

**REFLECTIVE ANALYSIS OF FAILURE
AND THE PERFORMANCE OF SUBSEQUENT VENTURES:
AN APPLICATION OF EXPERIENTIAL LEARNING THEORY**

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Reflection on Failure and the Performance of Subsequent Ventures:

Application of Reflective Learning Theory

Abstract

Purpose

Learning does not occur automatically and immediately and not every entrepreneur is skilled at undertaking this process. This paper shows that entrepreneurs' reflection as a specific learning behavior in the event of business failure is critical for a better understanding of the relationship between failure experience and the performance of the subsequent firm. We test whether the performance of subsequent ventures are more likely to be higher when entrepreneurs deliberately reflect on their prior business failure. We also test whether changing vision and switching industries weaken the positive effects of an entrepreneur's reflection.

Design/methodology/approach

Our sample is 286 entrepreneurs in Korea who had started subsequent ventures after their business failures. We used moderated hierarchical regression to test the relationship between the reflection on failure and subsequent venture performance and the proposed moderating effects of organizational vision change and industry change.

Findings

To learn from their failures, entrepreneurs reflect on their experiences as part of their process of moving forward with new ventures. There is a positive relationship between the reflection of prior failure and subsequent venture performance. Organizational vision change and industry change negatively moderates the positive relationship.

Originality/value

Individual learning behaviors determine the effectiveness of transferring prior experience into new knowledge. The findings in this paper extend behavioral research on the effects of failure experience on subsequent venture performance, demonstrating that entrepreneur learning behavior is an essential and additional unit of analysis for the research on entrepreneurial failure. The findings also demonstrate that the contexts of organizational vision change and industry change can effect the transfer of knowledge from reflective analysis.

Keywords: reflection, learning, failure, reentry, entrepreneurship