MY BUSINESS FAILED – WHO AM I? (INTERACTIVE PAPER)

Orla Byrne

University of Bath, UK, o.byrne@bath.ac.uk

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Principal Topic

Business failure can present a crisis to the entrepreneur. Such disruption to regular activity presents a rich arena to explore sensemaking, and research on business failure has addressed how entrepreneurs learn and make sense of the failure experience. Uncertainty, such as failure, can also threaten an individual’s identity. Identity refers to the existential question, “Who am I?” and is an important premise of entrepreneurship, where an entrepreneur’s activities are an expression of their identity. Because business failure clearly marks the end of a business but not the entrepreneur, the failure of the business may hold a significant threat towards the entrepreneur’s sense of self. Identity is therefore likely to play an important role in the entrepreneur’s ability to make sense of business failure.

This study considers the role of identity in the sensemaking process. It asks how business failure threatens the entrepreneur’s identity; how identity management and reconstruction occur; and, how this identity work is interpreted in the sensemaking process, after a business failure event.

Method

This study adopts an inductive, self-narrative approach, based on semi structured interviews with 10 UK entrepreneurs who experienced business failure. The interviews were a reflection of the failure events as well as life and recovery of the entrepreneur thereafter. While there was an interview guide, participants were encouraged to tell their stories freely. Secondary data was also collected through press releases, Twitter and Linked In, and Companies’ House (company registration agency).

Results and Implications

Comparative analyses of the entrepreneurs’ self-narratives suggest that business failure threatens the entrepreneur’s sense of identity, presenting instances of identity ambiguity and even identity crisis. There is evidence of both conscious and subconscious identity work such as creating, evaluating, revising and sustaining a personal identity that is harmonious with their self-concept. This identity management helped to promote liveability and a sense of identity equilibrium, which was conducive to sensemaking.

Business failure presents possible value for the individual, for the economy and for society, yet without greater understanding of the micro-processing of business failure these potential gains may not be realised. Adopting an identity lens illuminates our understanding of the significant social psychological process of sensemaking and provides a platform for future identity research in the context of business failure such as identity role transition, legitimization and stigmatization.

CONTACT: Orla Byrne; o.byrne@bath.ac.uk; (T): +44 (1225) 383943; Claverton Down, Bath, North East Somerset BA2 7AY.