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Entrepreneurial Resilience: What Makes Entrepreneurs Start Another Business After Failure?

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ABSTRACT
An Entrepreneur is a person who sets up a business or businesses, taking on financial risks in the hope of making profit. This risk sometimes may turn into failure. But those entrepreneurs who are resilient are keen to survive. The word resilience refers to the ability to overcome difficulties and perform better than expected. The purpose of analyzing "Entrepreneur's Resilience" is not only to understand entrepreneur's desires and motivation to bounce back successfully, but also to recognize how they rebuild their business enterprise after failure. Resilience theory originated from pressure adjustment in psychotherapy. This theory explains how an individual deal at the time of difficulty and how these crises may enhance his/her ability. It focuses on struggle and the courage that an individual shows in the time of difficulties.

Keywords: *business, entrepreneur, motivation, resilience*

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INTRODUCTION

In recent years, researchers in business administration have been studying resilience after business failure and are trying to explain why some of the entrepreneurs are unable to recover from failure and were some are able to overcome obstacles. Most of the entrepreneurs put themselves into business, their courage and dedication helps them to recover after the obstruction [1].

Entrepreneurs are active dream makers who explore various opportunities in every diverse area such as marketing, social, political etc. Very few entrepreneurs are born with the resilience needed and could come up with new idea and acquire the opportunity in the competitive business world. The urge to revert back to our comfort comes and fall back into old habits is a part of resilience where we can say from the pain of failure comes wisdom, and from fear comes courage and from struggling comes strength, in the say way Resilience comes from concentrating or focusing on our own feelings and needs.

When an entrepreneur fails, he need to engage himself into some other activity by which he can enjoy and relax and keep his mind fit so that he can deal with unending changes of every business [2]. Steve jobs story of resilience is a classic example, where his innovative ideas ultimately lead to success. Though his elegant designs failed initially but he kept trying and finally won his legacy by coming back to Apple with innovative designs for the iMac, iPod, iPhone and iPad. Steve jobs never gave up and that was his essence of resilience. There are few more examples who survived through resilience. The most recent and famous entrepreneurs like Bill Gates, Elton Musk etc. were even after experiencing various setbacks they

preserved to become one of the most respected entrepreneurs of our time.
One cannot survive as an entrepreneur without resilience, because we are going to fail at least once or several times in our lifetime. Resilience is something which keeps us energized by what we have learned. As Thomas Edison said, "I have not failed. It has just found 10000 ways that would not work". Entrepreneur resilience can be improved by accepting change as a part of life, and avoiding seeing such crisis as an impossible activity [3].

LITERATURE REVIEW

According to Merriam-Webster, "the definition of 'Entrepreneur' is a person who starts a business and is willing to risk loss in order to make money." The key piece of this definition is willing to risk loss. Going into business is a risk, but where there is no risk, there is no reward.

The entrepreneurs are exposed to high risks and high returns, in contrast to regularly paid workers who have lower risk factors in the success or failure of their business. Self-employment involves increased levels of stress, ambiguity, heightened emotional energy as well as higher risks and potential rewards. The entrepreneurial activity is filled with uncertain and adverse circumstances where the individual does not have any control over it [4].

Resilience is the ability to return to its original form after being compressed through the hardships, has recently earned its place in entrepreneurship research from the viewpoint of entrepreneurs beginning again after their previously failed attempts [5].

Entrepreneurs are not always successful in their venture activities. External as well as internal attitudes towards entrepreneurial failure are the factors that contribute to the willingness of entrepreneurs to continue with their ambitions in spite of difficulties and uncertainty and become successful in order to achieve their desired goal [6]. The level of acceptance of risk and the degree of entrepreneurial resilience may therefore be related to a combination of such internal and external factors faced by the growing entrepreneurs.

Entrepreneurial activity and the degree of entrepreneurial resilience in a particular society may also get impacted by social norms. Different cultures respond to entrepreneurial failure differently. For example, the acceptance of failure is higher in the United States and considered as an experience for future success, while in Japan and Europe entrepreneurial failure is considered to be shame.

Characteristics of entrepreneurs such as willingness to take risks also make them more prone to experience failure. Learning from failure is an important characteristic, particularly for entrepreneurs, and there are many cases on how failures and the ability to reconstruct after failure have formed successful entrepreneurs [6].

The resilience concept has a main role in entrepreneurship research: Entrepreneurs are likely to remain optimistic at the time of hardships and obstacle [7]. For instance, those starting businesses at time of war and terror may discover ways to avoid constraints or change them through their actions, whereas the less resilient people are easily discouraged by obstacles and challenges. Among failed entrepreneurs, those who are more resilient are the ones likely to start again when another business opportunity appears [5]. Resilient individuals take action against adversity. They have a higher tendency to act than less resilient individuals, who are easily discouraged by the challenges of dangerous environment.

Resilient entrepreneurs have a greater ability to renew themselves over time through innovation and adjust to diverse changes in the environment. They have high degree of self-esteem. So, they rise again stronger than before because they have learnt from the previous situation. Thus, they are able to change so as to adapt to the new circumstances of their environment [8].

Entrepreneurs have been found to have higher level of self-efficacy than others. Therefore, it is an important trait in the development of competence during hardships. Perceived self-efficacy likely affects individuals' goals, analytical thinking and determination at the time of failure. Self-efficacy beliefs are important in developing a sense of self-worth that in turn influences a persons' ability to persevere in the difficult situations [9]. Resilience and self-efficacy emphasize one another to affect behavior and decisions. Belief in one's ability to exercise some measure of control over the entrepreneurial process goes hand in hand with resilience. Therefore, those who possess a high sense of entrepreneurial self-efficacy as well as resilient abilities are better able to adopt strategies and course of action designed to change hazardous situations [10]. Potential entrepreneurs who have this ability to grow and learn from their failure would therefore be better positioned to take actions needed to start and grow a business again.

The author claims that the resilience also related to flexibility. Flexibility is demonstrated when individuals show a high tolerance of ambiguity, they are adaptable to changing circumstances rather than resisting it. According to him a resilient person is a flexible person who views change as a manageable process and looks forward to new and different situations [5].

Positive emotions such as gratitude, interest, love etc. also have been found to coexist among the more often expected negative emotions like anger, fear, anxiety and sadness that result from crisis. Positive emotions defend against depression and actually help them to face the crisis [10].

OBJECTIVES OF THE STUDY

- To understand what makes an entrepreneur start a new venture after failure.
- To analyze the impact of internal and external factors.
- To identify how the previous experience helped the entrepreneur to cope up with their liabilities of newness and reduce the obstacles while setting up a new business.
- To explore the emotional and psychological functioning of entrepreneurs after venture failure.

NEED FOR THE STUDY

Many researchers have tried to identify the various factors influencing entrepreneurial resilience. But there is need for further research in order to understand and find out impacts of these factors on entrepreneurs who start the venture after the failure. This study will benefit the entrepreneurs to make decisions as to how they can overcome the failures by making use of available opportunities. Our research article also serves as a future reference for those who intend to study about the impact of the factors that influence the entrepreneur to start a new business after they are let-down.

RESEARCH METHODOLOGY

The methodology adopted to arrive at the possible matching findings for the above objectives is secondary data. This article includes the secondary information collected from various sources like research materials, journals, websites and other 2nd hand sources of information. Sufficient care is exercised in collecting the necessary information from the abovementioned sources without damaging the original content and the flow of theme.

LIMITATIONS OF THE STUDY

- The data used for the study is purely secondary. So, the accuracy of the information collected is questionable.
- Due to time constraint, the data collected may not be very accurate.
- Resilience is one of the characteristic of an entrepreneur. There are also other factors that influence the entrepreneur to start new venture after the crisis.

DISCUSSION

Characteristics of Resilient People

Life is full of challenges. Although we cannot avoid these problems, we need to be open and flexible to adapt to changes. Resilient people often have control over the situations and they find new ways to deal with the problems. Following are some salient features of resilient people [12].

- View change or stress as challenge/opportunity
- Commitment towards work
- Recognition of limits of control
- Personal or collective goals
- Self-efficacy
- Patience
- Optimism
- Tolerance of negative effect
- Adaptability to change
- Strengthening the effect of stress

Steps to Build Entrepreneurial Resilience to Start a New Venture After Crisis

As business owners, our lives and business are like two peas in a pod. We put so much effort to start a business and keep them going which often reflects extension of ourselves. Due to lack of resilience few entrepreneurs fail in their business. But if he develops a positive mind set, he can set up for success. Following are some steps to build entrepreneurial resilience in order to start a new venture.

- Evaluate the reason for business failure

Note down everything that went well and that everything that didn't. In case if you face similar type situation, think what you can do differently. The key point is to learn from these previous mistakes and see that you don't repeat them. Take the knowledge you have gained from your previous experience to build your new venture.

- Separate your identity from your business

A true entrepreneur is resilient. They are capable of recovering quickly from the failure to setback their new business. You didn't fail but the business did. Although you need to understand why all these happened, you need not lose confidence in yourself. A failed business does not reflect who you are as an entrepreneur.

- Measure your attitude

Attitude follows your behavior. Many researchers say that the key trait of entrepreneur is optimism. The best thing to keep moving is finding your 'why', set clear goals, build a dream team, estimate all expenses and set sales goals for the income.

- Setting ambitious goals

Goals are designed when we focus on the process by which the outcome can be achieved. That is by having weekly team status meeting, project milestones, etc.

FINDINGS

Major Findings

- This article focuses on how entrepreneurs overcome adversity to start a new venture. The entrepreneur resilience, social networks and strategic ability collectively determine the potential success of new ventures.
- Several internal and external factors are known to modify the negative effects of the adverse life situation. The internal factor is to have relationships that provide care, support, create trust and offer encouragement both within and outside the family and

external factors is to have access to material resources, adherence to cultural traditions.
- The entrepreneurial resilience may not only be dependent on internal or personal characteristics but also on structural factors associated with resilience are capacity to make realistic plans, have self-confidence, positive self-image and possess communication skills.
- The article also reveals why some entrepreneurs are more successful than others.
- This study suggests that there may be differing degrees of management and technical experiences associated with different types of entrepreneurs, as defined by their previous occupational and organizational background.
- Resilience factors are important to resource based and skill based entrepreneurs in terms of business success.
- Entrepreneur resilience when stating a new business is characterized by a need for achievement, flexibility, innovation and creativity, and knowledge seeking. The high level of these resilience factors in resource based entrepreneurs explains why these entrepreneurs are more resilient or successful than other types of entrepreneur in stating a new business.

Future Directions

- Further research can be done using a specific performance model that considers innovation as a tool to measure relationship between entrepreneur characteristics and performance.
- This study can be done to find whether size of the firm has any influence on entrepreneurial resilience.
- Studying on how variations in the business sector and location of firm impact performance and investigating firm development.
- In addition to actual adversity and resilience measured in this study, one can also look at perceived adversity and resilience as mediating factors.
- This study can also be done using various demographic factors to understand how resilience and entrepreneurs are related.

CONCLUSION

To conclude that resilience of entrepreneurs may help in entrepreneurial success. The resilient entrepreneurs who show a high degree of tolerance for ambiguity and adapt quickly to change may be better prepared to succeed. Entrepreneurs who have resilience are willing to work hard to achieve their goals, to adapt to changes in order to take advantage of the new situation and are able to learn from their mistakes. There is a positive association between the resilience of entrepreneurs and growth of their companies. Resilient entrepreneurs have a greater ability to renew themselves over time through innovation and adjust to diverse situations. Resilient entrepreneurs have a high degree of self-esteem, and despite adversity they rise again stronger than before because of learnings from their previous situation.

Factor that motivates entrepreneur to exhibit resilience is that the entrepreneurs cannot tolerate failure. Failure acts as a tool to achieve success. Ability to deal with problems differs from person to person. Some are high with resilience and some are low. The study shows that the persons with high resilience are more to be a successful entrepreneur. Study also suggests that there is nothing like zero resilience. The quality of resilience can be developed in the person who is low in resilience by maintaining good relationship, improving confidence in self etc. Resilience depends on factors where it may come by birth like intelligence or the environment he or she is brought up. Individual resilience and organizational resilience are closely related. If an individual does not perform well in the organisation there is a more chances of absenteeism and low turnover rate which in turn may lead to the failure of the organisation.

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