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THE EFFECTS OF IDENTIFICATION BY THE ENTREPRENEUR TO THE FIRM VERSUS TO THE PROCESS (SUMMARY)

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 SUMMARY **THE EFFECTS OF IDENTIFICATION BY THE ENTREPRENEUR
TO THE FIRM VERSUS TO THE PROCESS**

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Principal Topic

Individuals such as entrepreneurs are regarded as identifying strongly with the firm they create (Cardon et al., 2009). It is not uncommon for entrepreneurs to refer to their venture as their “baby”. If the business subsequently fails, the level and strength of the entrepreneur’s identification to their firm influences their attitudes and reactions to the failure. Alternatively, many entrepreneurs are rational actors that negotiate entrepreneurial failure without developing any identifiable emotional attachment to their business. To explore entrepreneurial identification further we examine entrepreneurs’ business failure experiences. We draw upon the dualistic model of passion to argue that the type of identification formed is a precursor to the form of passion experienced, be it harmonious or obsessive.

Method

We adopted a qualitative, phenomenological approach and conducted in-depth interviews with entrepreneurs identified using the Bureau van Dijk database– FAME. All 14 entrepreneurs experienced business failure in the Irish Information and Communication Technology sector within five years of start-up. Every effort was made to eliminate potential retrospective biases– we engaged secondary data gathered from the FAME database and various online sources in order to create a timeline of the business’ evolution, signposting key events and utilizing those events as recall prompts in the interviews. We subsequently analyzed the data using thematic analysis.

Results and Implications

The findings uncovered evidence of both harmonious and obsessive passion; it was clear that each passionate type is related to a particular form of identification. Individuals experiencing harmonious passion identified with the entrepreneurial process rather than the business idea. They were psychologically flexible and adaptive to the onset of failure, pivoting their energy into other projects in order to continue their flow of work. A rational, clinical perspective is maintained, preserving the entrepreneurs personal identity as separate from that of the firm and allowing for strategic decision-making unbiased by emotion. Conversely the entrepreneurs that displayed obsessive passion identified with the firm itself. They were emotionally and psychologically invested in their business to the extent that their own individual identity was tied to that of the firm, thus making the firm failure a personal failure. Energy was invested in ensuring longevity regardless of viability. Consequently the entrepreneur’s personal life is affected and strategic decision-making inhibited.

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