The Failure of Startups in the Survival Stage in the Netherlands

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ABSTRACT

This study seeks to understand why many start-ups in the Netherlands prematurely exit after reaching the survival stage. The investigation examines this relationship, studying how start-ups cross what is popularly known as 'the survival stage' to become sustainable businesses while exploring how various success factors mature over time. In order to evaluate start-up developments and know their development stage(survival) position, two main perspectives must be incorporated. The first is the four-stage progression model, which includes Early-Stage Development, Growth(survival stage), Maturity, and Decline or Pivot. The second model is based on the start-ups coming out of the academic environment, where the focus of the analysis moves to integrate academic research and development with the real business (the survival stage) and such factors as project viability, networking, and the founders' background in a network environment. By incorporating these models with Dutch start-ups in mind, this research evaluates start-ups' survival using crucial factors, such as venture capital dynamics effects in general, venture capital specifically in the Netherlands, and future planning methods effects. The obstacles produced by these processes can lead to low performance, causing a start-up failure, so they are studied and used to predict why start-ups fail in the Netherlands at the survival stage. Furthermore, using the same factors of failure, the researcher wanted to know if these factors are present outside the Netherlands, so data was collected from interviews with employees from Egypt, the UK, and the Netherlands. The findings of this study show that the factors affecting start-ups at the survival stage are common across countries, but their practical implications and relative value vary in each country. As an example, the practical outcomes of venture capital mechanisms and future strategy methodologies differ in the Netherlands and Egypt due to different investor requirements that affect the growth and sustainability strategies of start-ups in each context. This knowledge is useful to the entrepreneurial ecosystem in the Netherlands since it offers reasons that will assist the entrepreneurs in planning for the survival stage, a stage at which most start-ups in the Netherlands fail.

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Keywords
Start-up Survival, Venture Capital (VC), Early Exits, The Netherlands

1. INTRODUCTION

The Development of Start-up companies in the Netherlands has been critical for large companies' future Investments, bringing to the surface several questions regarding the dynamic entrepreneurial environment influenced by social, political, and institutional opportunity structures (Ozasir Kacar, 2023). Start-up development refers to the life cycle that a firm goes through from inception to maturity (Ozasir Kacar, 2023). Start-ups' success worldwide is roughly 10%, and failure is 90%, highlighting the high risk associated with the ventures (Kizilkan, 2024). The causes of failure are a lack of capital (38%), a lack of demand in the market (35%), and a lack of competition (20%) (Kizilkan, 2024). In the Netherlands, the Dutch Polder Model is outstanding for fostering the economic stability of institutions with cooperation between firms, labor, and government, suggesting particular institutional influences on the firm survival rates compared to other regions (Dutch Journals, 2024). In the Netherlands, start-ups' survival likelihood is affected by industry-specific factors such as the scale of economies, price-cost margins, and research and development intensity (Dutch Journals, 2024). Hence, when Dutch start-ups secured more than 1. 5 Billion Euros in 2023, particularly in the Cleantech and Healthcare Sectors, they promised strong financial backing and investment confidence (Silicon Canals, 2024). But problems persist, as evidenced by the VanMoof case, a Dutch start-up operating in the niche of advanced e-bikes with large market prospects(Chu, 2024). Although the company enjoyed immense initial growth and widespread recognition, it faced the problems of ultra-fast growth, which resulted in increased prices and low-quality services and, ultimately, the company's bankruptcy (Chu, 2024). Some of the funding challenges are that the funding environment is quite rigorous due to the economic instability and the high investment appraisal that may hamper the start-up's sustainability and growth. (Silicon Canals, 2024). These Factors impact start-ups' survival in a dissimilar manner across industries because of differing levels of competition and market circumstances (Dutch Journals, 2024).

The two models will be discussed in detail in this paper, and their terminologies, concepts, and practices will be used to describe how start-ups go through the survival stage process in the Netherlands. The first model contains four stages: Early Stage Development, Growth, Maturity, and Decline or Pivot (Glaveckaitė, 2020). These are team development, market presence, expansion, integration and divestment (Glaveckaitė, 2020). The second model highlights five critical factors for early academic start-ups: R&D, business model fit, networking, project feasibility, and founders' experience(Mueller, 2023). While the first model provides a general picture of start-up phases, the second one aims to identify the needs of academic start-ups in the early phase.

Start-ups in the Netherlands often show strong potential but are frequently sold before reaching the Survival Stage(Dutch Journals, 2024). Unfortunately, these kinds of ventures still need to overcome various constraints that hinder their growth and development and make them unable to transform into a mature and sustainable business model(Dutch Journals, 2024). Understanding the factors hindering long-term success is important once the individuals leave early(Chu, 2024). Although some start-ups demonstrate potent potential, the fact that they often fail to progress beyond the early stages and the founders sell them prematurely underscores the urgent need for more research in this area. This problem of start-ups' early acquisition highlights the need for a deeper analysis of the factors causing these early acquisitions and the specific issues that start-ups encounter.

Why do start-up companies in the Netherlands fail at the survival stage?

This research aims to answer this question and contribute to the literature gap; therefore, it will develop a concept of start-up dynamics in the Netherlands and give valuable recommendations for entrepreneurs, investors, and policymakers. Analyzing the causes of exit will provide a better understanding of start-ups' difficulties and constraints. Based on these insights, stakeholders will be equipped with knowledge that will help them strengthen the support frameworks and approaches needed to increase new ventures' success during early developmental stages.

This paper is structured as follows: The literature review will present literature and theories that can explain why Dutch entrepreneurs tend to fail when they face certain factors at the survival stage. The literature review addresses four primary streams: out-of-start development phases, venture capital patterns, characteristics of the Dutch venture capital ecosystem, and future planning strategies. Also, the literature review will be the cornerstone of this research, as the research results must be integrated with it in order to be analyzed. The following section will be the methodology section, in which the methodological approach of this study, data collection, as well as analysis will be discussed. To collect this data, the researcher had to interview some employees from the Netherlands, Egyptian, and British backgrounds to compare why start-ups can fail the survival stage in these three countries. So, the interviewees' answers will be presented and organized in the findings section to address each critical topic in question while considering the regional differences. Then, the next part will be the discussion section of the research question, "Why do start-ups in the Netherlands fail at the survival stage?" and will be revealed and analyzed by integrating the findings data with the literature review information. After examining the research results, the researcher added the theoretical and practical implications for entrepreneurs in the "contribution to theoretical and practical work section" to clarify the risky activities that can make a start-up fail in the Netherlands at the survival stage. Finally, the conclusion section of the paper will include summarizing the findings and their relevance to the literature, concluding the answers to why start-ups fail at the survival stage in the Netherlands, and providing reliable information for entrepreneurs considering the risk of survival when building a start-up in the Netherlands.

2. LITERATURE REVIEW

2.1 Startup Development Stages

The models discussed are of various types and have different purposes, but all these models can be of great help in describing and highlighting the development of a start-up. The first start-up development model uses four stages: the Early Stage Development, the Growth Stage, the Maturity Stage, and the Decline or Pivot Stage(Glaveckaitė, 2020). The first phase entails idea validation, product development, and getting into the market (Glaveckaitė, 2020). The main challenges include the problem of forming a strong founding team, the problem of scarcity, the problem of idea validation, and the problem of market entry risk(Glaveckaitė, 2020). In the Growth stage (Survival stage), there is control of the business, the hunt for new consumers, and the appropriate adjustment of the company's offers in the market (Glaveckaitė, 2020). Some of the challenges at this stage are complexity in scaling up, competition, operational issues, and customer loyalty.

When start-ups grow, they preserve operations and market stability and identify potential growth strategies(Glaveckaitė, 2020). Thus, the model emphasized how innovation is key to competitiveness and achieving the customers' needs. The model also implies that start-ups strive to control market uncertainty through effective decision-making and points out that resistance to changes is crucial for long-term growth. In the Decline Stage, the growth of a start-up decreases because of specific market changes or firm problems(Glaveckaitė, 2020). So, it is required to identify pivot points and restructure for future improvement(Glaveckaitė, 2020). This includes establishing financial self-sufficiency, looking for additional funds, and handling investors (Glaveckaitė, 2020). The second model of start-up development, which originated from Christoph E. Mueller's empirical study of the subject, identifies five factors that affect product development in pre-seed academic start-up ventures. The R&D Work Stage is appropriate for dictating product layout, where much effort is required to translate scientific literature into a marketable commodity(Mueller, 2023). Despite minimal impact, business model development is significant in connecting the business strategy with product development to ensure that the ideas and concepts of the business are implemented to be feasible and sustainable in the market. Accessibility is another crucial function since networks enable the gathering of resources plus other commercialization requirements such as contacts and information regarding the market(Mueller, 2023). Project Feasibility is selected in both the R & D and the product development phases, suggesting that a feasible project's development into a marketable product needs to be evaluated(Mueller, 2023). Although it has a slim positive impact on the start-up, the Previous Freelance Experience of founders delivers advanced business models and products with their old entrepreneurial experiences(Mueller, 2023).

There is a correlation between the two models. The first affords a broader view of stages in operation and market problems. While the first one aims more global and concerns all phases of a new venture's development process, the second one is more differentiated and concentrates on factors that incite early stages of product development in academic start-ups, particularly academic research, to turn into commercialized goods and services ready for entry points. These two models are employed in this study in order to determine the survival stage of specific startups because all the startups are not the same, and hence, they do not go through the same stages. This dual approach helps in understanding what it means for a startup to be successful and if the survival stage is the stage that defines a successful startup or if it is the stage at which a startup either becomes successful or fails and gets sold. Thus, these models will help identify why startups fail at the survival stage.

The Survival stage considered the Growth stage in the start-up Development model, is crucial as it represents the transition from initial market entry to establishing a stable and scalable business(Kemp et al., 2006). To achieve success in this stage, organizations have to improve on the management of operations and ensure that they can scale up the operations while at the same time ensuring that the growth pressure does not strain the customers. This phase ensures that the start-up achieves stability and growth since this is the foundation for the organization's future growth and development (Kemp et al., 2006). This stage identifies if the start-up organization manages the growth challenges and creates a niche for itself in the market(Mas-Verdú et al., 2015). It is also during the Survival stage that many Companies are sold because it is a stage of change and uncertainty(Kemp et al., 2006). The founders may want to consider an acquisition to realize their gains, get a return on their investment, or avoid growth challenges (Mas-Verdú et al., 2015). Investors and consumers are drawn to start-ups that have overcome some challenges and are expected to grow their business even further, which makes the firms attractive for acquisition.

Furthermore, the challenges of expanding the operations and dealing with competition may open the interests of investors and founders in strategic sales as a feasible exit strategy to get their profits back(Mas-Verdú et al., 2015). Whereas incubators play a massive role in supporting the firms, the level they help in the companies' survival depends on the firm size and sector compatibility(Mas-Verdú et al., 2015). Larger firms and those in more developing industry categories invariably realize better survival factors, such as technology-based firms that require employing sector and firm size advantages to enhance their likelihood (Mas-Verdú et al., 2015). Also, export involvement has a positive relationship with survival since firms that export have elevated levels of productivity and innovation, thus increasing their odds of surviving in existing hostile markets(Mas-Verdú et al., 2015).

2.2 Venture Capital Dynamics

VC is crucial in the development and growth of start-ups, which affects investment patterns in many ways, such as funding rounds and investors' expectations(Fu et al., 2024). New companies, especially at the survival stage, require capital injections to turn their concepts into marketable goods and services. Venture capital is an essential driver of the new venturing process; timing of investment, matching efficiency, and investor expectation influence the path that new ventures follow. These dynamics influence the funding rounds and growth milestones, so they are important for predicting a start-up's success or failure at the survival stage. Moreover, venture capital is not only capital but also knowledge, connections, and support, which are vital for start-ups struggling to find their way to market, grow, and exit.

This section examines the role of venture capital in the development of start-ups, the role of matching between VC and start-ups, the investor profile, the impact of market conditions on IPOs, risk-taking behavior, and the stages of funding. All of them play a role in defining the life cycle of start-ups from conception to disposal, as investors have different requirements at every stage. This understanding is useful in explaining how and why start-ups can fail and be sold at the survival stage.

2. 2. 1. The Effects of Venture Capital on Paths of New Firms Comparing the Concepts of Matching Efficiency and Investment Timing.

The matching between venture capitalists (VCs) and start-ups is efficient as much as it affects the timing of investment. Greater levels of compatibility are characterized by the match between the start-up and the VC's experience or capabilities, and such cases often result in early investment(Fu et al., 2024). This is important for start-ups as it enables them to fast-track their product development, penetrate the market early, and attain important developmental goals that will enable them to secure subsequent rounds of funding(Fu et al., 2024). The improved matching minimizes opportunistic behaviors and enhances the partnership by preparing the ecosystem for start-up ventures (Fu et al., 2024).

2. 2. 2. Investor Profile and the Consequences

Investors' background influences their investment processes greatly(Weik et al., 2024). Foreign VCs and their experience in the international market and the financial support they receive from them make them less sensitive to the match quality than local VCs(Weik et al., 2024). Foreign VCs may have different approaches to investments; they also have specific resources that the start-ups that want to expand their markets can use, including a worldwide network (Weik et al., 2024). On the other hand, local VCs are likely to be more concerned with matching quality since their investment may be more appropriate for specific market segments and specialized industries in this locality (Fu et al., 2024).

2. 2. 3. Effect of Market Liquidity on Initial Public Offering (IPO)

IPO, which stands for Initial Public Offering, is the process whereby a company offers its shares to the public for the first time to raise capital (Ben et al., 2024). During active IPO periods, it is not very hard for firms to go for IPO due to favorable market conditions, high investors' demand, and high market confidence, often leading to high IPO prices and better fundraising (Ben et al., 2024). On the other hand, there may be a suspension in the IPO market due to fluctuation in the stock market, low investor confidence, or poor economic conditions. As such, few companies approach the public market, limiting exit opportunities for investors and start-ups (Ben et al., 2024). This is particularly the liquidity, especially that of the IPO market, which affects the timing of investments to a greater extent (Ben et al., 2024). The compatibility of venture capitalists with start-ups is more crucial in active IPOs than late public offerings since VCs expect the firm to give a good return within a short time (Ben et al., 2024). If there are no exit opportunities due to their IPO market suspension, the start-ups will take early-stage VC funding even if the match is not good (Ben et al., 2024). This change may affect the investment processes because the start-ups may require capital to sustain their operations and growth, which may counter the investor's plans (Fu et al., 2024).

2. 2. 4. Risk-Taking Behavior of VCs

This aspect of interest is important in the management of the behavior of venture capitalists toward growing entrepreneurs and the process of compulsive risking. A better match decreases information asymmetry and makes investors more confident, leading VCs to take more substantial risks(Fu et al., 2024). This is more so in start-ups because such entities need capital and other support to manage risks in the growth and development of the business (Ben et al.,2024).

2. 2. 5. Market Effectiveness and Survivorship Bias

A good match between the VCs and start-ups will result in better investment results. However, concentrating on the criteria of successful matching may lead to survivorship bias when unsuccessful investments are not included, as they also use efficient matching(Fu et al., 2024). This bias may affect the actual effectiveness of the matching process and the results in that it showcases only the successful matched venture while disregarding the failed ventures even with the same level of matching efforts (Fu et al., 2024). Despite this possible issue, the contribution of effective matching to start-up success is substantial since it enhances the effectiveness of co-working and leads to higher chances of attaining positive exits and key growth benchmarks(Fu et al., 2024).

2. 2. 6. Stages of Investment and the Expectations of the Investors (funding rounds)

Funding for a start-up is also a process utilized at different stages of the business, and each stage has its requirements from the investors (Li et al., 2024). Seed Stage: In this form, start-ups aim to acquire the first capital to turn their concepts into products or services and check the market demand(Fu et al., 2024). In this round, it is usually Angel investors or early-stage Venture Capitalists who invest based on the concept, the management, and some work in the start-up firm (Fu et al., 2024). Series A: This is when start-ups have to try to grow further, improve their model, and ensure they have the right product that enters the market in the right way(Fu et al., 2024). In the first round of funding, Series A, the investors see how the product is being developed, looking for characteristics of scalability and rationality of the team(Fu et al., 2024). These practices are utilized to hire talent, develop products, and have better marketing strategies(Fu et al., 2024). Series B and Beyond: Series B and C, on the other hand, are designed for further growth and expansion of operations, new markets, and even more breathtaking revenues(Fu et al., 2024). Market competition is expected to be fierce when people invest in this round; they are also likely to have proper financial performance and sound expansion strategies. Every round entails higher Investors' scrutiny and more significant investments; its goal is to reach critical objectives and prepare for exits(Li et al., 2024).

2.2.7. Investor Expectations:

Each funding round has its expectations, given the performance and future of the start-up in question. Early-Stage Investors: They consider the idea of the start-up, the members of the project, and the initial motivation. They are willing to take more risks to get more benefits, as Li et al. (2024) stated. Growth-Stage Investors: Such investors look for reasons why the business is defensible, why the revenue could grow, and how the company can become profitable shortly (Li et al., 2024). They are not very risky and are very averse to risk by undertaking many analyses and evaluations (Ben et al., 2024). Late-Stage Investors: In this stage, the investors expect that the start-up will be at a point of exit either through going for an IPO or being sold(Li et al., 2024). They search for positive financial and quantitative information, market leadership, and the presence of an exit strategy(Ben et al., 2024).

2.3 Peculiarities of the Dutch Venture Capital Landscape

The Dutch VC market is distinct and possesses certain peculiarities that cannot be observed in other countries. The survival stage is often the most critical and challenging phase for start-ups, where many fail due to financial constraints, lack of proper support, or mismatched investor expectations. In the Netherlands, specific venture capital (VC) landscape characteristics contribute to these challenges. Limited participation from institutional and pension fund investors results in reduced funding opportunities, which puts significant pressure on start-ups to secure alternative financing. Meanwhile, although the country boasts a supportive legislative and tax environment, the complexity of regulations and high corporate tax rates can strain young ventures trying to achieve stability. Additionally, government support programs and research and development (R&D) incentives are available, but not all start-ups are positioned to take full advantage of these resources. While the Dutch market is considered favorable for business, underrepresentation in VC decision-making and a preference for low-risk investments further limit opportunities for emerging companies. Combining these factors makes it difficult for start-ups to get the capital and resources they need to survive and grow from their early stages.

2.3.1. Limited Participation of Institutional Investors

In the past, Dutch institutional investors, which include banks, insurance companies, and pension funds, were not very proactive in venture capital investing (Rajchlová & Svatoaová, 2016). This was seen in the economic crisis where, for instance, DSB Bank and ABN-AMRO Group NV faced severe problems with liquidity and extremely stringent laws(Rajchlová & Svatoaová, 2016). These institutions make a minor input towards venture capital, possibly because most could not make risky investments in ventures as they would require some liquid assets for other commitments(Jarachchixer & Voronkova, 2015). This could lead to limited funds available for new business ventures and thus limit the future growth of the VC industry in the Netherlands(Rajchlová & Svatoaová, 2016). Hence, self-financing or other methods of financing have to be looked for, and more institutional capital has to be attracted for higher risk and higher return propositions.

2.3.2. Supportive Legislative and Tax Environment

The legal environment of venture capital is well-developed in the Netherlands, and so is the tax environment(Rajchlová & Svatoaová, 2016). It has various types of VC fund structures that include Limited Partnerships (CV), which have offers of different types, Limited Liability Companies (BV) under defined ownership, and VR and Cooperatives through which funding, investment, and voting are allowed (Rajchlová & Svatoaová, 2016).
In addition, the Netherlands also incorporated the Alternative Investment Fund Managers Directive (AIFMD) into its Financial Supervision Act (Wet op het financieel toezicht), as mentioned by Rajchlová & Svatoaová in 2016. The Wet op het financieel toezicht (WFT) is the regulator of the financial markets in the Netherlands and includes all entities and activities falling under the AIFMD(Rajchlová & Svatoaová, 2016). It has also altered the structural and functional aspects of the financial systems(Rajchlová & Svatoaová, 2016). It requires specific disclosure policies, enhances the rights of the investors by enhancing the disclosure standards, and regulates the use of derivatives (Rajchlová & Svatoaová, 2016).

For example, applying AIFMD with WFT can put rigorous requirements on transparency and reporting in the Netherlands. This will significantly benefit the investors and manage risks in the system. However, some of the incentives that the investors receive in the Netherlands include the exemption of capital gains taxes if specific requirements are met (Rajchlová & Svatoaová, 2016). At the same time, the country applies corporate income taxes of between 20% and 25%, which is remarkably high compared to the EU average (Rajchlová & Svatoaová, 2016).

2. 3. 3. Government Support Programs

But still, the Dutch government has encouraged venture capital in business (Rajchlová & Svatoaová, 2016). Therefore, the government of the Netherlands has offered various schemes and programs such as Seed Capital-Regeling, Groeifaciliteit, and PPM Oost to foster innovation and development of venture capital (Rajchlová & Svatoaová, 2016). The Dutch VC management companies also get their funding from the European Investment Fund (EIF), which focuses on funding local start-ups and scaleups (Rajchlová & Svatoaová, 2016). Other support systems are government-funded programs under the Competitiveness and Innovation Framework Programme (CIP), which offer capital and other support to new businesses, as Rajchlová and Svatoaová (2016) pointed out.

2.3.4. Research and Development Incentives

The Netherlands has put into practice several measures on research and development (R&D) that are very important in promoting innovation in new ventures (Rajchlová & Svatoaová, 2016). Innovatie prestatie contracten (MIT-IPC), Top Consortia voor Kennis en Innovatie (TKI), and Wet Bevordering Speur en Ontwikkelingswerk (WBSO) are some of the schemes that provide financial assistance and tax incentives for companies to engage in R&D(Rajchlová & Svatoaová, 2016). These incentives assist recent start-ups in cutting back the costs of R&D and in quickening the growth of innovative products and technologies(Rajchlová & Svatoaová, 2016).

2.3.5. Ease of Doing Business

The Dutch Economy has been widely regarded as one of the most open economies in the world for doing business, hence making it suitable for any business from any part of the world. The World Bank's Doing Business Report released in 2015 ranked the country 27th in the ease of doing business index, evidence of the country's good regulatory environment and business environment (Rajchlová & Svatoaová, 2016). It is a simple process, and it only takes four days to start a business in the Netherlands, which shows that the country has a low entry barrier, allowing entrepreneurs to concentrate on growth and innovation (Rajchlová & Svatoaová, 2016). It also has an excellent insolvency system with a recovery rate of 88.9% and low average insolvency costs that are still relatively low(Rajchlová & Svatoaová, 2016). This helpful system helps in the restructuring of financially troubled companies and the right and proper closing down of financially troubled companies(Rajchlová & Svatoaová, 2016). These factors are the reasons for a relatively low financial risk that is beneficial for companies, and that is why the Netherlands is considered a suitable country for new businesses and other organizations (Rajchlová & Svatoaová, 2016).

Thus, by narrowing down the focus on the activity, one has to explore the role and relevance of Oost NL for furthering economic development in the Netherlands. It is possible to state that the company is an integral player in the ease of doing business in the East Netherlands (Oost NL, 2024). Hence, it is claimed that Oost NL assists regional business people in finance, knowledge, and linkages with relevant networks (Oost NL, 2024). It concentrates on areas of interest, including Food and beverage, Energy and chemicals, Health and Life Sciences, Tech and innovation, and Circular Economy to ensure that it delivers appropriate social impact investment and return on investment (Oost NL, 2024). Oost NL operates through three integrated business units: Business Development, which assists SMEs in innovation and market development; Capital, which assists the companies through the provision of risk capital and business strategic development; and Internationals, which assists foreign investors who want to do business in the Dutch market (Oost NL, 2024). The approach mentioned above is useful for further business development in the region and, thus, contributes to sustainable economic growth and globalization (Oost NL, 2024).

2.3.6. Growing Investment Momentum & International Investment Influence

The Dutch VC industry has expanded rapidly over the last ten years(Falted & Zwart, 2021). While the Netherlands is not among the leaders in the number of VC deals – it is behind the US and some European countries, it has outstripped Germany and ranks second only to France in terms of VC investment per capita as of 2020(Falted & Zwart, 2021). Government investments have remained a constant 23% of total VC funds and have thus fostered a significant ecosystem without disregarding other private parties(Faltermann & Zwart, 2021). Most Dutch start-up investments are made by international VC funds(Falted & Zwart, 2021). According to Falte & Zwart (2021), the Dutch VCs invested about €800m within the Netherlands only in the first half of 2021; the start-ups and scale-ups initially received about €2.3b VC funding from Dutch investors. This global influence thus points to the international appeal of Dutch start-ups and the part played by foreign investors in determining the local VC scene(Falted & Zwart, 2021).

2.3.7. Underrepresentation and Diversity Issues

Diversity and underrepresentation remain the challenges the Dutch VC industry must address(Falted & Zwart, 2021). In the Netherlands, some 85% of VC deals lack at least one woman among the founding team, and decision-makers should be more diverse in the VC industry(Falted & Zwart, 2021). According to a recent investigation, Dutch VC funds use around 10% of women in the critical positions of investors, which proves the gender gap within the VC investment teams(Falted & Zwart, 2021).

2.3.8. Limited Participation of Pension Funds

A pension fund is a scheme where an amount is deducted from the employees and employers, and an accumulated amount is given to the person after his or her retirement(Falted & Zwart, 2021). These are the funds that companies or organizations reinject to let them increase over time(Falted & Zwart, 2021). One of the main reasons is to ensure that there is enough money to be used to cater to retirees in the future(Falted & Zwart, 2021). This funding approach association can greatly enhance the image of Dutch startups in the eyes of potential investors and other stakeholders, thus increasing the chances of success(Falted & Zwart, 2021). From this analysis, to avoid failure in the critical survival stage, Dutch startups should target attracting pension fund investment. Furthermore, some of the survival stage issues can be mitigated by pension funds' stability and long-term horizon, which can close the financial gaps that are typically observed at the survival stage(Falted & Zwart, 2021). So, the use of pension funds in the Dutch startup ecosystem can be attributed to their ability to solve some of the major financial challenges that most startups encounter, particularly in the survival stage. While a number of Dutch pension funds are among the largest in the world in terms of assets, they play almost no role in venture capital financing(Falted & Zwart,2021). It is actually reported that Pension funds have invested only 5% of the total VC fundraising in the Netherlands in the year 2020 (Falted & Zwart, 2021). This low utility of pension funding is disadvantageous for Dutch start-ups. Therefore, knowing the principles of low-risk sustainable investment that pension fund users prefer, startups can get steady capital for their operations and, at the same time, build their corporate reputation (Falted & Zwart, 2021). Finally, pension funds would help decrease their financial risk during the survival stage and enable them to have adequate capital to cope with the difficulties and to establish themselves in the Dutch market in the long run(Falted & Zwart, 2021).

2.4 Future Planning Methods of Start-ups Causing Early Exits

An important aspect of the success of start-ups is the efficiency of the future planning approaches used. This is because most start-ups that lack a plan for growth and expansion are likely to exit the market or fail at the survival stage. This section seeks to identify the factors that expose start-ups to failure, especially at the survival stage, where strategic planning, resource management, and innovation gaps influence failure through strategic and decisional contradictions. Start-ups are exposed to the following risks in the absence of proper future planning methods: resources will be put in the wrong places at the wrong time, there are high chances that they will miss valuable opportunities that are presented to them, and they will be slow to adapt to changes in the market or changes in the law. This section will then look at the role of strategic planning, or the absence of it, on the long-term viability, the risks of poor planning, and how some planning strategies may mistakeably lead start-ups to fail at the survival stage. It is, therefore, easier to explain why so many ventures that show great potential to thrive end up collapsing shortly in the survival stage.

2.4.1. Strategic Planning Impact on Long-Term Survival

Entrepreneurs' strategic planning helps to achieve the goals of a start-up in line with larger organizational or market goals(DuCoin & Kuo, 2024). This alignment helps the start-ups keep up with the goals, put their plans in one direction, integrate their operations in all departments, and ensure that their strategies align with the visions and missions. Strategic planning can benefit start-ups: Promoting coordination prevents the overstretching of resources so that the organization can have a higher chance of survival and expansion as it will have a direction to follow (DuCoin & Kuo, 2024). Strategic planning should be efficiently created in order to effectively manage resources and enhance the performance of organizations (DuCoin & Kuo, 2024). Also, planning helps start-ups know when to invest and manage their funds effectively. Start-ups are in a position to be able to explain their resource use and investment to stakeholders with a proper framework, which in turn would help them gain funding and avoid financial stress(DuCoin & Kuo, 2024). Such efficient capital leverage is critical in maintaining business and preventing premature shutdowns(DuCoin & Kuo, 2024).

Furthermore, a well-articulated strategic plan ensures that decision-making is easier and that all the stakeholders are in sync with the organization's goals (DuCoin & Kuo, 2024). This focus helps to define the direction of the start-ups and does not let them get distracted by the barriers and opportunities open to them(DuCoin & Kuo, 2024).

Strategic planning entails setting out clear goals and objectives and also establishing KPIs to track the achievement of each and every strategy (DuCoin & Kuo, 2024). Hence, through the frequent assessment of these metrics, start-ups will be able to detect any deviation and, therefore, make the necessary changes that will help them to align their performance with their strategic plans(DuCoin & Kuo, 2024). This accountability helps the start-up to stay on course towards attaining the long-term objectives, which is a significant factor in the growth of the company (DuCoin & Kuo, 2024). Also, strategic planning allows for innovation, allowing the organization to maneuver and change in the market, technology, and opportunities available (DuCoin & Kuo, 2024). Innovation is a critical factor that can enable start-ups to develop strategies that will enable them to stand out from other firms and cut across the market dynamics, thereby improving their growth prospects (DuCoin & Kuo, 2024).

2.4.2. Potential Role in Causing Early Exits

First, a lack of strategic planning may result in poor management of resources, and this may put the company at financial risk(Voorneveld & de Groot, 2024). There is poor management of resources, which results in inefficient allocation of resources, which is not good for the budget and hampers the expenditure that could be made on important aspects such as technology and talent (Voorneveld & de Groot, 2024). Second, A lack of strategic planning may mean that an organization fails to capitalize on certain opportunities or may have to incur higher operational costs due to some external factors that were not foreseen, for instance, changes in the regulatory framework or market conditions (Voorneveld & de Groot, 2024). Those start-ups that do not prepare for and respond to such shifts may require assistance to remain upbeat and may thus experience early exits(Voorneveld & de Groot, 2024). Third, failure to incorporate innovation in strategic planning leads to stagnation(Voorneveld & de Groot, 2024). By pursuing new opportunities, venture start-ups increase their early exits and reduce their potential for longer-term success, as these risks include exploration, new product or service development, or new business models. However, a recent study by Stewart and Addae (2022) revealed that if a start-up's strategic vision and its stakeholders need to be in tune, it is impossible to discuss cooperation and support. Internal and external stakeholders should be involved in understanding the strategic plan. If that is not the case, it may cause resistance and poor performance, which may lead to high turnover rates because there is little commitment from the organization (Voorneveld & de Groot, 2024).

2.4.3. Planning Methods and Their Influence on Exit Strategies

SWOT analysis is the most popular tool for mapping an organization's inner and outer factors using four strategies: strength, weakness, opportunity, and threat(DuCoin & Kuo, 2024). This makes it easy for the executive decision-makers of the organization to have a clear view of the organization, the changes that must be made, and the areas that may be problematic (DuCoin & Kuo, 2024). Nevertheless, SWOT may have to be less specific in terms of type because it may be overwhelmed by the factors, it depends on the organization's circumstances, and it depends on the availability and relevance of the data to be effective(DuCoin & Kuo, 2024). Another is the PESTLE analysis, which analyzes strategic macro business environments that define the start-up's strategy(DuCoin & Kuo, 2024). These are the political, economic, societal, technological, legal, and environmental factors (DuCoin & Kuo, 2024). The PESTLE analysis is used to understand the trends and conditions in the environment in the long term.

Nevertheless, PESTLE analysis is a monotonous process, and the external environment constantly changes, hence the need to update it frequently(DuCoin & Kuo, 2024). However, there is the balanced scorecard approach where the input and output measures are in monetary and non-monetary units(DuCoin & Kuo, 2024). It leads to effectiveness and efficiency in the operations of various functions because start-ups can easily balance short-term performance to achieve long-term strategic objectives (DuCoin & Kuo, 2024). However, the management of a balanced scorecard and the efforts that are required to ensure that the scorecard is well balanced is not as easy as it may seem because it takes some time to balance the scorecard and make changes as well as the fact that accurate information must be used(DuCoin & Kuo, 2024).

New strategic planning tools like the strategy map, balanced scorecard, and business model canvas are altered to address the issue of fiscal viability(DuCoin & Kuo, 2024). These tools help start-ups define their financial strategies, plan the future, and control resources, which, in turn, helps achieve achievability and can minimize the chances of acquisition within a short period(D & Kuo, 2024). Thus, it is vital to elaborate on the financial sustainability plan with long-term objectives and measurable goals, which would help to gain financial stability in the future(DuCoin & Kuo, 2024). This plan also identifies the key areas of performance and strategic enablers that would help the company sustain its financial health and avoid failure within the first two years of its operation(DuCoin & Kuo, 2024). In this manner, the strategic planning of a start-up can be related to the overall objectives of the nation or the sector within which it operates, thus enhancing the chances of start-ups accessing resources or integrating into the general economic or policy environment (DuCoin & Kuo, 2024). This is a good practice for long-term sustainability, which helps avoid things that may lead to an early exit. Start-ups also face specific threats, such as depending on one source of income or the effect of economic forces(DuCoin & Kuo, 2024). Using specific techniques and exploiting the concept of digital transformation, start-ups can navigate through different circumstances with the aim of minimizing risks and thus increasing the probability of their long-term sustainability (DuCoin & Kuo, 2024). The use of workshops and stakeholders to develop the strategic plan is useful as it helps in building the foundation of the plan(DuCoin & Kuo, 2024). This approach will enable the data to be collected and validated in the best possible manner, thus enhancing the feasibility of the plan and its ability to achieve long-term objectives and prevent early terminations (DuCoin & Kuo, 2024).

3 METHODOLOGY

3.1. Sample

The current work takes a cross-country approach to determine the factors that led to the failure of startups in the survival stage through a qualitative study. In-depth interviews were conducted with seven participants: These are five from the Netherlands, which includes both entrepreneurs and investors, one from Egypt, and one from the United Kingdom. The interviews will focus on the effects of startup development, venture capital dynamics, the position of venture capital in the Netherlands, and future business planning strategies. This comparison is intended to show how these factors affect the failures of startups in various regions and to discuss the patterns of behavior that exist in the initial, critical stage of the development of startups.

The sample was chosen through purposive sampling to provide in-depth information from individuals with working experience in startups and VC firms within their respective regions. The Dutch participants include founders and investors who are familiar with the local VC environment and institutional background. The participant from Egypt works across various sectors, including consumer goods, and can offer insights into startup formation and funding in an emerging market. Also, the participant from the UK, interviewer 2 of Halalo Co., who sells halal products online in the UK, provides a unique perspective on the startup survival stage experience due to the niche market of halal products. The research sample was designed to capture information about the general state of startup development and VC investment in these regions, as well as specific sector problems and opportunities.

3.2. Data Collection

Semi-structured interviews were chosen for data collection in this study since they are intermediate between structured and unstructured interviews.

3.3. Interview Method: Semi-structured Interviews.

This kind of interview is a mixture of the two, namely the structured interview and the unstructured interview (Indeed Editorial Team, 2023). This approach has a set of questions that a respondent answers, but the type of questions and answers provided are incomplete (Indeed Editorial Team, 2023). This is because the interviewer can alter the questions and the additional questions depending on the participants' answers, but at the same time, make sure that the conversation is still within the set focus area (Indeed Editorial Team, 2023). All the interviews were done through an online meeting since all the participants were not in the same region. Therefore, the semi-structured method allowed the discussion of the issues regarding the formation of the start-up and the work of VCs to be somewhat guided but not very rehearsed. Every interview took approximately 30-40 minutes per respondent, excluding the time spent on the arrangements and conclusion of the interviews. All the interviews were conducted on the basis that they were to be documented since there was a need to document what was being said and to facilitate analysis of the data being collected.

3.4. Advantages

This format also helps the researcher to generate new topics of discussion and ask new questions in the middle of an interview depending on the participant's response, which in turn helps the researchers to get a more detailed description of the participants' experiences (Indeed Editorial Team, 2023). It enables the consideration of various aspects of the development of start-ups and the investments made by VCs and allows for identifying the stakeholders' standpoint (Indeed Editorial Team, 2023). The interview questions revolved around starting up and venture capital, like phases, issues, and variations. The questions were rather general, allowing the interviewees to give as much information as possible about the Dutch, Egyptian, and UK environment while keeping as specific as possible at the same time. The questions in the study interview are given below in the appendix(table 1), with twelve distinct questions.

3.5. Ethical Considerations

Confidentiality and privacy were maintained to encourage participants to be free with their information and thus guarantee the quality of the data collected (Indeed editorial team, 2023). Following the rules of ethical research, the present paper does not contain the details of the participants' characteristics (Indeed Editorial Team, 2023).

4 Findings

In this section, based on qualitative observations and data obtained from interviews with entrepreneurs, employees, and investors, we identified the key factors that affect a company's prospects of thriving or going bankrupt during the survival stage of its development, causing the company to fail during the survival stage. The main challenges that have been examined include problems associated with the stages of start-up development, dynamics of venture capital, features of the Dutch venture capital market, and ways to strategic planning contributing to early exits. Thus, these factors are crucial to the research as they are directly connected to the company's performance(possibility of failure) in the survival stage. The questions corresponding to each subheading are based on the challenges questioned in the interviews and listed in Table 1 in the Appendix. Including these questions is vital because it helps the reader come up with a clear understanding of the issues that may affect a company's success at the survival stage, thereby ensuring that the answers given are descriptive and accurate. The following sub-sections present the data collected in this study while considering the following factors as the framework.

To gain insight into the difficulties faced by start-ups, interviews were conducted with six prominent persons from multiple companies and regions. Interviewer 1 from Robottle (Netherlands) focuses on eco-friendly innovation, while Interviewer 2 from Halalo Co. UK deals with traditional market dynamics and investor challenges. Interviewer 3 from InstaShop (Egypt) discussed the cautious approach of local investors affecting growth. Interviewer 4 from Golden Star Detergents (Netherlands) emphasized market penetration and supply chain management. Interviewer 5 from MLH Electronics (Netherlands) highlighted product development and talent acquisition. Finally, Interviewer 6 from Westerhof Corporate Finance (Netherlands) stressed financial compliance and strategic planning for start-up survival. These interviews reveal a comprehensive understanding of startup obstacles across different industries and locations.

4. 1. Challenges in Start-up development stages.

A common theme expressed in almost all the interviews was the many struggles that start-ups go through during the early stages of their business, specifically the survival stage. The inquirer divides the challenges into several major areas, which are discussed in the following subsections.

4. 1. 1. Access to Funding:

Q: What are the most significant barriers to securing funding during the early stages(the survival stage) of a startup's development in your country?

One of the most crucial problems identified at the survival stage of the project is the absence of funding," said interviewer 1 from Robottle company in the Netherlands. For instance, a start-up in the Food and Beverage sector has to provide evidence to the lenders regarding the viability of market self-adjustment.

Interviewer 2 of Halalo. CO. UK acknowledged convincing investors to back start-up ideas is a major challenge:" It has always been a problem in the UK to secure funding for new businesses since most investors will always prefer to invest in businesses already in the market." "The problem is further worsened by the fact that many investors in the UK are quite traditionalistic and would want to invest their money in business areas they are familiar with rather than in new and innovative business ideas," interviewer 2 said that this is an enormous challenge not only for the UK but also for other regions that lack venture capital interests.

The interview with interviewer 3 from InstaShop helped in understanding that getting funding from angel investors or venture capitalists in Egyptian markets is challenging. He also mentioned that Egyptians are relatively safe when investing in start-ups; they are willing to invest only in the successful ones, thus making it rather tricky for many start-ups to get the funding they need. This is disadvantageous to the majority of Egyptian start-ups since they can still bootstrap their business by using their personal savings or getting small loans, which slow down their growth and postpone some of the important milestones.

4.1.2. Market Understanding and Customer Acquisition:

Q: How do you assess and approach understanding your target market at the survival stage? What challenges do you face in acquiring your first set of customers?

Some of the crucial issues that were highlighted during the interview included hurdles to market access and customer interaction, particularly for the new entrant companies at the survival stage. Interviewer 4, the Golden Star Detergents Company representative, identified the challenge that is typical even for start-ups in developed countries, such as the Netherlands. He stated that penetrating into the big brands' markets is a very challenging task, especially for new or green products. This is the case because well-entrenched brands have already developed market share and have the benefit of customer loyalty; therefore, new entrants cannot easily compete with market incumbents.

Interviewer 3 also revealed some of the problems that InstaShop has, which he handles. He underlined that one more important outcome of the experience is that the local market in Egypt is rather diverse. According to interviewer 3, the most critical challenge is coordinating the sales and marketing functions and meeting the local customers' needs and wants. Therefore, it becomes essential to know the ways that can be employed to persuade customers and penetrate a competitive market in order to maintain a positive performance at the survival stage.

4. 1. 3. Product Development and Regulatory Compliance:

Q: What hurdles do you encounter during product development, particularly when adhering to regulatory requirements in your industry?

Start-ups in the survival stage that are involved in industries that are strictly regulated require assistance in the development of their products as well as compliance with the law. Interviewer 4 explained the issues of safety, labeling, and environmental policies when selling eco-friendly detergent products, for instance. He further said that the process entails a series of tests and certifications and even adherence to specific standards and the legal requirements set by the government. Westerhof Corporate Finance's interviewer 6 corresponded with the above by pointing out that in the Netherlands, financial management and compliance are the most significant barriers to start-ups instead of the regulatory environment: "The legal framework is, in fact, not the biggest issue; it is the management of funds and the compliance with the law that defines the start-up's fortitude."

4.1.4. Operational and Supply Chain Management:

Q: What operational challenges do you face, particularly in managing your supply chain as a growing startup(at the survival stage) in your country?

Other key logistic and operational challenges included supply chain management since firms at the survival stage of their development paid much attention to the physical product. Interviewer 4(in The Netherlands) said, "A strong supply chain from the beginning is essential for continuous product delivery." For a detergent firm, this means identifying suitable suppliers of raw materials, the proper manufacturing process, and the right channels for the products to be delivered to the consumer. Interviewer 5 of MLH Electronics(in The Netherlands) highlighted some of the main obstacles that start-ups encounter in the "talent acquisition" and time management problems while employed and managing a start-up in the survival stage. He claimed these activities to be helpful in strategic planning regarding product development, financial management, and operations management. Other total time commitments may include other jobs, family responsibilities, or other forms of study.

Interviewer 3 said that one of the challenges that start-ups in Egypt could experience was managing operations and supply chains. For instance, getting funding from angel investors and venture capital funds is quite challenging in Egypt, as it makes it rather difficult for start-ups to build a potent supply chain management system and run their operations financially.

4. 2. Venture Capital Dynamics

Certain factors that cause differences in VC investments are also the factors that contribute to the growth of start-ups at the survival stage. The interviews also indicated a need to provide capital in the form of loans or equity to these new companies. They explained the factors that investors consider while investing in start-ups.

4. 2. 1. Market Potential and Scalability:

Q: When considering a startup for investment, how important is market scalability, and what specific indicators do you look for in your country?

Interviewer 4(in The Netherlands) said, "Scalability potential is a major factor guiding my investment decisions." He said that for Golden Star Detergents, scalability has many important factors that are essential in his business. "Scalability to us is not only the ability to increase our production output and the market coverage but also the ability to sustain the quality and efficiency of our products while being environmentally friendly as we grow," he added.

"Market potential and scalability are the two big questions investors are concerned with," said interviewer 3 (In Egypt). He added that when it comes to investment appraisal, he looks at "how much market share a start-up can gain and its customer retention rate."

4.2.2. Team Competence and Founders' Mindset:

Q: How does the competence and mindset of a founding team influence your decision to invest? What qualities are you particularly looking for?

Some aspects might be equally important for investors, including the experience of the start-up team and the mentality of the founders. According to interviewer 5 (in The Netherlands), there are two critical success factors: A 'customer focus' and the founder's engagement. Interviewer 5(in The Netherlands) added, "There is a certain level of trust when we choose to invest in a start-up based on the people only," and stated that apart from the market and growth, the people behind start-ups are also important. This trust affects the investors' confidence in the start-up's capacity to execute the business plan and manage growth constraints (Investing in B2B start-ups, 2023).

4.2.3. Product Differentiation and Regulatory Preparedness:

Q: How crucial are product differentiation and regulatory readiness when evaluating a startup's potential for long-term success?

Investors are interested in start-ups that offer 'new products that can touch the hearts of consumers', as interviewer 4(in The Netherlands) said. He pointed out that "product differentiation and regulatory compliance are the main factors that define investment," particularly in industries based on certain factors, such as chemicals and electronics, for which compliance with safety and environmental performance requirements is a critical issue. Interviewer 5 (in The Netherlands) also said, "The people behind the start-up company must be given credibility. It is safe to assume that if a founder is passionate about the business and plans to address issues such as legal compliance and product differentiation, then the founder knows how to respond to market trends."

4.3. Peculiarities of the Dutch Venture Capital Landscape

Here, based on the interviews, the outcomes of the Dutch venture capital landscape are discussed in more detail. Several factors unique to the Dutch venture capital landscape significantly influence start-up survival during their early stages. The interviews highlight the challenges, such as navigating strict regulatory requirements and securing early-stage funding, which are critical for start-up growth. Additionally, future planning methods, including strategic acquisitions and regulatory adaptability, are discussed as essential for avoiding early exits. This information stresses the value of following rules and creating strategic financial plans for businesses launching in the Dutch market.

4. 3. 1 Stringent Regulatory Environment:

Q: How does the stringent regulatory environment in the Netherlands affect startups at the survival stage? Are there specific challenges that are unique to this landscape?

It should be added that the degree of regulation is quite high in the Netherlands, especially for start-ups in the chemical, consumer goods, electronic, and other industries. Interviewer 4 (in The Netherlands) also added more on the EU REACH regulations and product labeling, stating that such regulations are oppressive to newcomers in the market.

Speaking with interviewer 5 from MLH Electronics(in The Netherlands), risk inventory and evaluation is quite a complicated process because the organization has to meet specific legal requirements that can be costly and time-consuming. He also pointed out that risk inventory and evaluation could take one man full-time, or up to two months, to prepare, which is a significant responsibility for a young company; however, he also learned from Novel-T company how to deal with these rules. Novel-T is a non-governmental organization that assists young people to start up, reinstate, and develop businesses through programs, counseling, and motivation. This effectively meant that MLH Electronics was almost close to the Laws, hence the minimum form of pivoting that comes with compliance.

4. 3. 2. Limited Early-Stage Funding:

Q: What are the main challenges , in your country, a startup faces when seeking early-stage(the survival stage) funding, and how do they typically overcome them?

The country has a reasonably sophisticated venture capital market, but funding for early-stage start-ups still needs to be improved, said interviewer 6 (in The Netherlands). He said that financial institution management does not want to give loans to start-ups that are focused on one or two persons, which underlines the importance of having a good team.

Contrary to this, interviewer 3 from InstaShop noted the same problems in Egypt: Getting VCs or angel investors takes work. He said, "Egypt investors are very conservative and only back projects that are certain to deliver returns, which means that one has to show proof of real potential and a good business proposal to get funding." This highest level of funding implies that Egyptian start-ups at the survival stage require them to come up with well-developed business plans and good strategies.

4.4. Future Planning Methods Leading to Early Exits

In particular, the interviews also revealed some trends and planning strategies that may affect start-up exits(failure at the survival stage) in the near future. The identified key factors are:

4.4.1. Strategic Acquisitions and Market Consolidation:

Q: How do startups in your industry plan for potential acquisitions or market consolidation to avoid early exits(failure at the survival stage)?

In an effort to differentiate the market, many start-ups turn to other market exits, such as those being bought out by larger companies. Interviewer 1 (in The Netherlands) and Interviewer 2 (in the UK) mentioned that emerging companies at the survival stage with large funding and innovative solutions are expected to be attractive to buyers seeking growth prospects. They pointed out this tendency is mainly observed in industries based on innovations and high technologies. Interviewer 1 of Robottle added, "Start-ups in these sectors have a big problem of achieving stability because of the high cost of marketing and expanding the business."

4.4.2. Regulatory Changes and Compliance:

Q: How do startups prepare for and adapt to regulatory changes to ensure long-term survival and avoid premature exits(failure at the survival stage)?

Regulatory concerns might lead to early exit since start-ups at the survival stage are likely to exploit new standards after other parties may easily buy their occurrence. According to interviewer 4(in The Netherlands), the continuing focus on sustainability and digitalization is the cause of acquisitions in the Dutch market. He stated that these changes happen when regulatory shifts occur, and they affect future planning methods because "start-ups at survival stage should revisit the strategic plan when a change in the regulation occurs to make sure that they are in line with the new rules."

Likewise, interviewer 3 (in Egypt) stated that "government reforms intended for Foreign Direct Investment (FDI) could contribute to an increase in Mergers and acquisitions (M&A)" in Egypt. He noted this as a possible solution to lower the compliance burdens and entry hurdles so the firms are more appealing to acquisition and ease through the acquisition process.

4.4.3. Financial Viability and Revenue Generation:

Q: What are some common reasons for early exits (failure at the survival stage), and how can startups mitigate these risks?

Sustainability and revenue generation for a start-up company is crucial, and according to the information given by interviewer 6 (in The Netherlands), those start-ups that cannot generate revenue or expand their client base will either be sold or closed down in their early stages, such as the survival stage. These problems show that appropriate financial management and effective revenue strategies must be implemented to support the organization at the survival stage. All Interviewers have pointed out that the availability of cash and revenue are the only measures that can be used to show the success of a new entering company, particularly in the survival stage.

5 Discussion

The results from interviewing the respondents provide a better understanding of the Dutch ecosystem's critical dynamics of why start-ups fail at the survival stage and how start-up development, venture capital, and local market factors interrelate. This discussion combines these findings with the literature to consider the implications for theory and practice to improve the chances of Dutch start-ups' success at the survival stage.

5.1. Challenges at the Survival Stage

The data obtained indicate that respondents' experiences reflect the difficulties of survival and mirror the theoretical concepts. According to the founders, operational efficiency and meeting market needs are the most critical issues for start-ups at the survival stage. This is not different from this research but concords with previous literature pointing to the need for proper cash and resources management in the survival stage of the development process (Kemp et al., 2006; Mas-Verdú et al., 2015). The fact that there is limited market validation and customer feedback to inform product development meant that offerings were often not in line with consumer needs and wants, which is in line with Glaveckaitė's (2020) observation that organizations must engage the market continually. Also, all the respondents pointed out the negative impacts of scarcity of resources. Two founders from the Netherlands complained that lack of capital hampered their abilities to develop capacities and promote and search for the right talents. This lack of investment prevents growth and restricts the company from being able to change its strategies according to the customer's/market feedback preferences (Safa, 2023). One of the most mentioned problems of start-ups is resource constraints; thus, the start-up cannot navigate through key survival stages. This suggests why many start-ups at the survival stage fail in the Netherlands.

However, there are resources available for start-ups at the survival stage; they may still need help accessing all the necessary resources. The respondents indicated that they are aware of such organizations as Oost.nl, which is an advisory and funding body. To add more, they mentioned Novel IT as an IT solution and consulting provider, and Province Overijssel, which focuses on the growth of the regional economy through various programs and funding mechanisms. However, the respondents involved in this study expressed concern about not being able to fully utilize these resources at the survival stage, which supports the argument that the support may still not be adequate or effective. According to Rosa et al. (2019), it has been seen that having industry experience and support is particularly helpful to start-ups during the survival stage. Mentoring and networking set the ground for using current resources and are the best way to ensure start-ups thrive at the survival stage.

5.2. Venture Capital Dynamics and Survival

Also, the study offers a sound foundation from which to assess the role of venture capital in developing new business ventures at the survival stage. The participants argued for aligning their operational needs with the investor's expectations, as seen in Fu et al.'s (2024) focus on strategic fit in venture capital investments. Most of the founders mentioned that getting the funding early to develop the product and have some revenue to sustain operations at the survival stage is essential. Such risks, like financial ones, stem from poor cash flow, supporting the argument for a proper and efficient funding strategy at the survival stage (Fu et al., 2024). Besides, the current research also establishes that using venture capital can lead to other constraints that may threaten survival during this critical stage. As for the investors' expectations for rapid growth, the respondents have pointed out that these expectations are quite often contradictory to sustainable development at the survival stage. This dilemma indicates that the pressure to achieve high growth rates can result in wrong decisions that may be unfavorable for start-ups at the survival stage in the long run (Weik et al., 2024). For instance, the pressure to achieve high growth rates can push start-ups into making adverse decisions, such as reducing the training of employees or attending to clients to meet targets within a specific time, thus damaging the organization (Weik et al., 2024).

Also, the effect of market conditions on funding dynamics was apparent from the responses received from the participants. Some revealed how market conditions, such as instances of the IPO market suspension, diminish their chances of getting subsequent funding at the survival stage because it erodes investors' confidence and limits their exit strategies (Ben et al., 2024). This observation is in line with the findings that depict how a crisis in the market can lead to problems with investment and obscure planning during the survival stage (Ben et al., 2024). Hence, venture capital funding means that start-ups in the survival stage must be adaptable and willing to alter their strategy according to fluctuations in investor perception and the market environment (Fu et al., 2024).

5.3. Peculiarities of the Dutch Start-up Ecosystem

The unique characteristics of the Dutch start-up ecosystem play a crucial role in shaping the survival predictions of new ventures in the survival stage, as many respondents stated. The respondents expressed frustration regarding the limited participation of institutional investors during the survival stage (Rajchlová & Svatoaová, 2016). The lack of institutional capital can necessitate reliance on alternative funding sources, leading to an unstable financial environment that can hinder long-term survival at the survival stage (Rajchlová & Svatoaová, 2016). So, this situation highlights the need for policy initiatives that encourage greater institutional participation in the start-up ecosystem and provide a more stable funding base for ventures at the survival stage (Rajchlová & Svatoaová, 2016). Although the respondents also mentioned that the Dutch legal and tax framework favors start-ups, not all have equal access to these advantages at the survival stage. Additionally, factors such as resource availability and support may widen the gaps in the ecosystem, especially during the survival stage. Therefore, to address these problems, specific measures need to be implemented so that all start-ups at the survival stage can seize the opportunities available in the Dutch market (Rajchlová & Svatoaová, 2016).

In addition, more and more international investors turn their attention to Dutch start-ups at the survival stage, which means both opportunities and risks. Although capital gain can help obtain the required resources and funding at the survival stage, respondents state that overdependence on foreign funding sources can cause potential risks (Faulted and Zwart, 2021). This means if start-ups at the survival stage are vulnerable to risks, then they are threatening their existence, especially in the event of geopolitical risks or economic downturns (Faulted and Zwart, 2021). Start-ups must, therefore, balance international funding and enough local funding during the survival stage to countercheck the risks that come with instability in funding.

5.4. Strategic Planning and Exit Strategies

The analysis of the strategic planning topic showed how poor planning can affect start-ups at the survival stage. Some of the challenges highlighted by the respondents included that most founders required a shift in their focused approaches to resource management and market positioning at the survival stage, which resulted in ineffective organization and misplaced goals. Of the interviewees, one pointed out that the commitment and passion of entrepreneurs are vital to good strategy, particularly at the survival stage, because these two are necessary for the effort required to create and execute strategy. This observation supports the statements about the importance of strategic management for the organization's sustainability during the survival stage (DuCoin & Kuo, 2024). When there is a lack of strategy, especially at the survival stage, the organization becomes more reactive than proactive and is easily influenced by market and competitor activities (DuCoin & Kuo, 2024).

Also, the study shows that strategic planning is connected with exit strategies at the survival stage. The samples also explained the consequences of early exits, stating that poor planning at the survival stage results in poor resource management and market relevance. More respondents also suggested that the significance of financial planning and revenue generation are key factors that would directly impact the feasibility of exit strategies at the survival stage, saying that these factors are the core values that define a start-up. Consequently, a critical role in long-term strategic planning is needed for a successful and appealing start-up, especially at the survival stage (DuCoin & Kuo, 2024). This underlines the importance of having a framework that focuses on effectively managing resources and creativity at the survival stage to prevent the risks that come with early exits (DuCoin & Kuo, 2024). Another interviewee also pointed out that stakeholders' commitment is vital for preventing early exits at the survival stage, which supports the argument for the focused and active participation of all the concerned parties.

5.5. Countries Differences

The dynamics of start-ups' survival stage processes are pretty different in the Netherlands, Egypt, and the UK. They reflect the specific environment for start-ups in each country, as the interviewees described. For instance, interviewer 4 and interviewer 5 (both in The Netherlands) explained that start-ups such as Golden Star Detergent products must deal with numerous legal frameworks and competition in the Netherlands. The Netherlands has a conducive environment and many funding opportunities, but the EU regulates detergents, and the market is already saturated. While the circumstances in Egypt are different, for example, in InstaShop, numerous challenges include a lack of funding and challenges in market knowledge, according to interviewer 3 (in Egypt). Other complications stem from the country's investors being quite risk-averse, and the market needs to be more developed: caution and the learning curve. At the same time, there are start-ups in the UK, such as Halalo. CO. As stated by interviewer 2, the UK has a relatively developed venture capital environment; however, the company may need to help attract more investors and compete in the market. The findings from the respondents show how funding, regulation, and market conditions characteristic of each region define the start-up experience with the survival stage.

6 Contribution to Theoretical & Practical Work

This work contributes to the theory and methodology of why start-ups fail at the survival stage. The results establish the relationships between different factors that affect the sustainability of start-ups at the survival stage, thus contributing to the academic discourse on entrepreneurship and venture capital. Therefore, based on the Dutch context, this study enriches the theoretical framework of start-ups' challenges, specifically during the survival stage. The current research focuses on the Dutch entrepreneurial ecosystem, which raised more than 1.5 billion Euros by 2023, especially in the cleantech and healthcare sectors (Chu, 2024). Moreover, the Netherlands government offers a proper financial system that fosters innovation and willingness to take risks, though challenges at the survival stage persist. It also shows that the problems of economic volatility and the intricacies of investment appraisal may threaten an organization's future, particularly during the survival stage. Combining the findings from the respondents with existing theories, this study contributes to the literature on the operational and strategic challenges that characterize start-up survival at the survival stage and provides practical implications for start-up success and failure under industry-specific and economic conditions in the Netherlands.

Therefore, at a practical level, all the stakeholders involved in the Dutch start-up ecosystem, including investors, entrepreneurs, and policymakers, can greatly benefit from this research. This paper focuses on specific challenges that come with the survival stage to help identify essential strategies for sustaining start-ups during this critical phase. For instance, the study shows that there is a need to establish distinct mentorship programs and networks to address challenges that founders face at the survival stage when it comes to scaling and enhancing business models. Also, the research indicates a need to align venture capital dynamics with the operational needs of start-ups during the survival stage to enable investors to alter their funding patterns to cater to the long-term strategies of the start-ups they fund. Other possible recommendations include investing in start-ups early in the survival stage and easing their regulatory load to improve their readiness. These strategies will improve the entrepreneurial effectiveness of individual start-ups and strengthen the Netherlands' entrepreneurial sub-system at the survival stage.

7 Conclusion

The research question for this thesis is as follows: Why do start-up companies in the Netherlands fail at the survival stage? The core of the thesis is the survival stage of new ventures, which is the most critical phase that determines whether a startup can transition from the initial stage to the growth stage. This study’s findings are based on interviews with the founders and provide a basis for previous studies as well as an analysis of the advancement of start-ups, the flow of venture capital, and the Dutch entrepreneurial ecosystem. From this study, we establish that although venture capital is a vital source of capital and can accelerate growth, it creates pressure on startups to produce quick results. This short-term pressure can be counterproductive to the long-term needs of startups, especially during the survival stage, hence leading to their failure. This problem is further compounded by the fact that SMEs or other entities buy out many startups, and the focus is often placed on short-term profits rather than the formulation of good business strategies.

The findings of this study show that different factors affect startups in the Netherlands and their chances of success at the survival stage. Some challenges include achieving operational efficiency and positive performance even when facing cash shortages. Such issues are vital in understanding how startups run their operations and get into the market, thus being critical to survival. Also, it is essential to implement customer engagement to show market traction because Dutch startups lack the necessary resources and funding in the survival stage. These problems reveal that the Dutch entrepreneurial ecosystem contains issues, such as limited access to venture capital, the low participation of institutional and pension fund investors, and the complexity of regulatory and tax frameworks that have to be solved to help startups survive.

Consequently, this work adds to the existing body of knowledge on factors that lead to the failure of startups in the Netherlands, particularly during the survival stage. This research work seeks to contribute useful knowledge and information to the various stakeholders, including entrepreneurs, investors, and policymakers, that will enable the improvement of the resilience of startups in the survival stage and the environment that surrounds new business ventures. Future research should extend from these findings to develop certain interventions that may assist startups in overcoming the difficulties they encounter in the Dutch environment to enhance their performance and chances of success at the survival stage.

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9 APPENDIX

Table 1: Interview Questions

Interviewer Number	(Company)	Questions Asked
Interviewer 1	(Robottle)	- What are the most significant barriers to securing funding during the early stages (the survival stage) of a startup's development in your country?
		- How do startups in your industry plan for potential acquisitions or market consolidation to avoid early exits (failure at the survival stage)?
Interviewer 2	(Halalo. CO)	- What are the most significant barriers to securing funding during the early stages (the survival stage) of a startup's development in your country?
		- How do startups in your industry plan for potential acquisitions or market consolidation to avoid early exits (failure at the survival stage)?
Interviewer 3	(InstaShop)	- What are the most significant barriers to securing funding during the early stages (the survival stage) of a startup's development in your country?
		- How do you assess and approach understanding your target market at the survival stage? What challenges do you face in acquiring your first set of customers?
		- What operational challenges do you face, particularly in managing your supply chain as a growing startup (at the survival stage) in your country?
		- When considering a startup for investment, how important is market scalability, and what specific indicators do you look for in your country?
		- How crucial are product differentiation and regulatory readiness when evaluating a startup's potential for long-term success?
		- How do startups prepare for and adapt to regulatory changes to ensure long-term survival and avoid premature exits (failure at the survival stage)?
Interviewer 4	(Golden Star Detergents)	- How do you assess and approach understanding your target market at the survival stage? What challenges do you face in acquiring your first set of customers?
		- What hurdles do you encounter during product development, particularly when adhering to regulatory requirements in your industry?
		- What operational challenges do you face, particularly in managing your supply chain as a growing startup (at the survival stage) in your country?
		- When considering a startup for investment, how important is market scalability, and what specific indicators do you look for in your country?
		- How crucial are product differentiation and regulatory readiness when evaluating a startup's potential for long-term success?
		- How does the stringent regulatory environment in the Netherlands affect startups at the survival stage? Are there specific challenges that are unique to this landscape?
Interviewer 5	(MLH Electronics)	- What operational challenges do you face, particularly in managing your supply chain as a growing startup (at the survival stage) in your country?
		- How does the competence and mindset of a founding team influence your decision to invest? What qualities are you particularly looking for?
		- How does the stringent regulatory environment in the Netherlands affect startups at the survival stage? Are there specific challenges that are unique to this landscape?

		- What are the main challenges, in your country, a startup faces when seeking early-stage (the survival stage) funding, and how do they typically overcome them?
Interviewer 6	(Westerhof Corporate Finance)	- What hurdles do you encounter during product development, particularly when adhering to regulatory requirements in your industry?
		- How does the competence and mindset of a founding team influence your decision to invest? What qualities are you particularly looking for?
		- How crucial are product differentiation and regulatory readiness when evaluating a startup's potential for long-term success?
		- What are the main challenges, in your country, a startup faces when seeking early-stage (the survival stage) funding, and how do they typically overcome them?
		- What are some common reasons for early exits (failure at the survival stage), and how can startups mitigate these risks?