DIVERGENT PATHS FROM ENTREPRENEURIAL FAILURE: MOVING FORWARD, TRYING AGAIN, AND THE DARK SIDE OF RESILIENCE (SUMMARY)

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**SUMMARY**

**DIVERGENT PATHS FROM ENTREPRENEURIAL FAILURE: MOVING FORWARD, TRYING AGAIN, AND THE DARK SIDE OF RESILIENCE**

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**Principal Topic**

Most entrepreneurial efforts eventually fail. Research on how actors deal with failure has typically drawn on attribution theory. Overall, this research has shown that individuals’ perceptions and attributions of the root cause of failure influence their post-failure emotions, expectations, and subsequent behaviors. While we acknowledge that starting a new venture in a new industry is one possible pathway for entrepreneurs who experience failure, we know other outcomes are also possible, including venturing in the same industry or ending one’s entrepreneurship career altogether. When considering these diverse responses to failure and the role of attribution in shaping these responses, we reviewed the literature on both entrepreneurship and attribution theory and found that there are no clear explanations for why and how attributions shape individuals’ interpretations of failure and their subsequent actions. We explored two general research questions: how do entrepreneurs attribute failure differently, and how do those attributions influence their subsequent venturing actions?

**Method**

To address our research questions, we employed an inductive, ethnographic research design and analysis methodology. We followed seven entrepreneurs over the course of two years, beginning at the time they experienced business failure. We investigated both their responses to failure and subsequent venturing actions.

**Results and Implications**

The entrepreneurs’ various responses to their respective failure events resulted in four unique trajectories across the dimensions of attributions, emotions, and learning. These trajectories in turn shaped what the entrepreneurs did after the failure. We labeled these (1) growth and improvement, (2) adaptation, (3) resilience, and (4) cognitive deconstruction. We identified three general categorizations explaining why the trajectories presented as they did in our data: hopelessness, complacency, and reflexivity. Our inductive model extends theory by (1) demonstrating how the controllability (i.e., whether the causes are perceived as controllable) is particularly useful in explaining entrepreneurs’ long-term trajectories after a failure event, (2) suggesting that negative emotions may not be as destructive to recovery and re-emergence as portrayed in extant literature, and (3) highlighting the presence of tradeoffs associated with resilience, in that resilience may result in peace of mind but also can inhibit learning.

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