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Enduring the entrepreneurial path after failure

Insights from the Career Construction Theory

Master's thesis within

Business Administration

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Abstract

This empirical paper aims to cast light on the relatively unexplored field of study of the effects of failure on entrepreneurs. In fact, in the last years different scholars published relevant analyses on the financial, social, and psychological outcomes of this occurrence, but there is still a certain lack of research on the long-term effects of failure on the career choices of failed entrepreneurs.

Thus, we consider relevant existing research on entrepreneurship, failure, and career choices, and come to the conclusion that the Career Construction Theory provides a useful framework to interpret the decision on whether to re-entry or not self-employment following failure.

Combining the existing relevant body of knowledge, through a deductive process, we present hypotheses and empirically test them on a Swedish sample.

The results confirm that portfolio entrepreneurs are more likely to continue, hint that marital roles might affect positively the probability of re-entry, reject the importance of balance between the main roles of the individual at the time of failure for his or her financial performance upon re-entry, and reject that, by including other colleagues in the re-entry, entrepreneurs achieve better financial performances.

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I INTRODUCTION

I.1 Background

Entrepreneurship is an engaging and evolving field of study, that is receiving an increasing interest from both scholars, and other social groups and bodies, such as governments. Some societies view entrepreneurs and thus self-employment, and in general small businesses, to be an effective response to increasing problems of unemployment (Ahmed, Nawaz, Ahmad, Shaukat, Usman, Wasim-ul-Rehman & Ahmed, 2010) or to the difficulties encountered by large and bureaucratic companies.

However, entrepreneurs often do not start just one business, but two or more ventures, for a variety of reasons. For example, Ronstadt (1988) related this to a longer entrepreneurial career, and hypothesized that this actors start strings of endeavors because of a need of novelty, expansion, changing goals, remedy a first failing venture, etc. So, often, a plurality of business endeavors mark their occupational stories.

Despite the relevance of this occupational choice, the sociological literature focused mainly on the “traditional” path of employees, relatively ignoring the entrepreneurial career, or careers in which both kind of activities are carried on at the same time (Katz, 1994), or alternate over time. Research in career success considerably ignored entrepreneurs (König, Langhauser, Cesinger & Leicht, 2012).

It is however evident how the entrepreneurial career is a path with peculiar characteristics that distinguish it from the employee career, that begins following different considerations, and that may experience different stages and occurrences.

Entrepreneurship studies, instead, provided a richness of frameworks on the individual characteristics and determinants of the choice to enter self-employment. Scholars individuated, for example, entrepreneurial personality traits as low deference, high extroversion, and receptiveness (Schmitt-Rodermund, 2004), as well as emotional autonomy and “need for positive stimulation from other persons” (Decker, Calo & Weer, 2012).

A common occurrence in this career is business failure (Ronstadt, 1988), which prompts dilemmas concerning, for example, re-entry (Dyer, 1994).

In the last years, scholars shed light on the theme of entrepreneurial failure. In fact, although that subject had not previously received much attention, there is now a certain richness of knowledge on the matter. In particular, these authors investigated and dwelled on several aspects, as the financial costs. Moreover, they provided insights on the social costs and psychological costs, and highlighted how these three categories are closely related to each other (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). Furthermore, they enriched the knowledge on the sensemaking and learning, and on the outcomes.

This paper focuses on the paths of failed self-employed people, and, as it regards career choices of singular entrepreneurs, the research is conducted from an individual point of view (i.e. the entrepreneur's). It uses a deductive method, is quantitative in nature, and aims at individuating causal relationships between some specific characteristics of failed entrepreneurs, and re-entry and the subsequent performance.

This research relies on a Swedish sample, individuated and already studied by Jenkins (2012), of failed entrepreneurs. The author further investigated whether and how those subjects re-entered self-employment. The choice of this sample is based on the fact that this examination is carried on from a Swedish University, the Jönköping University, and the named scholar, further than being the supervisor of this paper, kindly agreed to share the relevant information with the author.

1.2 Problem

Section 1.1 above explained the background of this paper, and highlighted the contrast between the entrepreneurial career and the “traditional” career, and the career choice of entrepreneurs following failure. The research will carry out a focused and organized literature review later, but now the author would like to clarify the problem that stimulated this research.

As noted, “business failure for the entrepreneur typically generates a personal financial loss, terminates his or her current income source, damages his or her reputation as an entrepreneur, and results in negative financial consequences for his or her family” (Ucbasaran, Shepherd, Lockett & John Lyon, 2012). Therefore, this occurrence could be compared to employee’s burn-out, even though some considerations like the failure stigma appear to be more related to self-employed. The long-term effects of failure on career choices, how these influence the decision to re-enter, however, have not been studied carefully. Moreover, they have not been adequately compared to traditional career paths. There are still gaps in the understanding of how those failed subjects endure in their work choice, and found other businesses or keep running other existing businesses they have.

Insights on this subject are relevant for increasing the awareness of the determinants of re-entry in the entrepreneurial path after failure. They can also increase the knowledge base on the subsequent career success or unsuccessful outcome, and may be used by, further than the entrepreneurs themselves, by career counselors. Advancement in understanding the evolution of vocational preferences, and of occupational choices after failure, benefits these subjects.

To date, there is a certain lack of frameworks that consider the long-term effects of failure on the career of failed entrepreneurs. As an exception, a recent study proposes the use of the Human Capital Theory and, after empirically testing, suggests that both the stock of human capital, and the return on it, as well as financial strain, influence the decision whether to re-entry self-employment or not (Jenkins, 2012).

The author also considers what Ucbasaran, Shepherd, Lockett & John Lyon (2013) assert: “business failure represents an extreme context in which theorizing on career paths (including stints as an employee and as entrepreneur) can probe the boundaries of and thereby advance theories of careers to gain insights into the long-term financial costs of business failure”.

Therefore, the problem is the shortage of research and insights on the long-term effects of failure on entrepreneurial careers and on re-entry, and the lack of application of career theories, such as the Career Construction Theory, to this self-employment path.

I.3 Purpose

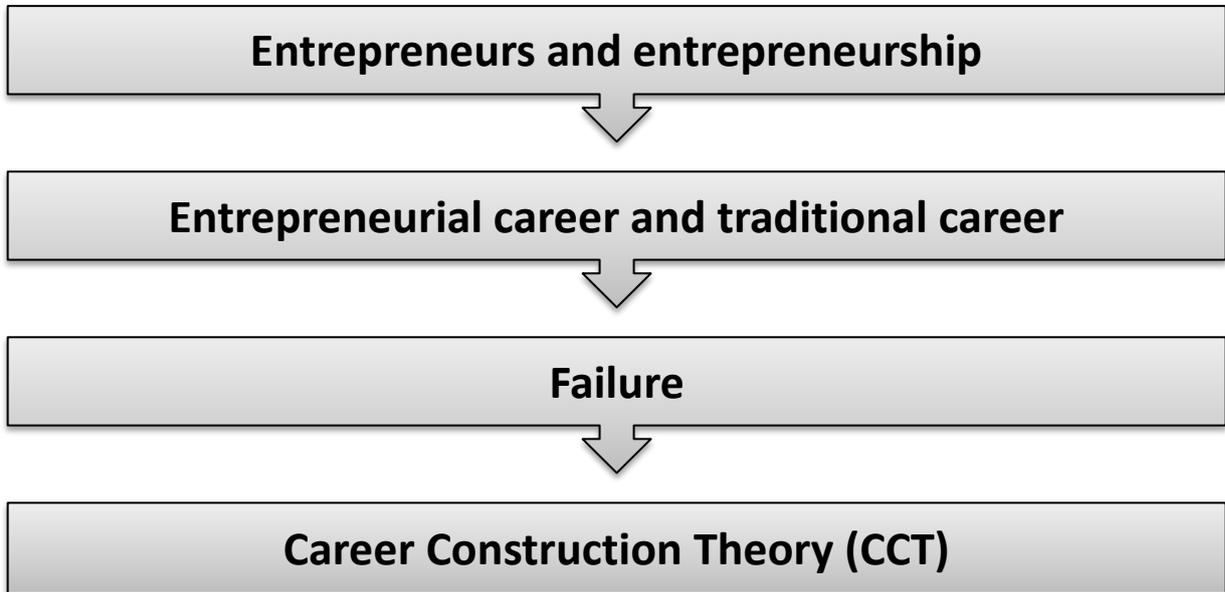
To fill the gap in knowledge above illustrated, this paper proposes the use of some suggestions taken from the existing sociological and psychological literature on careers, adapted to the entrepreneurial context, and advances hypothesis on some factors that might influence re-entry, such the presence of multiple relevant roles (e.g. entrepreneur and husband), or concerning the maintenance of the working role after failure (typically for portfolio entrepreneurs, running more than one business at a time). Drawing on that framework, this research tentatively individuates also some determinants of the financial performance upon re-entry.

The purpose of this paper is to build on the Career Construction Theory to explore the role of business failure experience in shaping entrepreneur's long-term career choice. As mentioned, insights from this career theory could be beneficial for both entrepreneurs and career counselors. In fact, it could allow easier and more suitable occupational choices. Understanding how failure affects the vocational preferences of entrepreneurs, and how those are then keen to re-enter self-employment, can be useful to provide them with career guidance. Identifying determinants of the choice to continue on the entrepreneurial path can be valuable, as well as recognize facilitators of successful financial performance upon re-entry. Moreover, this studies could advance the understanding of the entrepreneurial phenomenon in the "extreme" context that is failure.

2 FRAME OF REFERENCE

This section outlines essential concepts, from the existing literature, needed to comprehend the research (see figure 1). The hypotheses will also be formulated here.

Figure 1: Building blocks of the frame of reference



2.1 Entrepreneurs and entrepreneurship

The next chapters of the paper will report essential information on the entrepreneurs and on careers, which will be necessary to the rest of the essay.

Firstly, there might be different definitions of entrepreneurs, related to, for instance, innovation, creation of organizations, creation of value, etc. (Gartner, 1990).

Proposed characterizations are, for example, "a person will carry out a new combination, causing discontinuity, under conditions of: 1. Task-related motivation, 2. Expertise, 3. Expectation of personal gain, and 4. A supportive environment" (Bull & Willard, 1993), or "someone who specializes in taking responsibility for and making judgemental decisions that affect the location, the form, and the use of goods, resources, or institutions" (Hébert & Link, 1989). Entrepreneurship is the activity carried out by these individuals (Bull & Willard, 1993).

As these activities are often performed after experiencing a business failure (Ronstadt, 1988), it is worth examining the long-term effects of this occurrence on this occupation. Although the term "entrepreneurship" is often related to activities performed in an organization by employees (Martiarena, 2013), this paper concerns occupational choices of owner-managers. In fact, this manuscript relies on the definition of entrepreneur as owner-manager: an individual owning a majority or minority stake in a business, and actively involved in managing the firm (Jenkins, 2012).

2.1.1 Definitions of portfolio entrepreneurs and serial entrepreneurs

Entrepreneurs can be running their first and only venture, or they might have different business experiences, sequentially - that is, one after the other - or at the same time.

In the first case, we have novice entrepreneurs, while in the second case we have experienced entrepreneurs. We shall refer at the latter as “repeat” or “habitual” entrepreneurs (Ucbasaran, Westhead, Wright & Flores, 2010).

It is important to distinguish them, as an experience of failure during their first venture might have a greater effect than unsuccessful endeavor by peers with more and different experience. The essay will develop further this consideration below.

The fact that ownership experience is acquired over time in sequence or in parallel might as well have a measurable impact on the effects of failure on those habitual entrepreneurs. We will follow on this concept later in the essay. The paper will further refer to these two different categories as “serial” or “sequential” entrepreneurs, and “portfolio” entrepreneurs (Ucbasaran, Westhead, Wright & Flores, 2010).

Novice, serial, and portfolio entrepreneurs might report quite different attitudes, that influence their decisions in different scenarios.

The creation of new ventures often happens in a context of complex environments and scarcity of information. So, entrepreneurs partly compensate that with the use of heuristics and with “over-confidence” (Ucbasaran, Westhead, Wright, & Flores, 2010), which enables them to operate despite cognitive shortcomings.

So, over-confidence appears to be an important trait of the entrepreneur, and an important enabler of entrepreneurial activities. This characteristic has also been defined, with different nuances, as “over-optimism” or “comparative optimism” (Ucbasaran, Westhead, Wright, & Flores, 2010). Comparative optimism refers to the belief of people that they are more likely than others to experience positive events, and less likely than others to experience negative occurrences.

We could infer that, given that habitual entrepreneurs lingered more in venture creation than novice peers, they should be more inclined towards over-optimism. That might, as consequence, influence their career decisions following a failure. In fact, research has shown that repeat entrepreneurs, including both serial and portfolio, who have not experienced failure, report on average higher comparative optimism than novice ones (Ucbasaran, Westhead, Wright, & Flores, 2010).

Despite that, the same study observed that comparative optimism levels are less easily predictable in case of failure. In particular, sequential (i.e. serial) entrepreneurs were found to be as likely as novice entrepreneurs to report this psychological trait after failure. Portfolio entrepreneurs were even found to be significantly less likely to have this psychological trait after failure comparing to their novice peers (Ucbasaran, Westhead, Wright, & Flores, 2010). This last finding has been explained, by the cited authors, by the diversification strategy employed by running more than one business at the same time. In fact, these actors might have a more “experimental” approach, making smaller investments in the ventures following real-option strategies. Real-option strategy can be used to manage uncertainty and limit its costs (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). Moreover, they might be able to distance emotionally themselves from the ventures, and have a more objective attitude.

Opportunity identification plays a key role in the entrepreneurial process of creation of new ventures. So, when the entrepreneur is more skilled at this process, he or she should be more likely to actually create new businesses. Research has shown that experience has an important role in this opportunity recognition (Baron & Ensley, 2006). So, experienced entrepreneurs might be more apt to identify opportunities, or better quality opportunities, than novice peers. This has been advanced (Ucbasaran, Westhead & Wright, 2009) along with the suggestion that this could be a reason for being optimistic (Ucbasaran, Westhead, Wright, & Flores, 2010). So, there is theoretical support for higher relevant human capital for entrepreneurship in experienced entrepreneurs, which suggests higher likelihood of continuation on the entrepreneurial path.

This last observation suggests that portfolio entrepreneurs could be more inclined towards re-entry (*rectius*, continuation) after failure than novice peers.

2.2 Entrepreneurial career and traditional career

This chapter outlines essential concepts of career theories, their present application, and the apparent duality of the “traditional” career as employee and the entrepreneurial career.

2.2.1 Essential career concepts

Career literature provides a relatively richness of frameworks on career paths and decisions. This concepts have been used for decades in the research and practice of career counseling (Leung, 2008).

Following the schematization proposed by Leung (2008), there are five main career theories:

- “Theory of Work Adjustment”: advocates a need of finding correspondence between the person and the environment, which in turn promotes progress and satisfaction;
- “Holland’s Theory of Vocational Personalities in Work Environment”: proposes the division of a key expression of personality, that is the vocational interest, into six typologies, as “artistic”, “social”, “enterprising”, etc. It then calls for congruence between a person and the work environment. A “differentiated” personality into one of the six categories is considered more inclined to well-defined career choices;
- “Gottfredson’s Theory of Circumscription and Compromise”: according to this framework, a person progressively discards occupational alternatives. For example, growing older, an individual rejects occupations because of gender appropriateness, or because of a prestige that is considered either too low, or too high. Compromises are nonetheless considered;
- “Social Cognitive Career Theory”: according to this theory, the environment and the person mutually influence each other. Feedback from the environment provides the individual information on his or her career goals, on their suitability, and on the possibility to achieve them. Thus, there is an ongoing interaction between self-efficacy, assumptions on the outcomes, and interest;

- “Self-concept Theory of Career Development”: it builds on the initial suggestion by Super that the career choice and its progress is the development and realization of the self-concept of a person. Savickas built the Career Construction Theory (CCT) on this proposal, advocating that people construct their careers translating their identities into work roles (Savickas, 2002). This theory will be outlined further below, as this study will take on many of its propositions.

As we see, some themes recur, as the mutual influence between the person and the environment, and the relevance of self-concepts.

Career studies have typically analyzed the behavior of employees in organizations, both in private businesses and in governments; for example, they dwelled in the conflicts, the challenges, and the ascension on the corporate ladder (Dyer, 1994). There is a certain richness of knowledge on the factors that influence career choices, and several theoretical frameworks to interpret these decisions and the sequent development, as the five outlined above.

Traditional careers received a lot of attention by scholars. So, there is abundance of research on traditional professions (e.g. doctors, lawyers) and careers in organizations, and on the individual motivations and choices of those professionals (Dyer, 1994).

On the other hand, entrepreneurship studies proposed several definitions of entrepreneurship, of entrepreneurs, and advanced different theorizations of their unique characteristics and attitudes (Schmitt-Rodermund, 2004), as well as on social and economic influencing factors (Dyer, 1994).

It is quite surprising that there is a certain lack of research on the careers of entrepreneurs. In fact, most of the existing literature focuses on the specific step of starting a new venture, and on its determinants (Dyer, 1994). Little is known about the entrepreneurial career progression and the different roles the entrepreneur may assume (Dyer, 1994), in particular after the failure their business (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). This paper will cast some light on some factors that determine these entrepreneurial career choices.

Of course, those two career paths can cross, and entrepreneurs might either be employee at the same time as they run their own venture, or might decide to drop their businesses and be employed, or even not to work.

Therefore, this paper provides some necessary background to interpret one of the most important steps that may occur during this path, that is the re-entry into self-employment after experiencing failure.

For our purpose, we will consider, as specific trait of an entrepreneur, their founding of organizations (Dyer, 1994), or their running them.

2.2.2 Determinants of choice

According to the existing research on entrepreneurship and the career frameworks, we expect the decision on whether to enter self-employment or not, to be a key occupational choice.

There are already several indications on the factors that are correlated with this decision. The paper will, therefore, concisely outline them.

The determinants can be divided in three categories: individual factors, social factors, and economic factors (Dyer, 1994).

Psychological factors seem to be key. For example, it has been empirically advanced that interest in an entrepreneurial career is positively correlated with a need for positive stimulation from others, and negatively correlated with a need for emotional support (Decker, Calo & Weer, 2012). Among the factors individuated by Dyer (1994), there are the need for achievement, for control, entrepreneurial attitudes, tolerance for ambiguity.

Dyer (1994) advanced also the importance of social factors as family relationships, family and community support, and the presence of role models, along with economic factors as a lack of other careers in existing organizations, economic growth and business opportunities, availability of resources and networks.

The mentioned influence of backing from the family, and the negative relationship between a need for emotional support, and entry into self-employment, suggest that a family role should favor re-entry after failure, compared to failed owner-managers without analogous roles.

Entrepreneurial intentions were further related to personality traits (innovativeness), demographic characteristics (gender and age), prior experience, “family exposure to business and level of exposure” (Ahmed, Nawaz, Ahmad, Shaukat, Usman, Wasim-ul-Rehman & Ahmed, 2010).

Moreover, other main predictors have been identified in the “attitude toward entrepreneurial career, entrepreneurial self-efficacy and perceived behavior control” (Lope Pihie & Abdullah Sani, 2008).

Self-efficacy is indeed a relevant mediator of entrepreneurial intentions. It is defined as “people's beliefs in their capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives” (Wood & Bandura, 1989). It mediates between previous entrepreneurial experience and risk propensity, and entrepreneurial intentions (Collins, Hanges & Locke, 2004), as well as between role models and this occupational ambition (BarNir, Watson & Hutchins, 2011).

We could advance that entrepreneurs who inherited a business had entrepreneurial role models, and have familiarity with self-employment. Thus, given the importance of role models, and of family exposure to business, expressed above, we could suggest that entrepreneurs who inherited a business that later fails, should be more likely to re-enter after bankruptcy. This will be further developed below.

So far we have enlisted the main factors that, according to the existing literature, influence the entrepreneurial intention and the decision to actually enter self-employment. Other factors will be listed below during the exposition of the Career Construction Theory.

2.2.3 Turning points

Entrepreneurs face several dilemmas while progressing in their careers. Dyer (1994) categorized these turning points in three types: personal, family, and business problems.

These occurrences often stem from the plurality of roles adopted: business owner, manager, husband or wife, father, mother, etc.; a career comprehends all the dilemmas that an individual faces over time while assuming all these changing roles (Dyer, 1994).

So, personal dilemmas encompass stress, identity issues, loneliness, retirement; family ones enlist the difficulty to balance work time and family time, stress on family finances, employment of family members, and estate planning; finally, business problems regard resources procurement and management, business strategy, governance, hiring and succession planning (Dyer, 1994).

One of the most important problems that an entrepreneur may face, and that might be considered as a business dilemma, is business failure. In this case, personal, social, and economic factors are again considered in order to decide whether to re-entry or pursue (temporarily or not) an occupation as employee (Dyer, 1994). This theme will be developed further in the chapter dedicated to failure.

2.3 Entrepreneurial failure

Failure is a very common outcome of entrepreneurial efforts, and of great importance in the career of entrepreneurs.

Despite the abundance of literature on entrepreneurship, the research on failure was still a topic that had not been given much attention until recently.

However, as mentioned above, there is a certain lack of academic work on the long term effects of failure on entrepreneurs, and specifically on their career choices. Given the importance of career choices in defining the progression of entrepreneurs' work paths, we will investigate failure, and its long term effects on entrepreneurs.

For this reasons, we need to agree on a definition of failure. Thus, we will briefly sum up the relevant descriptions of failure, and then explain which definition we consider more suitable for this paper and why. In fact, it is necessary to do so, as the nature, relevance and extension of the failure phenomenon depends heavily on its definition (Watson & Everett, 1996).

We could argue that failure is a relevant event in the life of entrepreneurs, as, for example, firing and burn-out can be important for an employed person. As there might be similarities in work and personal life situations for employees and self-employed people, career construction frameworks developed bearing in mind employees, might prove to be useful also for analyzing entrepreneurial career choices.

We will then test relevant Career Construction Theory (CCT) propositions, as explained in greater detail below, to self-employment, with the purpose to provide useful career insights for entrepreneurs and counselors to entrepreneurs.

2.3.1 Definitions of failure

For the reasons just stated, this essay will now list the main definitions of failure, to provide the reader with the necessary knowledge to understand its relevance in entrepreneurial

careers and to make him or her able to judge our choice. The exposition will follow the schematization proposed by Ucbasaran, Shepherd, Lockett & John Lyon (2013).

A first definition of failure is *bankruptcy*. Bankruptcy procedures are defined in detail by institutional environment, and specifically by regulations. Thus, they may vary considerably depending on the relevant laws, which affect the costs and consequences (Peng, Yamakawa, & Lee, 2010). Some aspects that might affect the careers of failed entrepreneurs are the option to stay for entrepreneurs, and in general the entrepreneurial friendliness of the environment (Peng, Yamakawa, & Lee, 2010). Bankruptcy laws that are easier on the entrepreneur are significantly correlated with entrepreneurship (Lee, Yamakawa, Peng, & Barney, 2011).

In Sweden, a business is bankrupt when it “can no longer pay its liabilities and the inability to pay bills is not temporary” (Jenkins, 2012).

As this occurrence, and specifically personal insolvency, means severe economic deprivation, stigma, psychological and social consequences (Jenkins, 2012), and it is a relevant and frequent event in the life of entrepreneurs, it may be considered a moment triggering long-term career choices.

An advantage of this definition is that it is accurately recorded (Ucbasaran, Shepherd, Lockett & John Lyon, 2013), thus allowing for low chances of error in the individuation of the relevant population. Moreover, being “recorded” and the information easily accessible by anyone interested, it accentuates a “stigma of failure” effect on the entrepreneur, and, as consequence, it stresses its importance and its effects; for example, social effects. The effects of failure will be examined in greater detail below.

Bankruptcy is not the only definition of failure. Some scholars used the *discontinuity of ownership* concept (for a list of these authors, see Ucbasaran, Shepherd, Lockett & John Lyon, 2013). However, the author deemed this definition not suitable for our purpose, as it includes very different cases, some of which are not relevant for our purpose. For example, it includes both cases of discontinuity due to unsuccessful economic performance, and cases in which it is due to other reasons, as decisions about retirement, to cash out a profitable venture, to move to other ventures, etc. (Watson & Everett, 1996).

A third definition builds on the two concepts of bankruptcy and discontinuity of ownership, and proposes failure as *discontinuity of ownership due to insolvency*. The difference from the definition of discontinuity of ownership is the insolvency of the business, whereas it differs from bankruptcy because it comprises, for example, businesses sold or merged with another to avoid bankruptcy (Shepherd, 2003). Thus, it is more difficult to individuate univocally those cases, and, as they are not specifically publicly recorded as bankruptcies, they might have a lighter effect on the entrepreneur.

A fourth definition regards the expectations of the entrepreneur, and the fact that actual performances might be below a minimum threshold. This can in fact cause *discontinuity of ownership due to poor economic performance* (Ucbasaran, Westhead, Wright, & Flores, 2010). This definition, like the previous one, is rather problematic, as it might lack the visibility and accuracy of bankruptcy, with all the relevant consequences.

This paper will rely on the definition of failure as bankruptcy, because of its objectiveness, and because it allows us to bear a low risk of errors in individuating the sample.

Failure of a business should not be confused with the failure of the entrepreneur. The author chose to start their investigation from the failure of a business, rather than the failure of the entrepreneur, as that might be problematic, because of the difficulties of discovering and reaching the relevant population (Jenkins, 2012).

2.3.2 Costs of failure

Failure often has severe consequences in terms of costs borne. This can have a relevant weight in the decision of whether continuing the entrepreneurial career after the event, or ditch it for a career as employee. We will briefly examine the kinds of costs experienced, as advanced by the existing literature on the subject, as those findings, interpreted through the framework of the Career Construction Theory, allow to advance hypotheses on the subsequent career decisions taken by the failed entrepreneurs.

These costs are generally classified in three categories: financial, psychological, and social (Ucbasaran, Shepherd, Lockett & John Lyon, 2013).

As we use the definition of failure as bankruptcy (see above), the relative financial costs can be very relevant, especially when the entrepreneur has unlimited liability, which usually depends on the legal form chosen to run the venture, or it can occur when he gives personal guarantee over his company's liabilities. Moreover, investments done by the entrepreneur in his business are to be taken into account. Financial debt and strain of the failed entrepreneur might affect his decision to re-enter self-employment or to stay self-employed.

The financial burden can be eased by law provisions of high levels of exemption from bankruptcy liability; in other words, by excluding some assets from the bankruptcy procedure. In fact, it even enhances the likelihood of having a business, as it provides a partial wealth insurance that can overcome risk aversion (Lee, Peng, & Barney, 2007). Moreover, it might encourage a continuation of self-employment. As for Sweden, it is relevant to note that there is no homestead exemption, and "the debt reconstruction process requires an individual to live on the bare minimum for 5 years while all income over this time is used to pay creditors" (Jenkins, 2012). This might limit his or her work choices.

The second category of costs is made by psychological costs. Failure might have profound effects on the psyche of the entrepreneur, and thus affect his career choices. For this reason, we will concisely enlist some important and relevant effects as individuated by academic research.

Those effects can, in first place, derive from the attribution of causes of failure (Cardon & McGrath, 1999). Entrepreneurs might be differently motivated in case they individuate external causes, instead of blaming their ability or actions. The attribution of failure to internal causes, rather than to external, could be linked to a different likelihood of re-entry into self-employment. Moreover, as will be outlined below during the exposition of the Career Construction Theory, attribution to personal abilities might cause either a change in vocational aspirations, or a propensity to avail of other colleagues in new ventures to overcome internal deficiencies.

It is relevant to note that emotional costs, described as shame, pain, anger, grief, etc., are related to motivational costs (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). This is a

way in which they can influence self-employment decisions, as they can hinder motivation to re-enter.

The third category of psychological costs is related to the goals, both in terms of personal acclaim and personal development (Cardon & McGrath, 1999). As we have noted, failure can cause a variation of the goals, possibly towards employment. On this point, Ucbasaran, Shepherd, Lockett & John Lyon (2013) proposed a division in two different kinds of motivational costs, with opposite signs. They argued for the presence of “helplessness”, which hinders the ability to continue the entrepreneurial career, and of compensation, which instead pushes to rise the efforts to prove the capability of the individual. We could link these opposite behaviors to the will of the entrepreneur to realize their identity into work roles, or to the changing of their self-concepts. This theme will be developed further in the chapter exposing the Career Construction Theory.

Among the factors that can influence the psychological consequences, and thus possibly the career choices, are education and experience (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). Indeed, experience and education combine with abilities and personality in determining occupations and their characteristics (proposition 3 of the Career Construction Theory, as developed in further detail below). So, portfolio entrepreneurs, as we noted previously for comparative optimism, experience lighter psychological consequences for a single failure (Ucbasaran, Westhead, Wright, & Flores, 2010). This might be due to a higher diversification, which leads to a lower emotional commitment and engagement to a single venture, as well as to a lower financial commitment. Moreover, the negative psychological costs can be counterweighted by previous and successful ventures (Ucbasaran, Shepherd, Lockett & John Lyon, 2013): predictably, those failed entrepreneurs can be keener on attributing the cause of downturns to external factors, have different reactions, and thus keep on the goal of an entrepreneurial career.

Psychological costs might, however, be moderated for entrepreneurs who have other core roles, further than the occupational one. The other life roles could even be more relevant than the work role (see proposition 2 of the Career Construction Theory), as explained below.

Those costs, psychological and financial, can have a direct impact on career decisions. However, a third category that may have an important effect as well, is made up by social costs, which are the impacts of failure on personal and professional relationships. This might mean the inability to access a previous network, like the one of the unsuccessful business, or a deterioration of the quality of relationships (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). Stigma is important in understanding this impairment and its consequences. This new restrictions can limit the options available to the economic actor, for example constraining employment options and resource procurement (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). Of course, an individual has several social roles, as noted by Savickas (2002). But, as social costs of failure might affect the balance between them, strains could occur (ref. proposition 1 of the Career Construction Theory) as psychological effect, thus hindering the individual’s abilities.

Although we will not examine these social effect in our empirical analysis, we will provide the reader with a few elements to judge how different factors may influence these costs, and, consequently, career decisions. In fact, restart after failure is restrained by the effects of social reaction to the fall (Kirkwood, 2007).

The mentioned stigma may vary considerably in different environments. For example, some institutional frameworks might punish more failure; moreover, the presence of a stigma for failing, and role models, influences entrepreneurial levels (Vaillant & Lafuente, 2007). Let for example consider the sub-culture surrounding social groups like Venture Capitalists ones. These professionals, at least in U.K. and U.S.A., do not automatically associate failure to a low opinion of the entrepreneur: they are instead inclined at investigating the causes of failure, and generally adopt an “open-minded” attitude (Cope, Cave, & Eccles, 2004). This could limit the social costs of failure, and thus encourage re-entry into self-employment. As previously noted, stigma is likely to occur after failure, and after bankruptcy in particular.

Social costs, could, however, be limited, or anyway lower, for portfolio entrepreneurs, as, with the loss of a business, for example, they should not lose all of their business networks, and they might stick to their previous work self-identity. We will develop further this concept below.

Of course, the categories of financial, psychological and social costs are very interrelated. For example, financial costs can have psychological implications, social costs can have financial impact (for example, in the ability to access resources or employment) and psychological effects, and psychological costs can have a social dimension (Ucbasaran, Shepherd, Lockett & John Lyon, 2013).

2.3.3 Sensemaking and learning

Failure triggers social and psychological processes. Two, in particular, have dominated literature: learning and sensemaking (Ucbasaran, Shepherd, Lockett & John Lyon, 2013).

Learning can be a relevant result of this kind of discontinuous experiences. In fact, that provides a relevant feedback, giving the chance to elaborate on it and come up with conclusions that enhance human capital. In other words, “making sense of failure likely motivates a change in mental models” (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). However, literature suggests that some time is necessary before critical self-reflection, and that hindsight bias (distortion of the past) can obstacle the process or prevent learning (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). This paper, as it focuses on long term effects (approximately 4,5 years after failure), should then grasp the career choices made by entrepreneurs after the learning process following failure had taken place.

Anyhow, it is worth noting how empirical findings do not have a univocal conclusion on a positive relationship between previous experience and performance (Jenkins, 2012).

Sensemaking, instead, consists of scanning, interpretation, and learning, stresses on plausibility over accuracy, and pushes the entrepreneur to move “on” and “forward” (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). As we will note, failure might even challenge and change self-concepts and vocational preferences (propositions 10 and 12 of the Career Construction Theory).

These two processes are highly relevant for understanding failure, and influence short term and long term career decisions.

These responses could also be linked to the minicycle conceptualized by Savickas (2002) in the proposition 12 of CCT, as after a destabilizing event – as business failure is – the

individual goes through phases of “growth, exploration, establishment, management, and disengagement” (Savickas, 2002).

2.3.4 Outcomes

Existing literature has come to some significant conclusions on the outcomes. The first is an emotional and physical recovery, which includes a “reflective action” in which the entrepreneur moves on (Ucbasaran, Shepherd, Lockett & John Lyon, 2013). In second place, there are cognitive outcomes, which comprehend the impact on comparative optimism, which might be more calibrated (Ucbasaran, Westhead, Wright, & Flores, 2010). As noted above, failure has effects on the identification of opportunities, and on their innovativeness (Ucbasaran, Westhead, & Wright, 2009).

Moreover, there is evidence that many failed entrepreneurs do not just express the intention to start another business, but in fact do so (Hessels, Grilo, Thurik, & van der Zwan, 2011).

An important conclusion is that, despite the existing literature available, which has been significantly enriched in the last years, there are still gaps that should be addressed. In particular, there is a certain lack of research on long-term implications of failure on career paths and adaptability (Ucbasaran, Shepherd, Lockett & John Lyon, 2013).

For this reason, this paper aims at partially fill that gap, by providing insights on long-term career implications of failure. With this goal in mind, the essay will outline the relevant points of the Career Construction Theory, and will apply them to the entrepreneurial career.

2.3.5 Re-entry into self-employment after failure

We have already noted above how personal, social, and economic factors are again taken into account when considering whether to re-entry self-employment (Dyer, 1994; Kirk & Belovics, 2006). This paper will now expose a few further insights that literature provides on the matter.

Some scholars seem to stress, along with social, economic, and personal factors, such as “the level of social support, the economic environment, the individual's personality type”, the resources available to start a new firm (Kirk & Belovics, 2006), thus highlighting how there might be serious constraints of this kind, for example inability to raise adequate financial resources.

Again, Dyer (1994), and later Kirk & Belovics (2006) reiterate how re-entry is a rather common occurrence, as many entrepreneurs have several unsuccessful ventures before launching a successful business. This is in line with what other authors, e.g. Ronstadt (1988) suggest, even considering the initial downfall as a trigger that pushes the entrepreneur to compensate by starting subsequent endeavors.

Failure might push toward “traditional” employment, but the choice of an occupation as employee may be intended as a temporary tactic used before starting a new venture (Kirk & Belovics, 2006). Return to an academic environment might be chosen as a way to gain

knowledge and skills useful for subsequent businesses founding (Kirk & Belovics, 2006). As this research is performed approximately 4,5 years after the failure of the studied individuals, temporary deviations from the entrepreneurial path should already be over.

A recent study by Jenkins (2012) shed some light on the motivations for continuing an entrepreneurial career after failure, indicating that those most motivated to re-enter are those "who potentially learn the most and those who potentially learn the least" from failure. In other words, the two types that re-enter are "those who make an informed choice based on the return on their human capital in self-employment and those who take the chance to 'win back' prior losses" (Jenkins, 2012). This will be linked, in the following part of this paper, to a possible reconsideration of the entrepreneur's own abilities.

According to the last cited study (Jenkins, 2012), influencers on the decision whether to continue on the entrepreneurial path are "an entrepreneur's stock of human capital and the return on this human capital", as well as "the extent of financial strain".

The hypotheses that will be outlined below aim at testing some further variables that could be linked to the decision to re-enter into self-employment.

2.4 Career Construction Theory (CCT)

This chapter expands the information already presented above on the CCT, providing an applicable framework for the interpretation of the career choice and subsequent performance object of this paper. Thus, it continues its exposition, linking it to the entrepreneurial context, and presents some propositions that will be used to advance hypotheses on re-entry.

2.4.1 Relevancy and applicability

Career Construction Theory provides orientation for individuals in the making of their career choices (Glavin & Berger, 2012). The entrepreneurial career is a path that, despite the scarcity of studies on it, should be addressed similarly to the traditional one (Dyer, 1994), and entrepreneurs may find themselves in need of guidance or help in identifying their aspirations, and subsequently their next occupational choices.

Despite the fact that the CCT sometimes refers to employees, it undoubtedly concerns workers in general (Savickas, 2006).

The relevance of this framework derives from its originality, and from the insights that it provides in explaining the occupational choices aligned to the individuals. The goal of CCT counseling is to help clients "make vocational choices and maintain successful and satisfying work lives" (Savickas, 2006). Moreover, it excels in clarity and satisfactorily and conveniently exposes relationships between social roles and self-concepts.

2.4.2 Basic & relevant concepts

As we have seen above, self-concepts are key to understand career choices through the framework of CCT.

Career Construction Theory addresses what, how, and why people construct their careers as they translate their identity into work roles (Savickas, 2002).

There are sixteen tightly integrated propositions of CCT (see appendix). They incorporate common psychology suggestions, and are used as a tool in career counseling.

We will look into these propositions in a more categorized manner. Following the original exposition by Savickas (2002), they will be divided into three parts, the first three propositions under “*developmental contextualism*”, then “*vocational self-concepts*”, which covers proposition four to ten and finally, the last six will be included under *developmental stages* (Savickas, 2002).

Developmental Contextualism

Vondracek, Lerner, and Schulenberg (1986, cited in Savickas, 2002) explained that the “contextual change is probabilistic in nature, and the development proceeds according to the organism’s activity”. Based on this fact, they asserted the importance of social ecology in people’s life-span, and named this approach developmental contextualism. Individuals construct their careers in a particular social ecology (Savickas, 2002). This, for the cited author, means that the development of individual’s career is contextualized in multiple levels, including variables as the physical environment, culture, racial and ethnic group, family, and school. These factors influence their personal identity; they are affected by the environment.

As explained, the social context in which people live influence the development of their identities. Furthermore, it has been noted that, besides the influence of an environment at a specific time, location, etc., on the individual and on the career, the person himself or herself influences the environment, and evolves with it (Savickas, 2002). In other words, the individuals are encouraged to shape their own work path.

According to Savickas (2002) the term life space “denotes the collection of social roles enacted by an individual, as well as the cultural theaters in which these roles are played”.

This author proposed a conceptualization in which an individual plays several roles; while the work role is usually a critical one, the importance of the others should not be neglected. “The social elements that constitute a particular life space coalesce into pattern of core and peripheral roles” (Savickas, 2002). He argued that this system of roles, or “life structure,” determines the ways the person interacts with society, including his career choices. He proceeded stating that their self-identity in the society is thus determined by main roles, which might be the working role, or others, and secondary roles.

In order to understand people’s career path, it is “important to know and appreciate the web of life roles that connects the individual to society (Savickas, 2002).” Therefore, we need to understand the importance and weight of others roles that failed entrepreneurs have, in order to understand the relative importance of their role of entrepreneurs, both as perceived by themselves and by society, which influences their work decisions.

Entrepreneurial career might be the result of a chosen “role”; the presence of other roles, for example of father, mother, husband, and wife (ref. proposition 2 CCT) might lessen the importance of the entrepreneurial role and allow for more flexibility in employment.

Anyway, occupations provide a core role and “a focus for personality organization” for most individuals (Savickas, 2002).

Furthermore, individuals require a balance between the various roles they assume, for example, entrepreneur, mother or father, parent, as imbalances produce distress (ref. proposition 1 CCT).

The development of a person, and how they enact different roles, is shaped by himself or herself. However, this pattern, and the career path, with all its stages and occurrences, is also determined by the person’s abilities, self-concepts, personality traits, as well as by the socioeconomic level of the parents (proposition 3 CCT).

Therefore, we hypothesize the following:

Hypothesis 1: individuals make vocational choices and transform them into occupational roles, translating their identity into work. As noticed, the occupational role is a core role for most people, and these organize their personality focusing on it. Occupational choices, once specified, are then actualized and established. Thus, for the individuals who chose self-employment, being an entrepreneur represents an important focus of their identity. There might be other roles that are instead the core ones, but for entrepreneurs who do not play significant family roles such as husband, wife, or parent, in most cases this should not be the case. So, *entrepreneurs that do not have other significant roles (e.g. as family member) might be more likely to continue on the entrepreneurial path in the long term after failure.* They might indeed try harder to confirm their vocational choice, and their identity, by re-entering into self-employment.

Despite these arguments, there is also theoretical support for the opposite: we already highlighted (chapter 2.2.2), how backing from the family (Dyer, 1994), and an absence of need for emotional support (Decker, Calo & Weer, 2012) – which could be more likely with the presence of a husband, wife, cohabitee, or children – could favor re-entry. However, family dilemmas (Dyer, 1994), such as the stress on family finances following failure, could lead to assume that the absence of family roles would be positively correlated with the continuation on the entrepreneurial path.

Hypothesis 2a: According to the CCT (proposition 1), a balance between the main roles supports stability, while imbalances hinder it. Of course, being self-employed might cause family dilemmas for the entrepreneur, as balancing time for work and family, and family members might be discontent for the time and the commitment for the venture (Dyer, 1994). In this sense, an extraordinary amount of time spent at work might cause imbalances between work and family roles. An imbalance would then hinder an individual’s stability, and possibly his or her work performance. This strains might persist even in case of re-entry after business failure. If we relate a significantly higher amount of hours spent working than average, as a factor that might cause imbalance, we might find that *subjects that have run too far, as amount of time, dedicating themselves to the failed business might have worse financial performance upon re-entry.*

Hypothesis 2b: However, hypothesis 1 suggests a relation between a lack of other core roles (e.g. family member) and a higher likelihood of continuing on the entrepreneurial path after failure. Nonetheless, individuals usually have more core roles, and those might be family roles (Savickas, 2002). We might assume that a lack of familiar roles could be linked to some imbalances, especially for entrepreneurs who face a significant challenge such as

business failure. This possible imbalance, and the related strain, could affect his or her performance upon re-entry. Thus, *we might consider this absence of a role as husband, wife, or parent, as an imbalancing factor. This kind of entrepreneurs might then have lower financial performance in case they re-entry into self-employment.*

Hypothesis 3: according to the CCT (proposition 2), individuals experience a period of vocational exploration, usually between the age of 14 and 24 (Savickas, 2002). Nonetheless, sometimes people do not engage much in exploring and developing vocational selves, but adhere to the expectations of important others, such as family members (Savickas, 2002). Differences between first generation entrepreneurs and entrepreneurs who are not children to self-employed parents have already been recognized (Barnir & McLaughlin, 2011). As parents who are entrepreneurs might want their offspring to walk the same entrepreneurial path, the latter might adhere to their expectations, even after a crucial event such as business failure. In this respect, we hypothesize that *entrepreneurs that inherited a family business which later failed, might be more likely to re-enter than entrepreneurs that attained ownership by other means.* The way of acquisition (inheritance) might positively influence the persistence on that career path. In fact, those entrepreneurs might want to resume their previous occupation to fulfill a vocational preference influenced by the expectations of their families, who might also want them to leave a legacy. This hypothesis is supported by what has already been advanced when considering the importance of role models and family exposure to business (chapter 2.2.2).

The existence of a relevant influence of the background of entrepreneurs' parents on their activity has already been confirmed by research. In this regard, Westhead & Wright (1998) found, studying a UK sample, that the proportion of founders whose parents had managerial background, was significantly larger for portfolio entrepreneurs than for serial or novice colleagues. The same study reported how the share of novice founders whose parents had "unskilled employee" background, was significantly higher than for serial peers.

Vocational Self-Concepts

Still in the context of the traditional career path, with the intent of subsequent testing on entrepreneurs, we continue from propositions 4 to 10. These propositions focus on the human vocational behavior from an objective angle. According to Savickas (2002) vocational behavior from an objective perspective is the consensus, "shared by members of a society, that (1) defines an occupation's requirements, routines, and rewards, (2) judges an individual's abilities and interests, and (3) matches people to positions."

These propositions argue that the vocational characteristics, made up by, for example, personality, skills, self-image, are required for each occupation, along with other occupational requirements, and the individual achieves work success when their vocational characteristics are reflected in the work roles (Savickas, 2002).

As we have seen, the self-image plays an important role in career choices. This image is developed through life, with different degrees of coherence.

"Once formed, an organized self-concept functions to control, guide, and evaluate behavior", and "organizes the way in which the individual processes and understands new self-percepts, until disconfirming percepts force a revision in the self-concept" (Savickas 2002).

As expressed by the cited author, two main influencers of the self-image are the role of parents and the presence of role models.

According to Super (1963), the self-concept is a “picture of the self in some role, situation, or position, performing some set of functions, or in some web of relationships” (cited in Savickas, 2002). This author (1963) further defined vocational self-concept as “the conception of self-perceived attributes that an individual considers relevant to work roles” (cited in Savickas, 2002).

The paper has already pointed out the importance of the self-concept for career choices. We must also notice that, according to the CCT, stronger and consistent vocational self-concept will cause easier, more coherent career choices and more fulfilling occupations.

Thus, a stronger self-identity as entrepreneur should more likely lead to a continuation on the self-employment path (even after failure).

As we already mentioned, the environment, and thus the social networks in which an individual grows up, influences his self-concept, and his vocational self-concept. On another perspective, this person tends to choose occupations coherently to this vocational self-concept, confirming it, and playing a factual role in communities (Savickas, 2002). The cited author thereby confirms that the main goal of career construction is the validation of the self-concept through the occupational role.

Proposition 10 of the CCT advocates how vocational self-concepts, despite being in part flexible, are progressively stable from late adolescence. This calls for the importance of these formed self-concepts, which, especially those at the core of the individual, do not change easily. A core role, usually the work role, and in this context, the entrepreneur role, should then often survive significant turning points such as business failure.

Developmental stages in Career Construction

The last six propositions of the CCT deal with developmental stages. It is worth notice how destabilizing occurrences are included in the theory, for example lay-offs, and how a case of these is easily found in entrepreneurial failure. This triggers stages of growth, exploration, establishment, maintenance or management and disengagements (Savickas, 2002).

As a result of this further discussion on the CCT, the author formulates the following hypotheses:

Hypothesis 4: Vocational self-concepts are increasingly stable from late adolescence (ref. proposition 10 CCT). Moreover, portfolio entrepreneurs do not lose their occupation with the failure of one of their businesses, as they run several ventures. Therefore, they do not experience a discontinuity in their work path. The core role of occupation (entrepreneur) (ref. proposition 2 CCT) of portfolio entrepreneurs should be less affected by the failure of one of their businesses in comparison to novice and serial entrepreneurs (who, with failure, lose their only business and the related occupation). Thus, *in comparison, portfolio entrepreneurs should be more likely to maintain in the long term self-employment after failure and start new ventures.*

In fact, it could be argued that failed novice and serial entrepreneurs could re-enter self-employment to fit to their previous role; failure, however, could be a trigger that, changing the work and life situation, changes self-concepts and vocational preferences (ref. proposition 10 CCT). Moreover, failure may affect their attitudes, beliefs, and competencies (ref. proposition 14 CCT) with a greater magnitude.

This hypothesis is also supported by the above considerations (chapter 2.1.1) on the higher opportunity identification skills of experienced entrepreneurs, which suggest greater specific human capital and higher likelihood of re-entry compared to novice peers. Moreover, as noted when exposing social costs of failure, portfolio entrepreneurs are less likely to experience severe limitations to their social networks due to bankruptcy, as they might lose just a part of their professional contacts after failure. Thus, they should be more likely to continue self-employment.

Hypothesis 5: As explained, vocational self-concepts are increasingly stable from late adolescence (ref. proposition 10 CCT). Moreover, the implementation of vocational self-concepts determines work satisfaction (proposition 8 CCT). Thus, if we consider that entrepreneurs have beliefs about their competences that might be more flexible than their general vocational self-concept, and, in this case, their “core role” as entrepreneur, then, failed entrepreneurs might be more likely to acknowledge possible shortcomings in their abilities than to change career path. So, entrepreneurs that re-enter after failure might be more likely to run their businesses including other people as board members or partners. Westhead & Wright (1998) reported how, in a UK sample of entrepreneurs, habitual entrepreneurs, and portfolio entrepreneurs in particular, were significantly more likely to start new businesses with other shareholders or partners. Failure might be an event that prompts for a reconsideration of the entrepreneur’s skills and of his or her ability to pursue self-employment. As noted by previous research (Jenkins, 2012), those most motivated to re-enter are individuals who either “take the chance to 'win back' prior losses”, or “those who make an informed choice based on the return on their human capital”. The latter group might consider possible shortcomings in their personal abilities, and might therefore look for the support of peers to start new ventures. In particular, we hypothesize that *the actors who re-enter self-employment after failure and include other colleagues in their endeavors, might be more likely to have a positive financial performance*, as they could recognize a possible deficiency in their abilities and compensate them through the support of other individuals.

2.5 Conclusion

There is little literature on the entrepreneurial career, excluding some well-studied facets and phases (e.g. the start of a venture or psychological characteristics of entrepreneurs). Besides the lack of study on the self-employment career as an alternative path than the “traditional” employee progression, there is lately more research on an essential and frequent occurrence, that is failure.

Despite that, so far, there are no attempts to apply the Career Construction Theory to entrepreneurs.

For this reason, given its relevance and applicability, this paper advanced some hypothesis drawn from this conceptualization, below synthetically reported.

Hypothesis 1: Entrepreneurs that do not have other significant roles (e.g. as family member) might be more likely to continue on the entrepreneurial path in the long term after failure.

Hypothesis 2a: Subjects that have run too far, as amount of time, dedicating themselves to the failed business might have worse financial performance upon re-entry.

Hypothesis 2b: We might consider the absence of a role as husband, wife, or parent, as an imbalancing factor. This kind of entrepreneurs might then have lower financial performance in case they re-entry into self-employment.

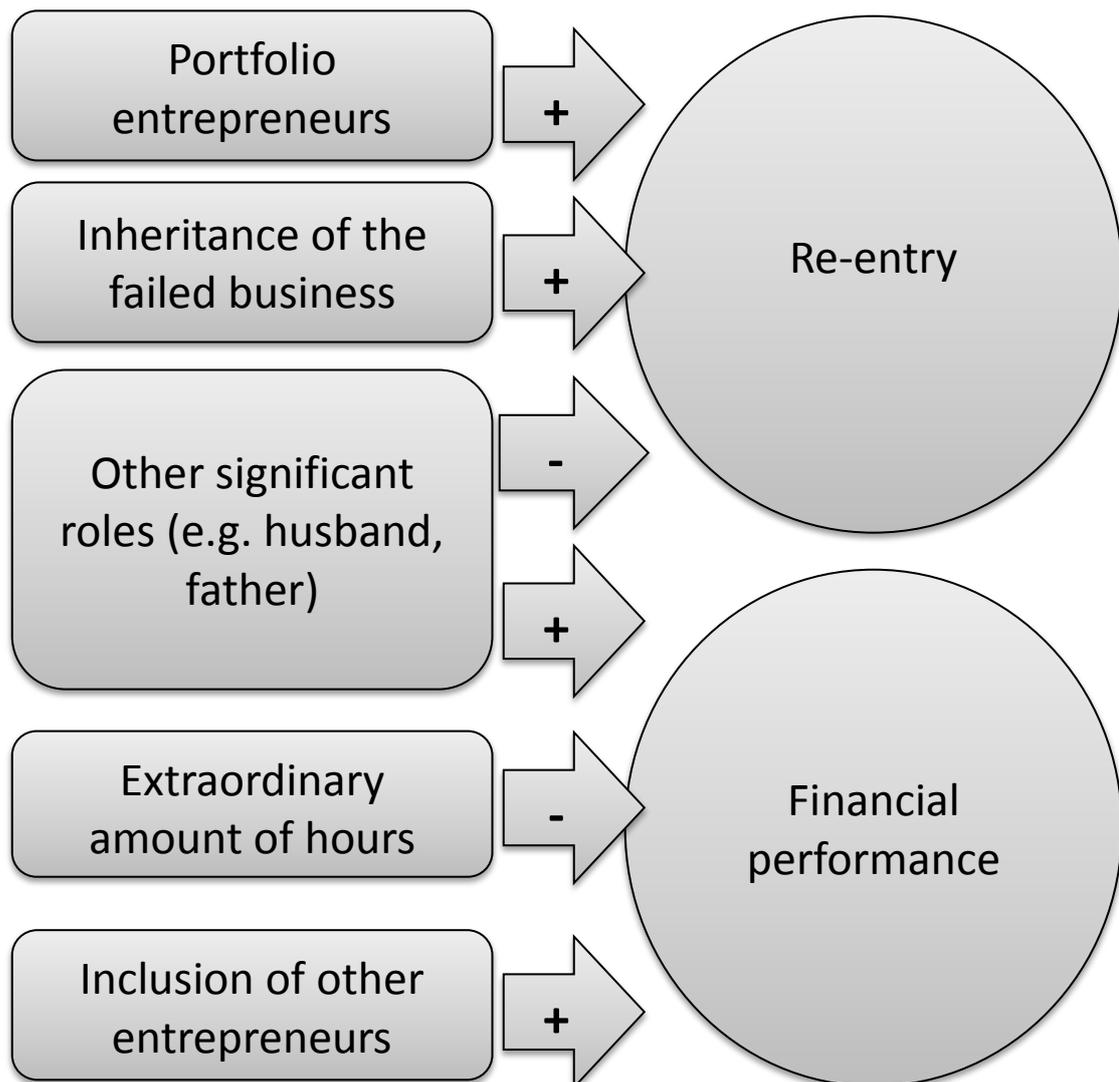
Hypothesis 3: Entrepreneurs that inherited a family business which later failed, might be more likely to re-enter than entrepreneurs that attained ownership by other means.

Hypothesis 4: In comparison, portfolio entrepreneurs should be more likely to maintain in the long term self-employment after failure.

Hypothesis 5: The actors who re-enter self-employment after failure and include other colleagues in their endeavors, might be more likely to have a positive financial performance.

The figure below represents graphically the relationships tentatively individuated (figure 2).

Figure 2: Graphical representation of the relationships tentatively individuated



3 METHODS AND IMPLEMENTATION

This chapter presents how the research is conducted. It gives necessary detailed information to allow a verification of the consistency of the paper. It makes possible replications of the work, which would lead to the same results.

In order to do so, we clearly outline in succession the steps of the research, the choices made, the limitations given to this work in order to deliver a focused and scientific contribution.

This paper comprehend an exposition of the relevant literature concerning failure and career theories, which allowed to formulate hypotheses on career decisions that are subsequently empirically tested on a sample of entrepreneurs who experienced failure.

This chapter will illustrate the methods used for the literature review, the research design and data collection, and the data analysis.

3.1 Literature review

The author conducted a systematic literature review, with the aim of organizing the relevant body of knowledge resulting from previous research, and provide the reader with the necessary means to evaluate this paper.

The literature review has been conducted through a detailed research, on the Scopus database, of the terms “failure”, “bankruptcy”, “entrepreneur”, “portfolio entrepreneur”, “serial entrepreneur”, “re-entry”, “entrepreneurial career”, “career construction theory”.

The author found to be particularly relevant, and a starting point for further research, the recent review made by Ucbasaran, Shepherd, Lockett & John Lyon (2013), which extensively organized much of the existing literature on the theme of failure, and proved to be very relevant for our topic, as well as the conceptualization of career by Savickas (2002 & 2006).

The analysis of this literature allowed to conceptualize hypotheses that are empirically tested and exposed in the relative chapters.

3.2 Research design

The main approaches for research are quantitative and qualitative. Quantitative analysis usually dominates the major business journals, while qualitative investigation is the preferred method for exploratory studies (Hohenthal, 2006). However, quantitative studies are usually used for testing, despite some criticism it receives for being supposedly lacking in depth and understanding (Hohenthal, 2006).

The presence of a strong theoretical framework allows us to use a deductive approach to propose hypotheses to test. By testing them, we can empirically find support for relationships between different variables, and for our hypotheses.

This research relies on a previous research conducted by Anna Jenkins (PhD graduate from JIBS and supervisor for this paper) on the same topic. That work availed of the Human Capital Theory to understand self-employment decisions, and analyzed a Swedish sample of failed entrepreneurs. Some information collected then has been used for this paper, as detailed below. However, the author gathered necessary additional data in order to have a dataset suitable for our research purpose. The steps taken in collecting this data will be explained fully in the data collection section below.

The author was motivated to choose this data set because Jenkin's (2012) data collection was done scientifically, with a clear definition of failure which is in line with the one here proposed, and included necessary information related to the failure event.

3.3 Data collection

To test our hypotheses, there is a need to collect information on businesses started by entrepreneurs after an adequate period of time from their failure.

As stated and explained above, this paper relied on the definition of bankruptcy, and on the definition of entrepreneur as owner-manager.

To proceed, an existing database prepared for a previous academic research on the same subject (Jenkins, 2012) was used. This database contains information on businesses that filed for bankruptcy in Sweden from September to November 2008, precisely 1,000 firms.

Out of the interviews there performed, variables from 380 responses were included in this study. Seven individuals were excluded due to the impossibility to obtain updated information on their current business engagements.

In the mentioned research, the respondents (who were both owners and managers, specifically seating on the board of directors) were telephonically interviewed approximately six months after the filing for bankruptcy.

Further information on that dataset can be found in the cited work.

The information in that database comprehends the age of the entrepreneur, his or her marital status, the presence and number of children under 18 years cohabiting at least 50% of the time, the gender, the involvement in other businesses (portfolio entrepreneurship), the involvement in the startup of other businesses before failure, the number of years of ownership of the failed business, the number of hours worked per week for the failed business, etc. This information, obtained separately in an anonymous form, allowed to test the hypotheses formulated.

Considering the time lapse from the filing for bankruptcy by this firms, and the time this thesis research is done (approximately 4,5 years), the author deems that some long-term career decisions should have been made by the failed entrepreneurs.

Therefore, the author proceeded, in the months of April and May 2013, to gather financial information on these entrepreneurs, that would allow to determine whether they continued on their entrepreneurial path, or opted for other career decisions like being employee. Furthermore, the presence of multiple ownership (portfolio entrepreneurs) has been registered. This financial information has been found through inquiries of public accessible

databases (Ratsit, 121.nu and Allabolag) as secondary data sources. Specifically, the author checked whether the failed individuals were running a business, the form chosen (e.g. Aktiebolag), whether they were managing the firms by themselves or with the support of others, and the financial result of the last available accounting year for active businesses. Given the information available, that did not comprehend ownership information for the Aktiebolag (AB) businesses, it was presumed that board membership in ABs was related to an entrepreneurial activity. All the information has thus been gathered from secondary data sources.

3.4 Data analysis

The author analyzed the data collected to infer statistically significant relationships between the relevant variables. The presence or absence of those ties allows to find support for the hypothesis or reject them.

The author therefore employed the statistics software application SPSS (“Statistical Product and Service Solutions”, formerly known as “Statistical Package for the Social Sciences”) by IBM.

The author performed a review of descriptive statistics, highlighting some characteristics of the sample that may be valuable for the interpretation of the data.

The paper reports then the correlation between the studied variables, and the correlations when controlling for the control variables.

Given that some information is presented as dichotomous variables, for example, re-entry into business, marital status, presence of children, gender, the Spearman Rank (ρ) correlation coefficient is employed, as suggested by Foster (1998), additionally to the Pearson product moment correlation coefficient. As no significant differences were found when employing these two coefficient, only the results obtained using the common Pearson coefficient are reported.

Logistic (or logit) regression analysis is performed to infer relationships between selected variables and re-entry into self-employment. Tolerance, VIF, and Eigenvalue has been checked to exclude collinearity.

Linear regression analysis has been employed to look for relationships between independent variables, and the financial performance upon re-entry. Financial performance has been calculated as the percentage of profitable businesses run (precisely, the percentage of ABs reporting a profit in the last year, over the total number of ABs reporting either a profit or a loss). As individuals could run more than one business with opposite outcomes, it is not possible to determine successful financial performance as a dichotomous variable. Moreover, it was not possible to retrieve, from the data sources employed, information on the financial performance of businesses with legal form different than AB.

In this paper, the independent variables are the hours worked per week at the failed business, the presence of other companies run at the time of failure (portfolio entrepreneurs), the acquisition of the failed business by inheritance, the marital status, the number of children under 18 living with the entrepreneur at least 50% of the time. The inclusion of other peers in the businesses is an independent variable entered only in the study of the financial performance. This involvement has been calculated as the percentage

of ABs run with others, with profit or loss, over the total ABs managed. The use of a dichotomous variable has not been possible for the same reasons stated above.

Dependent variables are the number of businesses in which the failed entrepreneurs are involved in (re-entry), and the financial performance of these ventures.

Control variables are used, specifically the years of ownership of the failed venture (proxy to their human capital), sex and age.

The analysis employs dummy variables, such as for gender, re-entry, parental status and marital status, portfolio entrepreneurship, and inheritance of the failed business.

3.5 Reliability

The data collection relied on secondary data sources; thus, the reliability of this work depends on their quality. This is assured by the data collection method employed by Jenkins (2012), and by the cross-check of updated financial data between three different suppliers of financial information (Ratsit, 121.nu, and Allabolag). Further checks were performed to test the mathematical accuracy of this collection.

As mentioned above, test were executed to control against collinearity.

4 RESULTS

4.1 Descriptive statistics

The author performed a review of descriptive statistics before proceeding with the analysis. As reported in the table below, males made up the vast majority of the sample (83,9%). Most of the individuals were married or cohabitants (72,6%), and the percentage of those who had children under 18 living with them is almost identical to the percentage of individuals without (48,9% and 48,4%). Most of the sample (55,0%) belongs to the age range 45-64, described by Savickas (2002) as characterized by the career stage of “maintenance or management”, where individuals question themselves with midlife dilemmas, potentially leading to changes in their vocational self-concepts. The second most populated range is between age 25-44 (27,6%), usually the “establishment” stage, whereas a significant portion (17,1%) is afferent to the late “disengagement” period at 65 years and above (Savickas, 2002).

Moreover, a majority of entrepreneurs had been involved in the start-up of other companies before failure (60,0%), and almost one quarter of the failed entrepreneurs were portfolio entrepreneurs (24,7%). As we can note, only a very small portion (2,4% percent) had inherited the failed company.

At the time this research was conducted, more than 40% were self-employed, meaning that they continued on the entrepreneurial path. A significant percentage (14,7%) was running more than one business.

Almost three-quarters of the businesses run are Aktiebolag (limited company) (74,8%), and the businesses run with this legal form alone are almost double those run with others. Ventures characterized by other legal forms (Enskild näringsidkare - sole trader, Handelsbolag - partnership, Kommanditbolag – limited partnership) are, in the overwhelming majority, run alone.

It was not possible to obtain, from the utilized sources, data on the financial performance of businesses with legal forms different than Aktiebolag.

Table 1: Descriptive statistics

N = 380	Frequency	Percentage
<i>Gender</i>		
Male	319	83,9%
Female	51	13,4%
Unknown	10	2,6%
<i>Age</i>		
< 25	1	0,3%
25 - 44	105	27,6%
45 - 64	209	55,0%

Table 1: Descriptive statistics – continued

N = 380	Frequency	Percentage
> 64	65	17,1%
<i>Marital status</i>		
Single	65	17,1%
Married / de facto	276	72,6%
Divorced	29	7,6%
Unknown	10	2,6%
<i>Have children under 18 living with them</i>		
Yes	186	48,9%
No	184	48,4%
Unknown	10	2,6%
<i>Currently self-employed</i>		
Yes, running one business	110	28,9%
Yes, running more than one business	56	14,7%
No	214	56,3%
<i>Number of businesses</i>		
Number of businesses (excl. Aktiebolag)	302	100,0%
Number of businesses (excl. Aktiebolag) - with others	76	25,2%
Number of businesses (excl. Aktiebolag) - alone	10	3,3%
Number of ABs	66	21,9%
Number of ABs with others	226	74,8%
Number of ABs alone	78	25,8%
Number of ABs with profit - with others	148	49,0%
Number of ABs with profit - alone	44	14,6%
Number of ABs break even or unknown result - with others	69	22,8%
Number of ABs break even or unknown result - alone	9	3,0%
Number of ABs with loss - with others	21	7,0%
Number of ABs with loss - alone	25	8,3%
	58	19,2%
<i>Portfolio entrepreneurs at the time of failure</i>		
Yes	94	24,7%
No	279	73,4%
Unknown	7	1,8%
<i>Involved in the start-up of other companies before failure</i>		
Yes	228	60,0%
No	143	37,6%
Unknown	9	2,4%

Table 1: Descriptive statistics – continued

N = 380	Frequency	Percentage
<i>Way of acquisition of the ownership of the failed business</i>		
Started	206	54,2%
Inherited	9	2,4%
Purchased (not previously working for it)	64	16,8%
Purchased (previously working for it)	44	11,6%
Other	18	4,7%
Unknown	39	10,3%

Table 2: Descriptive statistics – performance of businesses run as Aktiebolag

N = 226	Frequency	Percentage	Percentage of sub-group
<i>Number of ABs</i>	226	100,0%	
Number of ABs with others	78	34,5%	
Number of ABs alone	148	65,5%	
<i>Number of ABs with others</i>	78	34,5%	100,0%
Number of ABs with profit - with others	44	19,5%	56,4%
Number of ABs break even or unknown result - with others	9	4,0%	11,5%
Number of ABs with loss - with others	25	11,1%	32,1%
<i>Number of ABs alone</i>	148	65,5%	100,0%
Number of ABs with profit - alone	69	30,5%	46,6%
Number of ABs break even or unknown result - alone	21	9,3%	14,2%
Number of ABs with loss - alone	58	25,7%	39,2%

4.2 Analysis

A table with the means, standard deviations, and correlations is reported below (table 3).

Table 3: Means, standard deviations and correlations

		Gender (b)	Age	Age sqr	Number of years of ownership of the failed business	Portfolio when failed (c)	Involved in start of other companies before failure (c)	Married or cohabitant (c)	Parent (c)	Number of children	Inheritance of the failed business (c)	Number of hours worked per week for the failed company	Currently in business (c)	% business with others	% of profitable ABs (on profitable and non- profitable ABs)	% ABs with others (on profitable and non- profitable ABs)
Gender (b)	Pearson Correlation Sig. (2-tailed)	1														
	N	370														
Age	Pearson Correlation Sig. (2-tailed)	-,108 [*]	1													
	N	370	380													
Age sqr	Pearson Correlation Sig. (2-tailed)	-,109 [*]	,992 ^{**}	1												
	N	370	380	380												
Number of years of ownership of the failed business	Pearson Correlation Sig. (2-tailed)	-,064	,468 ^{**}	,488 ^{**}	1											
	N	338	340	340	340											
Portfolio when failed (c)	Pearson Correlation Sig. (2-tailed)	-,139 ^{**}	,098	,096	-,129 [*]	1										
	N	370	373	373	340	373										
Involved in start of other companies before failure (c)	Pearson Correlation Sig. (2-tailed)	-,230 ^{**}	,165 ^{**}	,161 ^{**}	-,102	,365 ^{**}	1									
	N	370	371	371	339	371	371									
Married or cohabitant (c)	Pearson Correlation Sig. (2-tailed)	-,001	,002	-,010	-,096	,063	,047	1								
	N	370	370	370	338	370	370	370								
Parent (c)	Pearson Correlation Sig. (2-tailed)	,068	-,475 ^{**}	-,499 ^{**}	-,273 ^{**}	-,028	,043	,177 ^{**}	1							
	N	370	370	370	338	370	370	370	370							

Table 3: Means, standard deviations and correlations – continued

		Gender (b)	Age	Age sqr	Number of years of ownership of the failed business	Portfolio when failed (c)	Involved in start of other companies before failure (c)	Married or cohabitant (c)	Parent (c)	Number of children	Inheritance of the failed business (c)	Number of hours worked per week for the failed company	Currently in business (c)	% business with others	% of profitable ABs (on profitable and non- prof. ABs)	% ABs with others (on prof. and non- prof. ABs)
Number of children	Pearson Correlation	,108 [*]	-,485 ^{**}	-,500 ^{**}	-,275 ^{**}	-,053	,022	,195 ^{**}	,852 ^{**}	1						
	Sig. (2-tailed)	,038	,000	,000	,000	,311	,677	,000	,000							
	N	369	369	369	337	369	369	369	369	369						
Inheritance of the failed business (c)	Pearson Correlation	,252 ^{**}	-,083	-,085	,029	-,050	-,094	-,111 [*]	,085	,107 [*]	1					
	Sig. (2-tailed)	,000	,126	,115	,596	,359	,083	,040	,116	,049						
	N	339	341	341	340	341	340	339	339	338	341					
Number of hours worked per week for the failed company	Pearson Correlation	-,032	-,196 ^{**}	-,193 ^{**}	-,029	-,308 ^{**}	-,120 [*]	-,005	,020	,058	,063	1				
	Sig. (2-tailed)	,541	,000	,000	,594	,000	,021	,921	,709	,271	,248					
	N	369	372	372	339	372	370	369	369	368	340	372				
Currently in business (c)	Pearson Correlation	-,100	,027	,020	-,025	,260 ^{**}	,206 ^{**}	,115 [*]	,071	,007	-,144 ^{**}	-,126 [*]	1			
	Sig. (2-tailed)	,055	,603	,705	,648	,000	,000	,028	,170	,901	,008	,015				
	N	370	380	380	340	373	371	370	370	369	341	372	380			
% business with others	Pearson Correlation	-,005	,020	,008	-,052	,079	,088	,143	,121	,179 [*]	-,159 [*]			1		
	Sig. (2-tailed)	,948	,795	,918	,528	,314	,264	,070	,125	,022	,000	,043	,000			
	N	162	166	166	147	163	162	162	162	162	148	162	166	166		
% of profitable ABs (on profitable and non-profitable ABs)	Pearson Correlation	-,076	-,085	-,090	-,080	,187	-,017	,079	,019	-,012 [*]	-,087 [*]			,146	1	
	Sig. (2-tailed)	,462	,398	,371	,457	,066	,872	,443	,856	,905	,000	,398	,000	,147		
	N	97	100	100	88	98	97	97	97	97	89	97	100	100	100	
% ABs with others (on profitable and non-profitable ABs)	Pearson Correlation	,214 [*]	-,126	-,127	-,087	-,018	-,040	,219 [*]	,124	,203 [*]	-,179 [*]			,977 ^{**}	,128	1
	Sig. (2-tailed)	,035	,210	,208	,419	,861	,699	,031	,228	,046	,000	,080	,000	,000	,204	
	N	97	100	100	88	98	97	97	97	97	89	97	100	100	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

b. 0 = Male, 1 = Female

c. 0 = No, 1 = Yes

Among the variables object of research, is possible to notice a strong correlation between portfolio entrepreneurs, which are individuals that, at the time of failure, had other companies, and being currently in business (.260, $p < .01$). This supports hypothesis 4, as it suggested that portfolio entrepreneurs should be more likely to maintain self-employment after failure.

Table 4: Correlation between portfolio entrepreneurship and current status of self-employed, controlled by age

Control Variables			PORTFOLIO	NOW.IN.BUSINESS
AGE	PORTFOLIO	Correlation	1,000	,260
		Significance (2-tailed)	.	,000
		df	0	370
	NOW.IN.BUSINESS	Correlation	,260	1,000
		Significance (2-tailed)	,000	.
		df	370	0

Table 5: Correlation between portfolio entrepreneurship and current status of self-employed, controlled by gender

Control Variables			PORTFOLIO	NOW.IN.BUSINESS
GENDER	PORTFOLIO	Correlation	1,000	,251
		Significance (2-tailed)	.	,000
		df	0	367
	NOW.IN.BUSINESS	Correlation	,251	1,000
		Significance (2-tailed)	,000	.
		df	367	0

Table 6: Correlation between portfolio entrepreneurship and current status of self-employed, controlled by the number of years as owner of the failed business

Control Variables			PORTFOLIO	NOW.IN.BUSINESS
Number of years as owner	PORTFOLIO	Correlation	1,000	,270
		Significance (2-tailed)	.	,000
		df	0	337
	NOW.IN.BUSINESS	Correlation	,270	1,000
		Significance (2-tailed)	,000	.
		df	337	0

Table 7: Correlation between portfolio entrepreneurship and current status of self-employed, controlled by age, gender, and number of years as owner of the failed business

Control Variables		PORTFOLIO	NOW.IN.BUSINESS
AGE & GENDER & NUMBER OF YEARS AS OWNER OF THE FAILED BUSINESS	PORTFOLIO	Correlation	1
		Significance (2-tailed)	0,257
		df	0
	NOW.IN.BUSINESS	Correlation	0,257
		Significance (2-tailed)	0
		df	333

This significant relationship, between portfolio entrepreneurship and re-entry, remains significant when controlled by age, gender, and number of years as owner of the failed business (tables 4 to 7).

We can therefore affirm that, accordingly with the empirical data, portfolio entrepreneurs are indeed more likely to endure on the entrepreneurial path after failure. We previously advanced how their vocational self-concepts would be less affected by failure than their peers running just a business. Thus, they are less likely to experience a cycle of growth, exploration, etc., and enjoy a more crystallized vocational preference.

Table 8: Correlation between inheritance and current status of self-employed, controlled by age, gender, and number of years as owner of the failed business

Control Variables		NOW.IN.BUSINESS	INHERITANCE OF THE FAILED BUSINESS
AGE & GENDER & NUMBER OF YEARS AS OWNER OF THE FAILED BUSINESS	NOW.IN.BUSINESS	Correlation	1,000
		Significance (2-tailed)	-,111
		df	0
	INHERITANCE OF THE FAILED BUSINESS	Correlation	-,111
		Significance (2-tailed)	,043
		df	333

Table 3 shows how there is also a negative correlation between the inheritance of the business, and being currently self-employed (-.144, $p < .01$). However, the frequency of inheritance is extremely low (9 cases, 2,4% of the sample). Therefore, there is not enough support for hypothesis 3. Table 8 reports the results when controlling by age, gender, and number of years as owner of the failed business. The author considers the frequency of this occurrences too low to infer any choice preference for the whole population of entrepreneurs who inherit businesses that later fail.

Table 9: Correlation between a significant familiar role (e.g. husband, parent) and current status of self-employed, controlled by age, gender, and number of years as owner of the failed business

Control Variables		NOW.IN.BUSINESS	IS.PARENT	MARRIED.COHABITANT	
AGE & GENDER & NUMBER OF YEARS AS OWNER OF THE FAILED BUSINESS	NOW.IN.BUSINESS	Correlation	1,000	,101	,092
		Significance (2-tailed)	.	,066	,094
		df	0	333	333
	IS.PARENT	Correlation	,101	1,000	,204
		Significance (2-tailed)	,066	.	,000
		df	333	0	333
	MARRIED.COHABITANT	Correlation	,092	,204	1,000
		Significance (2-tailed)	,094	,000	.
		df	333	333	0

The analysis reports also how being married or cohabitant, is positively associated with the continuation of the entrepreneurial path (.115, $p < .05$). This contradicts hypothesis 1. Furthermore, there is no significant correlation between being a parent of children under 18 (living with them) and staying self-employed, so there is no evidence supporting hypothesis 1. Table 9 reports the results when controlling by age, gender, and number of years as owner of the failed business.

Table 10: Correlation between the amount of hours worked and current status of self-employed, controlled by portfolio entrepreneurship

Control Variables		NOW.IN.BUSINESS	Number of working hours per week at the failed business	
PORTFOLIO	NOW.IN.BUSINESS	Correlation	1,000	
		Significance (2-tailed)	.	
		df	0	
	Number of working hours per week at the failed business	Correlation	-,051	1,000
		Significance (2-tailed)	,324	.
		df	369	0

Although not previously advanced or hinted at, there is a negative correlation ($-.126$, $p < .05$) between the amount of hours worked at the failed company before bankruptcy, and re-entry. However, controlling for the portfolio entrepreneur status, the relationship appears to be deceitful (table 10). Portfolio entrepreneurs might likely spend a lower amount of time working at a single venture, as it is possible to infer from existing research (Huovinen & Tihula, 2008). Portfolio entrepreneurship thus determines the negative relationship between amount of hours worked at the failed business and continuation on the entrepreneurial career.

Table 11: Correlation between the number of hours worked per week at the failed company and the financial performance upon re-entry, controlled by age, gender, and number of years as owner of the failed business

Control Variables			Number of working hours per week at the failed business	% Profitable ABs
AGE & GENDER & NUMBER OF YEARS AS OWNER OF THE FAILED BUSINESS	Number of working hours per week at the failed business	Correlation	1,000	-,095
		Significance (2-tailed)	.	,390
		df	0	82
	% Profitable ABs	Correlation	-,095	1,000
		Significance (2-tailed)	,390	.
		df	82	0

Table 12: Correlation between the number of hours worked per week at the failed company and the financial performance upon re-entry, controlled by portfolio entrepreneurship

Control Variables			% Profitable ABs	Number of working hours per week at the failed business
PORTFOLIO	% Profitable ABs	Correlation	1,000	-,007
		Significance (2-tailed)	.	,946
		df	0	94
	Number of working hours per week at the failed business	Correlation	-,007	1,000
		Significance (2-tailed)	,946	.
		df	94	0

Finally, there is no significant relationship between the hours worked before failure, and the present financial performance. Thus, there is no evidence supporting hypothesis 2a. When controlling by age, gender, and years of ownership of the failed business, the relationship remained non-significant (table 11). There is neither any statistical relationship between this amount of hours and the current financial performance when controlling by portfolio relationship (table 12).

Table 13: Correlation between other significant roles (e.g. husband, parent) and the financial performance upon re-entry, controlled by age, gender, and number of years as owner of the failed business

Control Variables			% Profitable ABs	MARRIED.COHABITANT	IS.PARENT	
AGE & GENDER & NUMBER OF YEARS AS OWNER OF THE FAILED BUSINESS	%Profitable ABs	Correlation	1,000			
		Significance (2-tailed)	.	,083	-,064	
		df	0	83	83	
	MARRIED.COHABITANT	Correlation		,083	1,000	,081
		Significance (2-tailed)		,451	.	,463
		df		83	0	83
	IS.PARENT	Correlation		-,064	,081	1,000
		Significance (2-tailed)		,563	,463	.
		df		83	83	0

As well, there is no empirical data supporting that other roles, such as husband, wife, or parent, could promote better financial performance upon re-entry compared to single or childless peers. Hence, there is no backing for hypothesis 2b. When controlling by age, gender, and years of ownership of the failed business, the relationship remained non-significant (table 13). The imbalances that could eventually derive from this absence do not affect those financial results.

From this analysis, it is not possible to infer a relationship between the inclusion of other colleagues and the financial performance. So, there is no evidence supporting hypothesis 5, which advanced a positive relationship between the inclusion of other peers in the ventures and their financial performance.

Table 14: Correlation between number of working hours at the failed business and inclusion of other entrepreneurs upon re-entry, controlled by portfolio entrepreneurship

Control Variables			Number of working hours per week at the failed business	%BUSINESS.WITH.OTHERS	
PORTFOLIO	Number of working hours per week at the failed business	Correlation	1,000	-,138	
		Significance (2-tailed)	.	,080	
		df	0	159	
	%BUSINESS.WITH.OTHERS	Correlation		-,138	1,000
		Significance (2-tailed)		,080	.
		df		159	0

Table 3 shows positive correlations, potentially worth future research, between the number of children and the inclusion of other entrepreneurs, and between the marital status and the involvement of peers in running ABs. Another relationship is found between the

number of hours worked, and the inclusion of other entrepreneurs. However, it reveals itself as deceptive when controlling per portfolio entrepreneurship (table 14).

Table 15: Logistic regression results – re-entry into business

	Model 1		Model 2	
	B	Sig.	B	Sig.
<i>Control variables</i>				
AGE.SQR	,000	,351	,000	,864
GENDER	-,801	,021	-,597	,098
NUMBER OF YEARS AS OWNER OF THE FAILED BUSINESS	-,017	,295	,001	,952
<i>Research variables</i>				
PORTFOLIO			1,169	,000
MARRIED.COHABITANT			,434	,117
NUMBER OF WORKING HOURS PER WEEK AT THE FAILED BUSINESS			-,007	,145
NUMBER OF CHILDREN			-,012	,926
Constant	-,320	,281	-,403	,444
Cox & Snell R Square		,095	,021	
Nagelkerke R Square		,127	,028	

Logistic (logit) regression analysis has been conducted for re-entry (table 15). The inheritance variable could not be included. In fact, no solution could be found when including it, and it was possible to detect a very high magnitude of the parameter estimate, and an abnormal elevated standard error. The results of the regression analysis are reported in table 15. No collinearity was detected when checking Tolerance, VIF and Eigenvalue (i.e., for example, no VIF value equal or higher than 5, nor Tolerance equal or lower than 0,2 or 0,1) (Hutcheson, 1999; Field, 2000). R^2 shows a rather low fitness of the models.

Table 16: Linear regression results – financial performance upon re-entry

	Model 1						Model 2							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics			
	B	Std. Error	Beta			Tolerance	VIF	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
<i>Control variables</i>														
AGE.SQR	,000	,000	-,130	-1,077	,285	,805	1,242	,000	,000	-,233	-1,564	,122	,518	1,929
GENDER	,070	,286	,028	,244	,808	,884	1,132	,129	,301	,052	,427	,671	,776	1,289
NUMBER OF YEARS OF OWNERSHIP OF THE FAILED BUSINESS	-,002	,008	-,037	-,309	,758	,820	1,219	,001	,008	,013	,104	,917	,721	1,386
<i>Research variables</i>														
PORTFOLIO								,227	,110	,249	2,072	,042	,795	1,257
MARRIED.COHABITANT								,112	,143	,089	,782	,437	,899	1,112
NUMBER OF WORKING HOURS PER WEEK AT THE FAILED BUSINESS								,000	,002	-,015	-,118	,906	,741	1,350
NUMBER OF CHILDREN								-,060	,059	-,139	-1,013	,314	,613	1,631
% ABs WITH OTHERS								,086	,126	,080	,682	,497	,839	1,191
(Constant)	,716	,139		5,131	,000			,682	,294		2,322	,023		
r^2														
													,020	,101

Moreover, a linear regression analysis has been performed to individuate significant linear relationships between the financial performance (independent variable), and the inclusion of other entrepreneurs or other variables (table 16). Collinearity, as previously, has been excluded. No statistically significant linear relationship results. Model fitness (r^2) is rather low (.020 or model 1 and .101 for model 2).

5 CONCLUSIONS

The analysis performed suggests the existence of some relevant relationships, and rejects others that were hypothesized.

Hypothesis 1: Entrepreneurs that do not have other significant roles (e.g. as family member) might be more likely to continue on the entrepreneurial path in the long term after failure.

First of all, it was assumed that the absence of family roles could involve a higher chance of re-entry as self-employed, as it was assumed that the “entrepreneur” role was, more likely, the core one of the individual, and less likely to change. However, the parental role was not found related to the decision to continue on the entrepreneurial career. Moreover, being married or cohabitant was instead found to be positively correlated to the re-entry.

Hence, this hypothesis is rejected.

Hypothesis 2a: Subjects that have run too far, as amount of time, dedicating themselves to the failed business might have worse financial performance upon re-entry.

There is no relevant relationship between the amount of hours worked per week at the failed business and the current financial performance. Therefore, it is not possible to support that an extraordinary amount of hours worked at the failed business could provoke imbalances that afflict subsequent endeavors.

Hypothesis 2b: We might consider this absence of a role as husband, wife, or parent, as an imbalancing factor. This kind of entrepreneurs might then have lower financial performance in case they re-entry into self-employment.

There is no statistically significant link between roles as husband, wife, cohabitant, or parent, and the profitability of the ventures run at the time of this research. While it was suggested that the absence of a relevant family role might as well hinder the stability of an individual, no relationship has been found between the marital status or the parenthood, and the financial performance of businesses now run.

Hypothesis 2a and 2b are therefore rejected.

Hypothesis 3: Entrepreneurs that inherited a family business which later failed, might be more likely to re-enter than entrepreneurs that attained ownership by other means.

This paper suggested another relationship, between the inheritance of the company, and the re-entry into self-employment. However, it has not been possible to test it, as the frequency of this occurrence in the sample is too low to infer any relation for the whole population.

Hence, no conclusion can be reached regarding this hypothesis.

Hypothesis 4: In comparison, portfolio entrepreneurs should be more likely to maintain in the long term self-employment after failure.

There is a significant correlation between portfolio entrepreneurship, and continuation on the entrepreneurial path after failure. This relationship remains significant when controlling by several variables such as age, gender, and human capital measured as years of ownership of the failed business.

Hypothesis 4 is then confirmed.

Hypothesis 5: The actors who re-enter self-employment after failure and include other colleagues in their endeavors, might be more likely to have a positive financial performance.

Finally, contradicting what hypothesized, failed entrepreneurs who included other peers in their subsequent endeavors are not more likely to obtain positive financial results. The inclusion of other colleagues has been suggested as a consequence of a more accurate assessment of the failed entrepreneur's abilities, or as the acceptance of possible personal shortcomings.

This hypothesis is consequently rejected.

6 DISCUSSION

During the exposition of the frame of reference, this paper advanced several hypotheses regarding failed entrepreneurs. In particular, the thesis suggested that it would be possible to draw, from relevant career literature, and precisely from the Career Construction Theory (CCT) (Savickas 2002 & 2006), practical implications for entrepreneurs who face a “turning point” such as the failure of their business. It was advanced that, like employees after being fired or experiencing a burning out, these professional could face challenges in individuating the career path to follow, whether continuing being entrepreneur, and thus re-enter into self-employment, or opt instead for a career as employee (Dyer, 1994).

As these career theories aim at providing guidance to individuals (Leung, 2008), their usefulness was tentatively individuated. After a preliminary study, the CCT, recognized by scholars as one of the most relevant theories regarding occupational choices (Leung, 2008), was found to be particularly useful as being a conceptualization that provides clear and insightful advice that goes beyond strictly occupational terms to include the importance and influence of other social roles that individuals assume (Savickas, 2002). Moreover, this theory is able to explain the interaction between social roles and self-concepts, and provides a framework that describes the influence of different factors in determining vocational preferences and occupational choices. It also includes a conceptualization of stages experienced by people during their development, from the growth phase, to the exploration, etc.

Drawing on the CCT, several hypotheses have been presented, and empirically tested on a Swedish sample of failed entrepreneurs, checking whether, in the long term (approximately 4,5 years after the bankruptcy), those individuals re-entered self-employment, whether they were running profitable ventures, and whether they chose to involve, or not, other entrepreneurs in these endeavors.

The results confirmed that portfolio entrepreneurs are more likely to endure on the entrepreneurial path. While it could derive from a different risk management approach compared to serial and novice colleagues (Ucbasaran, Westhead, Wright & Flores, 2010), nonetheless it implies that they continue on the chosen occupational path, thus confirming their vocational preference and translating their self-concept of entrepreneur into work roles.

Despite being hypothesized the contrary, a family role as husband, wife, or cohabitant, proved to be positively related to the endurance on the entrepreneurial path. It is thus apparent how, despite the suggestion that an absence of these family roles might imply a more relevant core role of “entrepreneur”, and thus a higher likelihood of endurance, in fact these family relationships might provide the failed individual a balance (Dyer, 1994; Decker, Calo & Weer, 2012) that favors a persistence on the chosen career path. However, the parental role did not prove to be positively or negatively correlated with this choice.

This paper advanced the hypothesis that, failed entrepreneurs that included other colleagues upon re-entry, could be more likely to achieve positive financial performance. This was based on the assumption that failure could prompt self-employed individuals to reconsider their personal abilities, and thus recognize possible shortcomings in their skills. This realization was supposed to incite them to include other peers in their subsequent endeavors, and consequently achieve better financial performance. However, this

relationship was not proved. It has to be noticed, however, how failed entrepreneurs who endure on the entrepreneurial path might avail of the skills of other people by hiring them as employees or by using the services of suppliers (Martarena, 2013; Sinaki, Gharakhani, Jalalifar & Bahrami, 2013).

Finally, no relationship was found between the amount of hours worked per week at the failed business and the financial performance upon re-entry. This proposed link was based on the imbalances that an extraordinary amount of hours dedicated to the failed businesses might have caused. However, possible reasons for the absence of any support for this relationship might be found in other negative effects, different from the financial performance of subsequent ventures, such as imbalances regarding other roles. No significant correlation was however observed between that amount of hours worked weekly at the failed venture and the financial performance upon re-entry. Moreover, failure might be a significant occurrence that might change the behavior of entrepreneurs. Despite the fact that some professionals might “work harder” to prove themselves upon re-entry (Cardon & McGrath, 1999), the time lapse between the failures and the current observations might have allowed for several changes.

This last observation regards the whole paper: no change in independent or control variables after failure was taken into account, with the exception of the inclusion of other entrepreneurs in the new endeavors. Updated variables regard only the re-entry, and characteristics of actual businesses (financial results and involvement of other peers).

As the hours worked, also family roles were not found to be correlated to a positive or negative financial performance upon re-entry. The same considerations mentioned for the former case, such as imbalance effects manifesting in other life aspects, have to be applied to these financial outcomes.

6.1 Practical implications

It is likely that portfolio entrepreneurs who fail in one of their businesses, do not change their vocational self-images. Those entrepreneurs, as well as career counselors, should account for this, before questioning their vocational preferences.

Moreover, the choice of the entrepreneurial occupation, in the long term after failure, could be more stable for married or cohabitant individuals. It could be then supposed that the presence of these roles provides a balance that encourages the endurance on the occupational path taken. They could then be able to draw on this stability to pursue the maintenance of their work aspirations and their translation into actual work roles. It has already been advanced (chapter 2.2.2) how backing from the family (Dyer, 1994), and an absence of need for emotional support (Decker, Calo & Weer, 2012), which could derive from the marital status, could favor re-entry.

6.2 Future research

As the sample did not allow for any statistically significant inference regarding the re-entry of entrepreneurs who inherited the failed business, it is possible to suggest further research on these individuals. CCT could possibly be applied successfully, considering both the

influence of the entrepreneurs' parents, and the "normative style" of formation of vocational identities, that adheres to the recommendations and expectations of others (Savickas, 2002).

CCT could also be employed with success in qualitative studies, that focus on representative individuals; exploratory studies could suggest promising ways forward.

Moreover, future research might focus on the cycles experienced by individuals during their life (growth, exploration, establishment, etc.), as well on the minicycles following destabilizing events (Savickas, 2002). Despite the fact that age has already been individuated as an important determinant of entrepreneurial choices and career choices, the effects of failure, and re-entry decisions, might be linked to the specific life stages experienced by individuals, exploring establishment, midlife crisis, disengagement, etc.

Finally, as this research studied only Swedish individuals, it might be possible to perform analogous examinations in other environments, for example accounting for a different relevance of family roles.

7 REFERENCES

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8 APPENDIX

Career Construction Theory propositions (Savickas, 2002)

1. A society and its institutions structure an individual's life course through social roles. The life structure of an individual, shaped by social process such as gendering, consists of core and peripheral roles. Balance among core roles, such as work and family, promotes stability, whereas imbalances produce strains.
2. Occupations provide a core role and a focus for personality organization for most men and women, although for some individuals this focus is peripheral, incidental, or even non-existent. Then other life roles such as student, parent, homemaker, "leisure," and citizen may be at the core. Personal preferences for life roles are deeply grounded in the social practices that engage individual and locate them in unequal social positions.
3. An individual's career pattern - that is, the occupational level attained and the sequence, frequency, and duration of jobs - is determined by the parents' socioeconomic level and the person's education, abilities, personality traits, self-concepts, and career adaptability in transaction with the opportunities presented by society.
4. *Omissis*
5. *Omissis*
6. *Omissis*
7. *Omissis*
8. The degree of satisfaction people attain from work is proportional to the degree to which they are able to implement their vocational self-concepts. Job satisfaction depends on establishment in a type of occupation, a work situation, and a way of life in which one can play the types of roles that growth and exploratory experience have led one to consider congenial and appropriate.
9. *Omissis*
10. Although vocational self-concepts becomes increasingly stable from late adolescence forward, providing some continuity in choice and adjustment, self-concepts and vocational preferences do change with time and experience as the situation in which people live and work change.
11. *Omissis*
12. A minicycle of growth, exploration, establishment, management, and disengagement occurs during transitions from one career stage to the next as well as each time an individual's career is destabilized by socioeconomic and personal events such as illness and injury, plant closings and company lay-offs, and job redesign and automation.
13. *Omissis*
14. Career adaptability is a psychological construct that denotes an individual's readiness and resources for coping with current and anticipated tasks of vocational development. The adaptive fitness of attitudes, beliefs and competencies- the ABC's of career construction - increases along the developmental lines of concern, control, conception, and confidence.
15. *Omissis*
16. *Omissis*