

Influence of Knowledge and Failure Experience on Entrepreneurial Intentions in East African Businesses

Abeid Omar Salim, Siri Roland Xavier*

Universiti Tun Abdul Razak

DOI: <https://dx.doi.org/10.47772/IJRISS.2024.8120197>

Received: 06 December 2024; Accepted: 13 December 2024; Published: 11 January 2025

ABSTRACT

This thesis explores the entrepreneurial intentions that emerge during the post-failure phase, highlighting the valuable role of accessible information about business failure, personal experiences, and demonstrated knowledge. The research aims to uncover how these factors positively influence entrepreneurs' decisions to embark on new ventures following prior setbacks. Grounded in the Theory of Planned Behavior (TPB), the study seeks to provide compelling empirical evidence that an awareness of business failure can significantly enhance the knowledge and resilience of individuals currently managing a business and those aspiring to start a new one. The study utilised convenience sampling and collected 1,080 valid responses from three countries: Rwanda (540), Tanzania (270), and Kenya (270). It targeted businesspeople with prior experience in founding or managing new ventures. The findings indicate a constructive relationship between awareness of business failure and the intentions of current business owners, demonstrating that this awareness can bolster their skills and determination. Ultimately, the study underscores the importance of learning from past experiences to foster a stronger entrepreneurial spirit among both established entrepreneurs and newcomers to the business world.

Keywords: Entrepreneurial Intention; Business failure; Post failure phase

INTRODUCTION

This research aims to explore the impact of business failure awareness on post-failure phase entrepreneurial intention and test various hypotheses related to this topic. Business failure, in this context, includes personal and firm-based failure, business insolvency, and personal bankruptcy. The term “prior knowledge” refers to the accessibility of information, learned knowledge, and first-hand experience of business failure.

Governments worldwide acknowledge the need to support entrepreneurial innovation and have included it as part of ministerial portfolios. In East Africa, official offices have been established to promote it, such as the Centre for Research and Innovations East Africa (CRI), which specialises in capacity building, program evaluations, research, policy advocacy, learning, and knowledge management across Eastern and Horn of Africa. In Rwanda, the National Innovation System (NIS) is being integrated and utilised in the process of building sustainable innovation capabilities. It establishes and reinforces infrastructures and institutions as well as policies to promote innovation. In Tanzania, the National Economic Empowerment Council (NEEC) created The Inclusive National Entrepreneurship Strategy to implement an inclusive entrepreneurship strategy, considering the social and environmental challenges to address the economic, social, and regulatory barriers to equal, effective economic participation by youth, men, and women, the disadvantaged, and other groups (Ning, 2021; Ajide, 2022).

Post-failure phase entrepreneurship is a critical factor in ventures' long-term sustainability and resilience. The continued involvement of post-failure phase entrepreneurs is crucial because it helps to increase the resilience of ventures and protect them from potential risks. This, in turn, contributes to national innovation, transformational employment, economic growth, and global competitiveness (Corner et al., 2017; S. Singh et al., 2015).

Further analysis by the Center for Research and Innovations East Africa (2023) revealed that while nascent firms failed at a rate of more than fifty percent, most young firms, operational for up to four years, continue to be active in the market. This suggests that the high levels of failure are moderated when further analysed by

researchers. Strict laws moderate entrepreneurial activity by filtering out weaker ventures and less capable entrepreneurs, while less severe 'fresh start' laws, also known as 'failure friendly', tolerate higher risks of failure, lower levels of capitalisation and support higher levels of innovative start-ups (Howell & Mason, 2015; Bofo et al., 2023). These laws ensure that new firms are financially viable and that creditors are protected.

Entrepreneurial failure is a multifaceted and intricate issue that profoundly impacts entrepreneurs and their ventures. It is influenced by various factors, including government insolvency and bankruptcy laws, which not only moderate these experiences but also have the potential to stigmatise and demotivate entrepreneurs from embarking on new ventures. Finding the right balance through legislative reforms is crucial, as it involves navigating the paradoxical goals of providing encouragement and protection (CoEC, 2007; National Innovation & Science Agenda, 2015; Ajide, 2022). These reforms aim to support the growth of innovative start-ups while ensuring their financial viability and safeguarding the interests of creditors.

As these native entrepreneurs embark on their journey, they have the potential to establish high-growth businesses and serve as a source of inspiration for future young Africans (Ajide, 2022). Their efforts can help foster a culture of innovation, encourage individuals to think beyond conventional boundaries and contribute to a future that holds the promise of shared prosperity across the African continent.

To achieve this goal, new areas need to be explored better to understand the relationship between failure and entrepreneurial action.

Research Objective

This research study identifies the factors contributing to business failure awareness and how they impact post-failure phase entrepreneurship. This study aims to test a hypothesis that suggests a relationship exists between access to information, learned knowledge, first-hand experience of personal and business failure, business insolvency, and personal bankruptcy (known as business failure awareness), and the perceived attractiveness of entrepreneurial activities after a failure. This hypothesis is based on the Theory of Planned Behaviour (TPB) from Ajzen (1991) and its application in previous works by Krueger and Carsrud (1993), Kolvereid (1996), Shane (2004), Shane et al. (1991) and Ning, (2021). The study aims to contribute to existing knowledge on entrepreneurial intention, the post-failure phase, and the drivers of serial new venture behaviour.

LITERATURE REVIEW

Entrepreneurship drives economic development, creates new markets, drives innovation, and increases resource productivity and growth. It is a vital aspect of national advantage in market economies, and entrepreneurial firms fundamentally change market structures, leading to a renewal process that pervades and defines market economies.

Entrepreneurship is vital to economic development as it provides employment opportunities and drives innovation, leading to improved welfare and prosperity. Despite not directly measuring post-failure phase entrepreneurship, GEM includes a measurement of established business ownership and discontinuance to better understand early-stage businesses' success and failure rates (Ndofirepi & Steyn, 2023). This helps to determine each economy's entrepreneurial ecosystem and to identify potential areas for improvement.

In the context of East African countries, there are three primary types of legal organisations - sole proprietorship, partnership, and corporation. Each type has its advantages and disadvantages, which depend on the nature of the enterprise (Hisrich et al., 2017; Kuratko et al., 2017; Shane, 2004). Among these, sole proprietorship is the most common type, which individuals opt for to exploit an opportunity and manage their costs, revenue, and profit for income tax and dividend purposes.

Typology of the Entrepreneur

Entrepreneurship is a complex phenomenon that involves a range of characteristics and behaviours. These traits are not innate; rather, they are shaped by the experiences that entrepreneurs have had and are currently having in their business ventures. Understanding this fundamental dimension of entrepreneurship is crucial to comprehending entrepreneurial intentions (Westhead et al., 2005).

Exploring the typology of entrepreneurship is appropriate to better contextualise and understand the post-failure phase and repeated entrepreneurial efforts. The literature suggests that the stage of venture development and the level of entrepreneurial experience and knowledge are highly interdependent. As firms progress through each stage, the experience and knowledge of the entrepreneurs involved also grow. This symbiotic relationship leads to the development of habitual entrepreneurship by establishing multiple concurrent portfolio businesses (Greiner, 1972; Kuratko et al., 2017).

Upon firm exit or post-failure phase behaviours, entrepreneurs establish subsequent ventures based on the knowledge learned from prior entrepreneurial experiences. This phenomenon describes a progression from a nascent or new experience level of entrepreneurship within startup firms to habitual entrepreneurship via the establishment of multiple concurrent portfolio businesses that leverage the stability of a primary operational stage firm.

Post-failure Phase Entrepreneurs

Post-failure phase entrepreneurship is a compelling aspect of entrepreneurship, where the same individual establishes multiple ventures successively over time by exiting and entering the startup process repeatedly. These entrepreneurs are sometimes referred to as serial or renascent entrepreneurs, who have gained experience from failed ventures and are more likely to start another enterprise. This is an important distinction as it allows for an entrepreneur to exit a business and not start a subsequent business immediately (Westhead et al., 2005; Petrucci & Milanese, 2022).

Research shows that post-failure phase entrepreneurs account for a significant portion of entrepreneurial activity in European countries where surveys were available, such as the United Kingdom, Germany, Norway, and Finland. In the United States of America, approximately 12.5 per cent of entrepreneurial activity is attributed to post-failure phase entrepreneurs. They are known to be more persistent than novice entrepreneurs and drive the evolution of corporations and industries. Furthermore, they are an essential driver of valuable economic growth and job creation in capitalist economies (Petrucci & Milanese, 2022). Firms founded by post-failure phase entrepreneurs are more likely to survive than novice founders, and their subsequent ventures are more successful from gaining knowledge and capabilities from prior experience. These entrepreneurs are vital to the entrepreneurial ecosystem as they bring their expertise and experience to the table, which can create a ripple effect of growth and innovation.

The definition of failure varies depending on the context, which can lead to a mixing of closure circumstances and motivations between a business as an entity and the individuals who founded and operate it (Al Halbusi et al., 2023). It is important to note that many entrepreneurs exit their firms for reasons such as realising their investment or retiring to pursue other opportunities, viewed as positive exits rather than negative failures stemming from poor performance or insolvency. This is why it is crucial to analyse failure at both the firm and individual entrepreneur levels (Al Halbusi et al., 2023) (See Figure 1.0 below).

		Objective	Subjective
Level of analysis	Firm	Bankruptcy/ Insolvency e.g. Jenkins et al., (2014)	Poor Firm Performance e.g. Headd (2003)
	Individual	Return to Human Capital e.g. Gimeno et al., (1997)	Personal Failure e.g. Cope (2012)

Figure 1.0: Business and Entrepreneurial Failure – Definitional Framework (Jenkins and McKelvie (2016)

Business bankruptcy is often used as an objective measure of failure, as it is an observable and readily quantifiable event; however, it is not as straightforward as it may appear, mainly if it is being used as a comparative country-to-country measure. Firstly, despite what many believe, a Rwandan company cannot declare bankruptcy, as it is a legal process that only applies to individuals who cannot meet their liabilities and have either filed for bankruptcy or an order has been made against their assets (Quagrainie, & Dankwa, 2023). This is also the case in Tanzania, where bankruptcy applies only to individuals, not companies regulated by prevailing insolvency laws. Conversely, in Kenya, the Federal Bankruptcy Code has a broader context and is codified into chapters covering business and individual debt events. In this case, Kenyan businesses that

cannot meet their liabilities can be reorganised under Chapter 11 of the Code. To this end, business bankruptcy mainly occurs when an individual's bankruptcy is directly related to their proprietary interest in a business that was discontinued due to the change in ownership per the definition above. A second consideration is that a failing firm that does not provide a reasonable return on investment to its owner or shareholder would not be regarded as a business failure under such a narrow definition of a bankruptcy or insolvency event (Watson & Everett, 1996). Bankruptcy applies only to individuals who cannot meet their liabilities in Rwanda and Tanzania, whereas insolvency laws regulate companies. In contrast, businesses that cannot meet their liabilities in Kenya can reorganise under Chapter 11 of the Federal Bankruptcy Code.

This thesis's most suitable definition of failure is "the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the entrepreneur." (Ucbasaran et al., 2013, p. 175). While internalised stigma, expressed as a loss of self-esteem, uncertainty, grief, and remorse over a firm's personal loss, externalised stigmas of failure are fundamentally rooted in financial mistrust embodied in negative community attitudes, which include a fear that bankrupt entrepreneurs cannot be trusted, are incompetent, may deceive to disguise risks, and may fail again (Damaraju et al., 2023).

Countries with strict, punitive laws moderate entrepreneurial activity by filtering out poor propositions, undercapitalised ventures, and less capable entrepreneurs. As a result, this leads to the emergence of more resilient, scalable, and economically sustainable ventures (Howell & Mason, 2015). Conversely, nations with less severe "failure friendly" laws tend to tolerate higher risks of failure, lower levels of upfront capitalisation, and are more likely to attract individuals with undeveloped entrepreneurial ideas, resulting in lower levels of innovative thinking start-ups (Espinoza-Benavides et al., 2021, p. 7).

It is essential to learn from failure, and entrepreneurs who demonstrate positive learning from their failure are more likely to receive post-failure capital backing from the venture capital industry. Practical experience is highly valued, and entrepreneurs who show they have learned from their mistakes are likelier to succeed in the future (Byrne, 2021). Entrepreneurial failure has significant personal and social consequences, equally so in Africa (Yeboah-Assiamah et al., 2023).

The aftermath of failure can have significant consequences in several areas, including financial and legal, individual, psychological, societal, and lessons learned. Depending on the severity of the failure, an individual may experience adverse financial and legal outcomes, such as bankruptcy, loss of assets, or legal charges. Additionally, failure can lead to personal psychological damage, such as depression, anxiety, or low self-esteem. Societal stigma, such as shaming or isolation, can also profoundly impact an individual's life (See Figure 2.0 below).

In Kenya, the Bankruptcy Reform Act of 1978 was introduced to protect struggling companies from their creditors. Other countries underwent similar reforms. In Rwanda, the 1966 Bankruptcy Act established a central institution for bankruptcy administration for the first time, and the court system was reformed in 1976 to allow bankruptcy disputes to be heard at the national level. The attitude towards bankruptcy is often linked with economics. The deep recession of the 1980s prompted Tanzania to reassess its position and focus on rescue reforms to the Insolvency Act of 1986. However, Rwanda's attitude towards bankruptcy and insolvency remains influenced by its historical and cultural bias toward creditors (Yeboah-Assiamah et al., 2023).

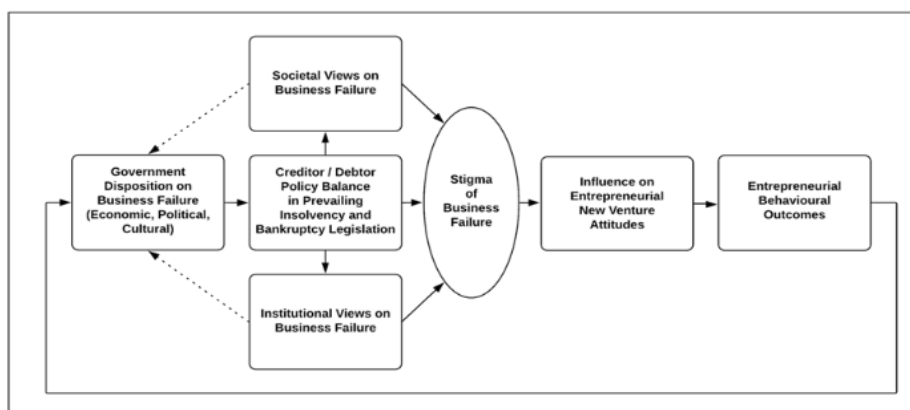


Figure 2.0: Conceptual Relationships between Government Disposition, the Stigma of Business Failure, and

the Attitudes and Behaviours of Entrepreneurs

Regarding fresh start measures, Tanzania and Rwanda - countries that historically had more punitive legislation than Kenya - have recognised the economic benefits of such policies and have made progress in their adoption. However, the extent of fresh start reforms varies from country to country, depending on the prior legislative environment and how those laws were constructed. For instance, Rwanda deals with personal and business insolvencies differently, while Kenya and Tanzania are regulated under the same law (Nwosu & Esara, 2023). This separation in Rwanda has allowed for a more progressive "fresh start" baseline compared to other countries.

In Tanzania, personal bankruptcy is usually cleared after one year, but income payments may continue for three years. Kenya also has an administration regime governed by the Insolvency Act 1986, which can appoint an administrator by a creditor, company, or its directors. In Rwanda and Tanzania, the administrator acts in the interests of creditors to rescue the company as a going concern. If unsuccessful, the administrator works to recover as much as possible from the enterprise to benefit the creditors. This approach is similar to "Chapter 11" in Kenya, with some key differences, mainly in how the administration period is funded and where the administrator runs the business rather than the directors (Githaiga & Kosgei, 2023, pg. 2).

The Theory of Planned Behaviour

The TPB model suggests that behavioural intention is determined by personal attitudes (perceived attractiveness), social influence (perceived social norm), and perceived control over behaviour. Ajzen (1988, 2005, pp. 117–118) summarises these determinants as follows: "People intend to perform a behaviour when they evaluate it positively [attitude] when they experience social pressure to perform it [social norm], and when they believe that they have the means and opportunity to do so [control]."

In the Theory of Planned Behavior (TPB), perceived behavioural control (PBC) is determined by control beliefs and their perceived influence. Control beliefs are related to the degree to which factors facilitate or impede the performance of a behaviour. These beliefs are then weighted by the perceived power of the factor to facilitate or inhibit the performance of the behaviour. PBC is a reflection of perceived behavioural competence and personal, situational control. It measures self-efficacy, which is Bandura's interpretation of feasibility. Ajzen expresses PBC mathematically as:

$$PBC \propto \sum ci pi$$

where ci is the presence of salient control belief(s), and pi is the perceived power or ability of belief factor(s) to facilitate or inhibit it.

Research hypotheses

H1: Individuals' behavioural intention to be involved in future new business is positively associated with their current perceptions of a) attractiveness, b) social norms, and c) behavioural control.

H2: Individuals' intention to engage in future new business is positively associated with their awareness of business failure while running a business.

H3: The antecedent perceptions of two factors, namely, a) attractiveness and b) social norm, will have a positive effect on the behavioural intention of individuals currently running a business to get involved in future new business ventures. Their perceived behavioural control will moderate this effect in accomplishing the task.

H4: Business owners' intentions to engage in new business ventures are influenced by their perceptions of various factors, including a) attractiveness, b) social norms, and c) behavioural control. These perceptions are known as antecedent perceptions of behavioural intention. The impact of these perceptions on business owners' intentions to engage in new business ventures will be positively moderated by their awareness of business failure.

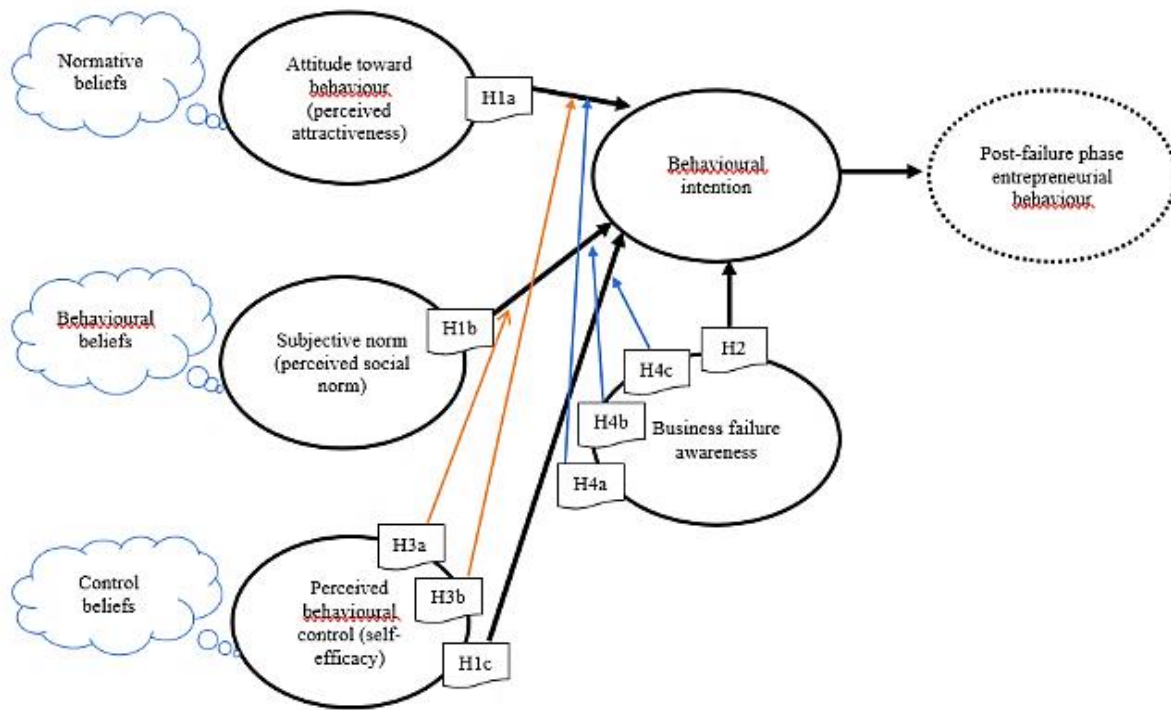


Figure 3.0: Conceptual Model Including Hypotheses

RESEARCH METHODS

Entrepreneurship research can be approached in various ways, but interpretive and positivist approaches are two predominant methods. the positivist approach is quantitative and is mainly used to investigate business failure rates and the scale of entrepreneurship. For instance, quantitative studies on entrepreneurship and business failure rates have been conducted by Bosma, et al (2020). The positivist paradigm is the most appropriate approach for empirically testing hypotheses set within Ajzen's Theory of Planned Behaviour. The positivist paradigm is justified from an epistemological perspective, as it provides a more objective approach to research, which is necessary to test hypotheses and establish causal relationships between variables(Clardy, 2022). This approach also meets the research objective: to investigate the factors that influence the likelihood of entrepreneurial success or failure.

In this research, the convenience sampling method was adopted, recognising its limitations regarding external validity and generalizability of the findings.The sample for this research was drawn from a subset of the Qualtrics ESOMAR Online Panel Service to obtain 1,000 valid responses within four standard weeks. Each respondent was provided with clear information about the nature and purpose of the research, and only those who gave explicit consent proceeded with the online instrument. The study received 1,080 valid responses, split across three countries: Rwanda (540), Tanzania (270), and Kenya (270). The survey instrument targeted businesspeople who were previously involved in founding or running a new business venture.

Through correlation analysis, the study collectively assesses hypotheses H1a, H1b, and H1c (the perceptions of beliefs) and H2 (business failure awareness). Additionally, hypotheses H3a and H3b (the strength of perceived behavioural control) and H4a, H4b, and H4c (the strength of business failure awareness) are assessed through hierarchical regression analysis.

Hypothesis	Independent Variable	Influence	Influenced Variable	Statistical Test
H1	Perceptions of behavioural intention			
H1a	Perceived attractiveness	+ve	Intention to be involved in a new venture	Correlation
H1b	Perceived social norm	+ve	Intention to be involved in a new venture	Correlation
H1c	Perceived behavioural control	+ve	Intention to be involved in a new venture	Correlation

H2 Business failure awareness			
H2 Positive awareness	+ve	Intention to be involved in a new venture	Correlation
H3 Perceived behavioural control			
H3a Effect of Perceived Attractiveness	mod	Intention to be involved in a new venture Intention to be involved in a new venture	H. regression
H3b Effect of perceived social norm	mod		H. regression
H4 Business Failure Awareness			
H4a Effect of perceived attractiveness	mod	Intention to be involved in a new venture Intention to be involved in a new venture	H. regression H. regression
H4b Effect of perceived social norm	mod	Intention to be involved in a new venture	H. regression
H4c Effect of Perceived Behavioural Control			

RESULTS

The survey conducted to gather data on the entrepreneurial landscape of Rwanda, Kenya, and Tanzania revealed some interesting findings. Of the total respondents, 41.5% were from Rwanda, 31.1% were from Kenya, and 27.3% were from Tanzania. The majority of respondents, about 66.7%, fell in the age group of 25-44, with 66.8% being male and 72.7% being married or in a partnership. Furthermore, the survey showed that a significant % of respondents, 61.5%, had parents who owned or currently own businesses.

The survey revealed that most respondents, i.e., 64%, were either sole founders or co-owners of their businesses, predominantly unincorporated sole traders (47.6%) or incorporated limited liability firms (19.3%). These businesses were spread across a diverse range of well-established industries, with approximately 34.1% of businesses running for three to five years and 17.7% running for six to ten years. Also, most businesses (50.6%) had 25 or fewer employees, and 70.6% had an annual turnover of five million or less.

The survey results also indicated that the respondents positively perceived their businesses and were motivated to succeed. The median and standard deviation of the TPB construct variables, perceived attractiveness, perceived social norm, perceived behavioural control, and behavioural intention, were all high, indicating that the respondents believed their businesses were attractive, that others would approve of their ventures, they had control over their businesses, and they were determined to succeed. The median and standard deviation of the business failure awareness variable were also encouraging, indicating that the respondents were aware of the risks associated with running a business and were taking appropriate measures to mitigate them.

In conclusion, the survey results provide a comprehensive picture of the entrepreneurial landscape in Rwanda, Kenya, and Tanzania. The findings suggest a thriving entrepreneurial ecosystem exists in these countries, with most respondents running well-established businesses. The results can be used to develop targeted policies and programs to support and encourage entrepreneurship in these regions further.

Description of Current Business Involvement

The survey revealed that 96.7% of respondents ran "for-profit" enterprises, while only 3.3% were "not-for-profit" organisations. 38.8% of the respondents were from Rwanda, 31.7% from Kenya, and 27.9% from Tanzania, while the remaining 1.6% were from other countries.

Table 2.0: Descriptive Statistics; Current Business Involvement – Role

What best describes your role in the business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole founder	232	42.3	42.3	42.3
	Co founder	49	8.9	8.9	51.2
	Owner operator	49	8.9	8.9	60.1
	Co owner operator	70	12.8	12.8	72.9
	Partner	60	10.9	10.9	83.8
	Investor	15	2.7	2.7	86.5
	Co investor	8	1.5	1.5	88.0
	Shareholder	12	2.2	2.2	90.2
	Non equity business advisor / consultant	2	.4	.4	90.5
	Equity business advisor / consultant	2	.4	.4	90.9
	Employee	46	8.4	8.4	99.3
	Other	4	.7	.7	100.0
	Total	549	100.0	100.0	

The top six industries, which made up 49.7% of the total sample, participated most. The industries belonged to a wide range of sectors, including retail trade (13.5%), professional, scientific, and technical services (9.5%), construction (8.0%), manufacturing (7.8%), financial and insurance services (5.8%), and accommodation and food services (5.1%).

Table 3.0 Descriptive Statistics; Future Business Involvement – Role

What best describes your role in the future business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole founder	125	22.8	40.5	40.5
	Co founder	33	6.0	10.7	51.1
	Owner operator	16	2.9	5.2	56.3
	Co owner operator	9	1.6	2.9	59.2
	Partner	65	11.8	21.0	80.3
	Investor	23	4.2	7.4	87.7
	Co investor	2	.4	.6	88.3
	Shareholder	9	1.6	2.9	91.3
	Non equity business advisor / consultant	4	.7	1.3	92.6
	Equity business advisor / consultant	4	.7	1.3	93.9
	Employee	12	2.2	3.9	97.7
	Other role	4	.7	1.3	99.0
	Do not know	3	.5	1.0	100.0
	Total	309	56.3	100.0	
Missing	System	240	43.7		
Total		549	100.0		

The study found that the top five industries with the highest future participation comprised 48.6% of the total sample. These industries were from a diverse range of sectors, including retail trade (11.7%), construction (10.0%), accommodation and food services (9.1%), professional, scientific, and technical services (9.1%), and manufacturing (8.7%).

Descriptive Statistics of Variables

Descriptive statistics provide information about the central tendencies and dispersion of each variable about the population. The variables being analysed are TPB constructs such as perceived attractiveness (TPB_PA), social norms (TPB_SN), behavioural control (TPB_PBC), business failure awareness (IB_FAIL), and behavioural intention (TPB_BI).

Table 4.0: Descriptive Statistics: Perceived Attractiveness (TPB_PA), Perceived Social Norm (TPB_SN), Perceived Behavioural Control (TPB_PBC), Business Failure Awareness (IB_FAIL), and Perceived Behavioural Control (TPB_BI))

		Statistics				
		TPB_PA	TPB_SN	TPB_PBC	IB_FAIL	TPB_BI
N	Valid	549	549	549	549	549
	Missing	0	0	0	0	0
Mean		4.0113	3.2745	1.7830	3.2870	3.0229
Median		4.1905	3.4111	2.1111	3.4762	2.9404
Mode		4.43	.00	3.07	4.52 ^a	.00 ^a
Std. Deviation		1.60438	1.72029	1.93591	1.11257	1.40894
Skewness		-.517	-.123	-.514	-.528	-.061
Std. Error of Skewness		.104	.104	.104	.104	.104
Kurtosis		-.009	-.814	-.558	-.911	-.633
Std. Error of Kurtosis		.208	.208	.208	.208	.208
Minimum		-.86	-1.14	-3.78	1.00	-.43
Maximum		7.00	7.00	5.00	5.00	6.15

a. Multiple modes exist. The smallest value is shown

The data in Figure 19 is not evenly distributed according to the histogram. Therefore, the median is the most appropriate measure of the central tendency of the data. The variable "business failure awareness" has an average value of 3.29 and a median of 3.48, with a standard deviation of 1.11. The data is negatively skewed, with a skewness value of -.528 and a kurtosis value of -.911.

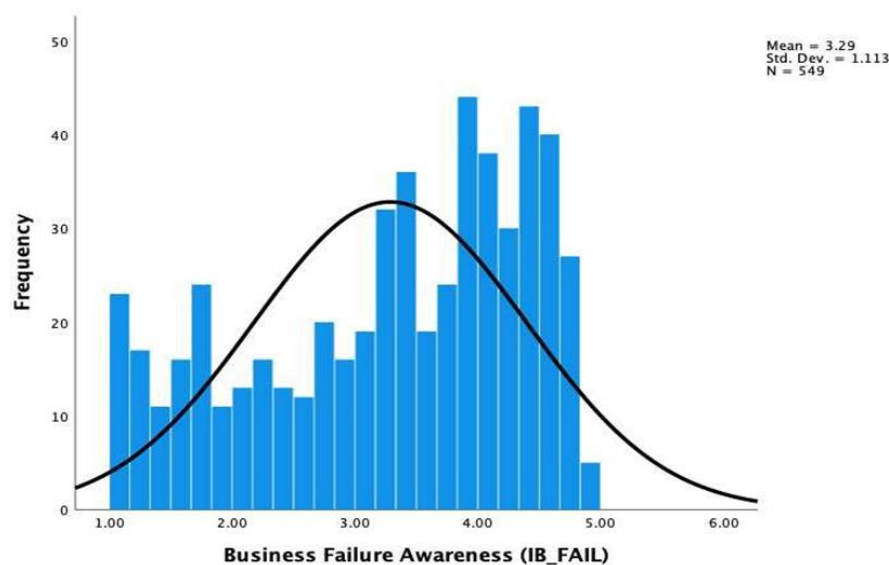


Table 5.0: Means (s.d.), Correlation Coefficients, and Internal Reliabilities for the Measured Variables

		Mean (s.d.)	TPB_PA	TPB_SN	TPB_PBC	IB_FAIL	TPB_BI
Perceived attractiveness	(TPB_PA)	4.01 (1.60)	(.86)				
Perceived social norm	(TPB_SN)	3.27 (1.72)	.538**	(.80)			
Perceived behavioural control	(TPB_PBC)	1.78 (1.94)	.342**	.524**	(.85)		
Business Failure Awareness	(IB_FAIL)	3.29 (1.11)	.249**	.562**	.471**	(.86)	
Behavioural Intention	(TPB_BI)	3.02 (1.41)	.755**	.851**	.801**	.539**	(.75)

Table 5.0 displays the five latent constructs' means, standard deviations, internal reliabilities, and correlations.

You can see that all of the individual latent variables exceeded Nunnally's recommended threshold level of 0.7, which is a good reliability indicator. One can observe a high positive correlation between behavioural intention and perceived attractiveness, perceived social norm, and perceived behavioural control, with a moderately weaker positive correlation with business failure awareness. Business failure awareness has a high positive correlation to perceived social norms and a noticeably weaker positive correlation with perceived attractiveness. Furthermore, perceived attractiveness and perceived social norms have a moderate positive correlation. The antecedent perceptions were categorised into three constructs - perceived attractiveness, perceived social norm, and perceived behavioural control - for individuals currently running a business. The study analysed the data and found significant correlations for each construct with $r(549)=.755$, $p<.001$ for perceived attractiveness, $r(549)=.851$, $p<.001$ for perceived social norm, and $r(549)=.801$, $p<.001$ for perceived behavioural control. As a result, the study concluded that Hypotheses One was supported.

This research study concludes that its findings contribute to the understanding of the antecedent perceptions of behavioural intention and its correlation to future new business involvement. It suggests that further research can be conducted to expand the study's scope and contribute to the development of knowledge in this field.

Although the results do not apply to everyone, the respondents in this study believe they have the essential skills and support to start a new business in the future, providing a starting point to investigate the impact of business failure awareness on them.

Two conclusions can be drawn from the study. Firstly, the Theory of Planned Behaviour is an effective predictor of future entrepreneurial behavioural intention. It can be used to test hypotheses on external factors that affect individuals' intentions to start a new business. Secondly, positive perceptions of attractiveness, social support, and personal abilities are crucial in shaping the entrepreneurial intention of individuals who have experienced business failure and are currently running a business.

Conclusions on Hypothesis Two

The study was conducted to test the second hypothesis that Business Failure Awareness positively correlates with the behavioural intentions of individuals currently running a business. The correlation test results have shown a significant correlation of $r(549) = .539$, $p < .001$. This indicates that there is a positive relationship between Business Failure Awareness and the behavioural intentions of entrepreneurs. Therefore, Hypothesis Two has been supported. Applying this construct to entrepreneurial intention and behaviour is an essential aspect of the study. Entrepreneurship is all about identifying opportunities and developing innovative ideas to meet them. This is often done in uncertain markets, and scholars agree that failure is an inevitable outcome of entrepreneurial endeavours. Failure is a widespread phenomenon that has led to a debate on whether it can be helpful or harmful.

Sequential entrepreneurs who do not have other ventures may feel the psychological costs of failure more strongly. Secondly, an entrepreneur may remain confident if the nature of the failure experienced is seen as circumstantial and abnormal. However, repeated failure can be harder to explain and negatively affect an individual's beliefs, impacting their motivation to identify future opportunities (Westhead et al., 2009; Petrucci & Milanesi, 2022).

Conclusions on Hypothesis Three

To investigate the impact of antecedent perceptions, namely attractiveness and social norms, on the behavioural intentions of individuals currently running a business regarding future new business involvement. The study used hierarchical regression analysis to reveal two significant outcomes, indicating that perceived behavioural control moderates the relationship between antecedent perceptions and behavioural intentions.

The first outcome showed that perceived behavioural control makes a unique contribution of 26.2% to the variance in behavioural intention, following perceived attractiveness, contributing 64% of the variance in the dependent variable, behavioural intention. This means that individuals who perceive themselves as more capable of carrying out the behaviour have a higher intention and probability of performing the desired actions.

The second outcome revealed that perceived behavioural control makes a unique contribution of 17.4% to the

variance in behavioural intention after perceived social norm, contributing 72% of the variance in the dependent variable, behavioural intention. This shows that individuals who perceive themselves as having more control over the behaviour are more likely to have a higher intention of performing it, even when social norms are less influential.

The study also found that the positive correlation between attractiveness and social norms for future new business involvement on the behavioural intentions of individuals currently running a business is due to positive perceptions of relevant motivations and social support. Perceived behavioural control moderates this relationship, as individual self-efficacy is crucial in determining whether a specific behaviour is achievable.

Conclusions on Hypothesis Four

The results showed that business failure awareness had a significant unique contribution of 13.1% to the variance in behavioral intention after perceived attractiveness, which alone contributed 57% of the variance in the dependent variable. However, business failure awareness had no significant effect on the variance in behavioural intention when interacting with a perceived social norms or perceived behavioural control. Therefore, hypothesis four is partially supported, and the study's conclusions are discussed.

Research Questions		Resolutions and Contribution to Knowledge
1.	What external macroeconomic factors influence entrepreneurial beliefs on post-failure phase business involvement?	Extrinsic factors such as political, cultural, and social aspects influence entrepreneurial beliefs and perceptions, which are antecedents to post-failure phase entrepreneurial intention.
2.	What effect do the perceptions of the attractiveness, social expectations, and self-efficacy of the post-failure phase or renascent entrepreneurial endeavor have on actual behavioural intention?	Positive perceptions of attractiveness, social support, and personal abilities significantly impact an individual's intention to pursue entrepreneurship following a failure. Perceived behavioural control or self-efficacy is a strong indicator of success and is crucial in future business creation.
3.	What effect does information, knowledge, or experience of business failure, insolvency, and bankruptcy outcomes have on entrepreneurial perceptions?	Awareness of business failure is positively associated with the intention to start a new business post-failure. Awareness of learning from failure (information, knowledge, and case studies) should be encouraged as they contribute positively to post-failure entrepreneurial behavior. Being aware of business failure can help entrepreneurs recover faster by moderating the appeal and attractiveness of future post-failure entrepreneurial behaviour.
4.	What effect does information, knowledge, or experience of business failure, insolvency, and bankruptcy outcomes have on future post-failure phase or renascent entrepreneurial behavioural intention?	Entrepreneurs must learn from failed businesses to be aware of possible outcomes. Awareness of failure can improve know-how and resilience for current and future business owners. Entrepreneurs running a business should assess their ability to be involved in a new business and include business failure awareness as a criterion.

CONCLUSION

Implications for Theory

The study presents an important contribution to the field of entrepreneurship by offering a theoretical

framework and empirical evidence that supports the view that individuals' exposure to information about failure, insolvency, and bankruptcy, knowledge of their outcomes, and first-hand experience of them, can positively moderate post-failure entrepreneurial perceptions and intentions. This study builds upon existing theoretical knowledge on entrepreneurial intention and demonstrates the critical role of an individual's beliefs and perceptions in forming post-failure entrepreneurship behavioral intention.

The research findings demonstrate that the beliefs of individuals currently running a business and their perceptions of them play a crucial role in forming post-failure phase entrepreneurship behavioural intention. The study also highlights the influence of business failure awareness on this cohort of individuals and finds evidence that this knowledge is highly correlated with intention and positively moderates their perceived attractiveness (attitude) towards behavioural intention. Additionally, the study provides a use case of the empirical application of the Theory of Planned Behaviour from Ajzen (1991) in the field of entrepreneurial intention research. The Theory of Planned Behaviour (TPB) has become one of the most widely used theories in social psychology and has been applied successfully to entrepreneurship theory through the works of Kolvereid (1996), Shane (2004), Shane et al. (1991) and Srivastava et al., (2023). This study further demonstrates the efficacious use of TPB for research in the field of entrepreneurial intention research, based on the early works of Bird (1988).

Entrepreneurial intention has been extensively researched, with many areas of focus (Munir, et al, 2022). One of the areas that has received significant attention is entrepreneurial failure and its impact on future business start-up intentions. As noted in Chapter 2, there are differing views on the role of failure in entrepreneurship. While some scholars argue that failure provides an opportunity for learning and growth (Wang, et al., 2022), others suggest that it may be a challenging process, and entrepreneurs may struggle to translate their failure into a future business start-up (Byrne, 2021).

Cope (2011) has found that individuals who have previously achieved success in business are better equipped to manage the emotional stresses of failure than those who have not. In this case, prior business achievements are a source of reassurance that they could succeed, given their knowledge of failure. Ucbasaran, et al (2003) have also noted that confident and optimistic individuals are more likely to view adversity as a challenge, transform problems into opportunities, rebound from setbacks more readily, and persist with their projects (Schwaiger, et al, 2022). Kusa et al. (2023) have further added that highly confident entrepreneurs are better positioned to start and succeed. Confidence and optimism are key characteristics that allow entrepreneurs to push through challenges and setbacks and persist in their pursuit of success. Nevertheless, overconfidence can lead to initial failure. However, it is also a trait that enables entrepreneurs to "bounce back" from failure and start anew.

In conclusion, while failure is an inevitable part of entrepreneurship, how entrepreneurs perceive and manage failure can significantly impact their future business start-up intentions. Successful prior business achievements and a confident, optimistic mindset can provide entrepreneurs with the resilience needed to overcome the challenges of failure and achieve their goals.

Implications for Policy and Practice

Two important findings from a recent study are worth noting. Firstly, individuals who are currently running a business find starting a business in the future more attractive when they are informed and knowledgeable about failure, insolvency, and bankruptcy outcomes. This finding suggests that entrepreneurs who have failed in the past are more likely to succeed in the future if they have a good understanding of the causes of their failure and the implications it may have on their future endeavors.

Secondly, the study shows that business failure awareness is not considered to be an essential ability when assessing future business intentions. This means that many entrepreneurs do not consider failure as a possibility when starting a new venture. This lack of awareness can be detrimental to their future business success. Therefore, it is recommended that the government, institutions, and educators should provide support to current business operators by providing them with relevant information, educational programs, and practical case studies on business failure to increase awareness on the subject.

By doing so, individuals currently running businesses will be more able to build failure-resistant businesses by

designing key metrics to monitor points of failure and implementing relevant business structures to offset the more severe effects of failure. This recommendation can lead to lower insolvency rates and shortening failure recovery periods by encouraging entrepreneurs to start again with more resilient ideas and business execution designs.

In conclusion, the government, institutions, educators, and individual entrepreneurs must work together to ensure that the right equilibrium is achieved to encourage post-failure phase behaviours. By doing so, entrepreneurs will be better equipped to succeed in their future endeavours, and the economy will benefit from a more robust and resilient business ecosystem.

REFERENCES

1. Ajide, F.M. (2022), "Economic complexity and entrepreneurship: insights from Africa", *International Journal of Development Issues*, Vol. 21 No. 3, pp. 367-388. <https://doi.org/10.1108/IJDI-03-2022-0047>
2. Ajzen, I. (1988). *Attitudes, personality, and behavior* (1st ed.). Milton Keynes: Open University Press.
3. Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
4. Al Halbusi, H., AbdelFattah, F., Ferasso, M., Alshallaqi, M. and Hassani, A. (2023), "Fear of failure for entrepreneurs in emerging economies: stress, risk, finances, hard work, and social support", *Journal of Small Business and Enterprise Development*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/JSBED-01-2023-0035>
5. Bird, B. (1988). Implementing Entrepreneurial Ideas: The Case for Intention. *Academy of Management Review*, 13(3), 442–453. <https://doi.org/10.5465/amr.1988.4306970>
6. Boafu, C., Catanzaro, A. and Dornberger, U. (2023), "International entrepreneurship in Sub-Saharan Africa: interfirm coordination and local economy dynamics in the informal economy", *Journal of Small Business and Enterprise Development*, Vol. 30 No. 3, pp. 587-620. <https://doi.org/10.1108/JSBED-02-2021-0065>
7. Bosma, N., Hill, S., Ionescu-Somers, A., Kelly, D., Levie, J., & Tarnawa, A. (2020). *Global Entrepreneurship Monitor 2019/2020 Global Report*. Global Entrepreneurship Research Association (GERA). London. Retrieved from <https://www.gemconsortium.org/>
8. Byrne, O. (2021), "The Rites of Passage of Business Failure: A Socialized Sensemaking Approach", Todt, G., Backmann, J. and Weiss, M. (Ed.) *Work Life After Failure?: How Employees Bounce Back, Learn, and Recover from Work-Related Setbacks*, Emerald Publishing Limited, Leeds, pp. 59-79. <https://doi.org/10.1108/978-1-83867-519-620211005>
9. Clardy, A. (2022), "What can we know about the future? Epistemology and the credibility of claims about the world ahead", *Foresight*, Vol. 24 No. 1, pp. 1-18. <https://doi.org/10.1108/FS-01-2021-0020>
10. CoEC. (2007). *Overcoming the stigma of business failure - for a second chance policy*. Focus. Brussels.
11. Cope, J. (2011). Entrepreneurial learning from failure: An interpretative phenomenological analysis. *Journal of Business Venturing*, 26(6), 604–623. <https://doi.org/10.1016/j.jbusvent.2010.06.002>
12. Corner, P. D., Singh, S., & Pavlovich, K. (2017). Entrepreneurial resilience and venture failure. *International Small Business Journal: Researching Entrepreneurship*, 35(6). <https://doi.org/10.1177/0266242616685604>
13. Damaraju, N.L., Barney, J.B. and Dess, G.G. (2023), "Cultural influences on stigma of failure and entrepreneurial activity", *Organization Management Journal*, Vol. 20 No. 5, pp. 197-209. <https://doi.org/10.1108/OMJ-01-2023-1711>
14. Espinoza-Benavides, J., Guerrero, M. and Díaz, D. (2021), "Dissecting the ecosystems' determinants of entrepreneurial re-entry after a business failure", *European Business Review*, Vol. 33 No. 6, pp. 975-998. <https://doi.org/10.1108/EBR-09-2020-0222>
15. Githaiga, P.N. and Kosgei, J.K. (2023), "Board characteristics and sustainability reporting: a case of listed firms in East Africa", *Corporate Governance*, Vol. 23 No. 1, pp. 3-17. <https://doi.org/10.1108/CG-12-2021-0449>
16. Greiner, L. E. (1972). *EVOLUTION AND REVOLUTION AS ORGANIZATIONS GROW*. Harvard Business Review, 50(4), 37–46. https://doi.org/10.1007/978-1-349-20317-8_25

17. Hisrich, R. D., Peters, M. P., & Shepherd, D. A. (2017). *Entrepreneurship* (10th ed.) New York: McGraw-Hill Education.
18. Howell, N., & Mason, R. (2015). REINFORCING STIGMA OR DELIVERING A FRESH START: BANKRUPTCY AND FUTURE ENGAGEMENT IN THE WORKFORCE. *University of New South Wales Law Journal*, 38(4), 1529– 1574. Retrieved from <http://ezproxy.newcastle.edu.au/login?url=http://search.ebscohost.com/login.asp?direct=true&db=a9h&AN=111281776&site=eds-live>
19. Hoyte, C. and Noke, H. (2023), "Making sense of identity transitioning within the new venture creation process", *International Journal of Entrepreneurial Behavior & Research*, Vol. 29 No. 8, pp. 1741-1762. <https://doi.org/10.1108/IJEBr-06-2021-0501>
20. Kolvereid, L. (1996). Organizational Employment versus Self-Employment: Reasons for Career Choice Intentions. *Entrepreneurship Theory and Practice*, 20(3), 23–31. <https://doi.org/10.1177/104225879602000302>
21. Krueger, N. F., & Carsrud, A. L. (1993). Entrepreneurial intentions: Applying the theory of planned behaviour. *Entrepreneurship & Regional Development*, 5(4), 315–330. <https://doi.org/10.1080/089856293000000020>
22. Kuratko, D. F., Frederick, H. H., & O'Connor, A. (2017). *Entrepreneurship: Theory/Process/Practice* (10th ed.). Boston, MA: Cengage Learning.
23. Kusa, R., Suder, M., Duda, J., Czakon, W. and Juárez-Varón, D. (2023), "Does knowledge management mediate the relationship between entrepreneurial orientation and firm performance?", *Journal of Knowledge Management*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/JKM-07-2023-0608>
24. Munir, H., Ramzan, S., Wang, M., Rasool, Y., Sumbal, M.S. and Iqbal, A. (2022), "Combining the social cognitive career theory, contextual factors and entrepreneurship education programs in intention-based model: a tale of two diverse regions", *Journal of Entrepreneurship in Emerging Economies*, Vol. 14 No. 3, pp. 392-421. <https://doi.org/10.1108/JEEE-10-2020-0367>
25. National Innovation & Science Agenda. (2015). Insolvency reform. Retrieved from [http://www.innovation.gov.au/system/files/case-study/Factsheet 8 - Insolvency reform.pdf](http://www.innovation.gov.au/system/files/case-study/Factsheet%208%20-%20Insolvency%20reform.pdf)
26. Ndofirepi, T.M. and Steyn, R. (2023), "An international study of early-stage entrepreneurship using global entrepreneurship monitor data", *Journal of Small Business and Enterprise Development*, Vol. 30 No. 7, pp. 1329-1351. <https://doi.org/10.1108/JSBED-02-2023-0066>
27. Ning, E.N. (2021), "Entrepreneurship and Economic Development in Africa: A Paradox", Nziku, D.M. and Struthers, J.J. (Ed.) *Enterprise and Economic Development in Africa*, Emerald Publishing Limited, Leeds, pp. 15-37. <https://doi.org/10.1108/978-1-80071-322-220211001>
28. Nwosu, B. and Esara, E. (2023), "Internationalisation of Indigenous Agribusiness in Africa: The Case of JR Farms in Rwanda and Zambia", Adeola, O. (Ed.) *Casebook of Indigenous Business Practices in Africa*, Emerald Publishing Limited, Leeds, pp. 205-223. <https://doi.org/10.1108/978-1-80455-762-420231019>
29. Petrucci, F. and Milanese, M. (2022), "It ain't over till it's over: exploring the post-failure phase of new ventures in business networks", *Journal of Business & Industrial Marketing*, Vol. 37 No. 13, pp. 64-76. <https://doi.org/10.1108/JBIM-12-2020-0537>
30. Quagrainie, F.A. and Dankwa, A.A. (2023), "Different shades of learning after entrepreneurial failure among Ghanaian micro women entrepreneurs", *Journal of Entrepreneurship in Emerging Economies*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/JEEE-06-2022-0172>
31. Schwaiger, K., Zehrer, A. and Spiess, T. (2022), "The influence of symbolic and instrumental attributes of employer image on perceived industry attractiveness: differences between business owners and employees", *Journal of Hospitality and Tourism Insights*, Vol. 5 No. 3, pp. 567-587. <https://doi.org/10.1108/JHTI-12-2020-0234>
32. Shane, S. (2004). *A General Theory of Entrepreneurship - The Individual - Opportunity Nexus*. (Sankaran Venkataraman, Ed.) (New Horizo). Cheltenham: Edward Elgar Publishing. <https://doi.org/10.4337/9781781007990>
33. Shane, S., Kolvereid, L., & Westhead, P. (1991). An exploratory examination of the reasons leading to new firm formation across country and gender. *Journal of Business Venturing*, 6(6), 431–446. [https://doi.org/10.1016/0883-9026\(91\)90029-D](https://doi.org/10.1016/0883-9026(91)90029-D)
34. Singh, S., Corner, P. D., & Pavlovich, K. (2015). Failed, not finished: A narrative approach to understanding venture failure stigmatization. *Journal of Business Venturing*, 30, 150–166.

<https://doi.org/10.1016/j.jbusvent.2014.07.005>

35. Srivastava, M., Shivani, S. and Dutta, S. (2023), "Sustainability-oriented entrepreneurial intentions: work values and the theory of planned behaviour", *Journal of Small Business and Enterprise Development*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/JSBED-03-2023-0105>
36. Ucbasaran, D., Shepherd, D. A., Lockett, A., & Lyon, S. J. (2013). Life After Business Failure: The Process and Consequences of Business Failure for Entrepreneurs. *Journal of Management*, 39(1), 163–202. <https://doi.org/10.1177/0149206312457823>
37. Wang, H., Zheng, C., Wu, W. and Sui, F. (2022), "How entrepreneurs' dual narcissism affects new venture growth: the roles of personal initiative and learning from entrepreneurial failure", *Journal of Organizational Change Management*, Vol. 35 No. 7, pp. 1125-1146. <https://doi.org/10.1108/JOCM-10-2021-0313>
38. Watson, J., & Everett, J. E. (1996). Do Small Businesses Have High Failure Rates? *Journal of Small Business Management*.
39. Westhead, P., Ucbasaran, D., & Wright, M. (2005). Experience and Cognition: Do Novice, Serial and Portfolio Entrepreneurs Differ? *International Small Business Journal*, 23(1), 72–98. <https://doi.org/10.1177/0266242605049104>
40. Yeboah-Assiamahet, E., Hossain, F., Mamman, A. and Rees, C.J. (2023), "On the question of entrepreneurial breakthrough or failure in Africa: a framework for analysis", *African Journal of Economic and Management Studies*, Vol. 14 No. 2, pp. 289-312. <https://doi.org/10.1108/AJEMS-05-2022-0184>