

TOWARDS A BETTER UNDERSTANDING OF THE FACTORS OF ENTREPRENEURIAL FAILURE: AN EXPLORATORY STUDY OF ENTREPRENEURS IN THE SFAX REGION OF TUNISIA

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Abstract

Entrepreneurial failure remains a complex, multi-dimensional subject of study that continues to generate academic debate, due to the lack of consensus on its definition and implications. While some researchers associate it with cessation of activity or economic failure, others see it as a learning and resilience process for the entrepreneur. This diversity of interpretations has led to the emergence of different approaches to better understand this phenomenon. This study explores the factors behind entrepreneurial failure in Tunisian SMEs, specifically in the Sfax region. The main objective is to identify the internal and external causes leading to the failure of new SMEs, focusing on the role of the entrepreneur, available resources and the contextual environment. Using an exploratory qualitative approach, 20 entrepreneurs were interviewed to gather data on their experiences, challenges and obstacles encountered. The results reveal that the failure of Tunisian SMEs results from the complex interaction of several factors. The main factors identified include a lack of managerial skills, difficulties in accessing finance, cumbersome administrative bureaucracy, as well as a lack of institutional support. Although entrepreneurial motivation and commitment are important, they are often insufficient in the face of structural and contextual obstacles to SME development. This study sheds light on the limitations of public support policies and suggests ways of improving the sustainability of Tunisian SMEs

Keywords: Entrepreneurial Failure, SME, Resources, Environment, Personality Traits, Financing, Institutional Support

Introduction

Over the past two decades, entrepreneurship has attracted growing interest in both the political and academic spheres, due to its central role in economic dynamism, particularly for SMEs. In Tunisia, SMEs represent an essential part of the economic fabric, creating jobs and contributing to innovation. This craze can be explained by the rediscovery of entrepreneurship as a vital force capable of stimulating economic growth, especially in a context where the challenges of unemployment and job insecurity, particularly among young graduates, remain crucial. Public authorities and academics see entrepreneurship, particularly through SMEs, as a strategic lever for meeting these socio-economic challenges and creating a more resilient economic ecosystem.

Entrepreneurship is a complex economic and social phenomenon that requires a multidisciplinary approach to grasp its full scope. In Tunisia, as in many other countries, entrepreneurship does not benefit from a universally recognized definition, making it a multifaceted subject for study. Since the 2000s, Tunisia has become aware of the importance of entrepreneurship as a driver of economic, social and human development. SMEs, in particular, are seen as a key lever for creating jobs and stimulating innovation. Against this backdrop, the Tunisian government has gradually put in place various policies to encourage the creation of new businesses. These initiatives include entrepreneurship support programs such as the Startup Act, designed to help young entrepreneurs by offering tax benefits, easier access to financing and personalized support, as well as the establishment of support structures such as the Agency for the Promotion of Industry and Innovation (APII), the Sfax Chamber of Commerce and Industry, and the Confederation of Citizen Enterprises of Tunisia (CONNECT). These efforts are aimed at facilitating access to financing, improving the entrepreneurial environment and fostering the spirit of innovation within Tunisian companies.

In addition, several studies carried out in Tunisia have shown that, despite the efforts made by the Tunisian state to promote entrepreneurship, a large number of SMEs created fail to survive in the long term. According to statistics published by the Tunisian Association of Small and Medium-sized Enterprises, some 200,000 small and medium-sized businesses went bankrupt in 2023, compared with 120,000 in 2022.

The early years of an SME's existence have been extensively studied by firm development theorists (Thierry and Bertrand, 2006), who see them as a critical phase that can lead to either entrepreneurial success or failure. Understanding why some SMEs manage to grow while others fail remains a central question in entrepreneurship research. While much work has focused on the analysis of success factors, it is equally essential to examine the causes of entrepreneurial failure in order to shed a more complete light on this phenomenon (Boutaky and al., 2024). However, the majority of studies on entrepreneurial failure have focused on large companies, leaving aside the specific analysis of newly-created SMEs. In Tunisia, where these companies make up the bulk of the economic fabric, their survival rate remains a cause for concern.

Consequently, there is a need for in-depth research into the determinants of their failure, taking into account the particularities of the Tunisian context and the specific challenges they face.

The aim of our research is to determine the failure factors, both endogenous and exogenous, that explain the failure of newly-created SMEs in Tunisia. To this end, we will undertake a qualitative exploration, in alignment with the pre-existing theoretical framework on entrepreneurial failure. This qualitative approach is based on individual semi-directive interviews with 20 Tunisian entrepreneurs, organized around three main axes: the local entrepreneurial context, the resources mobilized by entrepreneurs, and their individual characteristics.

The first part of this article will be devoted to a literature review, which will serve as a theoretical framework to guide our qualitative exploration. The second part will present the main hypotheses on which our analysis is based, as well as the methodological approach adopted to explore these issues. Finally, the third part will be devoted to presenting and discussing the results obtained, with a view to gaining a better understanding of the factors behind SME failures in Tunisia and providing some answers to the specific challenges faced by these companies.

Literature Review

Defining Entrepreneurial Failure

Entrepreneurial failure is a vague concept, with no single, universal definition (Pathania and Tanwar, 2024). Each researcher apprehends it according to the angle of analysis favored and the data available. This diversity of approaches, combined with the multiplicity of levels of analysis, generates what Amankwah-Amoah, (2024) describe as a fragmentation of the research field, limiting the accumulation of knowledge on the subject.

Initially, entrepreneurial failure was mainly associated with notions such as discontinuity and bankruptcy (Pisoni and al., 2021). These approaches have been widely adopted, as they are based on measurable indicators, thus facilitating access to data. However, other definitions, although less commonly used, shed additional light on the phenomenon. For example, Ulmer and al. (1947) define entrepreneurial failure as the closure of a business to avoid greater financial loss. For their part, Eyah and al. (2024) propose a more abstract and methodologically complex definition, describing entrepreneurial failure as the inability to overcome difficulties.

Against a backdrop of growing interest in the study of entrepreneurial failure, several definitions have been proposed. Mellahi and Wilkinson (2004) define organizational failure as the deterioration of an organization's current or anticipated competitiveness below a critical threshold threatening its viability. They identify three main symptoms of this situation: a decline in market share, insufficient profitability associated with negative competitiveness, and a critical narrowing of the business. For their part, Gillespie and Dietz (2009) perceive entrepreneurial failure as a single incident or an accumulation of incidents arising from the actions of the organization's actors, jeopardizing its legitimacy and potentially negatively impacting certain stakeholders. Their approach is based on three criteria: firstly, the incident must constitute a threat to the company's continuity; secondly, the actors behind the failure are not limited to internal members of the company, but include all stakeholders; thirdly, the failure may result from a poor decision or lack of action in the face of an organizational problem. El Mandili and Elabjani (2024) propose a more operational definition, considering entrepreneurial failure as the cessation of business activities due to the inability to reach the minimum threshold of economic profitability set by the entrepreneur.

Jenkins and Mckelvie. (2016), set out to structure the abundant literature on entrepreneurial failure by distinguishing four conceptions, depending on the organizational or individual level of analysis and the nature of the objective or subjective criterion used. At the organizational level, solvency is often used as an objective criterion for identifying companies in difficulty. Thus, according to Shepherd (2016), failure occurs when a company suffers a significant drop in revenues and/or increase in expenses to the point of becoming insolvent and unable to attract financing. Sajjad and Talat (2024), on the other hand, take a more subjective approach, suggesting that failure can be assessed through entrepreneurs' perceptions of their company's performance. Thus, a company can be considered to be failing if its performance is judged to be below its manager's expectations, even if it continues to exist.

At the individual level, several objective criteria can be used to assess entrepreneurial failure. Canfield and Valdés (2024), based on performance threshold theory, consider that an entrepreneur's human capital influences his or her performance acceptability threshold, below which he or she will choose not to continue in business. Continuing in this vein, Jenkins and Mckelvie (2016) consider the comparison between human capital performance and employment alternatives to be an objective criterion for identifying failed entrepreneurs. Thus, an entrepreneur ends his activity when he realizes that he will not be able to achieve a level of performance deemed satisfactory according to his own expectations. More recently, Khelil and al. (2018) propose a more global approach to entrepreneurial failure, integrating several dimensions. According to their definition, entrepreneurial failure is a psychological, social and economic phenomenon. Firstly, it manifests as business failure resulting from strategic misalignment, leading to a deterioration in the entrepreneur's personal financial situation (economic dimension); secondly, a sense of psychological distress linked to the business's inability to bring personal satisfaction and fulfillment (psychological dimension); and

thirdly, a deterioration in social and family relationships, potentially leading to the entrepreneur's isolation (social dimension).

Endogenous and Exogenous Factors in Entrepreneurial Failure

Endogenous Factors

According to the literature, the endogenous factors of entrepreneurial failure are diverse and can be classified into two broad categories. The first concerns the entrepreneur's own characteristics, while the second encompasses the specifics of the SME itself.

Factors Associated With The Entrepreneur

Management errors often result from failures in several key managerial factors. These failings can include poor management of financial risks, incorrect assessment of resources (such as Working Capital Requirement, WCR), inefficient allocation of resources, or poor management of employees, customers or suppliers (Khelil, 2017). These managerial shortcomings compromise the company's ability to operate optimally and respond to market challenges. As a result, these failures often lead to a lack of visibility and an inability to anticipate changes in the company's environment (Cultrera, 2016). They also result in a lack of strategic planning and excessive optimism about the profitability of investments, which can lead to unwise decisions and premature failures (Canfield and Valdés 2024).

Furthermore, several authors have highlighted the impact of owner-managers' personality traits and behaviors in explaining entrepreneurial failure in SMEs (Şenyuva and al. 2024). Indeed, characteristics such as excessive risk aversion, lack of flexibility in the face of change, poor decision-making ability or ineffective management of interpersonal relationships can compromise the company's sustainability. These factors influence not only the company's internal management, but also its ability to adapt to a constantly changing economic environment.

SMIDA and Khelil (2010) highlight the impact of psychological factors on entrepreneurial failure, pointing out that feelings such as perceived incompetence, demotivation, personal disappointment, doubt, stress, as well as a sense of powerlessness and insecurity can significantly affect the entrepreneur's resilience and compromise the viability of his or her project. Fear of failure, identified by Bosma (2004) as one of the main apprehensions of entrepreneurs, accentuates this state of uncertainty and vulnerability. Khelil and al. (2018) point out that this fear can lead to psychological lassitude, leading to the abandonment of the entrepreneurial initiative, thus hindering the manager's ability to persevere in the face of the challenges inherent in running an SME.

Factors Associated With Company Specificity

According to several studies in this field, young SMEs are particularly vulnerable to the risk of failure, compared with older, more experienced companies (Jamil and al. 2023). This fragility is mainly due to a lack of experience and social capital still in formation, limiting their ability to integrate effectively into their economic environment. In addition, these companies face high organizational learning costs, necessary to develop internal routines and evolve towards a more agile, learning organization (Bunyamin and al. 2019). In addition, they need to rapidly establish organizational stability in order to secure their development and strengthen their resilience in the face of market challenges (Mustofa, 2025).

From this same perspective, it is widely observed that the majority of SMEs start out with a small-scale structure, which exposes them to a handicap linked to their ability to reach the critical size required in their sector of activity. As a result of this constraint, they encounter difficulties in covering their fixed costs, which may force them to withdraw from the market, particularly during periods of recession or unfavorable economic fluctuations (Nikolić, and al. 2019). Furthermore, Amankwah-Amoah (2024) points out that several research studies have highlighted an inverse relationship between SME size and their failure rate, thus indicating that company growth is a key survival factor.

Generally speaking, there's no one-size-fits-all approach to business management. However, small and medium-sized businesses have their own specific characteristics. Indeed, their management is essentially based on an adaptive process, often informal and difficult to structure. In contrast to large corporations, SME managers focus on day-to-day operations rather than strategic management. In this context, they personally assume a number of responsibilities in order to minimize operating costs, while retaining direct control over all company activities (Jamil and al. 2023).

In an economic environment marked by globalization and increased competition, the implementation of effective marketing strategies is a key success factor for companies. For SMEs, whose resources are more limited than those of larger companies, the ability to develop and execute an appropriate marketing strategy is all the more crucial. According to Nikolić, and al. (2019), an ineffective marketing strategy can be a key factor in the failure of SMEs, limiting their ability to position themselves in the market, attract and retain customers, as well as cope with changing trends and consumer demands.

Financial management is an essential function within SMEs, directly influencing their sustainability and growth. Numerous studies have established a link between entrepreneurial failure in SMEs and ineffective financial management (Kraivichien and Pruetipibultham (2024); Canfield and Valdés 2024). Poor financial planning, inadequate cash flow management and limited access to sources of financing can leave these

businesses vulnerable. According to Syafiqah and Diana (2024), a lack of financial management skills is a critical factor that can compromise the viability of SMEs, exposing them to liquidity difficulties and an increased risk of failure.

Exogenous Factors in Entrepreneurial Failure

Approaches that emphasize the determining influence of the environment are part of the theory of the population ecology of organizations (Ilseven and Puranam 2025). This theory postulates that the survival and development of companies, including SMEs, are strongly conditioned by the constraints and dynamics of their external environment. With this in mind, Mellahi and Wilkinson (2004) point out that SMEs are particularly vulnerable to economic fluctuations, competitive pressures and regulatory changes, as these factors can determine their trajectory and, in some cases, lead to entrepreneurial failure.

The Impact of The Economic Context

The economic causes of SME failure are multiple and often interdependent, making their impact particularly critical in times of economic instability. Among the most influential factors, interest rates and unemployment rates play a decisive role in what are termed forced failures, as they directly influence the profitability and viability of businesses (Sidiq and al. 2024). However, other factors linked to national economic policies can also accentuate these difficulties. Fiscal pressure, characterized by a diversity of taxes and high tax rates, as well as uncontrolled inflation, can weaken the financial structure of SMEs and limit their investment capacity (Ihua and Siyanbola, 2012; Khan, 2022).

In addition, Nikolić, and al, (2019) highlight the importance of other macroeconomic variables, such as exchange rate fluctuations, limited domestic market size, reduced consumer purchasing power and restricted access to new technologies. Added to this are market regulation policies, taxation, as well as price control measures, which can hamper the competitiveness of SMEs by imposing additional constraints.

In addition, economic recession and labor market contraction affect SME growth by increasing labor costs and reducing business opportunities (Gupta, and al. 2024). In addition, unfair competition, whether from the public sector, large corporations or massive imports, represents a major obstacle to the development and sustainability of SMEs (Pathania and Tanwar 2024). All these factors, often beyond the control of entrepreneurs, considerably increase the risk of entrepreneurial failure, making the survival of SMEs all the more uncertain in an unstable economic environment.

Access to The Necessary Financial Resources

Access to external financial resources is one of the most worrying challenges facing SMEs, particularly new start-ups. These companies, which are often fragile and still in the structuring phase, find it difficult to mobilize the financing they need for their development and long-term survival. Indeed, lack of liquidity and difficulties in obtaining financing, whether capital or loans, are among the main reasons for their failure (FITRI, 2024). One reason for this is that SMEs generally lack the collateral to reassure financial institutions, which limits their access to bank credit. Furthermore, equity financing often remains limited, as entrepreneurs lack initial capital or have difficulty attracting investors due to the perceived level of risk. This financial constraint has a direct impact on their ability to invest in strategic resources, such as technology, innovation or the recruitment of key skills, which considerably reduces their chances of success. As a result, in the absence of suitable financing solutions, many SMEs quickly find themselves in a situation of financial vulnerability, leading to operational difficulties that compromise their medium- and long-term survival.

In addition, entrepreneurs frequently turn to alternative sources of financing, such as personal savings, reinvested profits from operations (Gyimah, and Lussier 2021) or funds from relatives. However, this reliance on limited resources compromises the company's financial strength, reducing its ability to meet its financial commitments. The inability to meet debts from available assets thus exposes the SME to increased risks of insolvency (Cultrera, 2016) and, in many cases, to a declaration of bankruptcy (Wang and Guedes 2024). Moreover, the financial vulnerability of SMEs is exacerbated by the concentration of their sources of financing. Indeed, when a company relies primarily on a single credit provider or business partner for working capital, it becomes particularly exposed to economic fluctuations and financial stress (Poluan and al. 2024), increasing the risk of entrepreneurial failure.

The Impact of The Institutional Environment

The absence, insufficiency or inadequacy of institutional support is a major challenge for SMEs, particularly in developing economies where the entrepreneurial environment is often restrictive (K. and Pansiri, 2012). Indeed, SME failure can largely be attributed to red tape and excessively lengthy procedures for accessing public funding, which hampers their growth and compromises their viability. In addition, the inadequacy of funds allocated by governments and the sometimes inappropriate orientations of public aid limit the effectiveness of SME support policies (Gupta, and al. 2024). Added to this is a lack of specific training, consulting and coaching programs, which deprives entrepreneurs of the tools they need to develop managerial and strategic skills adapted to market requirements (Sidiq and al. 2024). In many cases, the systems put in place do not take sufficient account of the real needs of SMEs, making their access to support resources even more complex. As a result, these companies are often left to fend for themselves, with increased difficulties in overcoming obstacles linked to financing, management and innovation. This

situation, combined with an uncertain economic environment, amplifies their vulnerability and considerably increases their failure rate.

Research Hypotheses

In this research, we mobilize three major theoretical frameworks to analyze the determinants of entrepreneurial failure in new SMEs, particularly in the Sfax region of Tunisia. These are population ecology theory, the resource-based approach and motivational approaches. These complementary perspectives help to explain why some newly-established businesses manage to survive and grow, while others fail early on.

Population ecology theory emphasizes the impact of contextual and environmental factors on business survival (Hannan and Freeman, 1977). According to this deterministic approach, the success or failure of new ventures does not depend on entrepreneurs' strategic choices, but rather on their ability to adapt to market conditions and external constraints (Bunyamin and al. 2019). From this perspective, the entrepreneur is perceived as a passive actor whose performance is conditioned by the economic and institutional environment. Thus, the business climate, regulations, competition and market opportunities play a dominant role in the destiny of SMEs.

In contrast, the resource-based approach adopts a voluntarist perspective, considering that entrepreneurial performance largely depends on the internal resources mobilized by the company. This approach postulates that the success of a new business is strongly linked to its initial human, financial and organizational capital resources (Boyoung and al, 2018). A lack of resources at the time of creation can thus be a predictive factor for failure (Khalemsky and Hadasa 2024). With this in mind, the entrepreneur's ability to acquire, manage and optimize internal resources becomes a key element in ensuring the viability of his business.

By combining these two theoretical frameworks, our analysis aims to identify the main determinants of entrepreneurial failure and better understand the dynamics that influence the sustainability of new SMEs.

Taking into account the theoretical foundations previously outlined, this research aims to examine the following hypotheses:

Hypothesis 1 : Entrepreneurial failure is influenced by entrepreneurial factors.

Hypothesis 2 : Entrepreneurial failure is largely determined by the financial resources available to and under the control of the entrepreneur.

Hypothesis 3 : The failure of new Tunisian SMEs is mainly influenced by factors linked to their external environment.

Methods

As part of our research, we adopted a qualitative, exploratory approach to analyze descriptive data that is difficult to quantify. This methodology enabled us to gain a better understanding of the factors influencing the failure of new Tunisian SMEs, taking into account the specificities of the local context. To this end, we conducted semi-structured interviews, a method particularly well-suited to in-depth exploration of entrepreneurs' perceptions and experiences. This methodological choice enabled us to structure the exchanges around precise themes defined in an interview guide, while leaving a certain flexibility to deepen the participants' responses and identify unanticipated emerging elements.

Interviews and Data Processing

In this study, the semi-structured interviews were designed around themes identified as relevant in the light of the literature review. These themes enabled us to highlight the main factors explaining entrepreneurial failure in the Tunisian context. In order to collect field data related to our problem, we conducted a series of semi-structured interviews during the months of April and May 2024. The participants in this survey were entrepreneurs who had set up businesses in the Sfax region, more specifically in the Poudrière 1 industrial zone, and who agreed to share their experiences, in particular the challenges encountered and the obstacles that had hindered the sustainability of their activity. These testimonials shed valuable light on the dynamics of failure in Tunisian SMEs, integrating individual, organizational and contextual aspects.

As part of this study, we carried out almost 13 hours of interviews, with an average duration of 40 minutes, ranging from 30 minutes for the shortest to 50 minutes for the longest. These interviews were conducted at the "Sfax-innovation 2" business incubator. To ensure transparency and establish a climate of trust, each interview began with a brief presentation of the research framework, its objectives and the estimated duration of the discussion.

To ensure the methodological rigor of the interviews, we drew up a structured interview guide. The aim of this guide was to guide the discussion in order to extract the information essential to our analysis. In line with qualitative research protocols, the guide was developed in three stages: firstly, the identification and listing of key themes to be addressed; secondly, the grouping of questions according to coherent thematic axes; and thirdly, the introduction of each theme with an open-ended question to encourage the free expression of interviewees. This approach enabled us to obtain rich, nuanced data on the failure factors of Tunisian SMEs.

Our interview guide begins with general questions before gradually refocusing on the specific elements linked to our research problem. It combines open and closed questions to structure the exchange while

allowing for in-depth exploration of the themes addressed. The guide was administered face-to-face with each entrepreneur, in order to gather detailed, contextualized information on their entrepreneurial journey and the factors that influenced the outcome of their project.

The guide includes 24 questions organized into four main sections:

- Part 1: Entrepreneur profile (gender, age, level of education, and type of training completed, marital status, etc.).
- Part 2: Company characteristics (legal form, field of activity, number of employees, length of service, etc.).
- Part 3: Entrepreneurial process (motivations, personality traits, obstacles encountered, access to resources and support schemes, etc.).
- Part 4: Explanatory factors for entrepreneurial failure, as perceived and recounted by the entrepreneurs interviewed.

This methodological framework has enabled us to analyze the various dimensions of entrepreneurial failure in the Tunisian context, highlighting the interactions between the individual characteristics of entrepreneurs, the resources mobilized and the structural constraints of the economic environment.

In this study, we opted for a classic content analysis of open-ended questions. This method is based on an analysis grid that allows us to scan the entire textual corpus and identify thematic recurrences. It enabled us to extract the key elements explaining entrepreneurial failure in the Tunisian context from the discourses collected from the entrepreneurs interviewed. Given the large volume of data collected, we used NVivo 12 software to optimize the processing and analysis of the interviews. This tool reduces the risk of bias associated with information overload by facilitating data storage, classification and organization. It also enables in-depth research to be carried out on the corpus, depending on the objectives of the study (Deschenaux and al. 2005). Thanks to NVivo, we were able to segment the interviews into precise themes, facilitating the identification of the main factors influencing the sustainability of Tunisian SMEs.

Sample Description

Our study sample is made up of 20 entrepreneurs from the Sfax region, reflecting diversity in terms of age, gender and marital status. The vast majority of interviewees were men (80%), while women represented only 20% of the sample. In terms of age distribution, only 10% of entrepreneurs interviewed were young adults aged between 20 and 30. The 40-50 age group is the most represented, accounting for 50% of respondents, followed by the 50-60 age group (25%), while 15% are over 60.

All the entrepreneurs surveyed live in urban areas, with Sfax dominating the geographical distribution (50%), followed by Tunis (35%) and Sidi Bouzid (15%). Finally, in terms of family, the majority of participants are married (75%), while 20% are single and 5% are divorced. This sample composition makes it possible to examine entrepreneurial dynamics while taking into account the varied profiles of entrepreneurs operating in the Tunisian context. The data collection process reached saturation point after the twentieth interview.

Results and Discussion

To analyze and process the data, our study was structured in three parts, each corresponding to the main hypotheses formulated.

Entrepreneurial Failure Factors Linked to The Entrepreneur

The results of the qualitative survey reveal that neuroticism is a particularly pronounced personality trait among the majority of entrepreneurs facing failure. This observation is in line with the findings of Jayasundera and Allam (2024), who studied the influence of psychological traits on entrepreneurial behavior. Neuroticism, marked by a propensity for anxiety, emotional instability and a heightened vulnerability to stress, seems to play a key role in the difficulties encountered by these entrepreneurs. With this in mind, the interviewees shared their experiences as follows:

- Interviewee 4: "I often feel angry and frustrated when things don't go as planned. This anger prevents me from thinking clearly and acting constructively."
- Interviewee 6: "Constant anxiety made me irritable and unfocused, which affected my ability to manage my team and make informed decisions."
- Interviewee 8: "My nervousness makes me narrow-minded, which prevents me from communicating effectively with my team and finding solutions to problems."

These testimonials highlight how neuroticism can hinder business management, affecting decision-making, resilience in the face of obstacles and the ability to maintain a strategic vision. These findings underline the importance of taking personality traits into account when coaching entrepreneurs, in particular to help them develop emotional skills and stress management mechanisms, in order to prevent situations of failure.

Another major point raised by the majority of interviewees is the lack of strategic vision and long-term projection for their companies. Indeed, most of them indicated that they were involved in numerous operational tasks, which favored short-term management and limited the performance and sustainability of

their SME. Our study shows that SME failure is largely influenced by a lack of management skills or expertise on the part of Tunisian entrepreneurs. On this subject, several interviewees shared their experiences in the following terms:

- Interviewee 11: "My business failed because I didn't have a clear vision for the future. If I had it to do over again, I'd go into a field related to my IT training, making sure I had a long-term strategy."
- Interviewee 2: "I was too absorbed in day-to-day tasks, never taking the time to plan the future of my business. This failure taught me the importance of strategic vision."
- Interviewee 14: "My lack of management skills was a major obstacle. If I had to go back, I'd surround myself with experts to fill my gaps and avoid the mistakes of the past."
- Interviewee 9: "I realized that my business failed because I didn't have the skills to manage the financial and strategic aspects. This failure opened my eyes to the importance of continuous training."
- Interviewee 18: "I was focused on operations and day-to-day management, without any concern for the future. This short-term approach prevented my company from structuring itself and developing sustainably."
- Interviewee 5: "My business failed because I didn't have the necessary managerial skills. If I had it to do over again, I would take training courses to strengthen my skills and better manage the challenges."

This finding is in line with research showing that lack of management experience is a key factor in SME failure (SAID and Zineb, 2024; MAHAMAT and DEDOM, 2024). Indeed, this lack of experience limits the effectiveness of both strategic and operational management, and directly influences the managerial style adopted. This deficit is often associated with a low level of entrepreneurial preparation, as described by Lattacher and al. (2024), particularly among Tunisian entrepreneurs. As a result, they often find themselves overwhelmed by the demands and constraints of running an SME, which compromises the viability of their business (Dvorský and al. 2023).

Factors in Entrepreneurial Failure Linked Problems of Access to External Financial Resources

Entrepreneurship relies on the mobilization of various essential resources, notably financial, material and relational. An analysis of the answers given by the entrepreneurs surveyed reveals that financial needs predominate, accounting for 75% of the concerns expressed. This finding is in line with the conclusions of FITRI, (2024) on the causes of SME failure. With this in mind, several entrepreneurs interviewed shared their experiences and testimonials illustrating these difficulties:

- Interviewee 12: "The banks' refusal to finance me was a real obstacle. Without access to credit, I had to make do with insufficient personal funds, which quickly limited the development of my business and led to its closure."
- Interviewee 1: "I approached several financial institutions, but the guarantees required were beyond my reach. Without this support, I was forced to run my business with too limited means, which weakened my business from its very first months."
- Interviewee 17: "One of the biggest challenges was finding external financing. I knocked on several doors, but the banks weren't prepared to take the risk. Without sufficient funds, I had to slow down my business, which led me straight to failure."
- Interviewee 20: "I started with my own savings, hoping to raise funds later. Unfortunately, the conditions imposed by the banks were too rigid, and without financial support, my business couldn't survive."
- Interviewee 3: "Access to credit is virtually impossible for a small entrepreneur like me. I tried several solutions, but due to a lack of financing, I found myself at an impasse, unable to cope with the first difficulties."
- Interviewee 13: "Without bank financing, I had to turn to informal loans with high interest rates. This quickly put a strain on my cash flow and prevented me from investing in the development of my business."
- Interviewee 8: "The processing times for credit applications are so long that by the time I finally got an answer, it was already too late. My business couldn't cope with the financial difficulties."

In Tunisia, this financial constraint is particularly marked by the difficulty of accessing bank financing, where credit institutions require guarantees that are often disproportionate to the amounts requested. What's more, the inflexibility of the Tunisian banking system is reflected in long delays in the assessment of credit applications and a reluctance to support companies in difficulty, which accentuates their financial precariousness. This phenomenon is in line with the observations of Bloch and al, (1995), who point out that the rigid attitude of banks towards companies in critical situations accelerates their failure. As a result, many Tunisian entrepreneurs turn to alternative sources of finance, such as informal financing, family support or public aid, although these solutions are often insufficient to guarantee the sustainability of their activities. This dependence on limited financial resources, combined with the sometimes empirical management of funds, is an aggravating factor in entrepreneurial failure in Tunisia.

Factors of Entrepreneurial Failure in Tunisian Smes Linked to The External Environmental Context.

The performance of Tunisian SMEs depends not only on the characteristics of the entrepreneur and the resources he mobilizes, but also on the environment in which he operates. Our study revealed that Tunisian

entrepreneurs are confronted with multiple structural and institutional constraints, which hinder the development and sustainability of their businesses. These obstacles take various forms, including heavy administrative bureaucracy, rigid regulatory requirements, high tax pressure, intense competition and insufficient support. On this subject, several interviewees shared their experiences in the following terms:

- Interviewee 3: "The crushing tax burden undermined my business from its very first year. Between taxes and social charges, cash flow deteriorated rapidly, making any prospect of growth impossible."
- Interviewee 4: "Unfair competition with the informal sector got the better of my business. While I was striving to comply with all tax and legal obligations, others were operating without constraint, making it impossible for me to compete on price."
- Interviewee 8: "Support structures do exist, but their role is limited. They offer little personalized follow-up, and in the absence of any real guidance, I found it hard to overcome the financial and strategic difficulties of my project."
- Interviewee 9: "The training offered to entrepreneurs is not adapted to the realities on the ground. I needed concrete support on management and strategy, but I ended up with general advice that didn't help me avoid bankruptcy."
- Interviewee 10: "Even after securing initial funding, I received no support to manage the challenges of the market. Without mentoring or institutional support, I faced complex decisions alone, which precipitated the failure of my business."
- Interviewee 11: "The procedures for accessing aid are so bureaucratic that it discourages entrepreneurs. I've wasted precious time putting together applications without ever getting the support I needed to stabilize my business."
- Interviewee 12: "Support for SMEs is often limited to promises. In reality, once the company is created, we're left to our own devices, and without a structuring framework, it's difficult to overcome economic and administrative obstacles."

Our study has shown that many entrepreneurial failures in Tunisia are closely linked to the limitations of institutional support and the bureaucratic constraints imposed on entrepreneurs. This finding is in line with the work of K. and Pansiri (2012), who highlight the negative impact of administrative obstacles on business viability.

Furthermore, the orientation of public aid is often judged to be ill-adapted to the real needs of the entrepreneurs surveyed. Some believe that the lack of post-creation support prevents young companies from benefiting from adequate follow-up to ensure their growth and avoid strategic errors that could lead to their failure. These observations concur with the findings of Sidiq and al. 2024, who stress the importance of ongoing, tailored support to reduce the risk of entrepreneurial failure.

Conclusion

Entrepreneurial failure in Tunisian SMEs is a complex phenomenon influenced by a multitude of internal and external factors. Through this exploratory study, we have highlighted three main explanatory dimensions of this failure: the entrepreneur's own characteristics, available resources and the entrepreneurial environment. The results of our qualitative survey of 20 entrepreneurs in the Sfax region revealed that the interaction between these factors plays a decisive role in the viability of SMEs.

On the one hand, a lack of management skills, a lack of strategic vision and the psychological pressure of market uncertainty all contribute to making business leaders vulnerable, thereby compromising the sustainability of their activities. On the other hand, limited access to external financial resources, administrative constraints and the rigidity of the institutional framework considerably hamper the development of Tunisian SMEs. These findings confirm previous work highlighting the importance of human capital, mobilized resources and the economic context in entrepreneurial success or failure (Khelil, 2018; Mellahi and Wilkinson, 2004).

In addition, our study highlights the importance of more structured post-creation support tailored to the real needs of entrepreneurs. Better coordination between public and private institutions, as well as more flexible procedures for accessing financing, could reduce the failure rate of SMEs in Tunisia.

The limitations of this research lie in its exploratory nature and the size of the sample studied, which makes it impossible to generalize the results statistically. Nonetheless, the findings offer relevant food for thought for policy-makers and those involved in entrepreneurial support. Future studies, incorporating a larger-scale quantitative analysis, could help refine these results and identify concrete levers for action to strengthen the resilience of Tunisian SMEs in the face of market challenges.

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