

A Comparative Analysis of Startup Failure Rates in Developed and Developing Countries

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1. Executive Summary:

The global landscape of startups is characterized by a significant rate of failure, with approximately 90% of new ventures ultimately ceasing operations.¹ This high rate, however, exhibits variations across different regions and economies. Among developed countries, reported failure rates show some divergence, with the United States, Canada, and France clustering around 80%, the United Kingdom reporting rates between 60% and 70%, Germany at 75%, and Switzerland showing a comparatively lower rate of 65%.³ Statistical data specifically focusing on startup failure rates in developing countries is less readily available and often less granular. However, reports indicate similarly high failure rates, with approximately 80% of businesses in Africa failing within their first five years⁶, and India also reporting a 90% failure rate among startups.³ The primary reasons for these failures often differ between developed and developing economies. In developed countries, causes are frequently linked to market dynamics and business execution, such as a lack of market need or insufficient funding. Conversely, developing countries often see failures attributed to more fundamental challenges like inadequate infrastructure and limited access to capital. This report aims to provide a comparative statistical analysis of startup failure rates in both developed and developing countries, alongside an examination of the key factors contributing to these outcomes in each context.

2. Startup Failure Rates in Developed Countries: A Statistical Overview:

- General Failure Rate Statistics and Trends Over Time:
The assertion that approximately 90% of startups fail globally is a recurring theme in recent business analytics.¹ This consistently high figure, observed across numerous independent studies and reports, including data updated as recently as February 2025², underscores the substantial difficulties inherent in establishing and maintaining a new business within developed economies. This widespread trend likely reflects the intense competition, rapid technological advancements, and demanding consumer expectations prevalent in these markets. Furthermore, while the overall failure rate is significant, its distribution over time reveals that the initial years are particularly precarious for startups. Approximately 10% of new businesses in developed countries do not survive their first year, and a further 70% will fail between their second and fifth years.² This

temporal concentration of failures suggests that the crucial stages for startups in developed nations involve validating their business model, achieving product-market fit, and establishing a foundation for sustainable growth. Startups that successfully navigate these early challenges demonstrate a considerably higher likelihood of continued operation. However, the challenges do not cease after the initial five years. In the United States, for example, the failure rate continues to climb, reaching 65% within ten years and a striking 75% within fifteen years.² This long-term perspective indicates that even those startups that overcome early hurdles face ongoing pressures to adapt, innovate, and maintain profitability in the long run within developed markets. Interestingly, data suggests that business failure rates have remained relatively consistent since the 1990s across most industries.² This consistency over several decades implies that the fundamental factors contributing to startup failure in developed countries are likely deeply embedded within the economic and competitive structures of these nations, persisting despite significant technological and economic transformations.

- **Variations in Failure Rates Across Different Developed Countries:**
While a high overall failure rate is characteristic of developed economies, there are notable differences when examining specific countries. For instance, the United States reports a startup failure rate of around 80% ³, a figure mirrored by Canada ³, although some data suggests a rate as high as 90% in Canada.⁵ The United Kingdom exhibits a slightly lower failure rate, ranging between 60% and 70% according to different reports.³ France also shows a high failure rate, around 80% to 85%.³ Germany's startup failure rate is reported to be 75% ³, while Switzerland stands out with a comparatively lower rate of 65%.³ Australia's failure rate is similar to Germany's, at 75%.³ These variations across developed nations suggest that country-specific economic conditions, the accessibility of capital, the nature of regulatory environments, and the maturity of their respective entrepreneurial ecosystems all play a role in influencing startup survival. For example, Switzerland's lower failure rate might be linked to its stable economy, well-established financial infrastructure, and a supportive environment for innovation. Conversely, countries with higher rates might face more intense market competition or less favorable conditions for new businesses. Furthermore, regions within developed countries that boast strong venture capital networks, such as North America and parts of Europe, often experience higher startup survival rates.¹ This observation underscores the critical role that access to venture capital funding plays in providing the necessary financial resources and support for startups to navigate the challenges of developed economies and enhance their prospects for longevity.

- Failure Rates by Industry Within Developed Countries:

The likelihood of a startup failing in a developed country is not uniform across different industries. Certain sectors tend to exhibit higher rates of collapse than others. For example, the information industry reports a particularly high failure rate, with 63% of startups in this sector ceasing operations by their fourth year.⁴ Similarly, startups in the transportation and utilities sector face a high failure rate of 55% by the same milestone.⁴ The retail and construction industries also show significant challenges, with failure rates reaching 53% within the first four years.⁴ In the manufacturing sector, approximately 51% of startups fail by their fourth anniversary.⁴ These elevated failure rates in specific industries within developed countries could be attributed to various factors. The information industry, for instance, is characterized by rapid technological disruption and intense competition, making it difficult for new entrants to gain and maintain a competitive edge. The transportation and utilities sector often involves high capital investment and stringent regulatory requirements, which can pose significant barriers for startups. The retail industry faces intense competition from both established brick-and-mortar stores and burgeoning e-commerce platforms, leading to thin profit margins and high failure rates. The construction sector is often subject to cyclical economic conditions and can be heavily reliant on large-scale projects, making it volatile for new businesses. Similarly, the manufacturing sector can face challenges related to global supply chains, production costs, and competition from established international players. In contrast, some industries in developed countries exhibit lower failure rates or higher survival probabilities for startups. The banking and real estate sectors, for example, have a comparatively lower failure rate of 42%.⁴ This could be due to the established nature of these industries, significant regulatory oversight that can create barriers to entry for new competitors, and relatively consistent demand for their services. Additionally, technology-focused sectors like Software as a Service (SaaS) and healthcare often boast higher survival rates, with over 50% of startups in these areas surviving beyond their first five years.⁷ The scalability and broad applicability of digital solutions drive strong investor interest and sustained demand for innovation in the SaaS sector, while the healthcare industry benefits from consistent demand and ongoing advancements in medical technology. These contrasting industry trends highlight how specific market dynamics, regulatory landscapes, and technological advancements can significantly influence the survival prospects of startups within developed nations.

- Startup Survival Rates at Different Time Milestones:

Examining startup survival rates at various time intervals provides a clearer picture of the long-term viability of new businesses in developed countries. In the

United States, approximately 35% of businesses manage to survive for ten years.¹ The United Kingdom shows a slightly better survival rate in the shorter term, with around 50% of businesses remaining operational beyond three years.¹ In the European Union, about 45% of businesses survive for five years.¹ When looking at the very early stages, there is some inconsistency in the reported first-year failure rates. Some sources indicate that around 10% of startups fail within their first year, implying a 90% survival rate. However, other data suggests a higher first-year failure rate of 20%.² This discrepancy likely arises from variations in the definition of a "startup" and the methodologies used in different studies. Similarly, the reported failure rate for the second year also varies, with some sources citing around 20%² while another indicates that 30% of startups fail by the end of their second year.⁵ By the five-year mark, approximately 45% of startups have failed according to some data², while other sources report a 50% failure rate⁵, suggesting a survival rate of 50% to 55%. Looking further out, around 65% of startups fail within ten years², with some data for small businesses indicating a 70% failure rate by this point⁸, leaving a long-term survival rate of approximately 30% to 35%. This consistent trend of declining survival rates over time across developed countries underscores the increasing challenges that startups face as they mature. They must not only navigate the initial volatile phases of establishment but also adapt to evolving market conditions, maintain a competitive edge against both established players and new entrants, and continuously innovate to sustain long-term success.

3. Startup Failure Rates in Developing Countries: A Statistical Overview:

- **General Failure Rate Statistics and Trends:**
Compared to the extensive data available for developed countries, there is a relative scarcity of comprehensive and standardized statistics specifically on startup failure rates in developing countries. This lack of readily available data presents a challenge in forming a complete picture of the entrepreneurial landscape in these economies. However, the information that is available suggests that startup failure rates in developing countries are also notably high. For instance, a report focusing on Africa indicates that approximately 80% of businesses on the continent fail within their first five years of operation.⁶ This single data point, while regional, suggests that the challenges faced by startups in developing regions can lead to very high mortality rates, potentially even exceeding the long-term failure rates observed in some developed nations. In India, a significant developing economy with a rapidly growing startup ecosystem, the reported overall failure rate is a striking 90%.³ Furthermore, only about 10% of startups in India manage to survive beyond their first five years.¹ Examining the

early stages, 20% of Indian startups encounter setbacks and cease operations within their first year, and this failure rate climbs to 30% by the end of the second year.⁵ This detailed breakdown for India highlights the intense early-stage challenges that startups in developing economies can face. In Brazil, another prominent developing nation, the survival rate appears somewhat more favorable in the short term, with 50% of startups reported to survive for four years.¹ While this indicates a better outcome than in India over a similar timeframe, it still signifies that a substantial proportion of new businesses in Brazil fail within their first few years. It is also worth noting the widely cited global startup failure rate of 90%.³ While this figure encompasses data from both developed and developing countries, the high rates observed in specific developing regions like Africa and India strongly suggest that these economies contribute significantly to this global trend.

- **Challenges in Obtaining Comprehensive Data for Developing Countries:**
The relative lack of detailed and consistent data on startup failure rates in developing countries can be attributed to several factors. Many developing economies have less developed statistical reporting systems compared to their developed counterparts. Government agencies and research institutions might prioritize the collection and reporting of broader macroeconomic indicators rather than focusing specifically on the nuances of startup activity and failure. Furthermore, there can be variations in the definition of what constitutes a "startup" and in the methodologies used to track their performance across different developing nations. These inconsistencies make it challenging to compile standardized and comparable data. The informal nature of a significant portion of business activity in some developing countries can also make it difficult to accurately track the establishment and closure of new ventures. Additionally, the resources available for conducting detailed business surveys and research might be more limited in developing economies. This scarcity of comprehensive data hinders a nuanced understanding of the specific challenges and successes within the startup ecosystems of developing countries. Addressing this data gap is crucial for formulating effective policies and support interventions that are tailored to the unique contexts of these economies. Investing in better data collection and reporting mechanisms would provide valuable insights into the specific factors driving startup success and failure in different developing regions, allowing for more targeted and impactful support for entrepreneurs.

4. Comparative Analysis: Developed vs. Developing Countries:

- **Direct Comparison of the Reported Failure Rates:**
A striking similarity emerges when comparing startup failure rates between developed and developing countries: both exhibit a generally high level of business mortality. The overall failure rates tend to converge around the 80-90% mark in both contexts. However, a closer examination reveals potential differences in long-term survival prospects. For example, while the United States sees approximately 35% of its startups surviving for ten years¹, India reports a survival rate of only about 10% after five years.¹ This significant disparity suggests that although the initial risk of failure might be high in both developed and developing economies, the factors at play in developing countries may create more persistent barriers to long-term sustainability. These barriers could make it considerably more difficult for startups in these regions to overcome initial challenges and build lasting businesses. It is also important to note that the category of "developed countries" is not monolithic, and variations exist within it. Some European nations, such as the UK (with around 50% surviving beyond three years) and the EU as a whole (with about 45% surviving for five years), show relatively higher survival rates in the shorter term compared to the United States (where 65% fail within ten years, implying a 35% survival rate). This highlights that the economic conditions and entrepreneurial ecosystems can vary significantly even among developed nations, influencing startup survival rates.
- **Highlighting Significant Differences and Similarities in the Statistical Data:**
One key similarity between developed and developing countries is the high initial failure rate. A substantial proportion of startups in both types of economies do not survive the first few years of operation. However, a significant difference appears to be in the long-term survival rates, which seem to be considerably lower in some developing countries compared to their developed counterparts. Another major distinction lies in the availability and quality of statistical data. Developed countries generally have more robust systems for collecting and reporting data on business activity, including startups, leading to more comprehensive and granular insights. In contrast, data on startup failure rates in developing countries is often less readily available, less detailed, and potentially less consistent across different regions and nations.
- **Discussion of Factors That Might Contribute to These Differences:**
Several factors likely contribute to the observed differences in startup failure rates and survival prospects between developed and developing countries. Developed countries typically benefit from more mature and accessible financial ecosystems, including well-established venture capital networks that provide

crucial funding and support for startups.¹ The quality and reliability of infrastructure, such as electricity, transportation, and internet connectivity, are generally superior in developed nations¹¹, creating a more stable and efficient operating environment for businesses. Regulatory environments in many developed economies tend to be more stable and business-friendly, with clearer legal frameworks and less bureaucratic hurdles.⁶ Additionally, developed countries often have a larger pool of skilled labor available for startups to draw upon, particularly in specialized industries.⁶ Finally, market maturity and established consumer behavior patterns can also influence startup success in developed economies. In contrast, developing countries often grapple with limited access to capital and less developed financial markets. Inadequate infrastructure can significantly impede daily business operations and increase costs.¹¹ Complex and unpredictable regulatory environments, coupled with potential political instability, can create significant challenges for entrepreneurs.⁶ A shortage of skilled workers can hinder productivity and innovation.⁶ Furthermore, economic instability, characterized by fluctuating exchange rates and high inflation, can create an uncertain business environment.⁶ These fundamental differences in the operational and economic landscapes likely contribute to the variations observed in startup failure rates and long-term survival between developed and developing countries.

5. Main Causes of Startup Failure in Developed Countries:

- **In-depth Analysis of Commonly Cited Reasons:**
Research consistently identifies several key reasons behind startup failures in developed countries. One of the most prominent is the lack of market need, cited by 34% to 35% of failed startups.¹ This indicates that many startups in developed economies stumble not due to a lack of resources or execution, but because there isn't sufficient demand for their product or service. This often stems from inadequate market research or a failure to accurately identify and validate customer needs. In the competitive landscape of developed nations, where consumers have numerous options, ensuring a genuine market demand is paramount. Another leading cause is insufficient funding or running out of cash, accounting for 38% to 47% of failures.¹ Even in developed countries with relatively mature financial ecosystems, securing adequate investment and effectively managing cash flow remain critical challenges. High operating costs, intense competition requiring significant marketing expenditure, and longer-than-anticipated sales cycles can all contribute to cash flow problems. Team problems also play a significant role, contributing to 18% to 23% of startup failures.¹ This includes a lack of necessary skills within the team, poor

communication and cohesion, and conflicts among founders, which can derail even promising ventures in the demanding startup environment. A bad business model is another frequently cited reason, accounting for 17% to 19% of failures.¹ A flawed or unsustainable plan for generating revenue, delivering value, and achieving profitability can undermine a startup's viability, regardless of market demand or funding. The presence of strong competition also contributes significantly to failure, with 19% to 20% of startups citing it as a key factor.¹ Developed economies are often characterized by intense competition, and startups must effectively differentiate themselves and possess a strong competitive advantage to succeed against established players and other emerging ventures. A poor product is another factor, leading to 8% to 17% of failures.¹ Failing to deliver a high-quality product that meets customer expectations can quickly erode a startup's chances of success in discerning developed markets. Poor timing, launching a product or service too early or too late, contributes to 10% to 21% of failures.¹ Understanding market readiness and trends is crucial for maximizing the chances of a successful launch. Marketing problems, including the inability to effectively reach and engage the target audience, account for 14% to 22% of failures.² Even a great product needs effective communication to potential customers, and a significant portion of small businesses in developed countries are unsure if their marketing efforts are even working.⁸ Regulatory issues present another hurdle, contributing to about 18% of failures.¹ Navigating legal and regulatory landscapes effectively is essential to avoid costly setbacks. Pricing and cost issues, such as incorrect pricing strategies or ineffective cost management, lead to around 15% of failures.¹ Setting prices that are competitive yet profitable and managing expenses efficiently are vital for financial sustainability. Finally, tech-related problems (6%) and operational problems (2%) can also contribute to startup failure in developed countries ², highlighting the need for reliable technology and efficient internal processes. Legal problems also account for a small percentage of failures (2% to 19%) ², emphasizing the importance of proper legal structuring and compliance.

- Discussion of the Prevalence and Impact of Each Factor Based on Research: The consistency with which "lack of market need" and "insufficient funding" appear as leading causes across multiple research sources underscores their critical importance in the context of startup failures in developed countries. The absence of a genuine market demand can render even well-funded and expertly executed ventures unsustainable. Conversely, a compelling product or service with clear market demand can still falter if the startup lacks the necessary financial resources to scale, market effectively, and weather initial periods of low profitability. These two factors are often interconnected; a lack of demonstrated

market need can make it significantly more challenging for a startup to attract and secure adequate funding from investors. Similarly, without sufficient funding for market research and customer acquisition, it becomes difficult to validate and build a strong market presence. The prevalence of team-related issues further highlights the significance of the human element in startup success. A skilled, aligned, and motivated team is crucial for effective execution, problem-solving, and adapting to the dynamic nature of startup environments. A flawed business model can undermine even the most promising ideas, as it represents the fundamental plan for how the startup will create, deliver, and capture value. Without a viable and scalable business model, long-term sustainability becomes elusive. The intense competition characteristic of developed economies necessitates a strong competitive advantage and a clear strategy for differentiation. Startups that fail to stand out from the crowd or effectively compete with established players are at a higher risk of failure. The importance of a high-quality product cannot be overstated, as it forms the core of the value proposition for customers. Startups that deliver subpar products or fail to meet customer expectations will struggle to gain traction and build a loyal customer base. Timing is also a crucial, often underestimated, factor. Launching too early might mean the market is not yet ready for the solution, while launching too late could mean missing a critical window of opportunity or facing overwhelming competition. Effective marketing is essential for reaching the target audience and building brand awareness, and the fact that many small businesses are unsure if their marketing is working suggests a significant area of potential weakness. Navigating the regulatory landscape and managing pricing and costs effectively are also fundamental for long-term survival. Finally, while tech-related and operational issues might account for a smaller percentage of failures, they can still have a significant impact on a startup's ability to function efficiently and maintain its reputation.

6. Main Causes of Startup Failure in Developing Countries:

- Detailed Examination of Key Challenges:
Startups in developing countries face a distinct set of challenges that often contribute to their high failure rates. Limited access to capital is frequently cited as a primary obstacle.⁶ The financial infrastructure in many developing economies is less mature, making it difficult for startups to secure loans from traditional banking institutions due to a lack of collateral and established credit history. Alternative funding sources like venture capital and angel investors are also less prevalent compared to developed nations. This scarcity of capital restricts startups' ability to cover initial operating costs, invest in growth, and

manage financial difficulties. Inadequate infrastructure presents another significant hurdle.⁶ Unreliable electricity supply forces businesses to rely on expensive generators, poor transportation networks hinder the movement of goods and services, and limited access to reliable internet connectivity restricts online operations and communication. These infrastructural deficits, often taken for granted in developed countries, can severely impact productivity, increase operational costs, and limit market reach. Regulatory and legal barriers also pose substantial challenges.⁶ Complex and inconsistent regulations, bureaucratic processes, and potential issues with corruption can make it time-consuming and costly to start and operate a business. Political instability and unpredictable policy changes can further exacerbate these difficulties, creating an uncertain environment for entrepreneurs. A lack of skilled workforce is another common impediment to startup growth in developing countries.⁶ Businesses often struggle to find employees with the necessary technical and managerial skills due to limitations in the education and training systems. This skills gap can negatively impact productivity, innovation, and the ability to scale operations effectively. Economic instability in developing countries, including fluctuating exchange rates and high inflation rates, can significantly disrupt business operations.⁶ Unpredictable exchange rates can affect the cost of imports and exports, while high inflation erodes consumers' purchasing power and increases operating expenses. Cultural and societal factors can also influence entrepreneurial success.⁶ In some developing countries, there might be a preference for traditional employment over the risks associated with entrepreneurship, and a fear of failure or lack of societal support for entrepreneurial endeavors can discourage individuals from starting businesses. Intense competition can arise due to the often smaller market size and limited opportunities in some developing economies, leading to a large number of small businesses vying for the same customers.⁶ This can result in price wars and lower profit margins, making it difficult for new entrants to gain a foothold. Limited access to technology is another significant factor.⁶ The digital divide means that many entrepreneurs in developing countries lack affordable access to modern technology, limiting their ability to compete, innovate, and reach a broader customer base. Lack of formal education and training for entrepreneurs specifically can also hinder success.¹¹ Many individuals starting businesses in developing countries may lack the formal business knowledge and skills necessary to navigate the complexities of running a successful enterprise. Furthermore, lack of access to international markets can limit growth opportunities for startups in developing countries.¹¹ They may lack the knowledge, resources, or support needed to navigate the regulations and logistics involved in exporting their products or services. Finally, issues such as

poor implementation of regulations and laws due to weak judicial systems and corruption¹², and the lack of proximity to other successful ventures resulting in a lack of mentorship and networking opportunities¹², can further compound the challenges faced by startups in developing economies.

- **Analysis of How These Factors Contribute to Startup Failures:**

The limited access to capital in developing countries directly impacts a startup's ability to fund its initial operations, invest in necessary resources, and sustain itself through potential periods of low revenue. Without sufficient financial backing, even viable business ideas can fail to launch or grow. Inadequate infrastructure creates significant operational inefficiencies and increases costs. For example, reliance on generators due to power outages adds to expenses and can disrupt productivity. Poor transportation hinders supply chains and market access, while limited internet connectivity restricts participation in the digital economy. Regulatory and legal barriers increase the time and cost associated with starting and running a business, diverting resources from core activities and potentially discouraging entrepreneurship altogether. A lack of skilled workforce limits a startup's ability to produce high-quality goods or services and to innovate effectively. Economic instability creates an unpredictable business environment, making it difficult for startups to plan for the future and manage their finances. Cultural and societal factors can influence the overall entrepreneurial spirit and the level of support available to new ventures. Intense competition in small markets can make it challenging for startups to gain traction and achieve profitability. Limited access to technology restricts a startup's ability to compete in the modern digital landscape and to reach wider markets. The lack of formal business education and training can lead to poor decision-making and ineffective management. Difficulty in accessing international markets limits growth potential and the ability to diversify revenue streams. Finally, weak legal systems and corruption create an unstable and unfair business environment, while the absence of a strong local startup ecosystem can deprive new ventures of crucial mentorship, networking opportunities, and access to experienced talent. All these factors, individually and collectively, contribute to the high rates of startup failure observed in developing countries by creating a more challenging and less supportive environment for new businesses to thrive.

7. Similarities and Differences in the Causes of Failure:

- **Identifying Common Reasons for Failure:**

Despite the distinct economic contexts, some common threads emerge when examining the reasons for startup failure in developed and developing countries. Funding issues represent a significant challenge in both. In developed countries,

the issue often revolves around securing enough funding to scale and compete effectively, as well as managing cash flow to sustain operations until profitability is achieved. In contrast, developing countries frequently face a more fundamental barrier of limited access to capital in the first place, hindering their ability to even launch or cover basic operational costs. Another shared factor is the importance of understanding and meeting market needs. In developed countries, a lack of market need is a leading cause of failure, often stemming from a misjudgment of consumer demand or the development of solutions for non-existent problems. Similarly, in developing countries, inadequate market research can lead to startups offering products or services that do not resonate with the local market or address existing needs effectively. Team problems also contribute to failures in both contexts, highlighting the universal importance of having a skilled, cohesive, and well-functioning team. While the specific nature of these problems might differ (e.g., skill gaps in developing countries versus founder conflicts in developed countries), the fundamental impact on a startup's ability to execute and adapt remains critical.

- **Highlighting the Unique Challenges and Their Impact in Each Context:**
While some causes of failure are common across both developed and developing countries, the unique challenges faced by startups in each context often have a more pronounced impact. Developed countries, with their relatively stable infrastructure and established institutions, see failures more frequently driven by market dynamics, competitive pressures, the need for continuous innovation, and efficient execution. Startups in these economies operate within sophisticated consumer environments and must navigate intense competition to gain and retain market share. In contrast, developing countries present a more fundamental set of hurdles. Startups here are often heavily impacted by the lack of reliable infrastructure, which can disrupt daily operations and significantly increase costs. Limited access to capital and technology restricts their ability to invest in growth and innovation. Complex and unpredictable regulatory environments, coupled with economic instability, create a challenging and uncertain business landscape. Socio-cultural factors can also play a more significant role in shaping entrepreneurial activity and the level of support available to new ventures. These unique challenges in developing countries often create a higher baseline of operational difficulty compared to the challenges typically faced by startups in developed nations.

Table: Comparison of Main Causes of Startup Failure

Cause of Failure	Developed Countries	Developing Countries
Funding	Insufficient funding, running out of cash	Limited access to capital, lack of credit
Market	Lack of market need, strong competition, poor marketing	Inadequate market research, intense competition due to small market
Operations/Execution	Bad business model, poor product, poor timing, pricing issues	Inadequate infrastructure (electricity, transport, internet), limited access to technology
Team	Team problems, founder conflicts	Lack of skilled workforce, lack of formal education and training for entrepreneurs
External Factors	Regulatory issues, poor timing	Economic instability, regulatory and legal barriers, cultural and societal factors, corruption

8. Conclusion and Key Insights:

The analysis of startup failure rates reveals a consistently high level of risk associated with launching new ventures globally, with approximately 90% of startups failing in both developed and developing countries. However, the nuances of these failures and the underlying causes differ significantly between the two contexts. Developed countries exhibit variations in failure rates across specific nations, influenced by factors like economic stability and the maturity of their entrepreneurial ecosystems. While the initial failure rates are high, long-term survival prospects might be comparatively better than in some developing countries. The primary reasons for failure in developed economies often revolve around market dynamics, including a lack of market need and intense competition, as well as challenges related to funding, team cohesion, and the viability of the business model.

In contrast, developing countries face a more fundamental set of obstacles that contribute to similarly high, and in some cases, even higher failure rates. These challenges are often rooted in systemic issues such as limited access to capital and financial infrastructure, inadequate basic infrastructure like reliable electricity and internet connectivity, complex and unstable regulatory environments, a shortage of skilled labor, and overall economic instability. Socio-cultural factors and a lack of robust support ecosystems also play a significant role.

Despite these differences, some commonalities exist. Funding issues are a major concern in both developed and developing countries, although the nature of the challenge differs. Similarly, understanding and meeting market needs is crucial for survival in both contexts, although the approaches and resources available for market research may vary. Team quality and cohesion are universally important for startup success.

The implications of this comparative analysis are significant. It highlights the need for tailored support mechanisms and policy interventions that address the specific challenges faced by startups in different economic contexts. In developing countries, addressing fundamental infrastructural and institutional weaknesses is paramount to fostering a more conducive environment for entrepreneurship. Further research is needed to gather more comprehensive and comparable data on startup failure rates and their causes in developing economies to inform more effective strategies. Understanding the impact of globalization and technology on startup success in different regions is also crucial. Ultimately, a nuanced understanding of the distinctions and similarities in the factors driving startup failure globally is essential for policymakers, investors, and entrepreneurs seeking to improve the odds of success for new businesses worldwide.

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