Entrepreneurial Challenges in Early-Stage Startups: A Review of Financial, Market, Team, Ecosystem, and Scaling Dynamics

OPEN ACCESS

Volume: 14

Special Issue: 1

Month: June

Year: 2026

P-ISSN: 2321-788X

E-ISSN: 2582-0397

Citation:
Rathna Chellappa, et al. "Entrepreneurial Challenges in Early-Stage Startups: A Review of Financial, Market, Team, Ecosystem, and Scaling Dynamics." *Shanlax International Journal of Arts, Science and Humanities*, vol. 14, no. S1, 2026, pp. 40–49.

DOI:
https://doi.org/10.34293/sijash.v14iS1-Jun.11191

Dr. Rathna Chellappa
Faculty, College of Economics and Business Administration
University of Technology and Applied Sciences, Salalah, Sultanate of Oman

Dr. Anis Akthar Sulthana Banu
Associate Professor, Justice Basheer Ahmed College for Women, Chennai

K. Mohan Chandra Deepak
I-MBA, REVA University, Bengaluru

A. Jai Karthiksamy
I-MBA, Hallmark Business School, Trichy

Abstract
Early-stage startups play an important role in promoting innovation, economic development, and job creation. In spite of its importance, a considerable number of startups face failure in the early stages of their existence as a result of the combined effect of both internal and external factors. Through the synthesis of contemporary entrepreneurship research literature, this paper explores the complex challenges facing early-stage startups. Applying a multi-theoretical approach involving Resource-Based View (RBV), Liability of Newness (LoN), Entrepreneurial Ecosystem, and Lean Startups theories, the study formulates an integrated model of five crucial challenge dimensions which are Financial Constraints, Market Validation Capability, Team Competence/Cohesion, Institutional/Ecosystem Support, and Scaling Capability. From this synthesis, it becomes clear that startups do not fail due to a particular factor alone, but rather, it is the interplay of insufficient resources, lack of market validation, poor management qualities, lack of ecosystem embeddedness, and premature decision-making regarding scale-up that leads to their failure. In addition, it becomes evident that the relationship between challenge dimensions and startup failure is moderated by the level of ecosystem support available to the venture while being mediated through adaptive capability. On this basis, the study puts forward the Integrated Entrepreneurial Challenge Framework (IECF). The contribution of this review to entrepreneurship literature is twofold: first, it consolidates scattered findings and develops a conceptual framework, and second, it provides practical insights for stakeholders that can help build strong entrepreneurial ecosystems.

Keywords: Early-Stage Startups, Entrepreneurial Challenges, Startup Ecosystems, Market Validation, Scaling Readiness, Entrepreneurial Resilience.

Introduction

It is recognized worldwide that entrepreneurship plays an important role in driving economic growth, innovation, competitiveness, and employment creation in developed countries as well as developing nations. The formation

of new businesses can drive economic activity through innovation through the introduction of new products, services, and models that disrupt existing industries and bring new markets into play (Schumpeter, 1934; Acs et al., 2012). Over the past few decades, with the advent of digital technology and globalized markets, the need for innovation and technological change has grown due to the emergence of knowledge economies (Nambisan, 2017; Autio et al., 2014).

Although they make valuable contributions both socially and economically, there are numerous hurdles that early stage startups experience, which tend to hinder their ability to succeed and grow. Numerous research findings indicate that a majority of startups do not survive in their initial years owing to various limitations such as those that are financial, organizational, strategic, and environmental among others (Blank & Dorf, 2020). Young organizations are highly vulnerable due to their high liability of newness. In other words, being newly formed organizations, they are faced with higher levels of risks since they lack established practices, legitimacy, and resources (Stinchcombe, 1965). As opposed to existing organizations, new ventures operate in very risky conditions, especially given the uncertainties involved, fast-paced changes, and unavailability of important resources.

Early stage startups have many activities going on at once and some of them include identifying opportunities, acquiring money, recruiting competent staff members, creating models of businesses, organizing the firm and meeting customers' changing needs (Ries, 2011; Blank & Dorf, 2020). Constraints in resource allocation usually restrict innovative actions and experimentation on the part of entrepreneurs at the start-up phase. Access to finance is one of the major barriers to start-up development that many young firms face, as most of the founders rely on self-funding or informal financing during early-stage business growth (Berger & Udell, 1998; Cassar, 2004). Meanwhile, lack of proper market testing and analysis can lead to the emergence of product–market mismatch (Ries, 2011).

Apart from the financial and market-oriented obstacles, organizational and human resource considerations are also essential when predicting the outcome of startups. Team proficiency, leadership, and coherence among founders contribute to effective decision making, innovative success, and organizational flexibility (De Clercq et al., 2010). In addition, the rise of digital entrepreneurship means that there is a growing need for startups to build technology capabilities in addition to achieving operational efficiency and scalability (Nambisan, 2017). The entire entrepreneurial ecosystem including incubators, accelerators, mentors, investors, and support organizations has become an important determinant of venture success through providing necessary knowledge, networks, legitimacy, and financial resources (Autio et al., 2014).

Even though prior studies have touched upon certain facets of the challenges facing entrepreneurs, the body of knowledge in relation to entrepreneurship challenges still appears scattered across several research streams including entrepreneurial finance, innovation management, organizational behavior, and ecosystems. The reason for this gap lies in the lack of integration among various research approaches which has led to a lack of knowledge about how such challenges interrelate and affect the performance of startups. This current literature review seeks to bridge this gap by integrating current research into a five-dimensional model: financial constraints; capability to validate the idea in the market place; team skillset and coherence; institutional and ecosystems support; and scaling potential.

Theoretical Foundations

A clear understanding of the difficulties that young companies face requires a robust theoretical base, which will enable us to understand how companies gather resources, handle uncertainties, operate within their environment, and develop sustainable growth capabilities. Various theoretical approaches have been used by entrepreneurship researchers in order to shed light on why some ventures succeed while others fail. Some of those include the Resource-Based Approach (RVA), Liability of Newness Approach, Entrepreneurial Ecosystem Approach, and Lean Start-Up Approach, all of which can be considered complementary to each other in addressing the multiple issues of new ventures.

Resource-Based View (RBV)

According to RBV, organizational success hinges upon the presence and efficient use of valuable, rare, non-substitutable, and inimitable resources (Barney, 1991). In the case of entrepreneurial organizations, resource management implies not only access to finance but also utilization of human resources, technology, organizational skills, and social networks. In view of the inherent resource constraints typical of startups, the efficiency of obtaining and leveraging resources plays an important role in achieving success (Alvarez & Busenitz, 2001).

Lack of funding may preclude experimental endeavors, exploration of the market space, and innovation. Limited human resources, especially those associated with managerial skills, may undermine efficient management and organizational learning processes. According to RBV, in addition to resource presence, the capacity to integrate and utilize resources properly is also an important element of entrepreneurial success (Barney, 1991). Thus, the acquisition and efficient deployment of resources are key factors of entrepreneurial success.

Liability of Newness Theory

Liability of Newness is a theoretical framework first proposed by Stinchcombe (1965), which attempts to answer why newly founded firms have more failures compared to their mature counterparts. It holds that young firms are yet to develop work routines, legitimacy, strong customer relationships, and sound management systems that can minimize chances of making mistakes and experiencing interruptions.

Young ventures are required to create internal frameworks at the same time as getting acceptance into the market, while at the same time securing external commitment from interested parties. This is especially difficult in the early stages of development when uncertainties surround aspects such as customer demands and positioning, among other concerns (Shane, 2003). Organizational immaturity, inexperienced management, and poor institutional legitimacy are some of the factors contributing to firm vulnerability. Thus, it could be said that liability of newness plays a significant role in defining entrepreneurial problems.

Entrepreneurial Ecosystem Theory

The Entrepreneurial Ecosystems Perspective emphasizes the impact of the external environment in helping foster entrepreneurship and venture development. The theory posits that the development of successful entrepreneurship is facilitated by the interplay among various components of an entrepreneurial ecosystem, such as investors, universities, incubators, accelerators, government organizations, mentoring programs, and professional networking platforms (Isenberg, 2010; Stam, 2015). Such interactions help create opportunities for enhanced performance and growth in entrepreneurship.

The use of ecosystem resources plays a key role in addressing the limitations associated with resource constraints facing startups. For example, having access to ecosystem resources such as incubators, mentoring programs, entrepreneurial networks, and investments may enable better decision making and innovativeness on the part of young ventures (Autio et al., 2014). In addition, the presence of effective entrepreneurial ecosystems encourages knowledge spillovers and learning processes among stakeholders.

Lean Startup Theory

Lean Startup Theory offers an excellent platform through which entrepreneurship can be managed with ease. Based on Ries' (2011) framework, the theory suggests that constant experimentation, quick prototype design, customer feedback incorporation, and iteration be undertaken by entrepreneurs. Entrepreneurs should not be too dependent on plans and assumptions but should validate all their ideas by creating minimal viable products and making changes as necessary according to market feedback.

The core of the Lean Startup Theory is the notion that entrepreneurs can achieve product-market fit through validated learning. The theory suggests that through the iterations of build-measure-learn,

entrepreneurs minimize wastage of resources and increase flexibility (Ries, 2011). In relation to market validation capability and scaling ability, the theory explains that the process of continuous learning will help a startup to adapt to changing market conditions easily and scale its activities accordingly. Thus, this theory offers valuable insights into the dynamics between entrepreneurial learning and adaptation.

Integrating the Theoretical Perspectives

Although each theory provides unique insights regarding entrepreneurial problems, their synthesis offers an integrated view of startup performance. For example, RBV underscores the significance of acquiring resources and building capabilities; Liability of Newness Theory identifies threats posed by organizational immaturity; Entrepreneurial Ecosystem Theory emphasizes the need for an external supporting environment; and Lean Startup Theory underscores the need for adaptive learning and market validation processes. In combination, all these theories imply that the success of entrepreneurs hinges on the interaction of internal and external factors. Hence, the current paper builds on these foundations to formulate the link between financing limitations, market validation capability, team proficiency, external institutional support, and scalability, on one hand, and entrepreneurship success, on the other.

Review of Entrepreneurial Challenges

Factors affecting entrepreneurial success at the start-up phase include a mixture of internal abilities and external environmental factors. According to existing studies, business failures hardly ever arise because of a single factor but rather stem from the relationship between financial problems, uncertainties in the market, leadership problems, difficulties in the environment, and growth too soon (Blank & Dorf, 2020; Eisenmann, 2021). Identifying the key challenges is important to design appropriate approaches for addressing them. From contemporary entrepreneurial studies, it becomes evident that there are five main challenge dimensions affecting start-ups' success, including financial issues, market validation ability, competencies and coordination of a team, and others.

Financial Constraints

One of the key problems that continue to hinder the success of start-ups and new enterprises is the lack of sufficient finances. Start-up companies are prone to such problems as a lack of sufficient financial capital due to their inability to secure loans because of limited company history, information gaps, and high investment risks (Berger & Udell, 1998; Cassar, 2004). In contrast to existing organizations, start-ups often use self-funding, family capital, or even angel investors as the main source of finance in their early stages of development.

According to the Resource-Based View, financial capital represents an important corporate resource needed for the attraction of talented employees, acquisition of technologies, and growth opportunities (Barney, 1991). Nevertheless, due to the scarcity of resources, entrepreneurs tend to focus only on immediate survival rather than on long-term strategic goals. Lack of financial means may result in delays in producing innovations, poor marketing performance, and death of ventures (Cassar, 2004). Besides, a shortage of funds often interacts with other entrepreneurial problems. Therefore, financial issues play a critical role in the success of start-ups.

Market Validation Capability

Product-market fit is arguably one of the most crucial stages in an entrepreneur's career journey. Market validation capability is the capability of a startup to understand actual customer needs, validate value propositions, and make product adjustments in light of market demands (Ries, 2011). Numerous studies have highlighted poor market validation as a key factor contributing to the high failure rate among startups. Poor customer discovery efforts, lack of understanding of the customers' needs by the founders, and absence of proper market research may all result in poor market validation.

Lean Startup Theory highlights the significance of validated learning via iteration, experiments, and customer validation via MVPs (Ries, 2011). It is easier for a startup to create value for its customers, grow and compete sustainably when customer feedback is systematically gathered and used to improve the product. On the other hand, startups that cannot validate market demand are bound to waste valuable resources and suffer from declining customer adoption and wrong strategic moves.

Team Competence and Cohesion

Entrepreneurial teams are well-known for being important drivers of success. Team members provide crucial knowledge, skills, and experience that help cope with uncertainty and change within an organization (Klotz et al., 2014). Empirical studies show that teams of entrepreneurs whose skills complement each other will be in a better position to recognize opportunities, solve problems, and adjust to new situations (Ucbasaran et al., 2003).

Nevertheless, team-related problems appear to be quite common in the context of young businesses. Conflicts between co-founders, ambiguous roles, ineffective communication, and leadership issues can negatively affect organizational performance and strategy implementation (Wasserman, 2012). According to the Liability of Newness Theory, young organizations tend not to have formalized structures and procedures and, hence, are likely to experience difficulties in coordination (Stinchcombe, 1965). High cohesion and strong leadership are critical factors contributing to organizational stability and innovation within startups. Organizations whose teams collaborate well and where roles are clearly defined usually prove to be stronger and more sustainable in the long term.

Institutional and Ecosystem Support

Entrepreneurship does not exist in isolation and is deeply integrated into wider institutional and ecosystemic context. Entrepreneurial Ecosystem Theory places emphasis on the involvement of outside parties in entrepreneurship, including governments, investors, universities, incubators, accelerators, and professional networks (Isenberg, 2010; Stam, 2015). The mentioned outside parties play a significant role by providing funding, mentoring, knowledge transfer, networking, and gaining legitimacy.

A number of empirical studies prove that ventures that benefit from ecosystem effects tend to survive better, innovate more effectively, and access funding more easily than those without it (Autio et al., 2014). For instance, incubators and accelerators help entrepreneurs learn and strategize their actions while mitigating risks associated with their ventures. Nonetheless, ecosystems differ substantially in different geographic locations and industries. Many entrepreneurs who find themselves in emerging markets or underdeveloped ecosystems may encounter challenges related to insufficient access to funding, low levels of institutional support, and fragmented entrepreneurial networks (Spigel, 2017).

Scaling Readiness

Although growing is considered an important goal for startups, scaling too early continues to be one of the top reasons why businesses fail. Scaling readiness describes how ready a startup is to scale in terms of having the necessary capabilities, organization, customer retention mechanisms, and financial stability (Eisenmann, 2021). Sustainable growth involves much more than increasing the number of customers, and it necessitates efficient operations despite growing demands from the market.

There is evidence that many startups try to scale without ensuring product–market fit and building scalable internal procedures (Blank & Dorf, 2020). The result is usually increased spending, inefficient operations, low-quality services, and problems with finances. On the other hand, startups that build their growth on valid demand and measurable results have higher chances of succeeding. According to Lean Startup methodology, startups should learn before scaling, making it possible to ensure the alignment between capabilities and opportunities (Ries, 2011). In other words, scaling readiness becomes a key capability that will determine the sustainability of growth.

Integrated Entrepreneurial Challenge Framework (IECF)

According to the IECF, startup performance is an evolutionary process affected by five interrelated factors: financial restrictions, ability to validate a market, capability of the team, readiness for scaling, and institutional support. The model considers entrepreneurship to be a process that unfolds amid circumstances of risk, lack of sufficient resources, and constantly changing market environment. Therefore, besides resource possession, successful startups are those that develop the ability to translate their resources into sustained competitive advantages through adaptation and learning (Alvarez & Busenitz, 2001).

In terms of the IECF, financial restrictions serve as a basic barrier that many young firms face. The lack of financial means hampers such actions as experimentation, product development, recruiting, and market growth (Berger & Udell, 1998; Cassar, 2004). The theory maintains that the relationship between finances and startup success is mediated through market validation efforts and organizational capabilities. Firms with sufficient financial means are in a position to explore the needs of the customers and capitalize on opportunities arising in the market environment.

Market validation capability is the second characteristic of the model and works as an important adaptive tool. Following Lean Startup theory, ventures that continually learn from their customers and perform validated learning experiments are able to create a product-market fit and decrease market uncertainty (Ries, 2011; Blank & Dorf, 2020). Strong market validation capabilities improve decision making on the part of the entrepreneur and ensure sustainability.

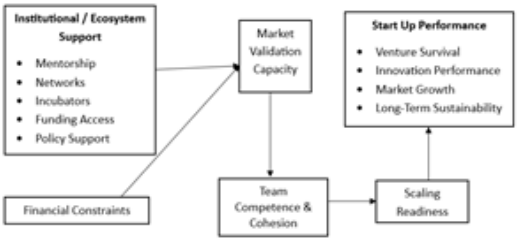
In addition, the importance of team capabilities and cohesion are emphasized in the proposed model. The entrepreneurial teams are needed as sources of human and managerial capital required for detecting market opportunities, making business decisions, and organizational learning (Klotz et al., 2014). Good leadership, proper skills balance, and good team collaboration contribute to increasing effectiveness in market validation efforts and improving organizational ability to cope with environment issues. On the contrary, poor leadership practices and conflict between co-founders could hamper venture development.

Scaling readiness means a venture's ability to go from establishing a new business venture to developing it and achieving growth. Existing research points out that one of the primary reasons for start-up failure is premature scaling, when organizational, process, and market development is not yet ready enough to support scaling (Eisenmann, 2021). Hence, the current study hypothesizes that scaling readiness can be perceived as a crucial performance-enabling capability that facilitates growth.

Moreover, institutional and ecosystem support serves as a moderating factor under the framework. Ecosystems contribute to the access of funds, mentoring, networking, knowledge, and legitimacy that aid ventures in overcoming their resource deficiencies and uncertainties of the environment (Autio et al., 2014; Spigel, 2017). High levels of ecosystem support can compensate for negative impacts due to financial constraints, foster entrepreneurial learning, and enhance scaling capacity. This means that ecosystem embedding positively affects venture performance.

In its totality, the Integrated Entrepreneurial Challenge Framework implies that the success of new ventures is not dependent on individual entrepreneurial qualities but rather on the interplay between internal capabilities and external mechanisms of assistance. From an academic standpoint, the framework adds value to the field of entrepreneurship because it brings together different streams of thought within the same model, illustrating how various aspects such as finance, markets, organization, and ecosystems shape new venture performance.

Figure 1 Integrated Entrepreneurial Challenge Framework (IECF)



Discussion

This study identifies the reality that entrepreneurship is characterized by multifaceted, interrelated and contextually embedded problems. Financial, market, organizational and ecological challenges do not operate independently but rather relate in such a way to impact performance and sustainability of ventures. This aligns with recent theoretical contributions in entrepreneurship literature arguing that success requires congruence between internal resources and external environment (Barney, 1991; Stam, 2015).

Perhaps the most important insight generated from the literature review is the importance of resource availability on the success of the enterprise. As per the RBV, financial resource availability enables entrepreneurs to establish their capability for innovation, market exploration, and talent acquisition among others (Barney, 1991; Alvarez & Busenitz, 2001). Constraints associated with financial resource availability do not only affect operations but also hinder entrepreneurs' efforts to conduct customer discovery and product development experiments. The resource constraints, thus, often exacerbate existing entrepreneurial issues and make ventures more susceptible to external risks. This observation is consistent with prior research findings on the negative relationship between lack of adequate funding and failure of ventures in their early stages of operation (Berger & Udell, 1998; Cassar, 2004).

Furthermore, the review stresses the need for an entrepreneur's capability of market validation as a tool to reduce uncertainty and inform decisions. According to the theory of Lean Startup, it is suggested that validated learning, feedback from customers, and experimental learning help entrepreneurs detect more market opportunities, achieving the desired fit between the product and the market (Ries, 2011). Literature shows that ventures which fail to validate the markets tend to spend their limited resources on developing products or services that do not meet the needs of customers. This leads to failures among such ventures (Blank & Dorf, 2020).

Yet another critical insight relates to the impact of entrepreneurial teams on the creation of venture resilience and flexibility. Competence of teams, leadership efficiency, and unity of founders play an essential part in strategic planning, organizational learning, and innovation ability (Klotz et al., 2014). Supporting the view of the Liability of Newness theory, new ventures generally lack formal structure and procedures along with managerial experience, hence requiring efficient leaders in the early stages of organization formation (Stinchcombe, 1965). Poor leadership, communication problems, and disputes between co-founders may have a detrimental effect on organizational performance (Wasserman, 2012).

Moreover, this review highlights that entrepreneurial ecosystems are important in addressing problems facing startups. The institutional support systems such as incubators, accelerators, investors, universities, and social networks act as sources for resource acquisition, knowledge sharing, legitimacy building, and mentoring, thus enhancing entrepreneurial competence (Isenberg, 2010; Autio et al., 2014). With robust ecosystem support, the negative impact of limited funds on businesses can be addressed while facilitating organizational learning. This is a point that fits well within the framework of the Entrepreneurial Ecosystem Theory that emphasizes the need for an inter-connected system of support systems (Spigel, 2017; Stam, 2015).

One of the most valuable contributions of this study is highlighting adaptive learning as a transversal competency that connects all of the aspects of success. The scholarly sources confirm that companies succeed through continuous testing of their assumptions, collecting feedback from customers, modifying the business model, and prioritizing other activities according to new realities (Ries, 2011). In turn, such adaptation allows them to cope with uncertainty and resource constraints as well as to improve scaling capabilities. Thus, it becomes evident that success does not depend merely on having resources, but also on learning, adapting, and innovating.

The general conclusion drawn from the analysis is that the theory of the entrepreneurial challenge framework proposed in this study is valid since it shows that venture performance depends on the interrelationship between financing, market validation process, team skills, scalability, and the ecosystem. The combination of these aspects into a holistic view makes the review relevant to the field of entrepreneurship research and helps to understand how various factors affect venture success.

Practical Implications

The results of this literature review have several significant implications for different groups of people, who are interested in entrepreneurship development, such as founders, investors, startup programs, and public sector organizations. Due to the multifaceted character of problems, which entrepreneurs face, it is crucial for them to cooperate effectively and work together in order to increase their startup success and sustainability.

Firstly, for entrepreneurs, it should be noted that they must adhere to evidence-based methods, which will minimize the level of risk and ambiguity in the process of making decisions. Following Lean Startup Theory, entrepreneurs need to conduct constant research on customers and validate hypotheses by performing experiments and obtaining valuable lessons to ensure product market fit (Ries, 2011; Blank & Dorf, 2020). Moreover, it is very important for founders to be financially responsible, as the management of finances is one of the main challenges in venture development (Cassar, 2004).

In addition, it highlights the significance of forming entrepreneur teams with diverse competencies and collaborative abilities. As suggested by studies, team effectiveness and cohesiveness among founders have a significant impact on the innovation capability, organizational learning, and performance of the ventures (Klotz et al., 2014; Wasserman, 2012). Furthermore, the entrepreneurs should avoid early scaling and make sure that there is sufficient maturity within the organization and customers before scaling.

Insights are not only gained from an academic perspective; there are valuable lessons that can be drawn for entrepreneurs and venture capitalists. Conventional wisdom in entrepreneurship involves decision-making processes that are highly dependent on financial forecasts and market opportunity. Yet, there is substantial evidence that entrepreneur group quality, leadership, and learning agility can be just as significant predictors of success in ventures (Barney, 1991; Klotz et al., 2014). In light of such insight, venture capitalists should take a more holistic approach and account for both tangible and intangible resources possessed by entrepreneurs. Not only financial investment but also strategic advice, mentoring, good governance, and networking skills can help venture succeed.

The results further underscore the importance of incubators and accelerators within an entrepreneurial ecosystem, as they play a significant role in helping startups thrive. This is done through mentorship programs, entrepreneurship training, networking, and industry knowledge (Autio et al., 2014). Incubators are encouraged to help startups engage in customer validation processes, model building, and scaling techniques for growth. The involvement of investors, entrepreneurs, and industry leaders would also help legitimize the ventures, giving them better access to resources (Spigel, 2017).

Furthermore, the review presents several implications for policy-makers who intend to encourage entrepreneurship and drive economic development. Government organizations may enhance startup ecosystems through minimizing administrative barriers that result in higher costs and complexities involved

in starting businesses (Stam, 2015). Provision of more seed capital, innovation grants, and entrepreneurship programs may address the issue of scarce resources that commonly affect startups. Policy-makers may also support regional ecosystems of entrepreneurship by promoting collaboration between universities, investors, and private organizations. Such policies are effective in fostering knowledge and innovation processes, which ultimately contribute to entrepreneurial success and economic development (Autio et al., 2014; Stam, 2015).

Overall, the practical implications derived from this review suggest that startup success depends on a combination of entrepreneurial capability, organizational readiness, and ecosystem support. By addressing these interconnected dimensions, stakeholders can improve venture survival rates, strengthen innovation outcomes, and foster sustainable entrepreneurial development.

Conclusion

In this review, various issues facing new businesses at their inception have been discussed, and an Integrated Entrepreneurial Challenge Framework (IECF) was put forward to help in understanding how all these elements combine to impact business performance. Based on the results, it can be said that the success or failure of startups is impacted by a combination of the following dimensions: funding, validation, expertise, scalability, and institutional ecosystems.

Financial constraints can hinder the process of experimentation, innovation, development, and expansion into new markets. Insufficient market validation will put ventures at risk of product–market mismatch and waste of resources (Cassar, 2004; Blank & Dorf, 2020). Furthermore, entrepreneurial groups with effective leaders who possess appropriate skills and are able to collaborate will be able to cope with uncertainty more easily and adjust to changing market conditions (Klotz et al., 2014). Another key finding is the role of entrepreneurial ecosystems since having a mentoring network, financial sources, good networks, and proper institutions reduces financial barriers and facilitates the process of development (Autio et al., 2014; Stam, 2015). Scaling capacity also turns out to be a crucial factor for developing viable ventures as it helps transform validated business ideas into sustained growth while avoiding premature scaling (Eisenmann, 2021).

Theoretical contributions of the model include its addition to the body of entrepreneurship theory through the synthesis of concepts such as Resource-Based View theory, Liability of Newness theory, Entrepreneurial Ecosystems theory, and Lean Startup theory (Barney, 1991; Stinchcombe, 1965; Ries, 2011).

While this literature review has enriched our conceptual knowledge about the topic, it is clear that more empirical investigations need to be carried out. In future research, one would recommend testing the relationships identified in this theoretical model. Moreover, it is imperative to study issues related to digital transformation, artificial intelligence, platform-based business models, and sustainable entrepreneurship in the current context.

References

1. Acs, Z. J., Audretsch, D. B., Braunerhjelm, P., & Carlsson, B. (2012). Growth and entrepreneurship. Small Business Economics, 39(2), 289–300. https://doi.org/10.1007/s11187-010-9307-2
2. Alvarez, S. A., & Busenitz, L. W. (2001). The entrepreneurship of resource-based theory. Journal of Management, 27(6), 755–775. https://doi.org/10.1177/014920630102700609
3. Autio, E., Kenney, M., Mustar, P., Siegel, D., & Wright, M. (2014). Entrepreneurial innovation: The importance of context. Research Policy, 43(7), 1097–1108. https://doi.org/10.1016/j.respol.2014.01.015
4. Autio, E., Kenney, M., Mustar, P., Siegel, D., & Wright, M. (2014). Entrepreneurial innovation: The importance of context. Research Policy, 43(7), 1097–1108. https://doi.org/10.1016/j.respol.2014.01.015
5. Barney, J. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99–120. https://doi.org/10.1177/014920639101700108

6. Berger, A. N., & Udell, G. F. (1998). The economics of small business finance: The roles of private equity and debt markets in the financial growth cycle. Journal of Banking & Finance, 22(6–8), 613–673. https://doi.org/10.1016/S0378-4266(98)00038-7
7. Blank, S., & Dorf, B. (2020). The startup owner's manual: The step-by-step guide for building a great company. Wiley.
8. Cassar, G. (2004). The financing of business start-ups. Journal of Business Venturing, 19(2), 261–283. https://doi.org/10.1016/S0883-9026(03)00029-6
9. De Clercq, D., Lim, D. S. K., & Oh, C. H. (2010). Individual-level resources and new business activity: The contingent role of institutional context. Entrepreneurship Theory and Practice, 37(2), 303–330. https://doi.org/10.1111/j.1540-6520.2011.00470.x
10. Eisenmann, T. (2021). Why startups fail: A new roadmap for entrepreneurial success. Currency.
11. Isenberg, D. J. (2010). How to start an entrepreneurial revolution. Harvard Business Review, 88(6), 40–50.
12. Klotz, A. C., Hmieleski, K. M., Bradley, B. H., & Busenitz, L. W. (2014). New venture teams: A review of the literature and roadmap for future research. Journal of Management, 40(1), 226–255. https://doi.org/10.1177/0149206313493325
13. Nambisan, S. (2017). Digital entrepreneurship: Toward a digital technology perspective of entrepreneurship. Entrepreneurship Theory and Practice, 41(6), 1029–1055. https://doi.org/10.1111/etap.12254
14. Ries, E. (2011). The lean startup: How today's entrepreneurs use continuous innovation to create radically successful businesses. Crown Business.
15. Schumpeter, J. A. (1934). The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle. Harvard University Press.
16. Shane, S. (2003). A general theory of entrepreneurship: The individual-opportunity nexus. Edward Elgar Publishing.
17. Spigel, B. (2017). The relational organization of entrepreneurial ecosystems. Entrepreneurship Theory and Practice, 41(1), 49–72. https://doi.org/10.1111/etap.12167
18. Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. European Planning Studies, 23(9), 1759–1769. https://doi.org/10.1080/09654313.2015.1061484
19. Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. European Planning Studies, 23(9), 1759–1769. https://doi.org/10.1080/09654313.2015.1061484
20. Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. European Planning Studies, 23(9), 1759–1769. https://doi.org/10.1080/09654313.2015.1061484
21. Stinchcombe, A. L. (1965). Social structure and organizations. In J. G. March (Ed.), Handbook of organizations (pp. 142–193). Rand McNally.
22. Ucbasaran, D., Westhead, P., & Wright, M. (2003). The focus of entrepreneurial research: Contextual and process issues. Entrepreneurship Theory and Practice, 27(1), 1–18. https://doi.org/10.1111/1540-8520.00003
23. Wasserman, N. (2012). The founder's dilemmas: Anticipating and avoiding the pitfalls that can sink a startup. Princeton University Press.