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Failure and Success of Entrepreneurs in Nigeria: An Empirical Review

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Abstract: *The purpose of the study is to identify the main causes of business failure based on an empirical study in Nigeria. This study examines the prevalence causes of business failure and learning outcomes result from the failure experience of the entrepreneurs. The data of the study were collected through interviews with 15 entrepreneurs who closed their businesses after operating at least 4 years. The thematic analysis of the interview notes revealed that the largest proportion of mature business failures was explained by the integrative approach which includes both individual/organizational (internal) and environmental (external) factors. The data identified three main outcomes in the process of entrepreneurial learning: recognizing of opportunities, exploitation of opportunities and interpersonal. Business discontinuation is an important feature of dynamic economies, and entries and exits of businesses are closely connected. A majority of entrepreneurship literature have focused on successful ventures, therefore, little is known about why ventures fail. Previous studies showed significant inter-country differences in SME failure rates, while most researchers on business failure have been conducted in developed countries, and there is limited knowledge on the causes of business failure in other countries with different economic, political, social, and cultural conditions. Considering the economic conditions of the country, analysis of the entrepreneurship process, and the causes of failure and success, would provide critical information for individual entrepreneurs, and government policy-makers.*

Keywords: *Entrepreneurial failure, Entrepreneurial success*

INTRODUCTION

Business sector Small and medium Enterprises (SMEs) play a key role to innovation, employment, and competitive advantage. One of the requirements for growth, creativity as well as entrepreneurship in societies is to study their failure process. Since new firms create new jobs, open up opportunities for upward social mobility, foster economic flexibility, and reinforce competition and economic efficiency (Liao (2018), they are considered critical for economic growth. Entrepreneurship literature has paid much attention to factors which affect business performance. Performance is defined by Laitinen (2017), as “the ability of an object to produce results in a dimension determined a priori, in relation to a target”. The performance factors based on the literature are as followed: personality of the entrepreneur innovation, planning, and entrepreneurial culture (Georgellis, 2016).

Business discontinuation is an important element of dynamic economies; on the other hand, entries to and exits from businesses are closely correlated. It has been widely recognized that business growth as well as survival depend both on external and internal factors. While most business challenge may be foreseeable, some will be completely unpredictable. In order to succeed in their business, a management team must pay careful attention to all those aspects which may have a significant impact on business viability and also demonstrate skills both in exploiting the opportunities as well as reducing the threats. The challenges of managing a successful business today are more complex and difficult than any other time in the recent history. Technological, product, and manufacturing innovations, changes in business regulations and increased international competition have placed tremendous pressures on the management of companies. As a consequence, the failure rates of new start-ups, and even young companies beyond the starting phase, are at an all-time high (Bruno, 2018).

According to business guru (Brian Tracy, 2019) “Leadership is the most important single factor in determining business success or failure in our competitive, turbulent, fast-moving economy.” Based on a study by Jessie Hagen (2019) of the US Bank, enumerated four reasons of businesses failure as poor business planning, poor financial planning, poor marketing, and poor management. Proper application of these key factors is a function of good leadership. In the Business Planning category, 78% of businesses fail due to lack of a well-developed business plan.

In the financial planning category, a whopping 82% of businesses failed due to poor cash flow management skills followed closely by starting out with too little money. Business leadership is about taking financial responsibility, conducting sound financial planning and research, and understanding the unique financial dynamics of one’s business. Over 64% of the businesses surveyed in the marketing category failed because of owners minimizing the importance of properly promoting their business followed by ignoring their competition. Leadership is all about taking initiative, taking action, getting things done, and making decisions. In the management category, 70% of businesses failed due to owners not recognizing what they do not do well and not seeking help, followed by insufficient relevant business experience. Not delegating properly and hiring the wrong people were major contributing factors to business failure in the Management category. Leadership is about knowing yourself understanding your strengths and weaknesses. Leaders are aware of their potential. Losers ignore their potential. Leadership is ultimately about influence and delegation. As a leader, you must have the humility to be able to surround yourself with people who are brighter than you and who can make up for your weaknesses and limitations so you can do what you do best: seize the day and lead.

The academic research on entrepreneurship has gained a significant momentum in the last two decades and contributed to the establishment of a robust theoretical basis in this field. Although such research provides ideas about different aspects of entrepreneurship, it usually focuses on the success of entrepreneurs (Sarasvathy, 2004), cognitive entrepreneurship (Baron 2015, 2017), characteristics of entrepreneurs (Begley & Boyd, 2016), capital for entrepreneurship (Chandler & Hanks, 1998) (Perry, 2001). However, Everett and Watson (2017) suggest that if failure is defined as bankruptcy, it would be considered from a very narrow perspective and for example many businesses that still operate although they lose money will be excluded from the analysis. Cannon and Edmondson (2005) made a broader conceptualization and defined failure as ‘deviation from expected and desired result’. When defined in this way, failure may occur when the entrepreneur underperforms in terms of critical processes or when desired targets are not achieved.

Cope (2011) states that "failure represents one of the most difficult, complex and yet valuable learning experiences that entrepreneurs will ever have the misfortune to engage in". Thus, venture failure is an important concept to understand in entrepreneurship, both in terms of its causes and consequences for the individual entrepreneur, organizations and society at large. Success and failure of a business can be explained both by individual/organizational (internal) and environmental (external) factors (Zacharakis, Meyer & DeCastro, 2017). Internal causes are those decisions/actions that are under management's control while external causes are events that are outside of management's control. In most cases, a complex mixture of causes contribute to business failure. Among the internal factors, managerial incompetence or poor management comes first (Gaskill *et al.,* 2017; Zachakaris *et al.,* 2018). Poor management is referred to the failure of the management to be able to ensure that problems are identified promptly and the correct solutions applied, so as to give the company the best possible change of survival and growth. Overconfidence and excessive risk taking tendency also seen among the failure causes (Hayward *et al.,* 2019). On the other hand, many businesses fail due to poor financial planning, namely getting into cash flow binds, being too easy with credits, spending money on the wrong things. Thus, business failure is connected to the manager's decisions and behaviors, and the way he conducts his enterprise. In contrast, some other scholars seem to suggest that businesses fail rather due to external factors such as inadequate economic circumstances (Gaskill *et al.,* 2018), government.

Entrepreneurs can be difficult to define, and there are many definitions used to describe an entrepreneur. However, an entrepreneur can only be described in one simple definition. An entrepreneur is the one who recognizes any need and satisfies it (Nelson, 2017). Entrepreneurs could also be categorized into four stages. Potential entrepreneur, nascent entrepreneur, new business, and an established business (Global Entrepreneurship Monitor, n.d.). In addition, the established business stage is defined as an entrepreneur who establishes a business for more than three and a half years (Global Entrepreneurship Monitor, n.d.). In the recent years, there is an increase in entrepreneurial activity in some countries. In the United States, venture capitalists have invested their money in 3,995 deals, which totals to 29.4 million dollars in the year 2013 (Wade, 2014). By comparing to an earlier year, the growth is up by 7% in dollars and 4% in the number of deals (Wade, 2014). A successful entrepreneur can fuel the society with value and economic sustainability.

However, the obstacles and challenges that entrepreneurs faced are proved to be harsh for them to survive. This causes most entrepreneurs to fail their business fairly quickly. The causes of failure are lack of a market need, inappropriate team, failed to compete, problems with pricing or cost, product unfriendly to the user, make a product without a business model, substandard marketing, customers ignorance, inappropriate timing for the product, cannot focus, no harmony within the team or investors, bad decisions, no passion, failed to expand geographically, lack of financing or investor, legal difficulties, lack of networking, and failed to make changes (C.B. Insights, 2018). This data may provide a glimpse into the issues that entrepreneurs are facing every day, which might eventually make them fall into one of the categories. The significance of this research is to identify what might cause entrepreneurs to fail in becoming an established business, which covers a specific time span. It is important to identify the causes early, so entrepreneurs who currently have a business under three and a half years old can recognize the problem and take action on that particular problem. This research may also help people who are becoming an entrepreneur to avoid failing which can increase interest and entrepreneurial activity in the country or region as a whole.

Entrepreneurial Learning

It is a general opinion that entrepreneurs benefit from their previous failures. As the catalyst for further business development, failure provides critical learning opportunities (Cardon *et al.*, 2016). Sitkin (2018) was one of the pioneer among the authors who have similar opinions. He details the way organizations of all kinds may learn through failure, going so far as to argue that failure is an essential part of the learning process for organizations. According to Huovinen and Tihula (2014), failures may lead to the development of entrepreneurial knowledge as well as founding experiences. Politis and Gabrielson (2016) suggests that entrepreneurs' life and work experiences shape their attitudes towards failure. The authors reports that prior entrepreneurial experience as well as experience closing down a business are associated with more positive attitudes toward failure. In Cope's study (2016), learning is emphasized as a process and recovery and re-emergence from failure is seen as a function of distinctive higher-level learning processes that allow entrepreneurs to learn about themselves and entrepreneurship. His research findings suggest that failure can improve "entrepreneurial preparedness" for subsequent entrepreneurial activity.

The literature identifies two key outcomes related to the process of learning. The two learning outcomes are: learning how to recognize opportunities (Shane and Venkataraman, 2013; Shane, 2014), and learning how to overcome traditional obstacles when organizing and managing new ventures, i.e., the exploitation of opportunities (Shane and Khurana, 2013). Entrepreneurial opportunities are those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production (Casson, 2014). Recognizing opportunities is considered to be among the most important abilities of a successful entrepreneur (Shane, 2017; Shane and Venkataraman, 2018). People generally recognize opportunities related to the information that they already possess (Venkataraman, 2013). People have different stocks of information because information is generated through people's idiosyncratic life experiences (Shane, 2019) Therefore, entrepreneurs that have failed can be considered to have improved their knowledge, capabilities and experience in seeing the opportunities.

Minniti and Bygrave (2016) stress that entrepreneurial failure reduces uncertainty that lead to the discovery of new opportunities. Thus not only successful experiences can increase the effectiveness of opportunity recognition. Also failures increase the effectiveness of opportunity recognition. Moreover, failure acts as a stepping stone not only spotting new opportunities but also exploitation of those opportunities. Exploitation of an opportunity is a decision to act upon a perceived opportunity, and the behaviours that are undertaken to achieve its realization (Choi and Shepherd, 2017).

Cooper *et al.* (2017) found that people are more likely to exploit opportunities if they have developed useful information for entrepreneurship from their previous employment, because such information reduces the cost of opportunity exploitation. Previous experience could increase the ability to better cope with liabilities of newness and reduce the obstacles and uncertainties related to setting up a new business, such as finding financial start-up capital, legitimacy building, adaptation to changes, having access to social and business networks. Previous studies found various factors were contributable to business failure. The factors are summarized as follows:

Entrepreneurial Failure

Oxford English Dictionary defines the term “failure” as “to become deficient, to be inadequate”. In general, many different terminologies are related to business failure, such as firm closures, entrepreneurial exit, dissolution, discontinuance, insolvency, organizational mortality and bankruptcy. Normally, entrepreneurial failure is referred to as the cease of an operation for financial reasons. Since we examined nascent entrepreneurs during the firm’s gestation process, one type of entrepreneurial failure is the discontinuance of venturing efforts by entrepreneurs (Liao *et al.,* 2017), but business failure can be defined as wanting or needing to sell or liquidate, to avoid losses or to pay off creditors, or the general inability to make a profitable go of the business (Gaskill *et al.,* 2013). Pretorius, at the end of his review of business failure definition, proposed a universal definition for the failure phenomenon - a venture fails when it involuntarily becomes unable to attract new debt or equity funding to reverse decline; consequently, it cannot continue to operate under the current ownership and management. Failure is the endpoint at discontinuance (bankruptcy) and when it is reached, operations cease and judicial proceedings take effect (Pretorius, 2018).

There are problems relating to the use of various terms involved in research in business failure. In particular, definitions of business “disappearance”, “closure”, “exit”, and “failure” are confused and often overlapping. “Dis-appearance” of a business may occur because the business failed, or because the business was acquired by or merged into another company, or because the owners voluntarily closed it (Cardozo and Borchert, 2019). “Closure” can be categorized as the inability of a business to survive and thus represents a discontinuation of a business. “Exit” refers to several different meanings; it can refer to the exit of a business from trading. Failure has been defined differently by several studies. Some studies define failure as bankruptcy. The bankruptcy criterion for failure states that failure occurs when the firm is legally bankrupt and ceases operations with a resulting loss to creditors (Perry, 2018). However, Everett and Watson (2019) suggest that if failure is defined as bankruptcy, it would be considered from a very narrow perspective and for example many businesses that still operate although they lose money will be excluded from the analysis. Cannon and Edmondson (2017) made a broader conceptualization and defined failure as ‘deviation from expected and desired result’. When defined in this way, failure may occur when the entrepreneur underperforms in terms of critical processes or when desired targets are not achieved.

Cope (2011) states that “failure represents one of the most difficult, complex and yet valuable learning experiences that entrepreneurs will ever have the (mis) fortune to engage in”. Thus, venture failure is an important concept to understand in entrepreneurship, both in terms of its causes and consequences for the individual entrepreneur, organisations and society at large. Success and failure of a business can be explained. Success and failure of a business can be explained both by individual/organizational (internal) and environmental (external) factors (Zacharakis, Meyer & DeCastro, 2014). Internal causes are those decisions/actions that are under management’s control while external causes are events that are outside of management’s control. In most cases, a complex mixture of causes contribute to business failure. Among the internal factors, managerial incompetence or poor management comes first (Gaskill *et al.,* 2015; Zachakaris *et al,* 2017). Poor management is referred to the failure of the management to be able to ensure that problems are identified promptly and the correct solutions applied, so as to give the company the best possible change of survival and growth. Overconfidence and excessive risk taking tendency also seen among the failure causes (Hayward *et al.,* 2006). On the other hand, many businesses fail due to poor financial planning, namely getting into cash flow binds, being too easy with credits, spending money on the wrong things. Thus, business failure is connected to the manager's decisions and behaviors, and the way he conducts his enterprise. In contrast, some other scholars seem to suggest that businesses fail rather due to external factors such as inadequate economic circumstances (Gaskill *et al.,* 2016), government policies (Cardon *et al.*, 2017).

There are also some studies in the literature that analyse the association between the age of the company and business failure (Honjo, 2000; Thornhill and Amit, 2003). Those studies have established that younger firms fail more often due to internal causes (e.g. operational management problems, inexperienced and incompetent management, different management failures) while mature firms fail largely due to external causes (environment, competition, demand) (Lukason and Hoffman, 2015). Immature firms fail more due to their lack of experience (Thornhill and Amit, 2003) or limited resources (Hall, 2014). More recently, Egeln *et al.* (2018) found that successful young firms often fail due to a lack of financial resources (cited in Lukason and Hoffman, 2015). They explained this situation by the mistakes made by the inexperienced managers rather than the managerial incompetence. On the other hand, mature firms are more likely to fail due to changes in their environment which their rigid routines are unable to adjust to (Thornhill and Amit, 2012). Lukason and Hoffman (2015) underlined in their study that the likelihood of failure due to internal and external reasons is very high in all age groups of 437 Nuray Atsan / Procedia - Social and Behavioral Sciences 235 (2016).

Various causes for business failure may originate either from the external environment or from factors internal to the business. While some external causes are not so predictable, internal causes of business failure could in many cases be forecasted in advance. In most cases, a complex mixture of causes contribute to business failure; it is very rare for one single factor to be involved (FEE 2004). According to the literature, the variables that explain firm failure can be grouped into four broad categories: (1) firm specific, (2) industry specific, (3) macro-economic, and (4) spatial or geographic factors (Maoh & Kanaroglou, 2007). Ooghe and De Prijcker (2008), classified causes of bankruptcy into four groups of factors: general environment (economics, technology, foreign countries, politics, and social factors), immediate environment (customers, suppliers, competitors, banks and credit institutions, stockholders, and misadventure), manager/entrepreneur (motivation, qualities, skills, and characteristics) and corporate strategy (strategy and investments, operations, personnel, and administration).

A number of deficiencies in many types of business environment might lead to the failure of a business. Obstacles coming often from different types of business environment occur simultaneously, sequentially, coincidently, and unpredictably (Oparanma *et al.,* 2010). Factors such as lack of financial resources (Van Auken). According to Oparanma *et al.* (2010), external factors such as poor economic conditions and inadequate infrastructure were the most crucial factors. Wu (2010) also discussed that the health of a firm in a highly competitive business environment is dependent upon its capability of achieving profit and financial solvency.

The majority of entrepreneurs fail in becoming an established business, and many reasons may contribute to their failures. Many studies indicate that entrepreneurs might be impacted by different factors that eventually lead to failure. The purpose of this research is to explore the factors that might cause entrepreneurs to fail in becoming established businesses. According to the research, absence of motivation, poor cash flow, and incompetent organizational skills may be the factors that cause entrepreneurs to face failures. The results suggest that entrepreneurs who are affected by one of these factors or more may not be able to reach the stage of an established business which is a business of more than three and a half years. Ninety percent of entrepreneurs who build startups will fail (Patel, 2015). This is the truth of what most entrepreneurs are expected to face in the present day. Entrepreneurs are challenged by countless obstacles with a tremendous amount of pressure to survive in the heavily competitive market. While entrepreneurs are very optimistic concerning the ideas or solutions they bring into the market, most of them are not successful with the direction that they have decided to move towards. K Vaitheeswaran, a co-founder of the first e-commerce business in India called Fabmart.com, states that the path that entrepreneurs are on is difficult and there are many causes that make startup failed (Chengappa, 2017).

A number of people desire to become an entrepreneur, but only some are successful in becoming one (Chengappa, 2017). It is crucial to know the causes that contribute to the failure of entrepreneurs and how can entrepreneurs avoid making the same mistakes that other entrepreneurs make. Thus, this research may potentially help future entrepreneurs to have a higher chance of survival, become successful, and establish a sustainable and viable business. Some researchers identify the factors that make entrepreneurs failed, but most of them contain various reasons that lead up to the failure, which is not condensed into one focused research in a specific timespan. There are 80% of entrepreneurs who failed their businesses in the first 18 months (Wagner, 2013). Research of a specific timespan is required to fill in the gap that is missing from other research. The factors that cause most entrepreneurs to fail in becoming an established business are lack of motivation, negative cash flow, and poor organizational skills.

1. Lack of Motivation

Motivation is key to the success of entrepreneurs, but most entrepreneurs lack the motivation to move forward as they may face failures and obstacles on their way to success. Performance of a firm can be affected by the lack of motivation of entrepreneurs which could make the firm face with unintended failure in the future if the matter is left overlook for a certain period. A study by Waita and Namusonge (2013) indicates that performance of a company may improve by focusing on promoting entrepreneurial motivation of the employees in various factors. Motivation is crucial for keeping entrepreneurs to be focused on achieving the goals that are set by the initial factors of motivation when they originally started the business. Entrepreneurs are affected by many motives when starting the business and the types of motive may determine the will to continue or discontinue the business altogether (Staniewski and Awruk, 2015). When entrepreneurs are facing various problems constantly, maintaining the motivation is essential in keeping the business running. Zimmerman and Chu (2013) suggest that most entrepreneurs in Nigeria have a motivation to increase their income when running a business despite the less developed economy they are facing continuously. Each source presents different angles of motivation as a factor that can impact many areas of both the business and entrepreneur which signifies the importance of maintaining or having motivation when running a business. The author agrees with the findings presented as many entrepreneurs decide not to continue their business since they lose motivation in the process of building a business which causes the company to suffer in performance and face closure in the end.

Motivation and performance

Performance of an entrepreneur that reflects on a business may be correlated with the motivation of the entrepreneur. If an entrepreneur is motivated in an environment that requires performance, he or she may thrive in this particular environment. In the culture that focused mainly on performance, an entrepreneur who is positively motivated is more suitable and competent in this kind of culture (Hopp and Stephan, 2012). If entrepreneurs require having a high performance in themselves or their business, motivation is the key to unlock that level of performance. Moreover, the motivational behavior of the entrepreneur may affect the business performance directly. The motivation of an entrepreneur may correlate with the performance of a business from the empirical evidence given (Jayawarna, Rouse, and Kitching, 2011). Business performance may rely on the motivation that entrepreneurs have on a daily basis, and it may also mean that if an entrepreneur did not have the motivation to do the business, the company might expect to fail. The motivation of the entrepreneur who runs the business could be a factor that impacts the level of performance of a company as a whole depending on the level of motivation that the entrepreneur has.

Motivation provides focus on goals

The initial factors that influence entrepreneurs to have the motivation are crucial for keeping entrepreneurs to focus on the original goals. The first reason that an entrepreneur has is the reason that drives motivation for an entrepreneur to keep moving forward. While the goal of an entrepreneur or the path towards an opportunity is important, motivation is needed to achieve the goals or to utilize the opportunity (Carsrud and Brännback, 2011). It is important that the entrepreneur has a clear focus on the goal and move towards it with motivation as the energy. In addition, the entrepreneurial behavior may be influenced by the motivation of an entrepreneur in pursuit of a goal. The motivation that Steve Jobs has largely impacted the founding of Apple in pursuit of an opportunity to build the PC (Shane, Locke and Collins, 2012). The original goal is a strong driver that creates motivation that could keep an entrepreneur to always move towards a specific goal in mind. Motivation is required to drive the entrepreneur towards a goal, and it may be a factor that keeps the entrepreneur to focus on it.

An entrepreneur needs motivation in running a business on a daily basis to sustain the company long-term. For a business to be successful, motivation is a factor that helps the entrepreneur achieve the dream of running the business successfully. Winter (2010) states that there is much research that shows the positive correlation between achievement motivation and business success in entrepreneurial roles. The sense of achievement gives motivation to the entrepreneur to successfully run a business long-term. Furthermore, the habit of staying motivated is also a deciding factor in the failure or success of a business. If a person always has the habit of being motivated, this is a behavior that differentiates a disappointment and triumphs of small business (Hendricks, 2015). So, it is vital to stay motivated as a habit to be able to make a business survive and thrive. By always keeping the motivation high, an entrepreneur can succeed in the business fairly well in which motivation can come from the achievement in business and well-trained habits.

Cash flow, which includes funding, is crucial for every entrepreneur to start off their business and to keep the business afloat. Entrepreneurs or ones who are starting a business perceive many obstacles including funding as one of the main hardships. Out of many hurdles reported, the students who are looking to start a business mentioned that funding and professional experience are needed to run their business (Staniewski, 2009). In addition, lack of stable cash flow could cause businesses to fail by eventually run out of money. CB Insights (2018) indicates that one of the top causes that make startups fail is simply lack of cash to continue the business. Moreover, small business is what most entrepreneur initially starts off by using funds of their own, but lack of cash flow is an issue that often kills small businesses. Pofeldt (2015) implies that by always checking the status of the cash flow of a business, the firm might be able to grow with increased revenue. The sources give a clear understanding of the issue that entrepreneur could encounter when running a business regarding the matter of cash flow. The author finds that the findings have a precise approach to the problem, and they are valuable in understanding the cause which might lead to the failure of a business.

Lack of funding

Funding is one of the main hardships that entrepreneurs are likely to face when setting up or running a business. People who experience a shortage of funds in running a business may be unconfident in their journey of being entrepreneurs. Many young people usually perceive themselves with a shortage of funds, experiences, and proper knowledge in starting or running a business which might cause them to feel insecure in the venture (Staniewski and Awruk, 2015). With this kind of behavior or mindset, entrepreneurs cannot succeed in the business they are pursuing which signifies the importance of appropriate funding of the firm. Furthermore, funding could be allocated to other parts rather the business itself to help entrepreneurs have the right education when conducting businesses. Staniewski and Awruk (2015) state that the financial aid which entrepreneurs receive might have greater use in allowing entrepreneurs to participate in training and other programs rather than funding the business. Soft skill is an important skill set that every entrepreneur should have and by refining these skills, entrepreneurs might have an easier chance of conducting a successful business. Thus, the importance of funding is critical in training entrepreneurs to have the right knowledge as well as having the sense of security when running a business.

Lack of stability in cash flow

A well-managed cash flow gives a business its foundation to grow and outperform competitors. Firstly, the foundation is critical for every business to have which also requires sufficient funding and good usage of cash. CB Insights (2018), suggests that insufficient cash of failed startups may relate to other causes which include the process of finding the customer of a product and fail to make the right changes to the business. As a company struggles to find its foundation, the firm might eventually run out of cash to do the necessary change to survive in the market. Secondly, having a more stable cash flow can help the firm survive and get ahead of the competitors. By having a well-managed cash flow, a company might be able to surpass its competitors with additional benefits of higher shareholder value and a lower chance of facing operational and financial risks (Deloitte, 2014). If an entrepreneur could manage his or her cash flow, the company may have a higher chance of surviving in a competitive market. The matter of stable cash flow is a topic in which every entrepreneur should have in mind when doing business as it may lead to a great foundation of prosperity and survivability in the market.

Poor cash flow leads to failure of small businesses

A small business is a starting point for some entrepreneurs who are looking to have a higher income, but the lack of cash flow could potentially fail the business. A small business might struggle to keep up with cash flow management which may cause the company to miss an opportunity to make a profit. Pofeldt (2015) mentioned that a company of any size might experience a problem concerning cash flow if the firm does not manage cash flow well enough. The important fact is that whether the company is large or small, a problem of cash flow could occur to any firm with poor cash flow management. Additionally, cash flow optimization may help the entrepreneurs to revive a business from the crisis that they might encounter. BDC (n.d.) states that Bonté Foods survive the problem concerning cash flow by carefully looking into the matter and apply extensive evaluation of the structure that the company has, including improvements. Entrepreneurs require looking deeper into the cash flow that they have and restructure it, which might help the company to avoid closure. To summarize, poor cash flow may present an issue that could make a business fail, but if it is well-managed, the company could avoid failure and come out from a bad state.

Poor organizational skills

Entrepreneurs may not be able to succeed in business without possessing outstanding organizational skills. To succeed in business, entrepreneurs require having an exceptional understanding of how to organize a business using their organizational skills which is one of the skills that entrepreneurs must have. Entrepreneurial skills, including organizational skills, is the foundation of the success of a venture or business which includes the starting point, growth, and funding (Adeyemo, 2009). By having poor organizational skills, entrepreneurs could potentially face failure in business while other entrepreneurs with the skills succeed. Bonnstetter (2013) mentioned that to attain the desire achievement or goals, having planning and organizing skills are crucial, but most entrepreneurs do not have these skills in them to succeed. As entrepreneurs often venture into new businesses, the right education can help to enhance the organizational skills of the entrepreneurs which lead to the success of the venture. Elmuti, Khoury, an Omran (2012) find that knowledge acquired from entrepreneurial training have a positive correlation to improved organizational efficiency which may lead to a successful venture. The sources provide clear and valuable insights into the effects of poor organizational skills and factors that could help entrepreneurs improve their business ventures. The author concurs with the findings found in the research which could provide the understanding that entrepreneurs could be looking for in the matter of avoiding business failure by having poor organizational skills.

Organizational skills required to succeed

Success could be a result for entrepreneurs who possess adequate organizational skills. Education can be defined as an investment for entrepreneurs to achieve success in the future, especially for their entrepreneurial ventures. Unger, Rauch, Frese, and Nina Rosenbusch (2011) indicates that there is a statistically significant correlation between human capital and the success in entrepreneurship. While entrepreneurship education may be overlooked by both people who want to be entrepreneurs and entrepreneurs, it is important to realize the fact that knowledge in oneself is beneficial to become successful in entrepreneurship. Moreover, communication as a part of organizational skill could improve the overall efficiency of the company which can lead to success. Root III (n.d.) states that communication is crucial for an organization to accomplish tasks efficiently which requires managers to relay information to other employees at various levels accurately. Organizational skills are more than just organizing people to the task; they are a combination of skills that work together to create a perfect harmony for the success of entrepreneurs. To sum up, organizational skills might help entrepreneurs to become successful if they invest themselves in entrepreneurial education and utilize the knowledge to its capacity.

The lack of organizational skills could cause a business built by entrepreneurs to fail. Most entrepreneurs do not have the necessary organizing skill to manage a business which could lead to inefficiency in an organization. Bonnstetter (2013) finds that most entrepreneurs do not have planning and organizing skills and this may cause entrepreneurs to be at a disadvantage to other entrepreneurs. If most entrepreneurs fail to become an established business, the lack of these skills may hinder entrepreneurs to be at that stage while few entrepreneurs with the necessary skills succeed in doing so. Furthermore, planning is one of the essential organizational skills that may cause businesses to fail due to ineffective planning strategy. More than 60 percent of organizations do not have effective strategies for their businesses, including a strategy to lead (Wellins and Canwell, 2018). A plan or a strategy should be one of the top priorities for entrepreneurs when running a business which may help to avoid having to face failure as most companies do from the lack of planning. In conclusion, by possessing the required skills and effective strategies that few entrepreneurs have, the business might be more efficient and may have a lower risk of closure than most companies.

Successful venture by entrepreneurial education in organizational skills

A successful venture could be possible by entrepreneurs with the help from proper entrepreneurial education, particularly in organization skills. Organization skills are necessary skills for entrepreneurs to become successful in their ventures. Elmuti, Khoury and Omran (2012) states that entrepreneurs are required to have three unique skills for success, including organizing skills which fall under technical skills, and entrepreneurs can obtain these skills by engaging in impactful entrepreneurial education. Education in entrepreneurship could return an excellent yield for entrepreneurs especially if they receive efficacious organizational skills for a venture. According to a study by Stamboulis and Barlas (2014), apart from financing, product, and research and development, management is one of the factors that are essential for the success in entrepreneurship. As organizing is one of the functions of management, receiving an education to improve this specific skill may contribute to a successful venture of entrepreneurs. To conclude, having the required skills of organizational skills through entrepreneurial education may help entrepreneurs to avoid failure in their ventures and lead to their desired success.

Most entrepreneurs may walk on a path filled with difficulties along the way which might hinder entrepreneurs in making to the stage of an established business. Thus, this research paper aimed to identify the factors that cause entrepreneurs to fail in becoming an established business. When running a business, entrepreneurs may find themselves in a state of losing motivation by the obstacles they are facing along the way, which might cause a negative impact on the performance of a firm and lead to closure as entrepreneurs do not have the motivation to focus on the goals to sustain the business. Moreover, negative cash flow could be a factor that affects the survivability of the business as entrepreneurs may fail to manage their businesses' cash flows which may cause the company to be unstable and require additional funding to survive. Furthermore, organizational skills may be required by every entrepreneur to succeed in the business in which most entrepreneurs lack these skills and cause them to face failure in the end. These findings agree with Zimmerman and Chu's (2013) research on factors that contribute to the success of entrepreneurs in Venezuela, the problem that they faced, and the motivation that drives them to pursue entrepreneurship. Nevertheless, this research topic requires a deeper analysis of each factor that affects entrepreneur's failure which may also be influenced by other aspects not stated in this paper.

LITERATURE REVIEW

It has been widely recognized that business growth and survival depend both on external and internal factors. While most of the challenges which a business will face may be foreseeable, some will be completely unpredictable. However, if a business is to succeed, management must be mindful to all matters which are likely to have a material impact on its viability, and must then demonstrate skills both in exploiting opportunities and mitigating threats (FEE, 2004).

There is a vast literature review on business failure, mostly on the prediction of failure by using financial models, but in this paper, we focus on the causes of business failure. Definition The Oxford English Dictionary defines the term “failure” as “to become deficient, to be inadequate”. In general, many different terminologies are related to business failure, such as firm closures, entrepreneurial exit, dissolution, discontinuance, insolvency, organizational mortality and bankruptcy. Normally, entrepreneurial failure is referred to as the cease of an operation for financial reasons. Since we examined nascent entrepreneurs during the firm’s gestation process, one type of entrepreneurial failure is the discontinuance of venturing efforts by entrepreneurs (Liao *et al.*, 2009), but business failure can be defined as wanting or needing to sell or liquidate, to avoid losses or to pay off creditors, or the general inability to make a profitable go of the business (Gaskill *et al.*, 2019).

Pretorius, at the end of his review of business failure definition, proposed a universal definition for the failure phenomenon - a venture fails when it involuntarily becomes unable to attract new debt or equity funding to reverse decline; consequently, it cannot continue to operate under the current ownership and management. Failure is the endpoint at discontinuance (bankruptcy) and when it is reached, operations cease and judicial proceedings take effect (Pretorius, 2017). There are problems relating to the use of various terms involved in research in business failure. In particular, definitions of business “disappearance”, “closure”, “exit”, and “failure” are confused and often overlapping. “Disappearance” of a business may occur because the business failed, or because the business was acquired by or merged into another company, or because the owners voluntarily closed it (Cardozo and Borchert, 2004). “Closure” can be categorized as the inability of a business to survive and thus represents a discontinuation of a business. “Exit” refers to several different meanings; it can refer to the exit of a business from trading in a specific market or from producing a particular product. It also refers to the end of the owner’s participation in the business, as in the search for “exit routes” by entrepreneurs wishing to sell or exit from a business (Stokes and Blackburn, 2002). “Failure” is generally regarded as the discontinuance of the business due to the lack of adequate financial resources (Everet and Watson, 1998), cessation of operations with loss to creditors (Cardozo and Borchert, 2004), termination of operations, and exit from business population because it is no longer a viable concern (Bickerdyke *et al.*, 2000). The causes of business failure are many and varied, and may stem both from the external environment as well as from factors internal to the business. Internal causes of business failure may in many cases be capable of being foreseen in advance, while on the other hand some external causes are not so predictable. In most cases, a complex mixture of causes contribute to business failure; it is very rare for one single factor to be involved (FEE, 2004). Earliest empirical studies on business failure examined the role of various owners and firm characteristics to explain business failures.

The numerous characteristics shared by failed firms, are directly related to personal decision-based characteristics of the owner (lack of insight, inflexibility, emphasis on technical skills, etc.), managerial deficiencies (lack of management skills and appropriate managerial training, etc.) and financial short-comings (no accounting background, cash flow analysis, financial records, etc.). Many aspects of poor management are reported to be connected to several related issues, such as poor financial circumstances, inadequate accounting records, limited access to necessary information, and lack of good managerial advice (Gaskill *et al.*, 2019). Some studies focused more on the managerial causes of failure and listed some 25 causes and categorized them simply as poor management, and concluded that poor management combined with the personality traits of the owner-manager, and external factors cause business failure (Berryman, 1983). A business failure may happen as a result of poor management skills, insufficient marketing, and lack of ability to compete with other similar businesses. It can also be the result of a domino effect caused by business failures of suppliers or customers (Wu, 2010).

In the annual report of GEM, financial problems were cited as the reason for quitting the business by no more than 55% of all respondents; it was cited more often by respondents in the factor- and efficiency-driven economies (just over 50%) than innovation-driven countries (just over 40%) (Bosman *et al.*, 2009). The effect of the environment depends upon the time period, geographic area, and market sector in which the firm operates (Burns, 2001). Government and government-related policies is also an important factor affecting business failures, and is discussed in some studies. The scholars found that failure rates increased due to the heavy burden of taxation and regulation, while the growth in money supply (higher growth decreased the failure rate) and the volume of bank lending (higher volume of bank lending reduced the rate of business failures) are significant factors (Gaskill *et al.*, 2019; Burns, 2001; Oparanma *et al.*, 2010).

They discussed the negative internal and external environmental factors including pressure from competitors or new entrants, poor improvement in modern technology and poor sales, the outbreak of pests, and farm diseases etc (Oparanma et al. 2010). A conceptual failure model was presented by Ooghe and Waeyaert in 2004 expounding the causes of failure and mutual relations between the general and immediate environment of the company as external causes, and the company's management and policy as internal causes of failure (Ooghe and De Prijcker, 2008). In this model, the causes of failure can be grouped into five interactive aspects. These include general environment (economics, technology, foreign countries, politics, and social factors), immediate environment (customers, suppliers, competitors, banks and credit institutions, stockholders, and misadventure), management/entrepreneur characteristics (motivation, qualities, skills, and personal characteristics), and corporate policy (strategy and investments, commercial, operational, personnel, finance and administration, corporate governance), and company characteristics (size, maturity, industry, and flexibility) (Ooghe and Waeyaert, 2004). Liao (2004) also mentioned the effects of four groups of factors-individual characteristics of the founder, resources, structural characteristics and strategies of the firm, and environmental conditions in which a firm operates on business failure. The European Federation of Accountants has identified the following internal and external causes of business failure.

Accordingly, internal causes include poor management, deficit in accounting, poor cash flow management, inappropriate sources of finance, dependency on customers or suppliers, impending bad debt, fraud/collusion and external causes of business failure are economy, catastrophic unpredictable events, governmental measures and international developments, environmental protection and other regulatory requirements, and the bankruptcy of main customer or supplier (FEE, 2004). Inter-country difference. Some inter-country studies show that there are significant inter-country differences in SME failure rates and causes of business failure. In their inter-country study of business failure in Malaysia and Australia, Ahmad and Seet (2009) found that some reasons for business failure were given more emphasis in one country than the other. Australian participants attributed their failure to reasons such as the inability to manage a large number of employees, the inability to manage the fast growing firm, and the inability to administer a large firm. This may perhaps provide an insight into why the participants preferred to stay small in business. Malaysian participants, by contrast, highlighted softer issues such as the lack of personal contacts and the failure to maintain close personal relationships with customers, providing evidence of the importance of maintaining good personal relationships with others.

According to the annual report of GEM, evidence show that business discontinuance rates are relatively high in factor-driven economies (in Angola, for example, the reported rate is as much as 23%) and relatively low in innovation-driven economies. Among high-income countries, Norway, United States of America, Republic of Korea, Iceland and Ireland have the highest rates of business discontinuation. The business not being profitable on its own was the most reported financial problem. Problems with raising finances were considerably lower in innovation-driven countries where the "Entrepreneurial Framework Condition" and "Entrepreneurial Finance" are generally more developed. "The opportunity to sell" and in particular "retirement" were mentioned more often in innovation-driven countries as the most important reason to discontinue the business. Personal reasons caused around 20 to 25% of all discontinuations. Such reasons could include sickness, family, and death of a business partner, divorce, the need to finance an event such as a wedding, through sale of business assets rather than the business itself, or simply boredom. They were more prevalent in factor- and efficiency driven countries (Bosma *et al.,* 2009). As indicated in the literature, several factors cause business failure; some of them are internal and could be controlled by the entrepreneur, while others are external and rather unpredictable. There are factors on which more emphasis has been given in prior studies. Prior studies focused only on some internal or external factors without a general view. This is an investigation on different internal and external causes of business failure in a developing country with different socio-cultural, economical, and political context.

The following are the research questions:
1. What are the characteristics of failed business owners/managers and their businesses?
2. What are the personality characteristics of failed business owners/managers?
3. What are the main causes of business failure in Nigeria context?

METHODOLOGY

Some researchers have expressed difficulty in studying failed ventures (Liao, 2004; Bruno *et al.*, 2013). They argue that it is difficult to locate ventures that failed because of poor performance, and homogenous samples are hard to find. Entrepreneurs are reticent about failure and they are more likely to attribute failure to external causes than to internal ones. As it is extremely difficult to obtain feedback from entrepreneurs who have experienced business failure, this approach is hardly utilized by researchers. In this research, we used this approach to obtain the point of view of failed business-owners/managers concerning causes of business failure. This survey is implemented based on a face-to-face questionnaire. In the first part, the failed business-owners/managers were questioned about their background, experience, education, and family. Then a personal characteristic test examined six entrepreneurial characteristics including tolerance of ambiguity, need for achievement, risk taking, creativity, locus of control, and independence. The questionnaire on the personal characteristics was obtained from the Entrepreneurship Development Institute of India and had been used many times in Nigerian context (Ahmadpour and Moghimi, 2006). The participants finally reported on their causes of business failure. The questionnaire on causes of business failure was obtained from a previous study on the causes of business failure in Nigerian context (Gholami, 2008) in which both authors were involved.

This questionnaire was developed based on a literature review and interview with 13 Nigerian entrepreneurs whose businesses had failed. The validity of the questionnaire was significantly revised by 7 experts in entrepreneurship. Reliability or internal consistency of the items within the structure of this study was assessed by indication of Cronbach's alpha. Each item in the questionnaire was accompanied by a Likert-type scale, allowing, perceived indication of the extent to which the item contributed to the business failure. The Likert-type scale ranged from 1 (to very little extent) to 5 (to great extent). Responses to this measure were based on perceptions of ex-business owners/managers. Sample group is the business owner/manager who has experienced business failure and stops his/her business activities voluntary or involuntary. One of the greatest barriers to study about business failure is to identify ex-owners/managers who failed in their business. In this study, we developed our own sampling frame that sought to be as representative as possible of the range of business failure and exit types, rather than relying on one source, such as official receivers' data that reflects only a limited number of types of closure. This was derived with the help of entrepreneurship masters students in our faculty who are dispersed all over the country. We did not put the limitation in the business sector, failure phase and geographical location of business, to study more cases of failed businesses. In total, a database of 150 ex-owners/ managers was created. The questionnaire was sent to a random sample of 80 ex-owners/managers. 51 complete and valid questionnaires were obtained and analyzed using SPSS software. Based on Pretorius (2009) definition, a venture fails when it cannot continue to operate under the current ownership and management. A successful entrepreneur is a business owner who succeeds to overcome different challenges and problems and still can survive in difficult situation.

Data was gathered by questionnaires based on Ooghe and De Prijcker's (2008) model (in five-point Likert) which ask questions around four elements including: general environment, immediate environment, manager/entrepreneur, and corporate policy. The annual report of Global Entrepreneurship Monitor (Bosma *et al.*, 2009) shows that there is significant inter-country differences in SME failure rates. Discontinuance rates are relatively high in factor-driven economies (in Uganda for example, the reported rate is as much as 24%) and relatively low in innovation-driven economies. Failure rates are somewhat higher in efficiency-driven countries as a proportion of discontinuation, reflecting the increasing importance of scale and efficiency in business in these countries. Failure rates, both in absolute terms and in proportion to all discontinuations, are lowest in innovation-driven economies, because entrepreneurs have better skills and environments are more favorable. In Nigeria, the business discontinuation rate (6%) is almost higher than average of efficiency-driven economies (4.9%). Denmark and Italy in innovation-driven economies have the lowest business discontinuation rate (1.1%) (Bosma *et al.*, 2009). On the other hand, most of the researches in business failure have been conducted in developed countries, and there is limited knowledge on the causes of business failure in other countries with economic, political, social, and cultural differences. In order to know more about the business environment of Nigeria, we address the annual report of World Bank in 2011.

Variables

The research variables are classified in three categories:

i. Characteristics of failed business-owner/ manager
ii Junior. Business. Manager.

Characteristics of failed businesses (business sector, business age, business life cycle); iii. Causes of business failures (lack of financial support from banks and financial institutions, inaccurate evaluation of project, unclear determination of business sector, inconsideration of market issues, problems in product or service supply, lack of related experience, expertise and good work relationships, management deficiency, cheating and fraud, substituted products or services, government policies, inconsideration of legal issues, inadequate financial circumstances, problems of partnership and teamwork, lack of interest and dissatisfaction in work or at the work place, and negative influences by the family). Validity and reliability Content validity of the questionnaire on the causes of business failure was estimated by submitting the questionnaire to several experts in entrepreneurship, all of whom approved the content of the questionnaire. To test the reliability, the internal consistency of the questionnaire was assessed by Cronbach's alpha coefficient that was 0.81 for the questionnaire on the causes of business failure, and alpha equal to or greater than 0.70 was considered satisfactory.

RESULTS

Results of this research contain four sub-sections: first, a description of sample, then, the results of Friedman's test on causes of business failure, and finally, the role of gender and business sectors on the causes of business failure were further presented. Sample description Most of the failed business owners/managers were aged between 25 and 45 years old (Mean = 32.9, SD = 6.43). 84.3% of them were men (see Table 1). They were well educated and most of them were married. 64.4% had experience in the related sector and 35.3% were experienced in business. The number of businesses in the manufacturing and services sector were equal (47%), while 6% were in the agriculture sector. 76.1% of businesses failed within three years and 55.1% failed in the phase of establishment. Personal characteristics of failed business owners/managers. The results of the chi-square test on personal characteristics of failed business owners/managers show significant difference in the level of some personal characteristics. This difference is significant for "tolerance of ambiguity", "need for achievement", "creativity", and "internal locus of control". These results point out that failed business owners/managers have low level of tolerance of ambiguity, while they have high level of creativity and internal locus of control and moderate level of need for achievement. Main causes of business failure given the fact that our data regarding the causes of business failure is in the Likert scale, we used non-parametric Friedman analysis of variances to identify the main causes of business failure. The results show significant variable differences in mean rank (2, N = 51) = 105.180, $p<0.001$).

Table 1: Variables under Study

Variables	**Percentage**
Male	94.3
Female	5.7
Married	84.3
Experience	35.5
Manufacturing and services sector	47.0
Agricultural sector	6.0
Business failures in the phase of establishment	55.1
Business failures within 3 years	76.1

Source: Field Study

These results point out that management deficiency is the first cause of business failure, although failed business owners/managers prioritize other factors like financial support, inadequate economic sphere and insufficient government policies as the main causes of business failure. They also mentioned other internal and external factors that cause business failure. Gender and causes of business failure. In this study, we are interested in knowing how gender influences the causes of business failure. For this reason, we used t-test in which grouping variable is gender of failed business owner/manager. The result indicates that difference in the causes of business failure is significant for two of the business failures, which are "lack of financial support from banks and financial institutions" and "problem of partnership and team work". These results point out that the mean of "lack of financial support from banks and financial institutions" is higher for women and the mean of "problem of partnership and team work" is higher for men. Business sector and causes of business failure. The other question of this study was to know how the business sector could influence causes of business failure. In this regard, we used the ANOVA analysis.

These results point out that the difference in mean is significant for two of business failure causes which are "inaccurate evaluation of project" and "lack of interest and dissatisfaction in work or at the work place". This indicates that the mean of "inaccurate evaluation of project" is higher for agriculture business in comparison to the manufacturing sector. Although the mean of "lack of interest and dissatisfaction in work or at the work place" is lower for the manufacturing business in comparison to the service sector.

Factors affecting the failure of SMEs

In order to find the factors influencing the failure of small and medium-sized enterprises an analysis of scientific papers in this field has been done. Based on the analysis of scientific papers, all factors can be classified into two groups: (1) individual factors, and (2) non-individual factors. Within non-individual factors we can make the difference between those who come from the environment – external and those arising from the characteristics of the organization itself – internal Individual factors refer to the characteristics of the owners/managers of SMEs, while non-individual factors are all those factors that do not dependent on the owners/managers of SMEs. The most common case is that owner is also the manager of SME. As noted, within non-individual factors we can make a distinction between external and internal influences. External influences refer to those impacts coming from the environment on which SMEs have no effect, while internal influences refer to the characteristics of the SMEs.

Such classification of the factors influencing the failure of small and medium-sized enterprises is the most common one. For example, European Federation of Accountants (FEE), also distinguishes between internal and external causes of business failure. Accordingly, internal causes include poor management, deficit in accounting, poor cash flow management, inappropriate sources of finance, dependency on customers or suppliers, impending bad debt, fraud/collusion, while external causes of business failure are economy, catastrophic unpredictable events, governmental measures and international developments, environmental protection and other regulatory requirements, as well as the bankruptcy of main customer or supplier.

Individual Factors Affecting the Failure of SMEs

A Large Number of scholars examined the relationship between the characteristics of the owners/managers of SMEs and its failure. Authors Zahra Arasti, Fahimeh Zandi and Kambeiz Talebi have explored the effect of individual factors affecting business failure in new established small businesses in industry sector of Nigeria. This study consists of qualitative and quantitative research. In qualitative study 10 semi-structured interviews, were carried out, from which four groups of individual factors were identified: (1) motivations, (2) skills, (3) capabilities, and (4) characteristics. Then, these individual factors have been evaluated in a sample of 158 unsuccessful businesses and data analysis of 52 complete questioners pointed out that "Lack of crisis management skills" and "Lack of marketing, financial and human resource management skills" are the main individual factors affecting business failure in new established small businesses in industry sector. Also, authors pointed out that "change of motivations over time", "have a traditional look in business", "insist on mistake" and "lack of capabilities (time, knowledge and experience)" are respectively important individual factors of failure in new established small businesses.

The same author, Zahra Arasti in her paper "An empirical study on the causes of business failure in Nigeria context" examines the causes of failure of SMEs in Nigeria where she takes into account different individual factors. The results of her research show that personal characteristics of failed business owners/managers show significant difference in the level of some personal characteristics. Namely, failed business owners/managers have low level of tolerance of ambiguity, while they have high level of creativity and internal locus of control and moderate level of need for achievement. Also, author has carried out investigation of impact of owners/managers gender to causes of failure of SMEs. The result shows that gender difference in the causes of business failure is significant for two of the business failures, which are "lack of financial support from banks and financial institutions" and "problem of partnership and team work". These results point out that the mean of "lack of financial support from banks and financial institutions" is higher for women and the mean of "problem of partnership and team work" is higher for men. As reason of failure, author also mentions negative influences by the family.

Authors Mário Franco and Heiko Hasse conducted a qualitative research in order to identify factors for poor performance and failure of SMEs. In their study they included eight SMEs in Portugal. Four interviewees mentioned 'lack of entrepreneurial qualification' as a difficulty in starting and managing their firms. Only two out of eight owner–managers have university-level degrees, while most of their interviewees (five cases) possess education at the secondary level. Bates has already shown that years of schooling and higher education level are positively associated with a firm's performance. Authors Bradley and Moore conducted a survey of individuals from the south and southwestern part of the United States, who had filed bankruptcy during the calendar years 1995 and 1996. Results shows that the majority of small business owners possessed very little or limited marketing, economic, and planning skills, as well as lack of understanding of their business environment and consumer needs. The majority of the small businesses that failed had no written marketing plan. Forty-eight percent of the respondents never used target marketing to identify customers, while 34% had never conducted marketing research after starting a small business. All this indicates incompetence of the owners of small businesses. Ooghe and Waeyaert (2018) also, recognized the management/entrepreneur characteristics as the reason of failure of SME, where emphasize the following characteristics: motivation, qualities, skills, and personal characteristics. Also in work of Liao we can recognize importance of individual characteristics of the owners/managers of SMEs as a reason for failure of SMEs.

Non-individual factors affecting the failure of SMEs

In contrast to individual factors, non-individual factors do not depend on characteristics of owners/managers of SMEs. These factors can be divided into two groups. In the first group are factors originated from characteristic of SMEs, as well as decisions made within SMEs (internal). The second group includes factors coming from environment of SMEs and negatively affecting the success of SMEs (external). Internal non-individual factors internal non-individual factors refer to factors within SMEs and they are in control of SMEs. Beside characteristics of SMEs, this group includes decisions made within SMEs and other factors originate from SMEs. Arasti, (2018) through her research came to the following factors: management deficiency, inconsideration of market issues, lack of interest and dissatisfaction in work at the work place, inaccurate evaluation of project, lack of related experience, expertise and good work relationships, problems of partnership and team work, unclear determination of business sector, inconsideration of legal issues, cheating and fraud. Other authors in addition to these factors identify other factors such as: inadequate accounting records, limited access to necessary information, lack of good managerial advice.

CONCLUSION

Most entrepreneurship studies have been conducted in western countries and focused on successful ventures. As indicated in several studies, a deep understanding of new venture failures in a different context would provide critical information for individual entrepreneurs, venture financiers, and government policymakers. This first study on the causes of business failure in Nigeria context focused on the influence of several internal as well as external factors by using a hard approach to obtain feedback from entrepreneurs who have experienced business failure.

Contrary to the belief that failed entrepreneurs will attribute their failure to external factors, the respondents in this research ranked their management deficiency as the main cause of business failure and it may be due to their high internal locus of control. While the external factors such as lack of financial support, inadequate economic sphere and insufficient government policies were also mentioned as the main causes of business failure.

These results could help policymakers to identify the problematic areas of entrepreneurship and indicate need for a support system in financial management, competition and growth strategies, and most importantly entrepreneurial skills training programs. Failure in different context of a developing country and could be an introduction to future studies. In this study, we used an unlimited sample to study more cases of failed businesses. Future studies on a large and homogenous sample can lead to a better result. We examined the entrepreneurial characteristics of failed business-owners/managers and found a low or moderate level in most of these characteristics. Other studies could investigate on the impact of failed business owner/ manager's characteristics in business failure. This study indicated the influence of gender on the causes of business failure. More investigation on a sample of unsuccessful women business owners/ managers is needed to better understand the phenomenon of business failure in this particular population. The difference in the causes of business failure by business sector asks for more investigation on each business sector. In addition, future researches could study the causes of business failure in different phases of establishment or growth. Future research can study the influence of push and pull factors that motivate people to start a business to know whether those different motivations at start-up influence business failure. The inter-country study on business failure and post-failure process is also an interesting area of research.

While there are many studies concerning the factors that cause entrepreneurs to fail, most studies do not provide a focus on a specific stage of entrepreneurs who are running a business for less than three and a half years. If the factors that cause entrepreneurs to fail in becoming an established business are not thoroughly explored, this may lead to a high rate of failure in their businesses. Thus, this topic requires further studies on the factors mentioned in this paper which can provide a better understanding of the success and failure factors affecting entrepreneurs when operating a business. The findings of this research could help entrepreneurs to be aware of the factors that might cause them to fail in reaching the stage of an established business, which in turn might contribute to a higher probability of success in the business. To conclude, there are various factors that may cause entrepreneurs to fail in becoming an established business. Hence, being aware of these factors is crucial to the success of a business. Current and future entrepreneurs may need to recognize these factors and avoid making the same mistakes that most entrepreneurs might have done before. Therefore, having the knowledge of factors that may cause most entrepreneurs to fail is vital for both current and future entrepreneurs.

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