



The impact of socio-cultural factors on entrepreneurial failure in Soran city

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Abstract

Purpose – The purpose of this study is to explore the impact of socio-cultural factors on entrepreneurial failure in Soran City, aiming to identify the key cultural influences that affect entrepreneurial outcomes and to propose a theoretical framework that explains these dynamics.

Methodology – The research employed a qualitative approach, conducting structured interviews with 10 purposively sampled entrepreneurs who hold leadership roles in the entrepreneurial community of Soran. Data collection involved preparing, structuring, and organizing interview transcripts, followed by coding to identify themes and patterns. The analysis then focused on interpreting the socio-cultural significance of the identified factors in relation to entrepreneurial failure.

Findings – This study found that socio-cultural factors significantly influence entrepreneurial outcomes. The key factors identified included societal values and norms, gender roles, family background, and educational background. While gender did not emerge as a prominent factor in this study, other socio-cultural elements played a critical role in shaping entrepreneurial success or failure.

Implications – The findings highlight the importance of understanding cultural nuances in entrepreneurship. The study suggests that promoting an entrepreneurial culture through targeted community training workshops, educational courses, and media initiatives could enhance entrepreneurial activity and reduce the risk of failure in Soran.

Originality – This research introduces the multidimensional socio-cultural constraints theory (MDSC Theory), which provides a novel explanation of how various socio-cultural factors cumulatively contribute to entrepreneurial failure. This theory offers a new perspective on the challenges faced by entrepreneurs in culturally specific contexts, emphasizing the need for culturally informed strategies to foster entrepreneurial success.

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Introduction

Entrepreneurship has emerged as a powerful catalyst of economic growth and innovation. Entrepreneurship involves innovation and opportunity identification to create new and unique values in the form of products or services that meet human needs and generate profits (Alam, 2021). According to a study by the National Bureau of Economic Research, innovation and entrepreneurship significantly contribute to economic growth by introducing new technologies,

increasing competition, and improving productivity across various sectors (Andrews, et al., 2022). This impact is particularly pronounced in emerging economies, where small- and medium-sized enterprises (SMEs) contribute up to 40% of the national income and create seven out of ten jobs globally (World Bank, 2019). Entrepreneurs play a crucial role in job creation and overall economic productivity (Andrews et al., 2022).

However, the path to entrepreneurial success is fraught with several challenges. Statistics show that approximately 20% of new businesses fail within their first year and nearly 50% do not survive beyond their fifth year (Kritikos, 2014). These high failure rates underscore the importance of understanding the factors contributing to entrepreneurial failure. While various elements have been studied extensively, there is a notable gap in understanding the nuanced influence of socio-cultural factors on entrepreneurial failure. Therefore, this research aims to investigate the impact of socio-cultural factors on entrepreneurial failure in Soran City, offering valuable insights for policymakers, entrepreneurs, and support organizations to create a more favorable environment for new businesses.

These high failure rates highlight the need to understand the factors contributing to entrepreneurial failure. While numerous factors contribute to these failures, the influence of socio-cultural elements remains underappreciated. Therefore, this article delves into the intricate relationship between socio-cultural factors and entrepreneurial failure, examining how cultural values, norms, and societal structures can hinder or facilitate entrepreneurial endeavors. By understanding these dynamics, this research can develop strategies to mitigate the negative impacts of socio-cultural barriers and foster a more supportive environment for entrepreneurship.

Socio-cultural elements, including values, norms, gender, family background, and educational background, play a significant role in shaping an individual's entrepreneurial journey (Carton et al., 1998). For instance, societal attitudes towards entrepreneurship, such as the stigma of failure or level of support for entrepreneurial activities, can profoundly impact the likelihood of success (Galindo & Méndez-Picazo, 2013). Cultural perceptions of risk, failure, and innovation influence an individual's willingness to take risks and pursue new ideas. Additionally, societal attitudes towards failure can deter risk-taking, and the availability of supportive social networks, gender biases, and regulatory frameworks further shapes the entrepreneurial environment (Mamuzo, 2012).

Literature Review

Socio-cultural factors play a pivotal role in shaping entrepreneurial outcomes, particularly in regions like Soran. This section explores how values and norms, family background, educational background, and gender influence entrepreneurial failure, which is defined by five dimensions: failure to innovate, failure to allocate resources, failure to take risks, failure to seize opportunities, and failure to be proactive.

- **Values and norms:** Cultural norms significantly influence the entrepreneurial landscape by shaping the legal and regulatory environment. Societies that value risk taking, innovation, and entrepreneurship generally experience higher success rates in these areas. By contrast, cultures that prioritize stability or stigmatize failure can deter entrepreneurial ventures, leading to higher failure rates. Peter (2024) noted that cultural norms impact access to finance, property rights, and contract enforcement, which are crucial for entrepreneurial success. Shane (2012) further emphasized that societal attitudes towards risk and failure can either encourage or hinder entrepreneurial activities.
- **Family background:** Family background plays a critical role in shaping individuals' academic performance, career paths, and entrepreneurial inclination. Families influence entrepreneurial tendencies through role modeling, financial support, and access to social networks. Kautonen et al. (2015) found that individuals from entrepreneurial families are more likely to pursue entrepreneurship due to their exposure to role models and supportive environments. Familial influence provides the necessary resources and encouragement for entrepreneurial ventures.

- **Educational background:** Education is a fundamental social institution that influences technological advancement and economic prosperity. It provides the knowledge, skills, and networks necessary for a successful entrepreneurship. [Lyu et al. \(2019\)](#) highlight the role of education in poverty alleviation and social progress. The type and quality of education can significantly affect the viability and longevity of entrepreneurial ventures, as noted by [Brüne and Lutz \(2020\)](#) and [Hahn et al. \(2020\)](#). Strong educational backgrounds equip entrepreneurs with critical thinking skills, technical knowledge, and the ability to innovate.
- **Gender:** Gender affects entrepreneurial failure through various mechanisms, including institutional contexts, fear of failure, funding opportunities, and biases. Societies with greater gender equality have higher entrepreneurial engagement, especially when the social costs of failure are high. [Simmons et al. \(2024\)](#) discuss how institutional contexts shape gender-related entrepreneurial outcomes, while [Baron and Tang \(2011\)](#) explore the influence of the fear of failure. [Pistilli et al. \(2023\)](#) and [Lee and Huang \(2018\)](#) addressed the challenges women face in securing funding and overcoming bias.
- Entrepreneurial failure in this study was examined through five critical dimensions. **Failure to innovate** occurs when attempts to introduce new concepts into the market fall short, although they often yield valuable lessons for future endeavors ([Rhaiem & Amara, 2021](#)). [Christensen \(2016\)](#) describes failure to innovate as a lack of effort or an inability to introduce new ideas, methods, or products. Neglecting innovation can stifle growth and competitiveness, as [Eisenmann \(2021\)](#).
- **Failure to allocate resources** refers to inefficiencies or deficiencies in distributing and utilizing resources within an organization. The mismanagement of financial, human, or physical resources can hinder a business's operational efficiency and growth potential. Proper resource allocation is crucial for maintaining organizational health and achieving long-term success ([Eisenmann, 2021](#)).
- **Failure to take risks** is inherent in entrepreneurship as it involves navigating uncertainties. [Aven \(2008\)](#) discusses risk-taking failure as the inability to properly identify, measure, and mitigate risks. [South et al. \(2011\)](#) explain that pursuing uncertain opportunities without anticipated benefits can lead to financial losses and reputational damage, thus emphasizing the importance of effective risk management strategies.
- **Failure to seize opportunities** refers to the inability to recognize or pursue potential business ventures. [Sarvasathy \(2001\)](#) emphasized the importance of effectuation logic, which focuses on creating opportunities rather than merely finding them. [Shane and Venkataraman \(2000\)](#) underscore the role of entrepreneurial intention in transforming opportunities into successful ventures. Failure to seize opportunities can result in missed growth potential and reduced business performance.
- **Failure to be proactive** involves neglecting to take anticipatory actions to tackle potential problems or seize opportunities before they reach a critical stage. [Vogt et al. \(2021\)](#) described the consequences of a lack of proactivity, including missed opportunities and heightened risks. [Eisenmann \(2021\)](#) advocates a proactive approach to ensure that entrepreneurs are prepared to tackle potential problems and capitalize on opportunities.

Entrepreneurship is a dynamic and multifaceted phenomenon that is influenced by a wide range of factors. While economic and market-related aspects are often emphasized, socio-cultural factors play an equally critical role in shaping entrepreneurial outcomes. These factors intersect with an individual's beliefs, norms, values, and social context, affecting entrepreneurial decisions, risk-taking behavior, and resilience. The socio-cultural environment encompasses the social systems and cultural frameworks that shape individual and collective behaviors within a nation. This environment includes human-created elements that influence actions, interactions, perceptions, and lifestyle. These elements, such as values, attitudes, norms, and behaviors, are molded by social, religious, educational, and cultural conditions ([Timan et al., 2023](#)). Socioculture involves structured societal patterns rooted in bureaucratic systems, guided by theories, beliefs, and

their practical applications in everyday life, often extending beyond sensory perception (Cicourel, 2013).

Research on the relationship between socio-cultural factors and entrepreneurial outcomes is increasing. Studies have consistently highlighted the significant influence of cultural, social, and economic contexts on entrepreneurial behavior, performance, and failure. [Damaraju et al., \(2023\)](#) investigated the relationship between cultural dimensions and stigma associated with entrepreneurial failure. They hypothesized that the impact of stigma of failure varies across different cultural contexts, considering dimensions such as individualism, masculinity, and power distance. Their results indicate that cultural factors significantly influence how entrepreneurs perceive and respond to failures. For instance, in cultures with high levels of individualism, failure is often seen as a personal shortcoming, leading to greater stigma and a reduced willingness to engage in entrepreneurial activities. Conversely, in collectivist cultures, failure may be perceived as a shared experience that mitigates individual blame and encourages collective support. Policymakers and practitioners should consider cultural nuances when designing initiatives to promote entrepreneurship.

[Gupta \(2024\)](#) explored the impact of socio-cultural factors on entrepreneurship development in emerging markets. This study emphasizes that cultural values, including collectivism, risk aversion, and attitudes towards failure, shape the context-specific manifestations of entrepreneurship. In emerging markets, these factors can either hinder or facilitate entrepreneurial activity. Culturally sensitive interventions are essential for understanding and supporting entrepreneurial endeavors. For example, in cultures with high risk aversion, entrepreneurs may be less likely to pursue innovative ventures because of fear of failure and societal repercussions. These insights underscore the necessity of tailoring entrepreneurial support programs to fit cultural contexts, thereby enhancing their effectiveness.

[Engidaw \(2021\)](#) study of Woldia University graduating students emphasizes the influence of the socio-cultural environment on entrepreneurial culture. Although not directly addressing failure, this literature emphasizes the importance of understanding courage and constraint factors within specific cultural contexts. Entrepreneurial culture, defined by the norms and values that support entrepreneurial activities, varies widely between societies. In cultures that value innovation and risk taking, entrepreneurs are more likely to thrive and persist despite failures. Conversely, in cultures in which conformity and stability are prioritized, entrepreneurial activities may be stifled. Understanding these cultural determinants can inform strategies for fostering an entrepreneurial mindset that is essential for cultivating resilient and adaptable entrepreneurs.

[Brownell et al., \(2024\)](#) explored the concept of cultural dissonance, the gap between cultural values and practices, and its influence on social entrepreneurial activity. They draw on role congruity theory to theorize and test how this dissonance affects engagement in social entrepreneurship. This study reveals that cultural dissonance can either impede or encourage social entrepreneurial activity, with female entrepreneurs being less sensitive to these effects than male entrepreneurs. Entrepreneurs must recognize the cultural landscape to succeed. Understanding local norms and values allows them to effectively tailor business models and marketing strategies. They argued that a high aversion to uncertainty in certain societies may discourage entrepreneurial activities due to perceived risks. However, cultures with a higher tolerance for uncertainty view failure as an opportunity for growth. [Liñán et al., \(2016\)](#) emphasize the importance of aligning entrepreneurial practices with cultural expectations.

[Noguera et al., \(2013\)](#) examined the socio-cultural factors that impact female entrepreneurship. They found that fear of failure, perceived capabilities, perceived opportunities, and role models play crucial roles in women's entrepreneurial decisions. Female entrepreneurs often face additional socio-cultural barriers, including gender stereotypes and limited access to networks and resources. Understanding these dynamics is critical to addressing gender disparities in entrepreneurship. Policymakers and researchers should consider these factors when designing programmes and policies to support female entrepreneurs. Initiatives that promote female role models, provide mentorship, and create supportive networks may be particularly effective.

Giwa and Babakatun (2019) explored the impact of socio-cultural factors on women's entrepreneurial development in Kaduna State, Nigeria. Their study, involving 332 women entrepreneurs, examined the influence of religion, culture, and gender on entrepreneurial activities. By employing correlation and regression analyses, the researchers found a significant association between socio-cultural factors and women's entrepreneurial success, highlighting the crucial role of these elements in shaping women's entrepreneurial journeys in the region. Similarly, Adiza et al., (2020) investigated the influence of socio-cultural factors on the performance of female entrepreneurs in the Niger Delta region of Nigeria. Their study, involving 160 female entrepreneurs, revealed that socio-cultural dimensions significantly impact women's entrepreneurial success. Researchers have found that cultural factors, such as the desire for self-recognition and social mobility, influence women's entrepreneurial aspirations and behaviors. This suggests that the socio-cultural context plays a pivotal role in shaping the entrepreneurial journeys of women in the region.

Expanding beyond the focus on women's entrepreneurship, Julius and Maru (2020) examined the impact of socio-cultural factors on the performance of small-scale businesses in Bori-Ogoni, Nigeria. Their study found a significant correlation between cultural values, norms, and peer influence and the profitability and innovativeness of these businesses. The researchers concluded that socio-cultural factors are crucial determinants of regional entrepreneurial performance. This aligns with the findings of Giwa and Babakatun (2019) and Adiza et al. (2020), who also note the importance of cultural factors in entrepreneurial success. However, Julius and Maru (2020) focus on small-scale businesses extends the discussion to a broader entrepreneurial context, suggesting that socio-cultural influences are broadly applicable across different entrepreneurial environments.

Thornton et al., (2011) provided a comprehensive overview of the relationship between socio-cultural factors and entrepreneurial activity across multiple countries. They emphasized the importance of institutional frameworks and social capital in shaping entrepreneurial decisions. This study connects with earlier research by highlighting the broader institutional and social context that influences entrepreneurial decisions and success. Similarly, Masovic (2018) investigated the influence of socio-cultural factors on the performance of foreign subsidiaries of multinational companies. The study emphasized the significant impact of culture, language, religion, and education on business operations. This research underscores the need for multinational companies to adapt their strategies to the socio-cultural context of their foreign subsidiaries, similar to how small-scale businesses and individual entrepreneurs must navigate cultural landscapes.

Cardon et al., (2011) examined cultural perceptions of entrepreneurial failure through media analysis. Their study investigated how societal narratives attribute failure to either entrepreneurial mistakes or external misfortune. By analyzing news articles, they explored the cultural lens through which failure is interpreted, highlighting the potential biases and stereotypes influencing public opinion on entrepreneurial risk-taking and resilience. Heinze (2020) explored the social aspects of entrepreneurial failure and found that regional factors influence how entrepreneurs perceive and learn from their failures. Both studies emphasize the importance of cultural sensemaking in understanding entrepreneurial failure, suggesting that societal attitudes towards failure can affect entrepreneurs' resilience and learning processes.

Rahman et al., (2020) explored the role of psycho-economic factors and opportunistic behavior in entrepreneurial failure. Their study revealed that psychological, economic, and behavioral elements contribute to business downfalls, emphasizing the need to consider both internal and external influences on entrepreneurial outcomes. This aligns with Wennberg et al., (2013), who examined how the cultural context moderates the impact of individual characteristics on entrepreneurial intentions, suggesting a complex interplay between personal and cultural factors.

Finally, Baù et al., (2017) investigated factors influencing failed entrepreneurs' decisions to re-enter entrepreneurship. They identified patterns in how age, gender, and previous ownership experience affected the likelihood of re-entry. This study connects with earlier research by highlighting the importance of personal characteristics and cultural context in shaping entrepreneurial behavior, particularly following failure. The reviewed studies consistently demonstrated the profound influence of socio-cultural factors on entrepreneurial outcomes. While

these studies offer valuable insights into various aspects of the entrepreneurial process, future research should explore the complex interplay between multiple socio-cultural factors and their combined impact on entrepreneurial success or failure.

Methodology

This study employed qualitative data analysis techniques to explore the narratives of participants and uncover themes and patterns relevant to the research questions. Qualitative data analysis is essential for understanding complex phenomena through the examination of non-numerical data (Saldaña, J. 2020). The primary data collection method involved in-depth interviews with participants, focusing on the impact of socio-cultural factors on entrepreneurial failure in Soran. In-depth interviews are the primary method for collecting qualitative data, allowing researchers to gather detailed and rich information from participants (Kvale & Brinkmann, 2009). Structured interviews were used to collect data, with questions designed to elicit detailed responses from participants. This method ensures that all participants are asked the same questions in the same order, allowing for standardized responses and reducing variability in the data collection process (Bryman, 2016).

The research was conducted in Soran, a city in the Kurdistan region of Iraq known for its unique cultural traditions, social dynamics, and economic activities. This environment provides an ideal context for examining the relationship between socio-cultural factors and entrepreneurial outcomes, specifically focusing on business failures. The sample for this study comprised entrepreneurs from Soran who had experienced business failures across various sectors.

The population for this study included entrepreneurs in Soran who had faced business failure in recent years. To understand the complexities of entrepreneurial failure, this study focuses on the interconnected social and cultural aspects that influence these outcomes. Interviews were conducted in Soran, with a sample size of 10 entrepreneurs selected through purposive sampling (judgmental sampling), based on their relevance to the research objectives.

Data analysis techniques

Thematic Analysis was used to analyze the data collected in this study. This method involved several steps.

- Familiarization with the Data: Transcribing audio recordings, reading through the text, making preliminary notes, and getting acquainted with the data.
- Coding: Identifying significant sections of the text and creating concise labels or "codes" to represent their content.
- Theme Development: Reviewing the codes to identify patterns and developing broader themes that encompass multiple codes.
- Writing Up the Analysis: Presenting the findings in a structured and coherent manner, illustrating how socio-cultural factors influence entrepreneurial failure in Soran.

This approach allowed for a comprehensive examination of the data, providing valuable insights into the impact of socio-cultural factors on entrepreneurial failure.

Result

Based on the interviews conducted, out of the 10 entrepreneurs in Soran who had started their own businesses but ultimately failed, eight were men and two were women. These failures were attributed to various cultural factors, including societal values, family and educational backgrounds, and gender dynamics. The discussion explores how these factors affect innovation, opportunity, risk-taking, resource allocation, and other aspects of entrepreneurship among the interviewees. [Table 1](#) illustrates entrepreneurs' perceptions of the impact of socio-cultural factors on entrepreneurial failure.

Failure to Innovate. The research findings indicate that out of the 10 individuals interviewed, a high proportion (seven individuals) attributed their failure to innovate to the impact

of values and norms. In contrast, three individuals pointed to family background, two cited educational background, and two mentioned gender as an influencing factor. Table 2 presents a summary of participants' answers regarding the impact of socio-cultural factors on innovation.

Table 1. Impact of socio-cultural factors on entrepreneurial failure

Socio-cultural factors	Failure to innovate	Failure to resource allocation	Failure to risk-taking	Failure to opportunity	Failure to proactiveness
Values and Norms	7	6	7	6	7
Family Background	3	4	4	4	3
Education Background	2	3	2	3	3
Gender	2	2	2	2	2

Source: Authors' own work

Table 2. Participant's answers regarding to the impact of socio-cultural factors on innovation

Participants	Participant's answers
1	Mentioned that social values and norms constrained the types of innovations they could pursue.
2	Explained how the outbreak of Covid-19 and societal mistrust in hygiene affected their beauty center, inhibiting innovation.
3	Highlighted the negative impact of Kurdish community norms and lower educational levels on innovation acceptance.
4	Discussed how cultural resistance to change and familial attitudes towards failure hampered creative endeavors.
5	Cited family reasons, gender, and societal customs as barriers to innovation in the field of design.
6	Mentioned societal disinterest in reading as a significant barrier to their book-selling business.
7	Discussed lack of family support as a key factor that stifled their innovative online business.
8	Faced societal distrust in the originality of products sold on a cart, limiting business innovation.
9	Described how societal opposition to new ideas due to traditions dampened creativity.
10	Highlighted the weak economic culture and unfamiliarity with their product as innovation inhibitors.

Source: Authors' own work

Participants reported that various socio-cultural factors significantly impacted their ability to innovate. Common constraints include social values and norms that limit the types of innovations that they could pursue. The outbreak of Covid-19, coupled with societal mistrust in hygiene, particularly inhibited businesses, such as beauty centers. Additionally, community norms and lower educational levels negatively affect the acceptance of innovation. Cultural resistance to change and familial attitudes towards failure were also cited as significant barriers to creativity. Participants highlighted that family reasons, gender, and societal customs pose challenges, especially in the field of design. Societal disinterest in reading is a major barrier to the book-selling business. Lack of family support has been mentioned as a key factor in stifling innovative online businesses. Societal distrust in the originality of products sold on carts limits business innovation, while opposition to new ideas due to traditions dampens creativity. Finally, weak economic culture and unfamiliarity with new products were noted as inhibitors of innovation.

Failure to resource allocation. Six individuals attributed the failure to allocate resources, 6 individuals attributed this to values and norms. Four individuals pointed to family background as an impactful factor, while three individuals cited educational background, and two individuals mentioned gender. Table 3 presents a summary of participants' answers regarding the impact of socio-cultural factors on resource allocation.

Table 3. Participant's answers regarding to the impact of socio-cultural factors on resource allocation

Participants	Participant's answers
1	Did not notice a significant impact on resource allocation from socio-cultural factors.
2	Found it difficult to obtain quality resources due to traditional societal values and lack of family support.
3	Explained how cultural aversion to failure led to reactive resource allocation.
4	Faced gender-based limitations in accessing resources, impacting business operations.
5	Encountered barriers due to lack of capital, equipment, and space, exacerbated by societal gender norms.
6	Struggled with resource allocation due to the society's educational and cultural limitations.
7	Faced high costs and societal distrust in online purchases, affecting resource access.
8	Saw decreased demand for products, limiting the ability to procure resources.
9	Discussed how societal restrictions hindered access to diverse knowledge and material resources.
10	Found that reliance on a specific income source and lack of family support reduced motivation and resource access.

Source: Authors' own work

Participants were informed that socio-cultural factors had varying impacts on resource allocation. One participant did not notice any significant effects. Others have found it challenging to obtain quality resources due to traditional societal values and a lack of family support. Cultural aversion to failure led to reactive resource allocation, whereas gender-based limitations significantly impacted access to resources and business operations. Barriers such as lack of capital, equipment, and space were exacerbated by societal gender norms. Educational and cultural limitations made resource allocation difficult for some participants. High costs and societal distrust of online purchases affect access to resources. The decreased demand for products limits their ability to procure resources. Social restrictions hinder access to diverse knowledge and resources. Finally, reliance on a specific income source and a lack of family support reduced motivation and access to resources.

Failure to risk-taking. for failure to take risks, seven individuals highlighted the influence of values and norms. Four individuals mentioned family background, two cited educational background, and two pointed to gender as contributing factors. [Table 4](#) presents a summary of the participants' answers regarding the impact of socio-cultural factors on risk-taking.

Table 4. Participant's answers regarding to the impact of socio-cultural factors on risk-taking

Participants	Participant's answers
1	Acknowledged the presence of risks but accepted them as part of business.
2	Noted that societal traditions and educational backgrounds influenced risk aversion.
3	Described how societal values around stability discouraged risk-taking.
4	Faced multiple failures due to lack of capital, family support, and societal pressures as a businesswoman.
5	Cited cultural and religious factors as barriers to risk-taking.
6	Despite capital investments, faced business failure due to societal constraints.
7	Highlighted lack of family support and expertise as key factors deterring risk-taking.
8	Faced municipal restrictions on cart placement, impacting risk management.
9	Noted that societal fear of risk influenced their decision-making.
10	Mentioned that the traditional community discouraged risk-taking due to lack of support.

Source: Authors' own work

Participants reported that socio-cultural factors had notable impacts on their risk-taking behavior. One participant acknowledged the presence of risks but accepted them as part of doing business. Others have noted that societal traditions and educational backgrounds influence risk aversion. Societal values around stability discouraged risk taking. Multiple failures were attributed to a lack of capital, family support, and societal pressure, particularly for businesswomen. Cultural

and religious factors have also been cited as barriers to taking risks. Despite capital investments, some participants faced business failures due to societal constraints. Lack of family support and expertise were highlighted as key factors in determining risk taking. Municipal restrictions on cart placement affect risk management. Societal fear of risk influenced the decision-making of some participants, and the traditional community's lack of support further discouraged risk-taking.

Failure to seize opportunities. Six individuals attributed failing to seize opportunities, 6 individuals attributed this to values and norms. Four individuals mentioned family background, three cited educational background, and two individuals pointed to gender as influencing factors. [Table 5](#) presents a summary of participants' answers regarding the impact of socio-cultural factors on seizing opportunities.

Table 5. Participant's answers regarding to the impact of socio-cultural factors on seizing opportunities

Participants	Participant's answers
1	Identified societal nature as a barrier to seizing opportunities.
2	Described how cultural values and educational backgrounds influenced opportunity recognition.
3	Faced cultural resistance to change, limiting resource allocation strategies and opportunity pursuit.
4	Cited lack of family support and societal customs as barriers to recognizing and seizing opportunities.
5	Described how cultural limitations hindered their ability to pursue opportunities in design.
6	Mentioned that higher education levels could have increased opportunity recognition in their book business.
7	Faced financial limitations and lack of support in pursuing online business opportunities.
8	Lost an opportunity to expand due to lack of family support and financial constraints.
9	Described how societal norms forced them to ignore opportunities that seemed inappropriate.
10	Highlighted those societal values and economic instability limited their ability to take advantage of opportunities.

Source: Authors' own work

Respondents indicated that socio-cultural factors significantly impacted their ability to seize opportunities. Societal nature has been identified as a barrier to seizing opportunities. Cultural values and educational background influenced the opportunity recognition of some participants. Cultural resistance to changing limited resource allocation strategies and opportunities. Lack of family support and societal customs were cited as barriers to recognizing and seizing opportunities. Cultural limitations hinder students' ability to pursue opportunities in fields such as design. The participants mentioned that higher education levels could have increased opportunity recognition, especially in the book business. Financial limitations and a lack of support were significant obstacles in pursuing online business opportunities. Some participants lost opportunities to expand due to lack of family support and financial constraints. Societal norms force others to ignore opportunities that seem inappropriate. Finally, societal values and economic instability were highlighted as factors that limited the ability to take advantage of opportunities.

Failure to proactiveness. finally, seven individuals attributed the failure to be proactive, 7 individuals attributed this to values and norms. Three individuals cited family background, three mentioned educational background, and two pointed to gender as a contributing factor. [Table 6](#) presents a summary of the participants' answers regarding the impact of socio-cultural factors on proactiveness.

Participants highlighted that socio-cultural factor significantly affected their proactiveness in business activities. Some claimed that, despite taking all the necessary actions, they still faced failure. Cultural constraints and societal illiteracy have been mentioned as barriers to business expansion. Cultural values discouraged some participants from searching for new opportunities. Traditions, gender differences, and lack of family support were cited as limiting factors. Societal

values and gender norms pose significant barriers to others. Low levels of community education have hindered proactive efforts. Difficulties in online marketing are described by societal values and a lack of support. The lack of planning, family help, and expertise were highlighted as limitations. The participants emphasized the need to consider social culture in business activities. Cultural obligations and lack of community support were also noted as barriers to proactive business efforts.

Table 6. Participant's answers regarding to the impact of socio-cultural factors on proactiveness

Participants	Participant's answers
1	Claimed that all necessary actions were taken but still faced failure.
2	Mentioned cultural constraints and societal illiteracy as barriers to business expansion.
3	Described how cultural values discouraged seeking new opportunities.
4	Cited traditions, gender differences, and lack of family support as limiting factors.
5	Faced barriers due to societal values and gender norms.
6	Noted that low community education levels hindered proactive efforts.
7	Described the difficulties of online marketing due to societal values and lack of support.
8	Faced limitations due to lack of planning, family help, and expertise.
9	Emphasized the need to consider social culture in business activities.
10	Highlighted cultural obligations and lack of community support as barriers to proactive business activities.

Source: Authors' own work

Discussion

This study investigated the impact of socio-cultural factors on the failure of entrepreneurs in Soran. Through interviews with ten entrepreneurs who had started their own businesses but ultimately failed, it was found that various cultural and social factors influenced their failures in areas such as innovation, proactiveness, opportunity, resource allocation, and risk-taking. These factors include values and norms, educational background, family background, and gender.

Our research indicates that cultural factors significantly influence entrepreneurial failures. Values and norms particularly affect entrepreneurial endeavors, affecting innovation, risk-taking, seizing opportunities, and accessing resources. Most participants attributed their business failures to these cultural values and norms, which aligns with previous studies on the subject ([Julius & Maru, 2020](#)). However, gender did not emerge as a significant factor in this study. This contrasts with previous studies that emphasize the substantial impact of gender on entrepreneurial failure, particularly among women, due to cultural contexts ([Giwa & Babakatun, 2019](#)).

Educational background has been highlighted as a pivotal factor that influences entrepreneurial failure. A substantial percentage of participants indicated the criticality of educational background as a determinant of entrepreneurial success or failure. This finding contrasts with some previous studies that suggest that educational background has no significance on entrepreneurial outcomes. Nonetheless, it is important to note that individuals lacking formal educational backgrounds can still engage in business ventures and achieve success ([Cardon et al., 2011](#)).

Family background has emerged as one of the most significant cultural factors influencing entrepreneurial failure. A substantial number of participants emphasized the crucial role of family background, citing a lack of familial support as a hindrance to entrepreneurial endeavors. This observation aligns with findings from previous studies, further underscoring its importance. Inadequate family support can profoundly impact both the initiation and sustainability of entrepreneurial ventures ([Heinze, 2020](#)).

The findings reveal that social culture significantly impacts entrepreneurial success in the Eastern community, particularly in Soran, where specific cultural norms and conditions must be considered before embarking on a venture. Cultural values are deeply rooted in Soran's customs and traditions, favoring traditional practices over new ones. Failure is stigmatized, making individuals hesitant to pursue entrepreneurial endeavors because of fear of failure. Soran's level of

education is often insufficient to successfully launch and sustain new businesses. A weak local economy, lack of reliance on entrepreneurship, and independent work further exacerbate these challenges. The ingrained habits and principles of the community deter widespread entrepreneurial activities, resulting in a scarcity of viable business opportunities. Ventures that contradict societal norms are not supported by the community, often leading to failure. In particular, female entrepreneurs face numerous obstacles due to a lack of alignment between their educational and family backgrounds and the cultural environment.

Implementing these findings in practice can significantly reduce the impact of cultural factors on entrepreneurial failure by improving educational programs that help entrepreneurs perform their business more effectively. Social and cultural factors shape entrepreneurs' environments. Factors such as societal norms, values, and beliefs significantly influence how businesses are established, run, and perceived as well as decision-making related to risk-taking. Cultural and social norms can affect the level of risk-taking behavior within a society, with some cultures stigmatizing failure, leading to a more conservative approach to entrepreneurship. Understanding these dynamics helps entrepreneurs assess the risks associated with starting a business and develop strategies to mitigate them.

This may include targeted support programs, cultural sensitivity training, or policy interventions. Identifying the socio-cultural factors that contribute to entrepreneurial failure can help entrepreneurs better anticipate and manage risks and adapt their business models, marketing strategies, and operational practices accordingly.

From a theoretical standpoint, this study contributes to a comprehensive understanding of entrepreneurial behavior by investigating the influence of socio-cultural factors on entrepreneurial failure. Studying these impacts promotes cultural sensitivity and awareness, which is essential for successful business operations in diverse cultural contexts. This study introduces the notion that socio-cultural factors significantly influence entrepreneurial behavior and outcomes. It builds on existing theories of the cultural impact on entrepreneurship, such as Hofstede's cultural dimensions theory, which suggests that societal norms, values, and beliefs deeply influence business practices. These findings align with the theory that cultures high in uncertainty avoidance may resist innovation and risk-taking, leading to higher failure rates among entrepreneurs.

From a practical standpoint, understanding the socio-cultural factors that contribute to entrepreneurial failure can help entrepreneurs and policymakers develop strategies to mitigate these impacts. Educational programs, support programs, and cultural sensitivity training can be tailored to address societal resistance to innovation, and support systems can be established to encourage risk taking and opportunity recognition. Policies that promote gender equality and provide resources for female entrepreneurs can help them overcome cultural barriers. Additionally, community-based initiatives that foster a supportive environment for entrepreneurship can help reduce the stigma of failure and encourage proactive business practices, such as better anticipation and risk management, adapting their business models, marketing strategies, and operational practices accordingly.

Proposing the multi-dimensional socio-cultural constraints theory (MDSC Theory)

The analysis of participants' responses reveals significant socio-cultural barriers that impact various aspects of entrepreneurship in Soran. Based on these insights, we propose the multi-dimensional socio-cultural constraints theory (MDSC Theory) to explain how these factors contribute to entrepreneurial failure.

1. Cultural Resistance to Innovation (CRI): Participants frequently mentioned that societal norms and values constrain innovation. For example, cultural resistance to change and traditional opposition to new ideas significantly limit entrepreneurial creativity and pursuit of novel ideas.
2. Societal Influence on resource allocation (SIRA): Resource allocation is strongly influenced by societal norms and family dynamics. Gender-based limitations, educational and cultural barriers, and societal distrust, particularly in online business contexts, are major obstacles.
3. Cultural aversion to risk (CAR): Societal and familial attitudes towards risk-taking are predominantly negative. The value placed on stability and the traditional community's

discouragement of risk-taking behavior prevents entrepreneurs from engaging in necessary risk-related activities.

4. Socio-cultural barriers to opportunity recognition (SCBOR) Cultural and educational factors play a significant role in hindering opportunity recognition. Participants noted that cultural resistance to change, societal norms, and economic instability limited their ability to identify and seize business opportunities.
5. Proactiveness inhibited by socio-cultural constraints (PISC): Proactive business behaviors and planning are severely constrained by socio-cultural factors. Cultural constraints, societal values, gender norms, and a lack of community support create barriers to proactiveness.

The interplay of these socio-cultural factors creates a compounded effect that significantly contributes to entrepreneurial failure. For instance, cultural resistance to innovation can lead to poor opportunity recognition and hinder proactive behavior, creating a feedback loop that exacerbates the challenges faced by entrepreneurs. MDSC Theory offers a comprehensive framework for understanding the impact of socio-cultural factors on entrepreneurial failure in Soran. This theory underscores the need for policy interventions and educational programs aimed at mitigating these socio-cultural barriers. Future research should further explore these components and investigate potential strategies for overcoming these challenges. By proposing MDSC Theory, we provide a nuanced perspective on the socio-cultural constraints faced by entrepreneurs in Soran, contributing to the broader discourse on entrepreneurial failure and socio-cultural dynamics in similar contexts.

Conclusion

Failure is not the outcome entrepreneurs strive for when they start their businesses. However, thousands of entrepreneurs fail each year due to various factors. This study aimed to investigate the impact of socio-cultural factors on entrepreneurial failure in Soran City. This study relied on primary data gathered through structured interviews with key entrepreneurial figures in Soran. The findings effectively address the research objectives by demonstrating that socio-cultural elements, such as societal values and norms, educational background, family background, and gender, significantly influence entrepreneurial outcomes. This study highlights that these factors can either hinder or facilitate entrepreneurial success, impacting key areas such as innovation, risk-taking, resource allocation, opportunity recognition, and proactiveness.

The results of the study revealed that socio-cultural factors significantly impact entrepreneurial failure in Soran, affecting entrepreneurs' abilities to innovate, take risks, allocate resources, recognize opportunities, and be proactive. These impacts arise through various channels, including societal values and norms, educational backgrounds, family backgrounds, and gender.

The findings suggest that addressing socio-cultural factors can help reduce entrepreneurial failure. Entrepreneurs who were able to implement innovations in their businesses demonstrated that socio-cultural factors played a crucial role in either success or failure. Despite a strong intention to grow their businesses, many entrepreneurs in Soran faced challenges due to push factors, such as values and norms, family background, and educational background.

This analysis clearly shows that socio-cultural factors are significant explanatory variables for entrepreneurial failure. These factors influence entrepreneurs' innovation failures, resource allocation, risk-taking, opportunity recognition, and proactiveness. The study concludes that recent socio-cultural factors pose a substantial threat to entrepreneurial activities and increase the risk of failure. Entrepreneurs recognize the need to address these factors by promoting an entrepreneurial culture through training seminars, courses, and the media. Such initiatives can enhance business performance and reduce failure rates. Policymakers and stakeholders should focus on creating a supportive environment for entrepreneurship by alleviating socio-cultural barriers and providing tailored support to entrepreneurs.

Based on these findings, several recommendations have emerged. Families, individuals, and ethnic groups should conduct thorough assessments to understand the relationship between their economic welfare and the socio-cultural framework. They should retain the values that support

entrepreneurship and discard those that hinder potential and economic participation. Promoting an entrepreneurial culture through training seminars, courses, and media can further enhance entrepreneurial activities. Additionally, further investigation is needed to explore the influence of socio-cultural elements on entrepreneurial endeavors more deeply.

These results have important implications for both entrepreneurs and policymakers. They suggest that socio-cultural barriers play a crucial role in shaping entrepreneurial success and failure. By understanding and addressing these barriers, stakeholders can develop more effective strategies to support entrepreneurs. Initiatives such as training seminars, courses, and media campaigns aimed at promoting an entrepreneurial culture can enhance business performance and reduce failure rates. Additionally, creating a supportive environment through policy interventions and targeted support can help mitigate the negative impacts of socio-cultural challenges.

This study has several limitations. First, it relied on qualitative data from structured interviews with a limited number of key entrepreneurial figures in Soran, which may not fully represent the broader entrepreneurial landscape. Second, the focus on socio-cultural factors, while significant, does not account for other potential influences on entrepreneurial failure, such as economic or financial factors. Additionally, the research was geographically limited to Soran City, which may affect the generalizability of the findings to other regions. Future studies should address these limitations by expanding the scope of this study. Conducting similar research in other cities or regions within Kurdistan could provide a broader perspective on socio-cultural influences and identify common trends or regional variations. Further studies should explore additional factors, such as economic and financial elements, to gain a more comprehensive understanding of entrepreneurial failure. Incorporating quantitative methods, such as surveys and experiments, could offer valuable insights into entrepreneurs' subjective experiences and strategies. Additionally, future research could examine the effectiveness of specific interventions aimed at overcoming socio-cultural barriers and enhancing entrepreneurial success.

Declaration of conflicting interests

The authors declare no potential conflicts of interest with respect to the research, authorship, or publication of this article.

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