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The Relationship Between Social Costs, Social Capital and Failure Learning on the Entrepreneurial Restart Intention

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Abstract: Becoming an entrepreneur or working as a regular employee is a difficult decision-making that a number of people are dealing with in their career. Entrepreneurs have huge contribution to the economic growth. However, because of the high competition and the high rate of failure businesses, the failed entrepreneurs often cope with enormous difficulties, even painful experiences. This study has been conducted to identify the life of the entrepreneurs who have failure experiences from the bankruptcy time to the recovery time. The quantitative method issued to find out the relationship between the entrepreneurial failure social cost, entrepreneurial social capitals, entrepreneurial failure learning and entrepreneurial restart intention. This research discovers the important role of entrepreneurial learning infailed entrepreneurs based on the MOA framework. Moreover, the failed entrepreneurs can use the social capital as a valuable source for learning some useful lessons to have their restart intention. This research also fulfills the gap in the life of failed entrepreneurs and provides evidences to scholars who are developing literature review of entrepreneurship by using motivation-opportunity-ability perspectives.

Key words: Entrepreneurship failure, entrepreneurial learning, entrepreneurship restart intention, entrepreneurial intention, human capital

INTRODUCTION

Research introduction: A number of researchers and actioners consider a question that being an entrepreneur or working as an employee to be a difficult decision in their career and their life. To be an entrepreneur, who sets up, organizes, controls and takes responsibility for a new business can offer a person more chances to solve some difficulties and get more benefit (Segal *et al*., 2005). Many reasons can be listed to answer the question: why people want to be an entrepreneur. Research by Gilad and Levine (1986) mentions the "push" and "pull" theory that can be seen as the theoretical background in explaining the reasons to become entrepreneurs. "Push" theory shows the negative external factors that "push" people to be an entrepreneur. Those external factors are job loss, job issues, discomfort with their working environment, inflexible schedules and even unsatisfied incomes, so on. However, the "pull" theory indicates the individual's internal factors such as desired for independence, self-fulfillment, power, reputation and even higher incomes. These internal factors have huge impacts on the decision to be an entrepreneur. The same point of view is found by Van Praag and Cramer (2001) research in which the researcher shows that entrepreneurs expect to be rewarded with the high level salary and also hope for brighter future in their life. Until now, many researchers also make a strong argument about the important of "push" and "pull" theory in the entrepreneurial choice.

To be an entrepreneur, people have to deal with countless difficulties, challenges, confrontations and even painful experience. Those threatens can be found in both external and internal environment. However, almost researchers and practitioners agree that the important role of entrepreneurship a key component of the economic growth, innovation (Guerrero *et al*., 2008). Although, the pivotal roles of entrepreneurs are confirmed, many entrepreneurs have undergone hard trials. In the research conducted by Knott and Posen (2005), the researcher indicatesa shocking figure that around 80-90% of new firms ultimately failed. Approximately, 10-20% of surviving firm had the entrepreneurs' achievements of their business establishing goals such as high incomes, reputations and realistic ambition. Furthermore, the data from the US Census Business Information Tracking Series in the study conducted by Headd (2003) shows that the failure is not the same in the new firms. The number of firm death in the first 4 years reaches 51%. The same rate on the young failure firms with the <5 years olds which was 40-60% on the US firms filed for bankruptcy from 1950-1987 (White, 1989) while adopted to the Warren and Westbrook (1999) study, they reported that 80% of the

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