6-7-2008

THE IMPACT AND OUTCOMES OF VENTURE FAILURE: AN ENTREPRENEURIAL LEARNING PERSPECTIVE (SUMMARY)

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Recommended Citation
Cope, Jason; Cave, Frank; and Eccles, Sue (2008) "THE IMPACT AND OUTCOMES OF VENTURE FAILURE: AN ENTREPRENEURIAL LEARNING PERSPECTIVE (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 28: Iss. 4, Article 4. Available at: http://digitalknowledge.babson.edu/fer/vol28/iss4/4

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SUMMARY

THE IMPACT AND OUTCOMES OF VENTURE FAILURE: AN ENTREPRENEURIAL LEARNING PERSPECTIVE

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Principal Topic

Whilst failure is clearly a painful and damaging experience that is not inherently desirable (Sitkin, 1992), extant theorising points to the substantial information, learning and knowledge contained within this experience (Shepherd, 2004). Cardon and McGrath (1999) state that many entrepreneurs credit learning from past failure as a crucial element of their experience base. There is an important ‘future-oriented’ element to learning from failure, in that this experience is seen as invaluable in understanding alternative and more effective ways of acting in the future (Zacharakis et al, 1999).

This paper applies three distinctive learning frameworks from adult/management learning literature. Mezirow’s (1991) concept of ‘transformative’ learning is utilised to appreciate the personal learning outcomes of failure. Argyris and Schón’s (1978) theory of ‘double-loop’ learning is used to highlight lessons learned regarding organizational practices. Finally, the concept of ‘generative’ learning (Cope, 2005) is applied to comprehend how failure can be useful for future entrepreneurial endeavours.

Method

The paper is based on interviews with eight entrepreneurs, four of whom were from the UK, with the remaining four based in Silicon Valley, California. In-depth, loosely structured ‘phenomenological interviews’ (Thompson et al, 1989) were used to collect qualitative data on the participants’ experiences of failure, described as “the most powerful means of attaining an in-depth understanding of another person’s experiences” (Thompson et al, 1989; p138).

Results and Implications

The paper identifies a number of spheres in which failure can take its toll — financial, emotional, physical, social, entrepreneurial and professional. Overcoming failure can be viewed as a healing process, a hiatus, in which to grieve for the loss of one’s business (Shepherd, 2004). Failure represents a dynamic and evolutionary experiential process, which entrepreneurs endure, recover from, and ultimate learn from. The paper makes a significant contribution to understanding venture failure as a learning journey as it is the first attempt to apply specific learning theories to this phenomenon. The paper conceptualises distinctive forms of higher-level entrepreneurial learning that arise as a result of failure. Failure can stimulate fundamental and transformational forms of learning that radically alters the way entrepreneurs view themselves, their businesses and entrepreneurship more generally.

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