

DECODING FAILURE ATTRIBUTION: ENTREPRENEURS' JOURNEY THROUGH THE STARTUP COLLAPSE

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Introdução

Interest in entrepreneurial failure research has increased markedly, framing failure as a complex event influenced by individual, organizational, and environmental factors. Early studies focused on predictive models, financial and legal dimensions, and organizational discontinuation, emphasizing prevention and post-failure learning. More recent work has shifted to entrepreneurs' emotional, social, and cognitive responses.

Problema de Pesquisa e Objetivo

Our research question is: How do startup entrepreneurs interpret the factors that led to business failure and entrepreneurial withdrawal? We argue that it is essential to deepen the understanding of the dynamics of the failure process from the entrepreneur's perspective, aiming to uncover their motivations and the factors that drove them to leave their ventures.

Fundamentação Teórica

Research on organizational failure encompasses deterministic, voluntaristic, and subjectivist views—external forces, managerial capacities, and psychological factors—requiring their integration for a comprehensive understanding. Attribution theory reframes “causes” as entrepreneurs' subjective explanations, guiding post-failure learning and future behavior. Failure narratives evolve from defensive to constructive accounts under emotional and social influences, acting as sense-making frameworks that foster resilience and inform subsequent entrepreneurial endeavors.

Metodologia

Given the limited literature, we adopted an inductive interpretivist qualitative approach grounded in Grounded Theory and the Gioia Method. We conducted 20 semi-structured interviews with founders of 13 purposively selected startups (2015–2020) identified via Failtech meetings, supplemented by observations and secondary data. Interviews were recorded, transcribed verbatim, and iteratively coded into informant-driven first-order concepts and theoretical second-order themes.

Análise dos Resultados

Deterministic views highlight external constraints; voluntaristic emphasizes founder agency; subjectivist underscores emotional and cognitive responses. Analysis of founder narratives reveals how environmental shocks, managerial choices, and psychological factors interact to shape sense-making, delay exit decisions, and define “failure.” This holistic framework moves beyond isolated explanations, offering a nuanced understanding of multifaceted failure triggers in startups.

Conclusão

Through this research, we developed an integrative view of failure by combining different perspectives (voluntaristic, deterministic, and subjectivist). We also reinforced the multidimensional and multifactorial nature of failure, emphasizing the need to understand how the accumulation of different events amplifies the likelihood of a startup's closure. To this end, we identified a typology of 38 failure attributions.

Contribuição / Impacto

This study examines how entrepreneurs interpret factors leading to startup failure by integrating voluntaristic, deterministic, and subjectivist perspectives into a failure vortex model with 38 attributions. We find that founders largely internalize responsibility (85% internal attributions) and treat exit as a deliberate act preceding formal discontinuity. Contributions include a holistic framework of interacting lenses, evidence of internal attribution bias, and a dynamic, cumulative process view of failure. Future research should test this model across contexts.

Referências Bibliográficas

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