Differentiating the Entrepreneurial Life Story: Investigating Narrative Identity in Relation to Business Failure

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ABSTRACT

Psychological research on entrepreneurs has concentrated on personality and individual differences believed to influence entrepreneurial behaviour. This paper first examines four prominent theoretical explanations of the entrepreneurial personality: the psychoanalytic, trait, cognitive and social-constructionist approaches. It is argued these approaches do not fully account for the individual differences that influence entrepreneurs’ behaviour, and pay insufficient attention to entrepreneurs’ actual behaviours within the entrepreneurial context. Additionally, research on individual difference factors has neglected entrepreneurs’ behaviour beyond the start-up phase of entrepreneurship. Business failure is highlighted as a post-start-up event that has implications for a psychological understanding of entrepreneurs. McAdams’ (1985; 1993) narrative identity theory of personality and Life Story Interview (LSI) self-narrative assessment is introduced as a holistic, self-defined personality construct that addresses limitations of earlier theoretical approaches and enables qualitative investigation of how entrepreneurs personally react to the event of business failure. Life story interviews were conducted with 40 currently successful entrepreneurs with previous experience of business failure. It is concluded that entrepreneurs may share a common narrative identity and how they conceptualise their self-understanding may influence their response to business failure.

INTRODUCTION

Review of Psychological Research on Entrepreneurs

Entrepreneurs have been the subject of psychological research for more than four decades (e.g., Brockhaus, 1982, pp. 39-71; Kets de Vries, 1977; Koh, 1996; McClelland, 1961; Yurtsever, 2003). In the main, research has focused on investigation of entrepreneurs’ personality characteristics and sources of other individual differences. Four major approaches to conceptualising and assessing the personality of entrepreneurs are outlined as follows.

Psychoanalytic View of the Personality of Entrepreneurs

An early approach adopted a psychoanalytic view of the entrepreneur (Kets de Vries, 1980; Kets de Vries, 1977). Drawing on aspects of Freud’s (1952) theory, Kets de Vries proposed the personality of entrepreneurs was largely moulded by early object relations featuring an absent (physically or emotionally) father and a domineering, controlling mother. Such negative early socialisation experiences contributed to a fragile self-confidence and problems in regulating self-esteem, as well as mistrust of others and difficulty accepting authority. According to Kets de Vries, some individuals with this background might pursue self-
destructive and acting out deviant activities, whereas others might be drawn to entrepreneurship. Entrepreneurship provides an environment that offers a socially accepted means of avoiding conformity to an existing organisation, and a career choice that offers the opportunity to enhance feelings of independence, control, and self-worth. Personality characteristics moulded by the early environment, such as a high need for control and strong distrust of others, are dual-edged in that they drive the entrepreneur to create their own business venture and may also play a role in its destruction. For example, a high need for control may assist the entrepreneur in the initial start up phase when the ability to act independently to marshal resources is needed. However, this factor may interfere with their ability to delegate areas of responsibility to others as the business grows and their role changes from 'hands on' to higher-level tasks such as focusing on the business' future direction.

There is some support for this type of family background amongst entrepreneurs, and case studies to suggest that this personality type influences entrepreneurial behaviour (Collins & Moore, 1970; Kets de Vries, 1996; Zaleznik & Kets de Vries, 1975). However, this approach to understanding the personality of the entrepreneur has not been widely accepted (Chell, Haworth, & Brearley, 1991). This is partly due to difficulties in measuring its claims (Gibb & Ritchie, 1982), and the lack of consideration of other personal and situational factors that may influence why entrepreneurship is engaged in (Chell, 1985; Scase & Goffee, 1980).

**Trait View of the Personality of Entrepreneurs**

A second approach is to describe the entrepreneur's personality in terms of a set of characteristic traits (e.g., Brandstaetter, 1997; Lee & Tsang, 2001; Utsch & Rauch, 2000). Trait theories of personality propose that individuals possess characteristic ways of behaving, thinking and feeling that tend to be stable, generally invariant across situations, and enduring across the lifespan (Cattell, 1965; Costa & McCrae, 1992). Thus, entrepreneurs are characterised by a particular set of these dispositions that draw them to entrepreneurship and enable them to successfully pursue it. Based on this assumption, a range of traits have been investigated, including: a need for achievement, need for autonomy, innovativeness, creativity, openness to experience, risk-taking propensity, internal locus of control, self-confidence, optimism, extroversion, and tolerance of ambiguity (e.g., Kao, 1991; McClelland, 1987; Naffziger, 1995).

Reviews of trait research have concluded that results are mixed (Cromie, 2000; Jennings, 1994; Miner, 1997; Mitchell et al., 2002). For example, Miner’s analysis of 23 independent reviews of this literature concluded that the lack of consensus amongst reviewers suggested that further research was needed to establish whether there is a definitive list of personality traits of entrepreneurs. Additionally, there are concerns regarding the ability of traits to explain entrepreneurs’ behaviour (Baron & Brush, 1999; Chell, 2000; Shaver & Scott, 1991). A more process-oriented approach to understanding personality posits that an individual’s behaviour is the result of a range of internal processes involving factors including thoughts, emotions, values, and goals, as well as a consideration of situational elements (Cantor & Kihlstrom, 1987; Mischel & Shoda, 1998; Westen, 1995). However, traits describe explicit behavioural outcomes, rather than the more implicit psychological processes that lead to them. Other concerns relate to the limited ability of this approach to investigate specific entrepreneurial behaviours (Cromie, 2000; Shaver & Scott, 1991). There is considerable evidence to suggest that individuals can divert from their characteristic, trait behaviour in certain situations or environmental settings (Feist & Barron, 2003; O'Connor et al., 2002;
Pervin, 1990). Indeed, several authors stress the uniqueness and complexity of the environment in which entrepreneurs work, and recommend that the need for context be considered in entrepreneurial research (Johnson, 1990; Mitchell et al., 2002; Shaver & Scott).

**Cognitive View of the Personality of Entrepreneurs**

Pioneered by Kirzner in the 1970’s (1973; 1979), and more enthusiastically embraced in the 1990’s, the cognitive approach considers the influence of mental processes involving perceptions, memory, and thinking, on behaviour. According to proponents of this approach, illuminating how entrepreneurs organise and process information about themselves and their environment can enhance understanding of the reasons behind their entrepreneurial behaviour (Forbes, 1999; Markman & Baron, 2003; Palich & Bagby, 1995; Shaver & Scott, 1991).

A variety of cognitive factors have been related to characteristic entrepreneurial behaviours such as opportunity spotting, decision-making, and innovativeness. These include attribution style, illusion of control, heuristics and biases involved in entrepreneurial decision-making, and use of metaphors and mental models (Busenitz & Barney, 1997; Kahneman & Lovallo, 1993; Simon, Houghton, & Aquino, 2000). A recent review of cognitive research on entrepreneurs by Mitchell et al. (2002) focused specifically on the issue of ‘entrepreneurial cognitions’, defined as the knowledge structures or simplifying mental models that entrepreneurs draw upon in forming evaluations and making entrepreneurial decisions. Mitchell et al. cited findings supportive of the existence of this phenomenon. These included: decision-making biases that reflect the use of schemas highlighting opportunity and controllability; heuristic-based logic leading to more favourable perceptions of equivocal situations; and cognitive errors such as overconfidence and illusion of control considered to assist the entrepreneur in dealing with ambiguous and difficult business situations. However, cognitive research shares the limitations of trait research, in that these psychological attributes have been considered in isolation from other personality elements that can influence behaviour, and are assessed outside of the entrepreneurial environment (Das & Teng, 1997; Kit Sum Lam, 1999; Mischel & Shoda, 1998; Naffziger, 1995).

**Social-constructionist View of the Personality of Entrepreneurs**

Consideration of context is central to the social-constructionist model of the entrepreneurial personality put forward by Chell, Haworth and Brearley (Chell, 2000; Chell, Haworth, & Brearley, 1991). Chell et al. contended that the entrepreneurial personality is best understood and assessed in the context of the entrepreneur's business environment and their ongoing entrepreneurial experience within that setting. Underlying this approach is Hampson's (1988) theory of the social construction of personality, which contends that personality is a social phenomenon, represented in actual observable behaviour. This social behaviour can be categorised as a trait, defined as an ideal example or prototype of a particular behaviour. Personality is best assessed from biographical data as this allows the observer to consider an individual’s behaviour both in its social context and over time, thus obtaining a clearer picture of actual behavioural consistencies. Adopting this approach, Chell et al. (1991) conducted semi-structured interviews with 31 business owners and were able to categorise their sample into four separate categories of entrepreneur types based on a small set of business activity-related traits deemed prototypical of a category.

Chell et al.’s (1991) social-constructionist view of the entrepreneurial personality has received little attention in subsequent research (Pittaway, 2000). However, their study highlights an advantage of utilising qualitative measures in assessing personality. By permitting exploration
of entrepreneurs' actual thoughts and behaviours within the entrepreneurial setting, the distinctively entrepreneurial characteristics of this population may be identified and understood (Manimala, 1992).

**Personality and the Entrepreneurial Process**

In addition to theoretical limitations of personality approaches, a major methodological concern of most psychological research on entrepreneurs is the concentration on entrepreneurs either just prior to, or at the time of new venture start-up. Researchers such as Delmar and Davidson (1999) and Dyer (2000, pp.3-17) argue that the lack of investigation of entrepreneurs during later stages of entrepreneurship is an important limitation of such research. This reflects a recognition that entrepreneurship is an ongoing process that is not confined to the single act of new venture creation (Cardon & McGrath, 1999; Kao, 1991).

Thus, to fully understand the psychological functioning of entrepreneurs, it is necessary to assess their psychological characteristics throughout the pursuit of entrepreneurship.

**THE IMPORTANCE OF BUSINESS FAILURE**

Reuber and Fischer (1993) noted that the ongoing day-to-day activities involved in growing a new venture are sporadically punctuated by important, relatively discrete events. These include forming strategic alliances, business successes, and business setbacks. Strategic alliances may include forming a partnership with a similar business, or establishing an association with a major supplier. Business successes may include market acceptance of a new product, or acquiring a new international market for an existing product. Business setbacks may range from relatively minor events, such as failure to win a lucrative new contract, to the major event of outright business failure and bankruptcy.

Of these events, experiences of business failure have particular potential as a source of understanding the personality of entrepreneurs. An understanding of failure may provide insight into how an entrepreneurial event can negatively impact upon both an entrepreneur’s motivation to pursue entrepreneurship and their affective experiences. Depending on the seriousness of the setback, a business failure may represent a major obstacle to achieving this goal, and can be de-motivating (Cardon & McGrath, 1999). Analysis of the entrepreneur’s response to failure permits exploration of the impact of a post-start-up event that makes considerable demands upon personal coping ability as well as entrepreneurial ability (Bolton & Thompson, 2000; Dyer, 2000, pp. 3-17; Lambing & Kuehl, 2000). Additionally, it can provide insight into the characteristics of those entrepreneurs who are able to survive this event and continue to pursue entrepreneurship. Although it is not uncommon for entrepreneurs to start several unsuccessful ventures before achieving substantial business success (Useem, 1998), not all entrepreneurs are able to bounce back from a business failure (Burns, 2001; Sitkin, 1992, pp.231-266). Indeed, the ability to do so is regarded as one of the distinguishing features of successful entrepreneurs (Brockhaus, 1980; Useem).

Business setbacks and failures are relatively common in entrepreneurship (Cardon & McGrath, 1999; Useem, 1998; Zacharakis & Meyer, 1999). Timmons (1994) noted that one in five new ventures fail during the first year of operation, and 66 percent fail within the first six years. Hisrich and Peters (2002) cited similar figures, observing that approximately half of all new ventures fail within five years of being established. In addition to the finite event of firm closure, new ventures are frequently subject to other forms of business setbacks, particularly in the early years of establishing the venture (Anheier & Moulton, 1999, pp.3-14). These may include performance below an expected or critical threshold, and significant but temporary
cash flow problems that require a reorganisation of business finances (Gimeno, Folta, Cooper, & Woo, 1993).

Surprisingly, the issue of how entrepreneurs experience and respond to setbacks and failures has received little attention in psychological research (Cardon & McGrath, 1999; Useem, 1998; Zacharakis & Meyer, 1999). Existing research has concentrated on identifying entrepreneurs’ perceptions of the causes of business failure, with most studies utilising attribution theories as a framework to address this issue. Findings suggest that entrepreneurs who experience business failure make both internal and external attributions regarding the causes of that event (Askim, 1999; Bruno & Leidecker, 1987; Bruno, Leidecker, & Harder, 1986). To make an internal attribution is to perceive the cause of some outcome as emanating from within oneself. With external attributions, the cause is perceived as emanating from something outside of oneself, such as other persons or environmental factors (Weiner, 1979). There is some evidence to suggest that entrepreneurs may be more likely to attribute business failure to internal causes, and that doing so may facilitate their ability to react constructively to it (Cardon & McGrath, 1999; Zacharakis & Meyer, 1999). However, attribution theories alone cannot account for entrepreneurs’ experiences of business failure. Attribution theory deals only with perceived causes of events. As noted by Davis et al. (1998), a number of theoretical models emphasise meaning making in determining an individual’s adjustment to difficult life events. Meaning making refers to creating a personalised, coherent and integrated understanding of an event, especially of one that is highly unexpected or of an extremely negative nature (Horowitz, 1976; Taylor, 1983). Davis et al. identified two different aspects of meaning making associated with better adjustment to a critical life event. These comprised making sense of the event in relation to one’s existing world-view, and making sense of its personal significance in terms of identifying some self-benefit or value arising from it. This process of meaning making is central to McAdams’ (1985; 1993) life story model of identity.

MCADAMS’ LIFE STORY MODEL OF IDENTITY

The life story model of identity put forward by McAdams (1985; 1993) belongs to a larger group of theories that can be collectively described as narrative approaches to personality and the self (Hermans & Kempen, 1993; Singer & Salovey, 1993; Tomkins, 1979). According to Polkinghorne (1988), narrative is the primary means an individual has for psychologically representing to themselves the meaningfulness of their existence. Narrative approaches share three central underlying assumptions. First, they propose that humans possess a distinctive narrative mode of thinking, which is used to construct a storied sense of self (Bruner, 1986; 1990). Second, it is proposed that central motivational concerns of individuals are embedded in the self-narratives they construct. It is contended that underlying motivations are reflected in the content of personal memories from which self-narratives are largely constructed, with motivational needs and drives influencing which memories are chosen for inclusion in the narrative (Bruner, 1990; Ross & Buehler, 1994, pp. 205-235). It has also been proposed that motivations are represented in the overarching themes of self-narratives (Tomkins, 1979). Third, it is proposed that narratives serve important psychological functions. At the broadest level, self-narratives function to make sense of oneself and of one’s life experiences. In addition to meaning making about the self, more specific psychological functions served by self-narratives have been proposed. These include facilitating mood regulation, adjustment to traumatic events, and the maintenance of general psychological well-being (Habermas & Bluck, 2000; Pillemer, 1992, pp. 236-265). For example, findings by Singer (2001, pp. 253-277) suggest that not being able to access positive features of one’s life story may serve as a stumbling block to attaining positive life changes such as moving from addiction to recovery.
Singer further proposed that being able to draw upon a coherent, integrated, and positive narrative sense of self may help an individual to respond in a self-enhancing way during periods of life transition.

McAdams’ (1985; 1993) life story model of identity proposes that identity is a narrative construction of the self. McAdams’ model draws upon Erikson’s (1963) ego identity theory, which contends that in late adolescence to early adulthood, individuals confront the issue of forming a personal identity for themselves in terms of making sense of who they are in the adult world. To accomplish this developmental task, they construct a story about the self that brings together disparate elements of self-understanding and experience into an integrated whole. Whereas Erikson confined personal identity creation to a particular stage of ego development, McAdams proposes that individuals continue to revise their self-narrative throughout the adult life course. Thus, self-narrative identity is an internalised, evolving life story. McAdams proposes that narrative identity constitutes a third level of personality. At the first level are dispositional behavioural traits, whilst the second level is characteristic adaptations. These comprise more individualised cognitive personality elements such as defense mechanisms, coping strategies, mental representations of self and other, values and beliefs. At the third level is the life story, providing a self-defined, complex and integrated picture of the personality of the individual. Although a single life story is a highly individualised account of personality, by assessing commonalities in the way individuals define their life stories, as per the thematic categories put forward by McAdams, it is possible to identify a life story ‘type’ shared by members of a group (McAdams, Diamond, de St Aubin, & Mansfield, 1997). Assessing the life stories of entrepreneurs may therefore add to personality research on entrepreneurs by providing insights into a distinctively defined, yet commonly shared self-narrative personality within this population. Self-narrative identity can also address the limitations of de-contextualised and isolated personality factor assessment noted for trait and cognitive research by providing an integrated account of the personality of entrepreneurs that is embedded in a spatial and temporal context.

According to McAdams (1993; 2001b), although the content and precise arrangement of a life story is unique to an individual, the organising structural elements of life stories are shared. In keeping with the traditional story format, self-narrative identity includes an overall story theme, central plot and subplots, central characters and settings, and chapters that divide an individual’s life into distinct sections within the overall story. It also contains a number of major events, such as high points, low points and turning points, through which the story line develops. In addition, drawing upon various narrative theories of personality and the self (Bakan, 1966; Erikson, 1963; Murray, 1938), McAdams has identified a range of common thematic categories that are used to give life stories shape and meaning. Some of the more central themes used to organise life stories are motivational themes, affective tone themes, and themes of redemption and contamination sequences. These themes are detailed as follows.

In terms of central life story themes, it is proposed that self-narrative identity is primarily organised around two dominant motivational themes termed power and intimacy. In keeping with the general assumption that motivations are represented in narratives about the self, McAdams contends that motivational themes reflected in life stories represent actual key motivations of an individual that sustain and reinforce their view of self and life aspirations (McAdams, Hoffman, Mansfield, & Day, 1996). The power and intimacy motivational themes represent different subtypes of the two central human action tendencies described by Bakan (1966) as agency and communion. Agency refers to the drive to assert and to protect
oneself, and to move towards self-mastery and self-expansion. Whereas agency is chiefly concerned with advancing the self as a separate individual, communion refers to the drive to be connected to others through relationships.

Both positive and negative agency themes and communion themes can be seen in the content of life stories (McAdams, 1985; McAdams et al., 1996). Positive themes emerge in accounts of positive events, in which the individual experiences some satisfaction of a motive. Negative themes manifest in negative accounts of events, in which the individual experiences a lack of satisfaction of a motive. Four key positive agentic themes have been identified, comprising: self-mastery, status/victory, achievement/responsibility, and empowerment. Self-mastery refers to striving to strengthen or protect the self, to increase one’s sense of personal control and become a more powerful agent in the world. Status/victory refers to striving to achieve a heightened, positive standing relative to one’s peers, to be awarded special recognition or honour because of one’s achievements, and to achieve by winning in competitive situations. The achievement/responsibility theme refers to striving to do things simply in order to meet a standard of excellence. The final agentic theme of empowerment refers to being made stronger, better, or in some way enhanced, through one’s association with some entity larger and more powerful than the self. The four negative agentic themes comprise: failure/weakness, losing face, ignorance, and conflict. Failure/weakness refers to failing at a task and therefore not experiencing the desired state of feeling powerful. Losing face refers to experiencing embarrassment or shame in social situations. Ignorance refers to being in some way denied desired information, and therefore not experiencing mental strength. Conflict refers to engaging in disagreements with others.

The four key positive communion themes comprise: love/friendship, dialogue, caring/help, and unity/togetherness. Love/friendship refers to striving to experience positive feelings of connectedness through love or friendship with another, whilst dialogue refers to striving to enjoy meaningful conversation with another. Caring/help refers to striving to personally assist others, whilst unity/togetherness refers to striving to experience feelings of belonging to a larger cohesive group. The four key negative communion motivations comprise: separation, rejection, disillusionment about people, and another’s misfortune. Separation refers to being removed from family, friends and lovers through uncontrollable circumstances such as death or moving house, and feeling bad about this loss. Rejection refers to being rejected by a friend or lover, which results in the breakdown of that relationship. Disillusionment about people refers to losing faith in others through an aversive experience, often involving feeling betrayed. Another’s misfortune refers to vicariously experiencing another person’s negative situation.

A second central tenet of McAdams’ (McAdams, 1985; McAdams, 1993; 2001a) theme is that of the dominant affective tone that permeates the life story. According to McAdams, the overarching emotional tone of a life story can be categorised as either positive or negative. This is reflected in the way individuals describe their feelings associated with the particular experiences they choose to include in life story chapters and key events. For example, a positive affective tone may be represented in repeated accounts of experiencing positive emotions, such as descriptions of feelings of joy experienced in good relationships with others, or feelings of pride and satisfaction experienced in the attainment of a self-important goal.

A third element of McAdams’ (1985; 1993) theory is that of redemption and contamination sequences. McAdams proposes that individuals tend to express key events in their life stories
as following a particular sequence of affective experience. In redemptive accounts of events, an experience that is initially considered to be bad, unsatisfactory, or in some way evaluated as negative, turns out to be good, satisfying, or in some way positive. In contamination accounts of events, the reverse applies, where a good experience turns out to be bad.

THE PRESENT RESEARCH

The present research adopted McAdams’(1985; 1993) life story model of identity as a theoretical approach to conceptualising and assessing the personality of entrepreneurs to obtain a more holistic view of the entrepreneurial personality. A focus on personally relevant themes within the entrepreneurs’ life stories allows a richer analysis of personal identity in the entrepreneurial context than is possible via alternative personality approaches. Additionally, employing the qualitative methodology of the life story assessment permits an investigation of the business failure event that highlights the meaning entrepreneurs give to this experience. Given the exploratory nature of this study, there were no formal hypotheses.

METHOD

Participants

The sample comprised 39 male entrepreneurs and one female entrepreneur, all of whom met the criteria for inclusion in the Business Review Weekly’s (BRW) list of Top 100 fastest growing successful businesses. Ages ranged between 25 and 65 years (mean age 42.3 years).

Measures

Life Story Interview

The Life Story Interview (LSI) questionnaire was set out according to the guidelines provided by McAdams et al. (1997). The LSI is an open-ended interview that asks participants to think of their life as a book with chapters. For each chapter, they are requested to provide a title and to write a summary of the chapter’s contents. They are then asked to describe a series of outstanding personal experiences from their lives, termed key events. These comprise: a high point, low point, turning point, significant childhood memory, significant adolescent memory, and a significant adult memory. Participants are asked to provide details for each key event, including what happened, where and when it happened, and what they were thinking and feeling at the time. A half page lined space was provided for participants to write their responses.

Procedure

Entrepreneurs were sent a letter inviting their participation in a research project concerned with learning more about the personality of entrepreneurs. One week later, follow-up telephone calls confirmed those who were willing to participate. Participants were informed that they would be sent a copy of the LSI preliminary questionnaire, and a date was set for an interview to discuss their responses.

During interviews, participants were asked to discuss in greater detail each of the key events. This included recapping and extending written responses, as well as explaining how they saw that event as fitting with the rest of their life story. In the instances where business failure had not been included as a key event, participants were asked to describe a low point in their entrepreneurial career in order to elicit such experiences. This event was discussed as per the
approach to discussing other life story key events. Finally, participants were asked to articulate what they considered to be their overall life story theme.

RESULTS

Given that the present research focused on exploring how narrative identity relates to the experience of business failure, the key events of a life story high point, low point, and turning point, as well as business failure key events, were considered most relevant for analysis. Overall life story themes were also included to provide contextual information. Coding of life story themes for each key event was conducted in accordance with the coding categories provided by Mc Adams (1997; 1996). Coding was predominantly conducted by the first author. To establish inter-rater reliability, the second author separately coded 25% of the total sample of responses. Agreement was high, with Cohen’s (Cohen, 1960) kappa ranging between .80 and .85.

Overall life story themes, as well as each key event, were coded for the presence of the eight underlying positive and negative agency motivational themes and the eight underlying positive and negative communion themes, for the presence of redemption and contamination themes, and for the overall emotional tone used to describe it. The agentic themes comprised: self-mastery, status/victory, achievement/responsibility, empowerment, failure/weakness, losing face, ignorance and conflict. The communal themes comprised: love/friendship, dialogue, caring/help, unity/togetherness, separation, rejection, disillusionment about people, and another’s misfortune. Each motivational thematic category received a score of 1 if present in a key event, and 0 if not included. Key events received a score of 1 for the presence of a redemption or contamination theme, and 0 if it was not evident. A predominantly negative affective tone of a key event received a score of 1, whilst a predominantly positive affective tone received a score of 2.

FINDINGS

A notable feature of the interviews was that most entrepreneurs could readily identify themes in their life stories and explain how the experiences outlined in key events related to one another. Findings obtained from combining the written responses to the LSI with the verbal responses obtained during interviews are discussed in terms of the life story themes that emerged.

Life Story Themes

The dominant underlying theme evident in entrepreneurs’ life stories was self-mastery and status/victory agentic motivations. This theme was embedded in repeated experiences of taking action to accomplish something for the self, and gaining positive recognition from others about the self. The overall affective tone of the entrepreneurs’ life stories tended to be positive. This was evident in references to feelings of pride about one’s ability being recognized, and feelings of excitement and satisfaction in recognizing one’s personal power to influence their life course and make things happen. Less frequently, references to negative affects included feelings of frustration, anger and anxiety over the experience of business failure, and feelings of loneliness, loss and sadness over the experience of the death of a loved one. The redemption theme characterized life stories.
Life Story Key Events

High Points

Life story high points reflected the positive agentic motivations of self-mastery, status/victory, or a combination of the two. Self-mastery was portrayed in experiences described as providing participants with either an initial realization that they were able to do it, in terms of having the ability to achieve self-important goals, or affirmation of an existing belief in their ability. Status/victory was portrayed in accounts of excelling over others to win and being recognized for that win. The following two excerpts from interview transcripts highlight the self/mastery motivation, and a combination of self/mastery and status/victory, respectively.

I can do it: Yes, it was my first real job, I wrangled a job at …… and I was only in college at the time. I kind of positioned myself to have a job there.. a very prestigious site right in what I wanted to do. I was very proud…I was very clear about what I wanted to do, …… Talking about entrepreneurial goals, … getting that job right in the middle of the industry I wanted to work in, it made me feel pretty good about it.

Affirmation that I can do it and I can win: I got a telephone call from a client to tell me I’d won a mega project …… it just meant that the struggle was finished. It was recognition really, recognition of work and effort, it was fantastic…. It changed me to the extent of believing more in myself. Gave me an enormous confidence boost, probably no longer needed to play the bluff game, as we all do when we’re career building…. And I think a lifetime of running second, it’s very frustrating coming second all the time, so that was like a break in the chain of my life story, actually coming first.

Low points

Life story low points tended to be about experiences that initially involved either the negative agentic motivation of failure/weakness, or the negative communal motivation of separation. In a redemptive sequence of events, the description of the low point experience subsequently changed to reflect the positive agentic motivation of self-mastery. Descriptions of this key event that reflected separation were often accounts of an experience in which the respondent described the loss of a loved one. Descriptions that reflected failure/weakness tended recount an experience in which participants found themselves in a powerless position that they found difficult to extract themselves from. The move to self-mastery was reflected in descriptions of the subject responding to the situation in a manner that highlighted their personal control and ability to positively influence the outcome of negative situations. The following two excerpts highlight each of these combinations of motivational themes.

Separation to self-mastery: My father died a few years ago…. It was despair, loss, emotional… When someone dies very suddenly, you don’t have time to say goodbye, or all those other things you’d want to say. So I felt a great loss, and was emotionally down for a period of time…but it refocused me. I was doing a lot of here and I thought, at the end of the day, life is short, so we must enjoy what we do have. I've spent more time doing those quality things that we all say we value but we don’t do very often. So it's a refocus, and a sense of live every day to its fullest.

Failure/weakness to self-mastery: It stands out a little bit. I mean I’d taken risks before in the business, but the fact that it went as far wrong as it did, that was a little bit out of the normal pattern. Having lost the first time, and then to go out and make different mistakes and lose again was unexpected. That’s probably the only aspect that was out of sync with the rest of
the story. Chiefly felt anger, there was a little bit of a sense that it was going to have to be fixed and that I was the only one who was going to be able to do it. There was a burden, but also a sense of freedom in that... probably made me feel more sure of myself.... changed me in a business sense from being more a co-ordinator to a leader. Recognising well this is what needs to be done and you're going to have to do it.

Turning points

Life story turning points tended to reflect the positive agentic motivation of self-mastery. Some descriptions of this key event were very similar to those included as life story highpoints about recognising they could accomplish a goal. There was also a tendency to recount events in which the entrepreneur had a sense of being able to take control of their own destiny in some way. For instance:

Defining moment was when I realised that what happened in my life was completely up to me. ..... guy who was running the company wanted me to go back and work there, and he said, listen, the world’s your oyster, come over with me. And I thought about it long and hard and I thought, not only do I not want to go to America, but I actually can’t see my future working for someone. That was the thing that really twigged for me. I remember my father in law couldn’t believe that I gave the job up to go and start my own business. He thought I was absolutely bonkers. I mean I could have been on a fantastic salary, travelled the world… So to give that all up, to make a choice to leave something like that, a career, and go and train yourself in something else… But I decided that my choices in life were up to me, that it was up to me to paint the picture. You can either sit there and be passive or you can paint the picture. Now whether the picture’s a pretty one or an ugly one, I think I’d rather be painting it.

Business failure event

The experiences of business failure were framed in much the same way as the overall life stories, particularly redemptive life story low points. Indeed, business failure was often included as a life story low point. The meaning entrepreneurs attributed to this event reflected an underlying interpretation that although business failure temporarily changed their situation for the worse, it did not change who they are or what they are striving for, or the skills they have to achieve that goal. Thus, the entrepreneurs remained optimistic that they could take action to resolve this situation, and achieve their goal at some point in the future. This agentic, redemptive theme was manifest in three different ways:

1. Personal failure contained by a larger story of success:

Here, business failure was perceived as personal failure or as somehow challenging a previously established view of oneself as successful entrepreneur. However, what had a stronger influence on the overall perception of this situation was how the participant generally understood himself or herself. That is, a broader life story of not being a failure, but instead being defined by self-mastery, status and achievement. Frequently, this overall positive view of self was actively drawn upon and used for comparison by the entrepreneur when considering any form of personal failure associated with the business event. Making sense of this event in this way appeared to contain the negative impact of business failure and to guide a constructive response to it. This is suggested in the following excerpt:

Yes, the business I had before this. Grew it to … million when the market dropped, and then was facing bankruptcy 6 months after that... The banks said do this, my partner said do this,
everyone was saying do this, do this, do this. And they were zigging, I wanted to zag but I zigged. And I lost everything…. it was a low point in business, a low point in my life… It was loss, failure, and also other things. I was so disappointed in myself. I thought, you coward. You know, you built this business on courage and you did not try hard enough. but it wasn’t going to determine whether I’d be successful or not. I mean, bankruptcy, does that mean you’re unsuccessful? What about all the things that got you to the point where you weren’t bankrupt? …. The recovery of it is a combination of everything, all the lessons in my life story, you know, to keep the faith in your dreams, to have the courage to change things, to have the courage to zag when everyone else zigs…. you know, it’s all there.

2. Separating personal identity from business identity

For some, regarding one’s entrepreneurial venture as separate to self served a functional purpose in coping with business failure. In accounts given by these entrepreneurs, a position was taken that implied the entrepreneurs gave identity to the business, rather than it defining them. Thus, their business may have failed, but they haven’t, in fact they’re still a highly skilled entrepreneur who will have future success. This is suggested in the following excerpt:

Oh, didn’t worry me, I mean you have to take the good with the bad. If you’re gonna play with the big boys you’re going to come unstuck sometimes…..but the business, well, I’ve always viewed it as a separate entity. People say, why do you say we when it’s you, and I say, because it’s a separate entity to me. I know that a huge part of me is involved in the business in terms of getting it to where it’s got to, and getting the right staff in place, and getting the right systems in place, the culture, all those sorts of things, but …. while I’m very involved, I’m incredibly involved in this business, but I’m actually not that emotionally involved with it, …I would never say that I wouldn’t be in a situation where potentially I lost all confidence and all self-esteem and just hit rock bottom and never really recovered. Um, but I think that would be highly, highly unlikely…. So, if whatever happened, ….. you know that you have got ability and you’ve proven that over a period of time, you can say well, yeah, I can replicate that easily in other ways.

3. The third group of entrepreneurs didn’t perceive business failure as personal failure or see their business as separate to self. However, they were able to construe the meaning of that event in a manner consistent with the rest of their self-mastery-oriented life story. This is suggested in the following excerpt:

Yes it was definitely loss, and failure also. It was facing reality and looking at things clearly, so this is where I am and what do I want to do about it, where do I want to be and what do I want, and then rebuilding to get there. I knew it would take time but I knew I was capable of making money again…. In relation to the rest of my life, this was just another challenge, a challenge to face it, let’s go for it and overcome it.

DISCUSSION

The present research utilized McAdams’ (1985; 1993) life story model of identity to assess the self-narrative identity of entrepreneurs and to explore the self-relevant meaning they gave to their experience of business failure. A notable feature of the data is the relevance of personal narrative in understanding personal identity. Entrepreneurs could readily arrange their self-understanding into the life story format. They ordered key life experiences in a temporal sequence, and made meaningful links between individual story episodes and their larger self-story. They were also able to utilise this mode of thinking to make sense of their
experience of business failure. This suggests that entrepreneurs make use of narrative thinking, both to understand themselves and their entrepreneurial experience by consciously accessing their life story. These observations support the utility of adopting this theoretical approach for the study of this population.

That the life stories of entrepreneurs tended to be dominated by the underlying agentic motivational themes of self-mastery and status/victory is consistent with trait research suggesting that entrepreneurs are characterized by a high need for achievement (Kao, 1991; McClelland, 1987). However, this finding goes beyond a dispositional model in several ways. First, the need for achievement construct does not detail what type of achievement is being sought. For example, it does not specify whether the individual is motivated to achieve the experience of an enhanced sense of self-mastery about their abilities, or for recognition of their abilities by others (Dweck, 2000; Dweck & Leggett, 1988). In the life stories of entrepreneurs, both of these motivational desires were well represented in underlying themes of self-mastery and status/victory. Furthermore, entrepreneurs’ life stories highlighted the different weight accorded to different achievement needs. In the present study, entrepreneurs placed most value on the fulfillment of self-mastery needs concerned with experiencing a strengthened sense of one’s ability to attain self-important goals, expressing satisfaction of this motive in positive affective terms. Such findings also go beyond both the cognitive model, which places less emphasis on motivations and affect in relation to ways of thinking, and the psychodynamic model, which speaks more to past influences than present processes. Second, these agentic motivational themes were often reflected in accounts of important entrepreneurial events that were self-selected by entrepreneurs as forming part of their life story. This finding goes beyond the de-contextualised findings of other approaches to suggest that entrepreneurs bring these motivational concerns into the specific context of the entrepreneurial environment, and that achieving is a primary source of self-validation for entrepreneurs.

That communion motivations were not as well represented in life stories suggests that entrepreneurs may be less focused on the satisfaction of these motivations. However, it is important to remember that the present study’s sample were well-established entrepreneurs, experiencing successes that may constitute the peak of their career. Furthermore, most fell within an age range that is associated with an identity-development phase of striving for agentic needs rather than communion needs (Erikson, 1963; McAdams et al., 1997). Thus, it is possible that both their current career stage and life stage may have influenced the motivational tone of these entrepreneurs’ life stories, allowing more agentic motivations to be the focal point.

The prominence of an underlying redemptive theme and overall positive affective tone is consistent with research suggesting that entrepreneurs tend to be characterized by high optimism, expecting outcomes they will feel positive about (Kao, 1991; Lambing & Kuehl, 2000). Additionally, it addresses the lack of research on entrepreneur’s affective experience. The observation that entrepreneurs’ descriptions of feeling bad about something tended to be rapidly followed by references to some aspect of the situation or its outcome that made them feel good, suggests they use narrative thinking as a form of emotion regulation to contain negative affects.

The meanings the entrepreneurs attached to the experience of business failure provide insight into their personal response to this event. That many entrepreneurs chose to include this experience as one of a small number of self-defining experiences suggests they evaluate
business failure as more than just a difficult business situation. It has been suggested that difficult life events may represent extreme challenges to one’s identity, prompting a reconstruction of one’s life story (Habermas & Bluck, 2000; Schrauf & Rubin, 1998). However, rather than changing their self-story, entrepreneurs in this sample interpreted the business failure within the context of their existing self-narrative identity as a competent, obstacle-overcoming entrepreneur. Relatedly, in their research on entrepreneurs’ attributions for business failure, Cardon and McGrath (1999) proposed that this event may have a negative impact on entrepreneurial motivation. In the present study, the reverse applied, with the challenge of overcoming business failure often depicted as strengthening the agentic self-mastery motivational drive of entrepreneurs. Indeed, in the life stories of those who identified business failure as part of a larger self-mastery-oriented story of goal setting and taking control to achieve goals, there is a sense that these individuals have not simply survived a potentially devastating event, but have ‘achieved’ recovery from business failure. It has been suggested that the type of affective sequence (that is, sad becoming happy, or happy becoming sad) an individual tends to use to understand life experiences influences how they evaluate subsequent experiences (McAdams, 2001a). The finding of a redemptive sequence in descriptions of business failure suggests that the entrepreneurs’ general tendency to perceive favourable outcomes from bad situations may have helped them to contain the negative aspects of this event. Taken together, these findings suggest that making sense of business failure in relation to how it fits with the rest of one’s internalized life story may be an important aspect of how entrepreneurs personally respond to this entrepreneurial event.

METHODOLOGICAL ISSUES

Certain limitations should be noted when considering these findings. The sample was confined to entrepreneurs who were currently highly successful, and so their life stories may not necessarily be representative of all successful entrepreneurs, and may not generalize to less successful entrepreneurs. Indeed, it is possible that current success may have coloured the present sample’s sense of self and of the meaning of business failure. However, this need not be the case. Interestingly, two entrepreneurs interviewed were currently experiencing major business difficulties, yet emphasized the same themes in their life stories. Furthermore, although entrepreneurs selected for the sample all met the BRW criteria for inclusion in its Top 100 list, some were considerably more successful than others. Despite the variation in success, there was little variation in the life stories.

As a major business failure was self–defined in the present study, events ranging from loss of an important contract to going through bankruptcy were included as constituting this type of event. Thus, the findings do not exclusively refer to complete business failures that result in closure of the entrepreneurial venture. However, a high degree of consistency was observed in the way the meaning of this experience was conveyed, regardless of the objective seriousness of the business failure event.

IMPLICATIONS OF FINDINGS AND FUTURE DIRECTIONS

The entrepreneurs in the present study were all successful entrepreneurs, most of whom had previous experience of significant business failure. Given that not all entrepreneurs are able to recover from business failure, it is possible that being able to draw on a constructive life story to interpret the personal relevance of this event may assist entrepreneurs in coping with it. That is, it may enable the experience to
be internally resolved in such a way that also encourages a positive external response to it. Singer (2001) contended that chronically addicted individuals lack the ability to draw upon positive life story aspects to help them make the life transition to a sober lifestyle. Similarly, it may be that entrepreneurs who do not bounce back from business failure are unable to draw upon a constructive life story to contain the business failure and enable them to rise above it. To test this proposition, future research needs to include a matched sample of entrepreneurs who have permanently exited entrepreneurship after experiencing major business failure. Comparing the life stories of these two groups, in terms of whether they draw upon their life story to evaluate their experience of business failure, and how they make sense of it in relation to the rest of their life story, may uncover support for this speculated constructive role of a positive, agentic and redemptive self-narrative identity.

The concern that the entrepreneurs in the present sample may be at a life and career stage dominated by agentic needs could also be addressed in future research. Finally, future research could investigate whether drawing on an agentic, redemptive and successful life story to counter and contain failure experiences in self-important areas has general application across other achievement-oriented groups such as athletes and students.

CONCLUSION

Findings of the present study suggest that entrepreneurs may share a distinctive type of narrative identity. This self-story is described in overall positive terms, and characterized by underlying themes of agentic motivations concerned with self-striving and recognition of achievements, and the theme of good eventuating from initially bad situations. Additionally, findings suggest that entrepreneurs draw upon their self-narrative identity to guide their interpretation of business failure. It is contended that evaluating this event in this way facilitates entrepreneurs’ personal resolution of their experience of business failure, and may also enhance their ability to adopt a constructive behavioral response to this event.
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