

Original Article

Entrepreneurial Learning through Success and Failure: Insights from Personal and Vicarious Experiences

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Abstract: *Entrepreneurial learning is essential for improving business performance and ensuring long-term sustainability. Drawing on experiential learning theory, this paper discusses how entrepreneurs learn from both success and failure. Learning from success provides insights into effective strategies, including gaining a competitive advantage, fostering innovation, achieving operational efficiency, and adapting to dynamic environments. However, success alone is insufficient to fully explain entrepreneurial learning. Entrepreneurs often face failures throughout their business journey, which serve as critical learning opportunities. Learning from failure enables entrepreneurs to evaluate past actions, identify the causes of setbacks, and refine their strategies. Compared to success-based learning, failure-based learning is often more transformative, as it promotes deeper reflection and adaptability. This paper highlights that both successful and unsuccessful experiences contribute to the development of entrepreneurial capabilities. By integrating these learning processes, entrepreneurs can enhance decision-making, improve performance, and achieve more sustainable business outcomes.*

Keywords: *Entrepreneurial Learning, Experiential Learning, Learning from Success, Learning from Failure.*

I. INTRODUCTION

Entrepreneurship is all about fast changes, uncertainty, and complexity. You are always learning and adapting if you want to survive as an entrepreneur. The contemporary business environment can be perceived through the lenses of VUCA (Volatile, Uncertain, Complex, and Ambiguous) [1]. Volatility is concerned with how fast and with what magnitude the environment changes; uncertainty represents the extent to which future events can be predicted; complexity refers to interactions of many, or all, variables that contrarily affect decision-making; and ambiguity indicates a lack of clarity in terms of the interpretation of events/results. This kind of VUCA environment makes travelling on past experiences less reliable, and continuous learning becomes an indispensable skill for entrepreneurs.

Learning has been described as the ability to create new knowledge based on past experience for future entrepreneurial activities [2], [3], [4], [5], [6]. This definition emphasizes the cumulative, path-dependent nature of entrepreneurial learning and how the past experiences influence how entrepreneurs enact responses to future situations. However, not all experiences are equally effective learning opportunities. The nature, intensity, and emotional impact of experiences coalesce into differing learning processes, as well as results.

Entrepreneurs can do a lot of learning in this dynamic environment, as entrepreneurs tend to deal with limited resources, imperfect information, and high uncertainty [7]. As a result, their decision-making is mainly based on experiential learning and not via formalized processes. Entrepreneurs are stretched, reflect on what happened, and adapt the way they work. Continuous learning is essential for entrepreneurs to spot opportunities, react swiftly to threats, and generate ideas on how best to compete in fast-changing industries.

It has been a conventional understanding that learning takes place as a process of acquisition through which experience is transformed. According to prior studies, a body of literature has suggested that learning happens when reflection provides insight from experience into actionable knowledge [8], [9], [10]. In this process, learning leads to changes in both regular and non-routine behaviours determining how entrepreneurs behave towards novel situations as well as familiar shocks [11], [12], [13]. Learning is therefore not merely about accumulating information but about changing cognition, behavior, and decision-making patterns.

The growing body of literature on entrepreneurial learning has paid relatively little attention to distinguishing between learning from success and learning from failure, as well as between learning from personal experiences and vicarious experiences. While experiential learning theory emphasizes experience as the primary source of learning, it does not explicitly specify which experiences are most influential. Addressing this gap, this conceptual article aims to deepen understanding of entrepreneurial learning by integrating insights from success and failure experiences, both personal and vicarious, within the experiential learning theory framework.



II. LITERATURE REVIEW

A) *Experiential Learning Theory*

Experiential learning theory was originally developed by David Kolb in the 1980s, emphasizing a model of learning as a process. This theory highlights the central role of experience as an integral part of learning, holistically combining experience, perception, cognition, and behavior [9]. Kolb [9] further explains that experience serves as a source of learning for both individuals and organizations.

Experiential learning follows a cyclical process consisting of four stages. The first stage is concrete experience, in which individuals encounter events in their lives. The second stage is reflective observation, in which these experiences serve as the basis for observation and reflection. The third stage is abstract conceptualization, during which the results of reflection are assimilated and refined into abstract concepts. At this stage, individuals reflect on and form opinions about their experiences. The fourth stage is active experimentation, in which these abstract concepts generate new implications. These implications can be actively tested and serve as a guide for creating new experiences [9], [14]. Testing ideas based on what individuals or organizations have learned can then be applied to subsequent activities [4], [5], [15], [16], [17]. The effectiveness of learning can be assessed by the ability to utilize acquired knowledge in future activities [4]. Learning outcomes are derived from prior knowledge activated during the learning process.

Learning from experience is particularly important for entrepreneurs in managing their businesses. Entrepreneurs possess various types of experience, which can generally be categorized into two groups: success and failure. Both successful and unsuccessful experiences can serve as valuable learning opportunities for entrepreneurs to refine and improve their strategies in the future. Baumard and Starbuck [18] contend that learning-relevant experiences arise from both success and failure. This learning can occur not only from personal experience but also, in the latter case, indirect vicarious [19], [20] experiences. This indicates that entrepreneur learning is an indirect process and has both observational and experiential aspects. In line with this, the next section elaborates on success-based entrepreneurial learning and failure-focused entrepreneurial learning.

B) *Entrepreneurial Learning from Success*

A business experience of an entrepreneur provides you with the opportunity to learn and, hence, can also become an asset for another entrepreneur who is trying to achieve similar success. Many valuable lessons can be learned, ranging from how to achieve competitive advantage as an entrepreneur, run businesses in sustainability terms [20], successfully harness innovations, attain operational efficiency (see this item), exploit resource abundance (see here for additional insights), embrace advanced technologies, and realize business profits and outcomes of other forms of success [21].

Victories also indicate wise choices, a thorough understanding of conditions for opportunity recognition and exploitation, and create an adaptive, growth-focused entrepreneurial state of mind. Moreover, they can also provide opportunities for knowledge transfer through observation and social learning, and act as benchmarks for practices that can be replicated with modifications according to context. Hence, learning from successes aids not just in individual performance enhancement but also in the building of competencies and overall sustainability of the business. But learning from a single occasion will not help to deeply understand the entrepreneurial process. Success is rarely a straight line rather, it takes many ups and downs, during which entrepreneurs face multiple challenges and setbacks along the way. Failures are a fundamental part of the learning journey and can often provide pearls of wisdom that may not be obvious with success. Failure allows, even forces, entrepreneurs to ask questions again, revise their assumptions and plans, and honestly develop resilience skills against uncertainty. Therefore, to obtain a more comprehensive understanding of entrepreneurial learning, it is essential to also discuss how entrepreneurs learn from failure. The following section discusses learning from entrepreneurial failure.

C) *Entrepreneurial Learning from Failure*

Entrepreneurs' business journeys typically involve a wide range of events, including failures. Entrepreneurs who are willing to learn from failure can engage in reflective evaluation to prevent similar failures in the future. Prior studies have demonstrated that learning from failure contributes to improved future performance [2], [6], [22], [23], [24], [25], [26], [27].

Learning from failure differs fundamentally from learning from success. Learning from failure involves modifying behaviors that led to previous failures, whereas learning from success is generally associated with repeating actions that previously led to success [18], [28], [29]. Learning from failure is often considered more critical than learning from success [30], as the replication of past successful strategies may lead to failure when environmental conditions change. In contrast, learning from business failure enables entrepreneurs to revise their knowledge structures and avoid similar failures in the future. Such learning from failure is often referred to as intelligent failure [31], [32] or brilliant failure [33].

III. CONCLUSION

Since the inception of their business, every entrepreneur has gone through a number of events or experiences that include wins as well as losses. Both kinds of experiences can offer great learning opportunities. Reading stories of success with how

these advantages are obtained and through the management of businesses, ensuring sustainability, showing innovation, and bringing in environmental changes that were not predicted.

Conversely, learning from failure makes entrepreneurs rethink their strategies, analyse and understand what went wrong in the first place, and take corrective actions. Through this process, entrepreneurs are better equipped to refine their strategies and enhance their performance in the future.

IV. REFERENCES

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