that leads to effective management, organizing, implementing, leading and control of the business (Cronje et al, 2000). According to Strydom, (2011), management skills are the conceptual, technical and human skill that the manager/owner must possess to effectively fulfill their management tasks which can be gained from experience. Therefore, many of the factors that causes business failure are directly related to the management skills of an entrepreneur (Arasti 2011). In addition to that, Mahamid, 2012, in his study found that a business failure is likely to happen due to the lack of poor communicating skills, lack of knowledge of business systems and lack of management experience. Furthermore, in terms of financial skills, Arasti, 2011, found that in today's trading environment, business with lack of financial accounting skills may not survive in the market. Frynas & Mellahi, 2011 found in their report that an entrepreneur must have the basic financial skills that is to handle other people's money according to the government tax and regulation because if not, they can bankrupt a business. Therefore as discussed, cause of failure is having lack of such skills which can be gained though through direct experience, it is important to study the process of entrepreneurial learning after business failure.

2.3 IMPACT OF FAILURE

An actual failure is noted to have three major kind of impacts on any person. It impacts the social, Financial and psychological (Cope 2011, Ucbasaran et al. 2013). Among the three, financial impact is have said to leave the most impact on an entrepreneur's future life decisions. An entrepreneur is so much financially affected that he/she may even have to sell his house which depends on the magnitude of the failure (Cope 2011, Singh 2011). If a financial bankruptcy happens, an entrepreneur who has invested in the business using the external funding, happens to move or start a new venture more quickly than the one who started the business by investing his/her own personal savings or taking funds from family and friends. In such a case, the entrepreneur had to leave the business environment and become an employee to support his/her finances (Cope 2011, Singh 2011).

While on the other hand, social cost has said to have an impact on an entrepreneur's social connections with friends and family. Some of the failed business ventures have led the entrepreneurs leading to take divorce, cut their social networks and even moving to a new town so that they could not be remembered as the person who failed his business venture (Cope 2011, Singh 2011, et al 2007). Under the social aspect comes the image building among the workers as well. If an entrepreneurs fails in his business venture, he may have a difficult time finding new workers to work for his new venture because of the uncertainty of the new business and looking at the past record of the entrepreneur as most of the workers wants to work in a safe and secure environment where they have maximum certainty (Cardon et al. 2011). Cope, (2011) also found that failed business ventures have also broken friendships as doing business with a friend reflects a whole new person.

Even though financial impact is said to have to most impact on an entrepreneur, it is psychological impact which last for a very long time, even years (Cardon, Zietsma, Saporito, Matherne and Davis 2005, Shepherd 2003). Some scholars have even described a failed business as death of a loved one or its own baby stating that business is like a baby to an entrepreneur. Having the impact for years, psychological loss often leads to grief (Shepherd 2003) and something that the entrepreneur likes to avoid speaking of (Archer 1999, Shepherd 2003). It is said to have mental and physical issues which even leads to suicidal thoughts (Cope 2011, Singh 2011).

Individual's ability to monitor one's own and others emotions and feelings, to discriminate among them and to use this information to guide one's thinking and actions is defined as emotional intelligence (Salovey & Mayer 1990: 189). Emotional intelligence people have noted to recognize and use grief to overcome the loss with different recovery strategies (Shepherd 2009). Important finding is that despite person's own emotional intelligence level one's emotional intelligence can be learned and taught to others (McKee 2015, Shepherd 2004, Shepherd & Cardon 2009, Shepherd & Kuratko 2009). Continuous focus on the failure might escalate grief further (Nolen-Hoeksema, McBride and Larson 1997) and similarly multiple failures might cause individual to question one's capability to perform similar tasks in the future (Dane & George 2014, Shepherd 2003): thus, over time, breaking the cycle of escalated negative grief becomes more important for physical wellbeing (Nolen-Hoeksema et al. 1997).

2.4 BUSINESS FAILURE AND EMOTIONS

Cardon et al., 2012 defines the emotional entrepreneurship as “the affect, emotions, moods, and/or feelings — of individuals or a collective — that are antecedent to, concurrent with, and/or a consequence of the entrepreneurial process, meaning the recognition/creation, evaluation, reformulation, and/or the exploitation of a possible opportunity”. Cardon, further explains that an entrepreneur often forms a personal connection with their business and finds a way to identify the business as an extension of themselves. When a business or project fails it may damage an emotional bond between the entrepreneur and the idea/firm, personal and professional relationships may be lost as a firm closes and a collective identity is fractured [Shepherd and Kuratko, 2009, Wolfe and Shepherd, 2015]. Emotional attachments involved in a business can be difficult to break (Burgelman, 1994) thus, when a failure is seen in business of any form, it may evoke an array of negative emotions in an entrepreneur which may lead to humiliation and pain (Cardon and McGrath, 1999, Cope, 2011, Ucbasaran et al., 2013, Singh et al., 2007).

Fear is one the emotion that influences the entrepreneurial behavior. Fear is considered to reduce exploitation and influence the relationship between evaluation and exploitation. Thus a feeling of fear often causes them to avoid situations that may result in failure and therefore, respond poorly to situations

that involves failure (Schulman, 1989). This leads to error amplifying decision trap which means that a poor decision to solve a problem may result in exacerbating the problem rather than solving it (Schulman, 1989). Similarly, Grief is another emotion that influences emotional behavior. The thesis defines the term Grief as an emotional negative response that an entrepreneur experiences to his/her business failure (Shepherd, 2003; Shepherd et al., 2009). Archer, 1999 explains grief as the feeling of losing something important. For an entrepreneur, his/her business is everything, and if it fails, it is more likely to elicit a negative emotional response (Shepherd, 2009). Thus, grief is considered an obstacle in terms of learning from failure (Shepherd, 2003, Cope, 2011).

2.5 RECOVERY FROM FAILURE

Grief, a negative emotional feeling, has been noted to impact negatively the ability to learn from a negative event (Shepherd 2003) and it can cause an individual not to remember events just before a negative emotional event (Bower 1992). Shepherd (2003) introduced grief to business failure context, and he also suggested different methods on how grief can be reduced or managed as well as a dual grief recovery method (see Haapala 2015).

According to Shepherd [2009a,b, p. 81] grief dynamics are also “important in understanding why some people make sense of loss and recover from grief quickly while others cannot”. Three grief dynamics are proposed in relation to business failure: loss-oriented, restoration-oriented and transition oriented. Loss-oriented dynamics includes facing the loss and working through the grief process; it is mentally and physically draining on the entrepreneur. On the other hand restoration-oriented dynamics includes avoiding thinking about the loss and instead focusing on secondary sources of stress; this involves emotion suppression that requires mental effort and may adversely affect both the individual’s health and learning. Thirdly, transition-oriented dynamics are those that shift between the loss and restoration-oriented dynamics; this allows the individual to get the learning benefits of each and speed up the recovery process (Shepherd, 2009).

Having strong confidence and believing in yourself is said to reduce grief (Hayward, Shepherd and Griffin 2006). If an entrepreneur’s confidence is strong enough to overcome the setback that he/she has had from the business failure, the faster that entrepreneur would recover from the failure of the

business (Hayward, Forster, Sarasvathy and Fredrickson 2010). Previous experience plays an important role in overcoming from a failed business venture. An entrepreneur is more able to overcome grief from a failed business and start a new business venture if he/she have had previous business experience (Cope 2011, Politis & Gabrielsson 2009). Similarly, if an entrepreneur has more than one business been operated, so failure of one business will not have such a big impact as the entrepreneur still have other businesses to operate (Ucbasaran et al. 2010). Every entrepreneur learns from a business failure. But this learning takes place in social and personal level. In personal environment, an entrepreneur might shift his attitude towards the business environment after combining the negative impact from his failure and lessons learning from it which hence, results in exiting the business environment forever (Singh,2011). In the social level, an entrepreneur might learn more about himself learning about the different attitude of people around the person which might give him some sort of motivation (Cope, 2011). However, Shepherd, 2009 argues to this, stating that in the social level, family plays an important role. He noted that in the social level, it is the family members that could help an entrepreneur the most in recovering from the failure of his/her first business.

2.6 LEARNING FROM BUSINESS FAILURE

Various studies that have been done in the past for business failure have a common theme that suggest entrepreneurial failure as a very important learning aspect for the entrepreneurs (Cope, 2003; Corbett, Neck, & De Tienne, 2007; McGrath, 1999; Minniti & Bygrave, 2001; Shepherd, 2003). As discussed above, cause of failure directly is mainly due to the lack of specific set of skills (Shepherd & Wiklund, 2006). However, Politis, 2005, found out that the necessary skills for an entrepreneur to have can be achieved from experience. This suggests that there is scope for entrepreneurs to learn from their failure (Shepherd, 2003; Stokes & Blackburn, 2002). Minniti & Bygrave, 2001 found in their research that business failure can be a rich source of feedback for the entrepreneurs in terms of improving the decision making skills. In addition to that, business failure also provides unique opportunities to gain experience that the entrepreneur cannot gain from success alone (Rerup, 2005). Many researches have been done on the importance of learning form business failure, however, there is a debate in all these researches that whether an entrepreneur learns from failure or not (Anna Jenkins, 2012). Jenkins, 2012, further

states that learning is a potential but not a necessary outcome of failure. Therefore, critical and serious events like business failure can be a valuable source of knowledge for the entrepreneurs (Cope, 2003; Deakins & Freel, 1998; Minniti & Bygrave, 2001; Shepherd, 2003; Stokes & Blackburn, 2002). However, the mechanism that contributes whether an entrepreneur truly learns from business failure or not is poorly understood (Cope, 2011).

Cope, 2011, Singh et al., (2007) and Stokes and Blackburn (2002), identified four stages of learning from failure. These were learning about yourself, the business and its failure, relationships/networks, and business management. In terms of learning about yourself, experience can be important for developing resilience (Cope, 2011) which is the ability to rebound quickly after a stressful and critical event like business failure (Richardson, 2002). Therefore learning more about yourself also reduces an entrepreneurs overconfidence, thus giving a experience of real life and increasing the likelihood of being successful in the future (Ucbasaran et al., 2010). In relation to the outcomes, Stokes and Blackburn (2002) found that the entrepreneur learned how they would manage a business more efficiently and how to cope with the setbacks. Jenkins, 2012 in her research studies the post failure experience of the entrepreneurs and found out that most of the entrepreneur wants to re-enter into self-employment or the field of business as only some entrepreneurs are not willing to learn. However, Jenkins, 2012 also mentions that there is a need of quantitative study in order to understand why there are different responds to business failure. Prior research involving entrepreneurial learning and perpetual entrepreneurship have therefore begun to study on the concept of post failure learning experiences for the better learning of an entrepreneur (Cope, 2003; Deakins & Freel, 1998; Stokes & Blackburn, 2002; Ucbasaran, Westhead, Wright, & Flores, 2010). This comes under the lights of indefinite results that shows the relationship between prior failure experience and business performance, therefore suggesting that not all entrepreneurs learn a valuable lesson from a business failure (Ucbasaran, Westhead, & Wright, 2006). The probability of success of a perpetual entrepreneur is higher that of a normal firm (Sarasvathy & Menon, 2003).

Such research suggests that some entrepreneurs are able to protect themselves from the negative impact of a firm failure, therefore taking failure as a part of learning process in the entrepreneurship learning.

However, for some entrepreneurs, failure may have a very hard impact on their life from which they find hard to recover. Therefore, the learning process from a failure fully depends on how an entrepreneur responds towards failure as emotions, learning and recovery are like to be involved together (Cope, 2011; Shepherd, 2003).

2.7 DEBATE ON THE IMPORTANCE OF LEARNING FROM BUSINESS FAILURE

The studies suggest that the questions arises about the importance of entrepreneurs learning from failure and whether an entrepreneur truly learns from failure or not so that he/she is willing to take the risk to start again or re-enter self-employment. Head, (2003) found in his research that failure rate of new ventures and business run by the entrepreneurs is as high as 30%. But despite the high rate, many entrepreneurs are willing to re-enter the business field again. Jenkins, (2012) in her report stated that while some entrepreneurs fail and never try again, many entrepreneurs learn from failure and re-enter in business. Despite the interest shown in learning from failure in various studies, it still remains unclear whether it is important or not (Cope, 2011, Minniti and Bygrave, 2001, Shepherd, 2003, Ucbasaran et al., 2013, Yamakawa and Cardon, 2015). Learning is neither instantaneous or automatic (Shepherd, 2003) and the entrepreneur's ability to maximize learning from failure varies from one to another (Ucbasaran et al., 2010). However, Green et al, 2003 in his research found out that learning from failure does not necessarily mean that an entrepreneur would experience success in the future.

Therefore, the debate remains on the importance of learning from failure in various studies. Anna Jenkins, 2012, in her report studied the importance of entrepreneurial learning by researching from two different perspectives. On one perspective, she states that the research that studies the factors that influence whether an entrepreneur learns from failure or not has therefore, learning as a dependent variable as these research considers learning as a potential but not necessary outcome from failure. The other perspective considers learning as a rich source of learning which focuses on research that studies the outcomes of learning from failure. In this, Jenkins,2012 studies learning as an independent variable. In the perspective where learning is considered as a dependent variable, reflection is considered to be one of the major components of learning from failure (Cannon & Edmondson, 2001; Cope, 2003; Cope

& Watts, 2000; Politis & Gabrielsson, 2009; Sitkin, 1996). This process of reflection involves asking question to yourself about the business failure, directing attention of different aspects of the experience of failure. Therefore, this process can make an entrepreneur more mindful to understand the sense of every aspect of failure experienced (Cope, 2011; Rerup, 2005). Jenkins,2012 further states in this perspective that learning can initially become a difficult task when emotions are involved in failure. Because if negative emotions are involved with an individual, it becomes difficult for him/her to possess new information (Shepherd, 2003). Ucbasaran et al., 2011 found in his research that when negative emotions are involved, this can cause an entrepreneur to make external attributions for failure to reduce the negative impact from it which can therefore, lessen the entrepreneur's ability to learn from failure. This however, suggests, that entrepreneurs can benefit from staying in recovery before getting involved in the process of learning from failure (Cope,2011). Thus, learning may not be a immediate thing to do for the entrepreneurs right after the failure but rather a process that taken place over some time (Shepherd et al., 2011).

In the other perspective where learning is taken as an independent variable, Jenkins, 2012 found out that being mindful increases an entrepreneur's capability to modify his/her past failure experience and to use their own knowledge more effectively in the future. In addition to that, recent studies have deconstructed the focus on the importance of prior learning experience from failure and how this experience influences the current performance of an entrepreneur (Rerup, 2005; Ucbasaran et al., 2010; Yamakawa, Peng, & Deeds, 2010). Furthermore, in addition to the relationship between prior experience from failure and current performance, it was found out by Yamakawa, Peng and Deeds (2010), that when the entrepreneurs blamed themselves for their past failures, they were more likely to experience significant growth in their current ventures. This is because internal attributions of blame results in making an entrepreneur look back into his/her past mistakes that led to the failure and how they can improve in the future (Yamakawa et al., 2010). The two perspectives therefore, helps understand the relationship between the prior

After reviewing the literature based on learning from a business failure, the thesis now focuses on the literature studying the impact of failure on an entrepreneur and how they could recover from it.

2.8 CONCLUSION TO LITERATURE REVIEW

As studied in the literature review, several studies have been done to study the business failure. The literature review defines entrepreneur as a person who is willing to grow his/her business but is unaware of the risk he/she takes in doing that. So, when a business fails, it has major impact on an entrepreneur with financial impact being the strongest but psychological impact staying for the longest time. Research also found that recovery from business failure is possible and various aspects such as having confidence in yourself, having a positive approach towards business failure are some of the ways an entrepreneur can recover from failure. However, it was also found that not all entrepreneurs recover from failure as the approach towards business failure varies. Also, while many entrepreneurs learn from business failure, therefore taking it as a lesson, there still exists a long-lasting debate among the literature about the importance of learning from failure. However, the researcher found that a limited number of studies has been done for an entrepreneur of a small medium enterprise on the significance to re-enter in business after facing failure previously. Therefore, this research aims to contribute to the literature by studying on the importance of learning from failure and deciding to re-enter into business again.

SECTION 3. METHODOLOGY

According to Burns & Grove, 1987, the process of methodology is defined as the blueprint of a research. The further describes that this process consists of Design, setting, sample, limitations and data analysis techniques used in the research. Similarly, according to Polit and Hungler (1985), methodology is the process of gathering data for a research by following steps, procedures and strategies used in the research.

This section will discuss the stages in which the research has been done to collect the data for its study.

3.1 RESEARCH DESIGN

3.1.1 METHODOLOGICAL APPROACH

There are mainly two types of methodological approaches in a research which is Quantitative and qualitative. (Naoum, 1998). According to Polit & Hungler, 1985, quantitative data as the name suggests, consists of numerical data. The numerical data in the quantitative data in a research is used to develop theoretical data (Wilson 2012). However, qualitative research approach is subjective in nature (Naoum, 1998). It emphasis on descriptions, meanings and experiences. The qualitative data consists of detailed knowledge of people, events, situations or observed behavior (Polit & Hungler, 1985).

This research uses qualitative approach to collect the research data in order to contribute more research in the existing literature on business failure and have an in-depth knowledge of the experience of an entrepreneur. The reason to choose a qualitative approach. In order to have in depth knowledge of the overall experience of the entrepreneurs with respect to the objectives, it was necessary to conduct this research with a qualitative approach by taking interviews that mainly focuses on the human nature of an entrepreneur's experience and the struggle that he/she goes through in process of entrepreneurship. As (Lewis, 2012) discusses, interviews are generally used to collect data in a research if there is an exploratory aspect being conducted in the research. He further states that a qualitative approach to a research includes interviews, structured interviews, unstructured interviews, semi structured interviews, observational groups and focus groups. In a structured interview, the researcher aims to interview to

find specific and precise information that is related to the aims and objectives of the research (Boogie and Sekaran, 2010). While in a unstructured interview, the researcher has no aim of gathering any specific or precise information and asks a number of open ended questions in relation to the research topic. Throughout the interview, the researcher tend to respond to all the answers and therefore encourage the participant to elaborate more on the answers where necessary (Cameron and Price, 2009; Lewis, 2012).

Similarly, a semi structured interview is a balance of structured and unstructured interview (Cameron and Price, 2009; Lewis, 2012). In this, the interviewer has a specific aim with respect to which the questions are asked but are therefore flexible and changes according to the nature of the response from the participants.

This research focuses on conducting interviews which are semi structured and the reason to do that is to focus on the answers that could contribute towards the research question but also allow the participants to elaborate and explain their answers as much as they want which would only contribute more data towards the research question and help understand the data more effectively.

3.2 SAMPLING AND DATA COLLECTION

A sample studies a significant portion of the targeted population and the portion must be carefully selected in order to present that portion better (Cooper and Schinder, 2014). There are mainly two types of sampling: Probability sampling and non-probability sampling (Cooper and Schinder, 2014). The non-probability sampling is synonymous with judgmental sampling or grab sampling which mainly requires the researcher to follow intentional selection of data (Cooper and Schinder, 2014). Goals of Non-probability sampling is often varying but includes a desire for the researcher to deeply understand the sample. However, generalizing to a larger population is often not the primary consideration in the non-probability sampling (Bougie and Sekaran, 2010).

Probability sampling aims to achieve objectivity in the selection of sample which mainly generalizes to a larger population (Bougie and Sekaran, 2010). This research uses non-probability sampling technique and the reason to do so is because the findings for this research may not be positively generalized for a

larger population (Bougie and Sekaran, 2010) as the research uses qualitative approach studying a smaller group of participants.

After studying the characteristics of non-probability sampling, the research would use the purposive sampling technique of the non-probability sampling because the decision to choose the categorized participants for the study rely on the researcher. Therefore, in this case, as the research aims to conclude that business failure is a learning experience for an entrepreneur, the researcher has chosen two groups of 3 entrepreneurs each.

Group A - Entrepreneurs that left/ended their business after facing failure in the past and are now involved in full time jobs.

Group B – Entrepreneurs who are running successful business at present.

The reason to choose two categories of entrepreneurs was to understand the different approach of these entrepreneurs towards the failures faced in their respective business and to study how failure has been a learning experience for current entrepreneurs and former entrepreneurs. Therefore, this suggests that not all entrepreneurs witness failure with the same approach as it may even be a difficult phase in their business (Sarasvathy & Menon, 2003; Sarasvathy, 2004). Entrepreneurs of both the groups faced challenges in their respective business, while group A entrepreneurs led their business challenges to discontinue with the business, group B entrepreneurs overcame their challenges and stayed in business.

Even though every candidate belongs to different business in the research, a study of their different business challenges would help us understand how failure has been a learning experience for the entrepreneurs who are not involved in business anymore and for the entrepreneurs who are currently involved in business.

The candidates were interviewed through face to face and telephonic semi structured interviews. 18-20 open ended questions were asked to all the candidates and the interview sessions lasted between 20-30 minutes. The questions were open ended because the candidates were given a choice to extend their answers and add more data that may be of significant use for the research. The specific set of questions were chosen to fulfill the research objectives and to mainly understand the business experience of an

entrepreneur. At the beginning of every interview, each candidate's permission was taken to record the interview session and that they have a choice to raise any concern over any topic or to skip any question if they do not wish to answer it. Full list of questions for both the groups is included in Appendix 1 and appendix 2, respectively.

3.2.1 Data collection from group A

Group A consist of 2 entrepreneurs who had experience of running a business in the past and after deciding to discontinue with their business, candidates are now involved in full time jobs.

Table 2. Candidate information of Group A

<p>Candidate A1</p> <p>Male, Age-35</p> <p>Past business experience – Owner of two restaurants</p> <p>Current occupation – Operational Store manager of a takeaway business</p> <p>Mode of interview- Face to face</p>
<p>Candidate A2</p> <p>Male, Age-25</p> <p>Past business experience – Founded an application that helps to find useful information about landmarks from Youtube videos.</p> <p>Current occupation – Project manager in a multi-national company.</p> <p>Mode of interview- Telephonic</p>

3.2.2 Data collection from Group B

Group B consist of 2 entrepreneurs who are owners of small medium business in Ireland at present. The thesis would study the challenges that they faced in their respective business and how they overcame from those in order to continue with their business. Furthermore, the thesis would also study the importance of learning from those challenges.

Table 2. Candidate information of Group B

Candidate B1
Male, Age-38
Candidate B1 is the owner of a reputed pizza takeaway chain.
Mode of interview- Face to face
Candidate B2
Female, Age-25
Candidate B2 is the owner of an ecommerce business that sells home and kitchen and products online.
Mode of interview- Telephonic

3.3 RESEARCH PHILOSOPHIES

Since personal assumptions and values have an important impact on the research study and moreover support the research strategy and method (Saunders, 2009), the research philosophy is an essential part of the research study. (Saunders, 2009) further explains that a research philosophy explains the development and nature of the research study. At most of the stages in the research process, we tend to make assumptions regarding the nature of reality and human knowledge involved in the research study. Therefore, these assumptions structure the way we approach towards the research method and research question and this reflects in the overall research findings in the end (Saunders, Thornhill & Lewis, 2012). (Saunders, 2009) further explains that the research philosophy is mainly categorized into two

forms, Ontology and epistemology. The ontology category of the research philosophy describes the nature of reality. In ontology, either subjective or objective approach can be chosen. The subjective approach in the research reflects the nature of reality of the research as socially constructed (Saunders, 2009). While the objective approach is most of the time associated with the quantitative research. In addition to that, (Saunders, 2009) explains that the objective research is not based on the interpretations unlike the subjective approach in which the nature of information is based upon the varying and perceptive interpretations of the surrounding world by each individual.

In epistemology, (Johnson and Duberley, 2000; Saunders, 2009) explains that this approach describes the researchers view of criteria, which constitute the justified knowledge in a field of study. (Quinlan, 2012) explains that there are many methodological factors from which a researcher can choose to use in his/her study and quite often there are more than one philosophical framework involved in a research.

Quinlan, (2011) further explains that when choosing a significant research philosophy to follow for a research, epistemology considerations can be taken into considerations. In addition to that, epistemology can be categorized into three major positions: Positivism, social constructionism and Interpretivism. Quinlan, (2011) parallels positivism as an approach for a research with only one objective reality and Interpretivism approach as an approach that demonstrates the reality distinctive to each individual which is mainly based on their personal life experiences. Similarly, Bryman and Bell (2015) explained in their study that the Interpretivism approach is related to the study of emphatic understandings of the human nature.

Since this research study focuses to understand the human nature of the entrepreneurs, it has used Interpretivism approach. Each entrepreneurs views on their overall business experience and their different approach towards business failure would help the research understand the human nature of the entrepreneurs and would only encourage the research to follow a Interpretivism approach.

3.3.1 INTERPRETIVISM APPROACH

Saunders et al, (2012), explains that interpretivism approach mainly requires the researcher to act as a social actor to understand the diversity between people. (Saunders et al, 2012). Saunders, (2009) explains that Interpretivism approach is mainly focused on the qualitative research rather than quantitative and the reason for that is that the Interpretivism approach is based on the critique positivism within social interactions of people. As Quinlan, (2011) discusses that in Interpretivism approach, the researcher is required to interpret and study certain elements of their study keeping human interest in mind, Johari, (2009), explains the popularity of Interpretivism approach among the researchers who aims at focusing a qualitative research. He explains that the reason Interpretivism approach is chosen by the researchers is because of its ability to encourage the researcher to be more inductive rather than being disconfirming or confirming of any other specific hypothesis in the study.

3.4 DATA ANALYSIS

Every interview with the candidates were recorded with their permission and was heard multiple times in order to have a clear understanding of the points. In terms of breaking down the data in order to find suitable answers to support the research questions, a thematic approach has been used. The thematic approach to analyze the data helps to create themes from the results of interviews that would support the research questions (Clarke and Braun, 2013). The reason behind choosing a thematic approach to analyze the data is to break down the results into different themes that would focus on different factors that the research is required to study. By studying these factors, the thesis aims to focus on the human nature of an entrepreneur that would help understand the research question and the necessary factors that the researcher finds important to study for it. In order to interpret the results from the interview, each theme that was established to study the necessary factors was then classified into themes and objectives (Creswell, 2007). The objectives are the research objectives that have been used in this thesis and the themes are the factors established from the data that have been chosen to study by the researcher.

Table 3 - Research objective 1.

Objective: To study the early stages that an entrepreneur experiences while starting a business
Themes <ol style="list-style-type: none">1. Motivation2. Fear

Table 4 - Research Objective 2.

Objective: To study the approach of an entrepreneur towards the challenges and failures faced in the business
Themes <ol style="list-style-type: none">1. Management

Table 5 - Research Objective 3.

Objective: To study the overall impact of challenges and failures and learning from it
Themes <ol style="list-style-type: none">1. Mental health2. Learning3. Re-entry

3.5 LIMITATIONS

Failure can be a difficult experience and the time surrounding the bankruptcy can be very stressful (Shepherd, 2003). However, entrepreneurs must deal with the practicalities of failure and thus, are very unlikely to talk to researchers and complete surveys on business failure right after the business fails or faces bankruptcy (Anna Jenkins, 2012). While studies have also shown how entrepreneurs respond and

cope with the failure and that waiting for a significant period after facing failure or any sort of difficulties in the business, might lead to entrepreneurs losing interest overall. Therefore, it is a common challenge in researching on this nature (Fugate, Kinicki, & Prussia, 2008). So, it was extremely important to determine the right time frame to avoid early contact with the entrepreneurs to avoid further difficulties for the researcher (Fugate et al., 2008).

So to avoid early contact with the entrepreneur right after the failure and also not contacting very late, was very important for the research and there is no such rule as per recent studies to understand the exact time frame on when to approach the entrepreneurs (Fugate et al., 2008). This was a major challenge to interview those entrepreneurs who either failed in their businesses. However, studies have shown that a period of six month after a business failure is considered appropriate for the entrepreneurs to get involve in academic research, which encouraged this research to follow the same. In terms of searching for the right candidates, the researcher found it difficult in finding candidates because of the ongoing situation(COVID) and used the data from the four candidates in the best way possible.

3.6 ETHICAL CONSIDERATIONS

The researcher have studied for this research following the guidelines of National college of Ireland and have therefore, carefully read and submitted the ethical form. In addition to that, since the data has been collected for the research from semi structured interviews, each participant was aware of the nature of the study and the interviews being recorded. Each participant requested to be not mentioned by name in the research and to not reveal the recordings of the interview to none other than the researcher. However, they agreed to use portions of their interviews in the research and signature of every candidate was taken on the consent form informing that their data will remain confidential once used for the research.

SECTION 4. FINDINGS

The thesis would focus on the four research objectives by studying the themes established out of the findings. Semi structured interviews were taken of 6 entrepreneurs that have been classified into two groups: Group A and Group B (Candidate information explained in section 3.2).

Research Objective 1.

Objective: To study the early stages that an entrepreneur experiences while starting a business
Themes <ol style="list-style-type: none">1. Motivation2. Fear

The themes in the first objective were established from the beginning of the interviews where the participants discuss about their main reasons to start a business and become an entrepreneur. The theme aims to study the real motivation of the candidates to become entrepreneurs.

Motivation

GROUP A

Candidate A1: Candidate A1 worked in tourism industry at an early age and started the business at the age of 21. The reason candidate 1 mentioned to open a business was that he wanted to achieve more in life.

“I started working when I was 17 and at that age I had achieved so much already in terms of supporting my family so I always thought of achieving more and doing something of my own rather than working for someone else”.

Candidate A1 started a takeaway business with one of his friend who, he says was the whole idea of.

“One of my friend approached me with this business plan to open a takeaway and he said he saw the potential in me and would only do this with me, so basically it was all my friends idea and that’s how I opened my first business”.

Candidate A2: was a college student when he started the business along with four of his friends from college. When asked about the motivation to start a business, candidate A2 said it was the idea of the business itself that motivated them to work on it and start a business around it.

“So it was the idea itself that came to me as I myself had a habit of noticing new things and listening new words and I used to pause the video and then google it which I still do to this date. But I realized it’s a very bad user experience for someone to do but I also had that curiosity of the problem to be solved. That’s how I had the exception of the idea and thinking more about it in the sense that can this be a product, can this be a solution and would people except this as a product. So that’s how I came up with the idea to start a business”.

Speaking in terms of motivation to start a business, candidate A2 says that he was never motivated to start a business and only found confidence to start one when he discovered the organic fund options.

“I never really had the motivation to start a business but was intrigued with the idea of startups I’ve actually had internships in startups in my second year. I was never really motivated to start my own business but the idea of building new things and creating solutions for problems seems interesting to me but I wasn’t very confident that I would start my own company, uh, but that confidence came when we started seeing the organic fund options to start the business”.

GROUP B

Candidate B1 – Candidate B1 was working as a national sales accountant for a multi-national company and had years of experience in sales and marketing before starting the business.

When asked upon the motivation to start a business, Candidate B1 mentions that he always wanted to be self-employed and not be managed. Apart from that he mentions, he always wanted to start a business and felt the right time to do that was when he had no commitment.

“I always had the urge to be self-employed, I always knew at some point I should be and I was fairly independently minded that don’t take well to be managed so I knew I had to do something of my own and my grand-father was in business so it was in the blood and I always wanted to be in business”. I was in my early 30’s had no mortgage, no commitment so it seemed appropriate for me that if I’m ever going to do it, this would be the right time to start a business”.

Candidate B2 – Candidate B2 worked as a digital marketing assistant in a multi-national company for three years before starting her business. When asked about the motivation, candidate mentions that it was her boss from her job who implanted the idea of entrepreneurship in her.

“I remember when I was giving my interview, well, my boss was an entrepreneur himself and he casually asked me if I will open a business ever... and I replied that I am not sure at this point of time, I don’t want to. But I believe that was the point of implantation of the idea. I learned so much under him after working with him for two years I realized that I help building online brands for my clients while I could do all that for myself and earn better. So that was the start”.

FEAR

The theme aims to focus on whether the candidates experienced a feeling of fear before starting the business.

GROUP A

Candidate A1: *“Actually no! Not at all.. Like I said we were in such an age that we did not had much responsibility and that we wanted to do something.. We were not like thinking about whether it will be successful or not, maybe that was the passion and the hard work that we put in the first year and that’s why the business started really well for us”.*

It was found out that the candidate was very confident at the beginning of the business and did not fear of business failure for which he gives the credit to the fact that he had no responsibility whatsoever as the candidate was very young when started the business.

Candidate A2: *"I had that feeling at the back of my mind but I was so motivated in making the business success I obviously started with that mindset but we were not afraid of this feeling because we had nothing to lose. Like we didn't had any responsibility and accountability and worse case even if we fail, we would find a job because that was the best time for us to invest in this business in this product. The risk to disappoint the investors was definitely there as we were only students and didn't know how to manage money well".*

It can be seen that the candidate feared of disappointing the investors as he and his partners were unexperienced in terms of handling money but in respect to fearing about business failure, similar to candidate 1, he did not fear as he believed he was only student and did not had any responsibilities and would lose nothing big if the business fails.

GROUP B

Candidate B1: *"Yes absolutely. And I still fear every single day. I don't know where my next 10 years are going to be. There is no guarantee that the customer would walk in that door, no guarantee! You know at a certain age, the bank would quit, we don't know when the next income is going to be. That's why for me we're so focused on customer service and quality because we don't know the customer would come back in or not we have no guarantee, like that's a very real and significant fear that entrepreneurs learn to live with".*

What can be found out from this that the candidate fears of business failure till today therefore, describing the outcome of a business very uncertain. He further adds to this that every business is somewhat uncertain and that every entrepreneur learns to live with this fear of business failure.

Candidate B2: *"Oh yes I did! I was putting all my savings into the business I never borrowed from anyone so firstly I was terrified that if the business fails I would lose all my money. And then like, no one in my family and in my friends were doing business so you know when I decided to quit my job and*

start my own business, everybody kind of judged me for that so I was even more scared to do well because of that pressure”.

Candidate B2 mentions that she did experience the fear of failure before starting the business as she mentions she had invested all her savings in the business and was worried of losing that all. She further adds that because of the pressure of her family and friends, she wanted the business to do well.

Research Objective 2.

Objective: To study the approach of entrepreneurs towards the challenges and failures in business
Themes 1. Management

The theme of management in the second objective emerged after asking the candidates about the challenges faced in their respective business. The theme aims to study the challenges and factors that led to business failure.

While group A mentions the challenges that led to the business failure, group B mentions the challenges that the business experienced and how they overcame it.

MANAGEMENT

GROUP A

Candidate A1: We thought to get the sales in would be our first challenge and to get the revenue and bring our name out there would be a challenge. But the challenge that we came across was totally unexpected. It was managing with the staff actually.. We thought it wouldn't be a problem as we were paying the staff more than our competitors but then there was a humane kind of relation that was not going along which turned out to be the biggest challenge.

For candidate A1, it was the management of the staff that turned out to be one of the biggest challenges for them. He explains that building a rapport with them was somewhat difficult. Stating more challenges, He further adds,

It was mainly our personal sides, as I said we were young, and we were not keeping our finances the way we should plus it was like we started as two people and then because we wanted to grow pretty fast you know, so we brought in another partner as well and that was one thing that didn't work very well.

The candidate further explains that lack of knowledge to handle the finances was another reason as the candidate was young when he started the business and then the addition of one more partner in order to grow more in terms of expanding the business which resulted in conflict of interests, resulted in the decision to close the business.

Candidate A2: When asked upon the factors that led to business failure, candidate A2 explains that the he and his partners invested too much time in building the product therefore on the technological side rather than working on building a proper business model.

“Well there were multiple reasons when we couldn't continue with the business, one specifically being investing way too much time in MVP and that also drove us close to the risk appetite that we could have taken, due to that our co-founders somewhat started parting ways in that process so investing way too much time in building the MVP while we should've learnt from it quicker you know much more cheaper format.. Uh we just invested too much time in the technology and not in the business proposition”.

He further adds, lack of skills as another reason:

“And then also, uhh, we were five college engineers and we had a very limited skill set right. So you know there were multiple aspects where we were going wrong specifically with respect to the team while we were doing a good job in building the technology, we were still not very good with the marketing”

Another reasons that the candidate mentions are the shortage of finance and losing of motivation by the end of business:

“Second, we couldn’t raise money in time for sort of have that comfort among ourselves like it was that one year where no money coming in, only cost. So, for us also it was getting very taxing and then I guess two years into the business our motivation was also sort of dropping because we were seeing only stagnant growth.

GROUP B

The candidates of Group B were asked about the challenges that they faced in the business and how they overcame it.

Candidate B1: When asked about the early challenges in the business, he mentions that.

“Every day is a challenge but if you’re a problem solver you can face any challenge”.

Upon asking of describing any early challenges that the business faced, candidate B1 mentions that the business became very busy in terms of sale right in the early days, and this led to poor management of the business as they were not prepared for it and feared that the business might fail because of this. He mentions:

“Actually Quite the opposite happened, we got very busy very quickly. We did too well at the start. I did an online marketing campaign that went viral that was covered with intensive paper menu dropping all in one day so we went from a very low base to a very high base overnight. I had one chef, two drivers for delivery and one person at the till and after we went viral, we were queued down the street and we weren’t prepared for that”.

Further explaining how he overcame the challenge; he mentions that hiring additional staff overnight and taking assistance from experienced people helped him. He states,

“So, the next day I had hired two additional chefs, 5 additional drivers because I was like what do we do here. I’d ring people in the industry asking what do we do here you know, so at times like that you

reach out you got under the pressure and be like who can help, will this work, will this fail I don't know and you reach out. You'd be surprised at who would help".

Candidate B2: In terms of facing challenges, Candidate B2 mentions that her very early challenge was to get the sales up and reduce the return rate. She states most of her products were getting returned and in broken condition. This factor made her worry about the investment that she put in. she states:

"My sales weren't that great and whatever I was selling, most of it was getting returned and in broken condition. I was really struggling with this because I felt like all my money is just going and there was hardly any rate of interest".

When asked how she overcame this challenge, she mentions patience and improving is the key.

"You know what I remained patient. But its not like I did nothing. I started searching for more new products, started making changes to the existing online listings and I was watching these videos on Youtube on how I could improve my listing and to get sales up".

She further adds:

"It took the business almost two years to hit that benchmark I was looking for. That's a lot of time".

Research Objective 3.

Objective: To study the overall impact of challenges and failures and learning from it
Themes <ol style="list-style-type: none">1. Mental health2. Learning3. Re-entry

The themes were established after the researcher asked the candidates about their overall experience of facing failures and challenges in the business and whether they learned from it.

Candidates of both the group were asked whether this experience affected their mental health or not. While, Candidates of group A were asked about their post failure experience and whether they learnt something from it, the candidates of Group B were asked about their post experience of facing those challenges (as mentioned in) and whether they learnt something from it.

EFFECT ON MENTAL HEALTH POST FAILURE

GROUP A

Candidate A1: When asked upon when their experience of deciding to quit the business affected their mental health, candidate A1 mentions that it affected his mental health immensely mainly due to the shortage of finance. He mentioned,

“It did! Umm, I was going through the toughest time of my life because financially I was broke, my family was about to start and then there were so many things I wanted to do but I couldn’t do it because of the shortage of finance”.

Candidate A2: When asked if the overall experience of business failure affected the mental health, like candidate A2 mentions that it did affected his mental health and found very hard coping up with that.

“Yeah 100%. It’s like, when you get obsessed with something whether it is people or things or cars.. when you get obsessed right, that’s where you start creating dependency and like giving away the power to something else. And when that thing goes away and it gets taken away from you, it affects you and this is something that happened with me also. I was way too invested in the company and the product and everything and it was everything very personal for me like every email, every conversation were very personal to me and when it failed, it took a very big toll on me like I had a very hard time coping with that”.

GROUP B

The candidates of group B were asked about their post experience after facing the challenges in their respective business that they mentioned in the study and whether it affected their mental health or not.

Candidate B1: mentions the challenge as getting too busy in the start and not being prepared for that. On asking whether that affected his mental health, candidate 1 agrees to have that affecting his mental health. He states:

“Yes! very much yeah. Until to this day.. Highs are highs lows are lows. You know like its very hard to describe because like.. when you’re in business, you don’t turn off, as much as you try, anything happens. You know if a guy didn’t show up, I have to find a replacement its on you, if a customer is going crazy at whatsoever, it’s on you. And its just I suppose a low level constant stress that’s always there that you can’t get rid of.

So you know, it does affect you. You have your highs you have your lows”.

Candidate B2: The candidate mentions that the challenge that the business was facing has affected her mental health. She mentions that it became demotivating for her to not being able to prove her friends and family wrong and constrained herself for that time due to shortage of money. She states:

“Yeah in some ways I was affected mentally. Well, with the sales not coming in, I was just proving that my friends and family were right that this wouldn’t work. And that became very demotivating for me. Umm, plus on top of that, I hardly had much money so I was barely socializing or going out anywhere so in a way I had constraint myself during that time”.

LEARNING

The theme of learning aims to focus on the lessons that the candidates learnt after facing the challenges and failure in their business.

GROUP A

Candidate A1: The candidate gives credit to the challenges and failure that he faced in the business for where he is working at present and the way he is working. On asking whether the business failure was a learning experience for him, he states,

“Big time! and still is.. like the career I’m pursuing now is because of the business I failed in because as I said I wasn’t having any experience and now I’m running a company which I have seen growing and now I am running their another branch working as an operational manager for the two branches and all that experience comes from there like the silly mistakes which I had made which I don’t let anyone else to make, so yeah it was a great experience, personally, mentally, in all different aspects like it taught me a lot!”

Candidate A2: The candidate says the experience of a business failure was a great learning experience for him and gave him clarity in life. He states:

“It was a great learning experience, I think I am more than happy that I went through that failure because if I had not done that, I wouldn’t be having so much clarity that I have today. Now the kind of clarity and judgement that I have, all of that comes from making mistakes from the past and it couldn’t have happened if I had not faced failure at the first place”.

GROUP B

Candidate B1: the candidate mentions that it improved his decision making capabilities and a clear vision.

“I suppose, I’m now more sure in what I want out of a particular thing. I now know what particular type of person I want in my staff you know so now I’m less flexible about my needs and more sure about my decision making capabilities because at the end of the day it is your business and you gotta make the decisions”.

Candidate B2: mentions that she learnt the importance of patience. She further adds by helping her family members in their respective business, she focus to stay motivated and motivate others. She states:

“Firstly, I learnt that patience is the key. After working constantly for two years, I started making good profits, and recently my family members who earlier didn’t idolize the situation of having business, reached out to me to help them start their business and I had spent hours talking with them and helping them set up their work. So yeah! My biggest learning will be to motivate and be motivated and help others by providing with a path that they want”.

RE-ENTRY INTO BUSINESS

The theme of re-entry aims to focus on the candidates of Group A who faced failure in their business and whether they are willing to take the risk to re-enter into business or not.

Candidate 1: Upon asking whether the candidate is planning to re-enter into business, he mentions that plans to re-enter into the same takeaway business as he has begun to search for the appropriate location to open one. He mentions he looking forward in applying all the lessons he has learnt so far in his new business. He states

“I am, indeed! The reason for me was you know.. because you give up then, whatever I have learnt that I believe I have learnt it, I wont be able to see the results if I don’t try again. You know I am not the one who can give up if I start something I would want to finish it. I wanted to bring myself in a situation where I don’t think about my family and finances and all that and go and start my business. So that’s what my goal is and that’s what I’m working for”.

Candidate A2: mentions that he has started working on a start-up along with his college professor on building a software for the universities that focuses on checking of research papers. He states:

“My thought process was that now I won’t carry the burden of a failed company anymore. I am willing to take a step back and be willing to learn. I thought I won’t stop hustling and sort of learn from people who have made successful companies. My ideology was that I am going to work and I am going to see how other people have done this, to sort of understand where we went wrong”.

The candidate further states that he went to the United states to study a course in entrepreneurship which taught him a lot. He states:

“So for those reasons I did an internship in Bangalore under my mentor for his start up which taught me a lot. And then I went to pursue higher studies in entrepreneurship in NYU. It was a good step to keep my ego aside and be a student again and just learn that’s it”.

SUMMARY OF KEY FINDINGS

In terms of motivation behind starting a business, the study found that 3 out of 4 candidates became entrepreneurs to be self employed and do something of their own. While for candidate A2, it was the idea of the business that gave motivation. From the motivation, the study found entering at early age and lack of experience in business management as the factors that contributed towards business failure for candidates of Group A. However, study also found that candidates of group B were clearly experienced in management before starting a business through their former jobs and therefore did not start at an early age. In terms of fear, both the candidates of group A did not fear before starting of business failure. In terms of management, the study found both the candidates of group A were lacking management skills and stated poor management as one of the biggest factors resulting in business failure. Lack of skills to manage finance was another reason the study found as reason of business failure for Group A. In terms of challenges faced by Group B in their respective business, the study found that candidate B2 was unable to generate sales in the early period of business while quite the opposite happened for candidate B1 as they got too busy too early and they weren’t prepared for it. However, having strong belief, patience, seeking assistance, applying new strategies, and improving on themselves were seen as factors that helped the candidates of group B to overcome the challenges and stay in business. In terms of mental health, all 4 candidates had effect on their mental health from the business failure and the challenges faced in the business, where each candidates used terms such as ‘worst phase of their life’, ‘took a toll on me’, ‘constraint myself’ and ‘constant level of stress’. In terms of learning from those experiences, study found that all the 4 candidates learned significantly from the experiences that they had, and it had improved certain aspects of their life. As for group A, both the candidates mentioned that it is because of the failure that they faced, they are today the better versions of themselves and involved in good careers. While both candidates of group B mentioned that their

ability for decision making, preparedness for future problem and staying patient are some of the factors that have improved efficiently. Therefore in terms of taking failure as a learning experience, the research studied re-entry into business as the theme and found out that both the candidates of Group A who experienced failure in their business are very likely to start a new business again in the coming future with candidate A2 already being involved in a new startup. The candidate A1 aims to re-enter into the takeaway business and is looking forward to apply the lessons that he has learnt so far from his job in the new business.

SECTION 5. DISCUSSIONS

The chapter will discuss the findings established from the data analysis in reference with the literature review mentioned in the study and aims to highlight the major findings that were reflected in the study.

In terms of motivation behind starting a business, the study found out that 3 out of 4 candidates wanted to be self employed and do something of their own while the remaining one had the motivation to start a business from the business idea itself. However, after finding out about the age and profession while starting the business of both the candidates of group A that faced business failure, the study observes that both the candidates entered into the field of entrepreneurship at an early age and had almost zero experience in business management which can be seen as one of the major factors leading to business failure. This can be related to the findings by Arasti (2011) and Mahamid, (2012), who mentioned in their study that a business failure is likely to happen due to the lack of poor communicating skills, lack of knowledge of business systems and lack of management experience. In addition to that, the study also found lack of skills to manage finances as another reason causing business failure for the candidates of Group A. This can be related with the findings of Frynas & Mellahi, (2011) who concluded in their study that an entrepreneur must have the basic financial skills that is to handle other people's money according to the government tax and regulation because if not, they can bankrupt a business. This was also supported by Arasti (2011) who found out that in today's trading environment, business with lack of financial accounting skills may not survive in the market. The study also observed that candidate A1 seemed to be overconfident while starting the business as the candidate was very young and had no experience. This can be related to the study by Cardon et al., (2011) who found out that overconfidence in an entrepreneur accounts for approximately 5% chances that the business would fail.

While in terms of management for the candidates of Group B who are current business owners, the study found that both the candidates were involved in years of management experience before starting the business. Therefore, both the candidates gained experience from their previous form of employment. This can be related with Strydom, (2011), who found that management skills are the conceptual, technical and human skill that the manager/owner must possess to effectively fulfill their management tasks, which can be gained from experience.

In terms of fearing of business failure before starting the business, the study found that both the candidates in Group A did not fear before starting the business as they mentioned they had no responsibilities at the time of starting as the candidates were very young.

However, in group B, the study found that both the candidates were experiencing fear before starting with one candidate mentioning that he still fears of business failure by defining the process of business as very uncertain. From this, the study observes that candidate B2 used this feeling of fear as a motivation to stay in business she candidates mentioned, she feared most of disappointing her family. This can be related to the study by Schulman, (1989) who found that a feeling of fear often causes entrepreneurs to avoid situations that may result in failure.

The study found that both the candidates of group B in some aspects, experienced failure in the initial period of their business but decided to stay in business and kept working on it. This can be related to the study by (Politis & Gabrielsson, 2009) as they state in their research that if failure is seen, it should be witnessed as a temporary phase that provides valuable lesson to the entrepreneurs in the entrepreneurship process

In terms of having business failure and challenges faced in business having to affect the mental health, the study found that all the candidates had an effect on their mental health. For example, candidate A1 mentioned that that overall experience of business failure was the toughest phase of his life that affected him mentally and could not do many personal things due to the shortage of finance. This could be related to the study by Cope,(2011) and Singh,(2011) who found that financial impact is have said to leave the most impact on an entrepreneur's future life decisions. Similarly, the candidate A2 mentions that the business failure took a very high toll on him and he found it very hard coping up with that. This can be related with the study done by Cardon, Zietsma, Saporito, Matherne and Davis (2005), Shepherd (2003), as they found out that it is psychological impact which last for a very long time, even years. The study also found that the candidate A2 was very much invested in the company and everything was very personal to him. This can be related to the study done by Burgelman, (1994) as he found out that emotional attachments involved in a business can be difficult to break and thus, when a failure is seen in business of any form, it may evoke an array of negative emotions in an entrepreneur.

In group B, the study found that candidate B2 constrained herself for almost two years, therefore not socializing with anyone or going out anywhere. This was the time when her business was not doing well. This can be related to the study done by Cope (2011), Singh (2011), et al (2007) as they found out that some of the failed business ventures have led the entrepreneurs leading to take divorce, cut their social networks and even moving to a new town so that they could not be remembered as the person who failed his business venture.

In terms of learning from business failure, the study found that all the four candidates learnt significantly from their different challenges and failures of business. The study found that candidate's decision making ability have improved after facing challenges and failures in business. This can be related with the study by Minniti & Bygrave, (2001) who found in their research that business failure can be a rich source of feedback for the entrepreneurs in terms of improving the decision-making skills.

Similarly in terms of learning, the study found that almost all the candidates found out more about themselves after facing challenges and failures in business. Both the candidates of group A mentioned that they give credit to their failure in respect to the career they are currently involved in as because of facing failure they were able to decide what they want to do. Candidates of group B mentions that they now clearly know how to work efficiently in their business. This can be related to the study done by Cope,(2011), Singh et al., (2007) and Stokes and Blackburn (2002) who established one of the stages of learning from failure as 'learning about yourself'. Therefore in terms of learning about yourself, experience can be important for developing resilience (Cope, 2011) which is the ability to rebound quickly after a stressful and critical event like business failure (Richardson, 2002). Furthermore, in addition to this, Stokes and Blackburn (2002) found that the entrepreneur learned how they would manage a business more efficiently and how to cope with the setbacks.

However, in terms of re-entry into business, the study found that both the candidates of Group A who witnessed business failure, were willing to start another business in the coming future with one candidate already being involved in a startup along with his day job. Their decision to re-enter the field of business comes after learning from their experience of business failure with the candidates taking it as a positive lesson in their life. The study found that both the candidates are looking forward in applying

the lessons that they have learnt so far in their new business. Therefore, in relation with this, in terms of deciding to re-enter business field again, Head, (2003) found in his research that failure rate of new ventures and business opened by the entrepreneurs is as high as 30%. But despite the high rate, many entrepreneurs are willing to re-enter the business field again. Jenkins (2012) adds to that by stating in her report that while some entrepreneurs fail and never try again, many entrepreneurs learn from failure and re-enter in business

SECTION 6. CONCLUSION AND RECOMMENDATION

The study aimed at focusing on the importance of learning from business failure and whether an entrepreneur can re-enter business again. The thesis embarked upon some important past literature that have been done by other researchers studying business failure. The research contributes to the existing literature by studying three objectives. First the motivation and experience of entrepreneurs in starting a business, secondly by studying the approach of an entrepreneur towards failures and challenges faced in the business and then lastly the impact of business failure on entrepreneurs and how they take it as a learning experience. After interviewing six entrepreneurs to study their respective business experience, the study made some important findings. Firstly, the study found that it is possible to survey those entrepreneurs who have experienced failure in their business considering that business failure is often treated as a factor of shame and embarrassment. The researcher found that all the entrepreneurs were willing to share their experience and did not hesitate in speaking of a journey that had an emotional impact on them. Secondly, all the candidates took business failure as a learning experience and were seen to have improved in their skills.

The study concludes that even though every business of candidates was different from one another. All the candidates were noted facing almost similar challenges, but every candidate had different approach towards it. The study found that every entrepreneur faces challenges in a business that could lead to closure of business. Some decide to exit the business field, while some fight against all the challenges and make the business a success. The research found that patience and right approach towards the challenges may reduce the chances of failing in a business. The group A candidate only saw business failure as a lesson when they started to discover similar skills that were required at the time of running their respective businesses. However, the candidates were young and concludes that you learn only with experience. Failure of business is seen as a point of shame and humiliation in the society and the risk of re-entering business is often avoided. Therefore from the research, it is seen that no entrepreneur would face failure with a positive approach right at the beginning, hence, only realizes it with time that failure was a learning experience and improve themselves in order to be prepared for the next challenge in business and life.

The research concludes that taking failure only as a lesson to improve, can have a significant impact on an entrepreneur's life and can make an entrepreneur to consider his/her decision to-renter the business field. The research also found that entrepreneurs were willing to apply the lessons learnt from failure into their jobs that they were involved in, from which the research concludes that the decision to re-enter is not required for every entrepreneur to do who witnessed failure in their business, as they may even apply their valuable lessons learned into their life ahead. However, the possibility of the option to re-enter is always there for the entrepreneurs.

6.1 FUTURE RECOMMENDATIONS

In this, the researcher aims to recommend few points related to the study of business failure and learning from business failure. The finds a need for quantitative study in terms of having a vast study. As this research only focuses on six entrepreneur's life with different small medium businesses, the researcher would like to see a study with a larger group of entrepreneurs that would express how their life has been affected from business failures and what life lessons did they learn from it. Also due to the limitations of this study, the researcher would like to recommend a more brief study of former entrepreneurs who are now involved in jobs but therefore had same business in the past. For example, this research studied the former entrepreneurs who are now involved in day jobs but had different businesses in the past, since the researcher could not find those former entrepreneurs who failed in similar kind of business like a restaurant business, there is definitely a scope of this kind of study that would focus on those entrepreneurs who failed in the similar kind of business and are now involved in different day jobs. The researcher finds it an important topic to fill the gap that this research has tried to fill, more efficiently.

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APPENDICES

Appendix 1 - Interview questions for group A

What was your profession before starting a business?

What was the motivation to start a business?

Why did you choose that specific sector?

What was the reaction of your family when you told them you are starting a business?

Were they supportive?

Did you had enough capital to start by yourself? If no, did friends or family invested in your business?

How was the overall experience in terms of finding investors?

Did you fear before starting that the business would fail?

How was life at the early stages of business?

What was your biggest challenge that you faced in the business when you started?

Did it affect your mental health?

Was that the reason to quit business or were there any more reasons?

What were the things you were worried about when you decided to quit the business?

Did you think of starting another business right after that?

What do you think you could have possibly done to make the business running?

Did you learn anything from that experience?

Do you plant to open a business in the coming future again?

Would you recommend anyone to become an entrepreneur?

Appendix 2 – Interview questions of group B

What was your profession before starting a business?

What was the motivation to start a business?

Why did you choose that specific sector?

What was the reaction of your family when you told them you are starting a business?

Were they supportive?

Did you had enough capital to start by yourself? If no, did friends or family invested in your business?

How was the overall experience in terms of finding investors?

Did you fear before starting that the business would fail?

How was life at the early stages of business?

What was your biggest challenge that you faced in the business when you started?

Did it affect your mental health?

How did you overcome that challenge?

Did you learn anything from that experience?

How would you describe your overall journey in business so far?

Would you recommend anyone to become an entrepreneur?