

NATIONAL CULTURE AND FAILURE TOLERANCE: A COMPARATIVE STUDY OF HOW UNCERTAINTY AVOIDANCE AND INDIVIDUALISM SHAPE ENTREPRENEURS' PIVOT OR EXIT STRATEGIES AFTER VENTURE FAILURE

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Abstract

Entrepreneurial failure is an important but insufficiently understood stage of the entrepreneurial process. While existing research has examined the causes and consequences of venture failure, considerably less attention has been devoted to explaining why entrepreneurs facing similar failure circumstances choose different strategic responses, particularly whether to pivot, persist, re-enter, or exit entrepreneurship altogether. This paper examines how national culture, specifically uncertainty avoidance and individualism, shapes entrepreneurs' tolerance of venture failure and their subsequent strategic responses. Drawing on institutional theory, cultural-cognitive perspectives and the entrepreneurial failure literature, the paper develops a comparative conceptual framework linking national culture to entrepreneurs' interpretation of failure, emotional response, learning behaviour and post-failure strategic choice. The analysis proposes that high uncertainty avoidance increases the perceived costs and stigma associated with failure and consequently raises the probability of definitive exit, whereas lower uncertainty avoidance creates greater tolerance for experimentation, strategic adaptation and pivoting. Individualism is argued to have a dual effect. High individualism may strengthen personal agency, autonomy and willingness to reconstruct a failed venture through pivoting, but it may also intensify personal responsibility and reputational exposure following failure. By contrast, collectivist environments may provide stronger relational and material support for entrepreneurial re-entry, although social expectations and reputational concerns may also discourage visible entrepreneurial experimentation. A comparative analysis of the United States, Germany, Japan, Belgium/Brazil and Nigeria illustrates how different combinations of individualism and uncertainty avoidance can produce distinctive failure-response patterns. The paper proposes that failure tolerance is not simply an individual psychological attribute but a culturally embedded institutional phenomenon. It concludes that entrepreneurship policies should move beyond promoting start-up formation toward developing culturally sensitive failure-recovery ecosystems that facilitate learning, experimentation, responsible pivoting and productive re-entry.

Keywords: national culture, entrepreneurial failure, failure tolerance, uncertainty avoidance, individualism, collectivism, entrepreneurial pivot, entrepreneurial exit, re-entry, comparative entrepreneurship