SUCCESS AND FAILURE FACTORS IN PHYSICAL, DIGITAL, AND HYBRID STARTUPS OF MICRO-ENTERPRISES IN THE RETAIL INDUSTRY: AN EXPLORATORY STUDY IN IRBID, JORDAN

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by

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LIST OF ABBREVIATIONS

A.I	Artificial Intelligence
A.R	Augmented Reality and
BDA	Big Data Analytics
BDA	Big Data Analytics
EF	Entrepreneurial Failure
ES	Entrepreneurial success
JEDCO	Jordan Enterprise Development Corporation
MDEE	Ministry for Digital Economy and Entrepreneurship
ME	Micro-Enterprises
MOL	The Ministry of Labor
MSMEs	Micro, small, and medium-sized enterprises
OIT	Open Innovation Theory
RBT	Resource-Based Theory
SBA	The Small Business Administration
WIT	The Women in Technology Program

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FAKTOR KEJAYAAN DAN KEGAGALAN PERUSAHAAN PEMULA MIKRO FIZIKAL, DIGITAL DAN HIBRID DALAM INDUSTRI RUNCIT: KAJIAN EKSPLORASI DI IRBID, JORDAN

ABSTRAK

Perusahaan mikro di Jordan menghadapi cabaran berterusan yang menyebabkan kadar kegagalan yang tinggi, walaupun mereka memberikan impak ekonomi yang signifikan. Kajian penerokaan ini menyelidiki faktor kejayaan dan kegagalan perusahaan mikro fizikal, digital, dan hibrid dalam sektor runcit di Irbid. Ia meneliti elemen-elemen kritikal termasuk pengurusan kewangan, ciri keusahawanan, strategi pemasaran, penggunaan teknologi, dasar kerajaan, hubungan pelanggan, tempoh operasi, dan infrastruktur. Berpandukan Teori Berasaskan Sumber *(Resource-Based Theory, RBT)* dan Teori Inovasi Terbuka *(Open Innovation Theory, OIT),* kajian ini menggunakan kaedah kualitatif, termasuk temu bual separa berstruktur secara mendalam dengan 18 pemilik perusahaan mikro. Data dianalisis menggunakan NVivo 14 melalui proses pengekodan tematik tidak linear. Dapatan menunjukkan bahawa literasi kewangan, akses kepada modal, dan amalan pelaburan merupakan faktor utama dalam mencapai kejayaan. Perusahaan yang berjaya memperlihatkan daya penyesuaian, inovasi, dan pemasaran strategik—terutama penglibatan digital—manakala perusahaan yang gagal kekurangan perancangan dan ketahanan. Integrasi teknologi, kualiti infrastruktur, dan peranan dasar kerajaan yang menyokong, memberi pengaruh besar terhadap hasil keusahawanan. Tempoh perniagaan juga menyumbang kepada kelestarian, di mana perusahaan yang telah lama bertapak menunjukkan ketahanan jangka panjang yang lebih kukuh. Kajian ini memperkukuh kefahaman teori dengan menerapkan *RBT* dan *OIT* dalam dinamika perusahaan mikro di ekonomi membangun, serta menekankan bagaimana keupayaan dalaman dan kerjasama luaran

dapat meningkatkan prestasi perniagaan. Implikasi praktikal termasuk strategi yang disasarkan untuk menyokong model hibrid dan meningkatkan kecekapan kewangan serta digital. Keterbatasan kajian merangkumi saiz sampel yang kecil dan tumpuan geografi yang terhad. Kajian masa depan disarankan untuk merangkumi sampel yang lebih besar, perspektif longitudinal, dan pendekatan kaedah campuran bagi memperkayakan pemahaman tentang faktor kejayaan dan kegagalan perusahaan mikro.

SUCCESS AND FAILURE FACTORS IN PHYSICAL, DIGITAL, AND HYBRID STARTUPS OF MICRO-ENTERPRISES IN THE RETAIL INDUSTRY: AN EXPLORATORY STUDY IN IRBID, JORDAN

ABSTRACT

Microenterprises in Jordan face persistent challenges, resulting in high failure rates despite their significant economic impact. This exploratory study investigates the success and failure factors of physical, digital, and hybrid micro-enterprises in Irbid's retail sector. It examines critical elements, including financial management, entrepreneurial traits, marketing strategies, technological adoption, government policies, customer relationships, operational time, and infrastructure. Guided by Resource-Based Theory (RBT) and Open Innovation Theory (OIT), the study employed qualitative methods, including in-depth semi-structured interviews with 18 micro-enterprise owners. Data were analysed using NVivo 14, following a non-linear thematic coding process. The findings reveal that financial literacy, access to capital, and investment practices are key factors in achieving success. Successful enterprises demonstrated adaptability, innovation, and strategic marketing—especially digital engagement—while unsuccessful ones lacked planning and resilience. Technological integration, infrastructure quality, and the enabling role of government policies have a significant influence on entrepreneurial outcomes. Longevity in business also contributed to sustainability, with established ventures showing greater long-term resilience. This study advances theoretical understanding by applying RBT and OIT to micro-enterprise dynamics in emerging economies, highlighting how internal capabilities and external collaboration can enhance business performance. Practical implications include targeted strategies for supporting hybrid models and improving financial and digital competencies. Study limitations involve cultural barriers, participant reluctance, time constraints. Future research should include larger samples, longitudinal perspectives, and mixed-method approaches to enrich understanding of micro-enterprise success and failure.

CHAPTER 1

INTRODUCTION OF THE STUDY

1.1 Background of the Study

Micro, small, and medium-sized enterprises (MSMEs) constitute the backbone of a nation's economic vitality, pivotal in driving economic growth, fostering social cohesion, and generating employment opportunities. They function as drivers of inclusive and sustainable economic growth while helping to reduce income disparities (Buyinza et al., 2017; OECD, 2015). physical, digital, and hybrid startups within the MSME ecosystem significantly contribute to the global GDP, employing a substantial portion of the global workforce. For instance, in the United States, SMEs represent 99.7% of employer enterprises and contribute to nearly half of the private sector employment (European Commission, 2017).

The importance of diversity within MSMEs cannot be overstated, as it fosters innovation, enhances productivity, promotes job creation, and fuels inclusive growth (OECD, 2016b). Embracing diversity across various dimensions such as age, size, ownership, business methodologies, and entrepreneurial objectives is paramount for the sustained success of MSMEs. Well-established MSMEs with a track record of innovation and scalability serve as vital conduits for smaller suppliers within intricate supply chains (OECD, 2016b). While many small businesses in mid- and low-tech sectors contribute to regional production networks and promote social inclusion, some enterprises need to be more open to local markets with limited aspirations for growth and innovation (OECD, 2016).

Despite the transformative potential of digitalization for SMEs to access global markets, evidence suggests a digital divide, with many SMEs yet to harness the benefits of technological advancements fully. SMEs must catch up in adopting digital technologies, particularly in sophisticated applications like enterprise resource planning (ERP) software (Gurria, 2018; OECD, 2017a). Disparities widen significantly concerning participation in e-commerce and the adoption of advanced digital tools, highlighting the need for targeted interventions to bridge the digital gap (OECD, 2017a).

In Jordan, the economic trajectory is intricately linked to the success of physical, digital, and hybrid startups within the MSME sector. With nearly 189,000 MSMEs comprising a significant portion of registered businesses and employing a substantial workforce, their contribution to Jordan's GDP cannot be overstated (Jordanian Economic & Social Council, 2022). This sector drives economic growth and product exports and offers significant employment opportunities for marginalized groups, particularly in low-income urban centres (Jordanian Economic & Social Council, 2022).

Despite its potential, Jordan's MSME sector confronts numerous challenges, including high unemployment rates, depleted natural resources, inflationary pressures, and burgeoning national government debt. Moreover, the protracted Syrian and Iraqi crises have significantly harmed the Jordanian economy, manifesting in massive refugee influxes, disrupted commercial routes, and dwindling tourist arrivals (Bawaneh & Al-Abbadi, 2017). In this milieu, startups and micro-enterprises within the retail industry have emerged as pivotal actors, leveraging novel channel types to engage customers.

In Jordan's retail landscape, microenterprises proliferated during the 1980s, buoyed by governmental initiatives to foster small business growth. An estimated 150,338 microenterprises operate in Jordan, providing employment for approximately 600,000 individuals and contributing a substantial 89.7% to the nation's GDP (Economic & Social Council of Jordan, 2022). Amman hosts the largest concentration of microenterprises, followed by Irbid, Zarqa, and Tafeleh (Economic & Social Council of Jordan, 2022). These microenterprises are the backbone of Jordan's economy, supplying essential commodities and services, particularly during economic downturns (El-Beltagy, 2005). Government interventions such as the Five-Year Economic Development Plan (1976–1980) and the establishment of entities like the Jordan Loan Guarantee Corporation (1984) and the Union of Charities (1986) have been instrumental in nurturing the growth trajectory of small businesses, thereby promoting social development, economic stability, and poverty reduction (Almahrouq & Magableh, 2006; Saymeh & Sabha, 2014).

Recognizing the pivotal role of entrepreneurship in sustainable development, Jordan has undertaken significant efforts to support the sector. The Ministry of Digital Economy's establishment in 2019 underscores the government's commitment to fostering innovation and entrepreneurial endeavours. Vision 2025, the 2018–2022 National Transformation Plan, and the 2018–2020 Jordan Response Plan underscore the government's dedication to advancing entrepreneurial education, knowledge transfer, and global competitiveness(Enterprise et al., 2020; GEDI, 2019; Ácsc & Szerb, 2009). Additionally, legislative and regulatory interventions have been implemented to assist businesses and reduce entry barriers, including fee reductions for company establishment and infrastructure provision through partnerships with industry chambers (Kreitmeyr, 2019). Initiatives led by organizations like Oasis500 and the Queen Rania Center for Entrepreneurship further bolster Jordan's entrepreneurial ecosystem by providing resources and mentorship to aspiring entrepreneurs (Weldali, 2020).

Nevertheless, Jordan's entrepreneurship rate still needs to improve due to various impediments, including legal, cultural, and political constraints (Alhnity et al., 2016; Vossenberg, 2013). Female entrepreneurs encounter challenges stemming from societal norms, necessitating initiatives aimed at legislative reform, improved access to finance, and integration of entrepreneurship education into the educational curriculum (Mehtap et al.,2014 &2017). Despite these hurdles, Jordan's performance in global entrepreneurship indices has significantly improved, reflecting the nation's potential for expansion and innovation. The rise in Jordan's ranking from 73rd in 2014 to 49th in 2018 on the Global Entrepreneurship Index underscores the country's strengths in startup capabilities and cultural support (Ministry of Digital Economy & Entrepreneurship, 2021). Additionally, initiatives like the Jordan Innovation Centers network have been established to foster economic and social goals by promoting innovation and regional production (Jordan Chamber of Commerce, 2016; Abu-Jalil, 2017).

Addressing the multifaceted challenges facing Jordan's entrepreneurship landscape necessitates a holistic strategy encompassing supportive legislation, pilot initiatives, skill development programs, and long-term partnerships (Alawamleh, 2021). Collaborative endeavours involving stakeholders from diverse sectors are imperative to unlock the latent potential within Jordan's entrepreneurial ecosystem. Strategic investments, governmental backing, and concerted efforts in education are pivotal in this endeavour (Aminova et al., 2021; Mehtap et al., 2019; Rifai & Yousif, 2016).

In the realm of microenterprises within Jordan's retail industry, significant transformations have unfolded in recent years, propelled by the widespread adoption of internet-enabled commerce. The proliferation of digital and online platforms has revolutionized business engagement, sales channels, and global market expansion strategies (Grewal et al., 2017). Larger retailers such as Amazon and Walmart leverage advanced technology to maintain competitiveness in the digital arena, emphasizing the crucial role of digital entrepreneurship and transformation (Turner, 2022).

The imperative for online delivery and post-sales services underscores the pivotal role of digital entrepreneurship in the contemporary business landscape. The World Economic Forum (WEF, 2016) estimates that digital transformation holds the potential to generate $100 trillion in societal and economic value over the next decade. Scholars like Nambisan (2017), Zaheer et al. (2019), and Jafari et al. (2023) highlight significant distinctions between digital entrepreneurship and physical entrepreneurship, encompassing aspects such as market entry ease, production, storage, distribution, and the nature of goods and services.

The accelerated pace of digital transformation in Jordan, further propelled by the COVID-19 pandemic, emerges as a formidable driver of change and innovation within societies and economies. This digital metamorphosis spawns new companies and industries and reshapes business models across physical sectors while fostering participation and elevation within regional and global value chains (GVCs) (Gorgels & Priem, 2022).

Numerous studies have delved into the various channel types utilized by businesses, elucidating the distinct characteristics and advantages of each. Herhausen et al. (2015) outlined three primary channel types: pure click (digital), bricks and mortar (physical), and clicks and mortar (hybrid). Enders and Jelassi (2000) further examined the attributes of brick-and-mortar businesses, which hinge on face-to-face interactions with customers and offer a tangible shopping experience, contrasting with pure-click enterprises that operate exclusively online and lack physical storefronts.

Despite the inherent advantages of pure-click businesses in terms of scalability, expansive market reach, and diverse product offerings, they often need help crafting a genuine purchasing experience and garnering customer trust. In contrast, brick-and-mortar establishments provide personalized assistance from staff, tactile interaction with products, and a sense of security and reliability in the shopping experience (Herhausen et al., 2015; Charlesworth, 2014). The discourse surrounding channel types underscores the intricate interplay between digital and physical retail paradigms, highlighting the need for businesses to strike a balance between online convenience and offline engagement to meet diverse consumer preferences and expectations.

In 1993, Magnus Klofsten stated, "It is well known that the first two to three years are decisive for a firm's future and subsequent development. Many speak of the years of hard struggle, but few have tried to understand what determines whether a firm survives these years or not".The success rate of MSMEs in Jordan is relatively low (Thaher et al., 2021). (Klofsten) 2017 emphasized that the first few years of a firm's operation are critical to its survival and development. Researchers have attempted to explain why some microenterprises succeed while others fail.

However, no clear theory identifies the critical factors contributing to their success or failure (Lussier & Halabi, 2010). Inadequate financial decision-making, external factors, and the business environment can contribute to the failure of microenterprises, with negative consequences for entrepreneurs, creditors, surviving enterprises, entrepreneurship, economies, and communities (Geho & Frakes, 2013; Halabí & Lussier, 2014; Jenkins et al., 2014; Guzmán & Lussier, 2015; Simmons et al., 2014; Ucbasaran et al., 2013). However, several studies have also demonstrated the impact of personality traits, demographic factors, and strategic planning and management on the success of microenterprises in the retail industry (Devkota et al., 2022; Hui & Ban, 2021; Fatoki, 2014). Sherifat (2013) found that risk-taking, inability to innovate, lack of government support, level of training, and social relationships affect business performances among small-scale enterprise owners.

Santos et al. (2016) discovered that men tend to have stronger entrepreneurial intentions than women. De Massis and Kotlar (2014) reported that the success of small and medium-sized enterprises (SMEs) could be influenced by family engagement in top management. Hui and Ban (2021) found that entrepreneurial personality traits and successful marketing are not associated with business success, while strategic planning and management are positively related to SME business success. Al Mamun et al. (2019) also found that networking, market orientation, and entrepreneurial competency are beneficial for business performance, with entrepreneurial competency significantly mediating the linkages between entrepreneurial abilities, market orientation, networking, etc., and firm performance.

Several studies have examined the impact of modern and physical retailing on consumer behaviour and financial performance. For example, scanner data and loyalty cards have enabled researchers to focus on modern retailing (Castaldo, 2013; Yelina, 2022), while the importance of physical retailing has been emphasized due to its energy and innovation (Soto-Acosta et al., 2016; Mazzei et al., 2016). Additionally, the study by Chen et al. (2021) found that clicks-and-mortar firms had higher efficiency than pure-click firms, and integrating offline platforms could improve financial performance for brick-and-mortar firms. Another study by Avery et al. (2012) revealed that opening brick-and-mortar stores had mixed effects on retailers, with positive and negative consequences. However, the positive impacts were more significant than the sales drops in individual channels. Seethamraju (2018) found that the success and failure of physical, digital, and hybrid micro retailers in India are influenced by several factors, including low levels of digital technology adoption, inefficient processes, poor physical infrastructure, and inadequate access to and poor reliability of digital technologies.

Research has shown that successful entrepreneurial SMEs in Jordan prioritize product quality, cash sufficiency, and suitable business location as critical factors (Alhorani, 2019). However, these SMEs face several barriers, such as inadequate technological advancement, high financing costs, and a lack of practical employee training. Business incubation has been identified as vital in encouraging the success of entrepreneurial SMEs in Jordan, as it helps business owners gain critical managerial, administrative, financial, and marketing skills (Elmansor & Arthur, 2015).

Additionally, a supportive technological infrastructure, innovation, knowledge, and technology can also help increase the performance of Jordanian SMEs. Government policies and entrepreneurial attitudes significantly influence the success of entrepreneurial initiatives in Jordan. An entrepreneurial mindset helps SMEs understand the financial requirements and regional market characteristics, which enhances overall performance. Government interventions in policy and infrastructure assistance have also been identified as critical in helping entrepreneurial SMEs in Jordan succeed. There is a slower diffusion and adoption of e-commerce among SMEs in Jordan than among larger organizations (Alhinity, 2016; Alrousan et al., 2015).

This highlights the need for SMEs to integrate e-commerce into their business practices. Social media has been found to have a significant impact on the success of small-sized enterprises in Jordan, and having a social media page was also found to have a statistically significant impact on their success (Khresat & Qtaishat, 2019). While modern retailing research has been widely conducted due to the availability of detailed consumer data obtained from scanner data and loyalty cards, physical retailing is still important and has great energy and capacity for innovation (Castaldo, 2013; Soto-Acosta et al., 2016; Mazzei et al., 2016).

The challenge for physical retailers is to continue offering value in the context of increasing customization (Sin et al., 2016; Luceri et al., 2018). The growing preference for electronic retailing has prompted small retailers to change (Sin et al., 2016). yet there is still a demand for physical services due to factors such as the ageing population and changes in city life. In the future, neighbourhood retailers must continue to provide value in the context of increasingly customized selling (Luceri et al., 2018).

The study by Alawamleh et al. (2023) aimed to reveal the obstacles entrepreneurs face in Jordan. The research emphasized difficulties related to operational experience, initiating projects, and the skill gap among young entrepreneurs. A prevalent challenge was expanding businesses. Limited financial access and unfamiliarity with legal intricacies were significant hurdles, compounded by the absence of networking opportunities without incubator assistance. The study highlighted the potential of fostering practical entrepreneurship to stimulate economic growth and enhance the international recognition of Jordan's human capital (Alawamleh et al., 2023).

Irbid, the focal point of this exploratory study, is affectionately known as "The Bride of the North." Encompassing approximately 1,572 square kilometers, Irbid is a vital administrative center and commercial hub (Jordanian Department of Statistics, 2022). Its strategic location, about 80 kilometers north of Amman, the capital of Jordan, underscores its significance as a crucial regional commercial conduit. This city's role in the economic and administrative landscape of northern Jordan is indispensable, making it an ideal setting for investigating the dynamics of micro-enterprises and startups.

Illustrating the spatial dimensions of Irbid, the Jordanian cartographic representation encapsulated within Figure 1 ascertains its geographical bearings, courtesy of the Department of Statistics in the year 2015. Moreover, the governorate flaunts a robust network of thoroughfares, facilitating the fluid traversal of goods and services and fostering symbiotic relationships with neighbouring locales like Jerash, Ajloun, and Mafraq (UN-Habitat, 2022). Remarkably, Irbid Governorate emerges as the second most populous and densely inhabited precinct in Jordan, embodying a staggering 18.5% share of the national populace (UN-Habitat, 2022). Presently, it stakes its claim as Jordan's third most urbanized jurisdiction, steeped in a rich tapestry of historical human habitation patterns.

The socio-economic fabric of Irbid is intricately interlaced with the presence of a sizable refugee cohort, predominantly comprising Syrians, Palestinians, and Iraqis. By the calendar year 2015, the dispersal of these displaced communities across various economic sectors, coupled with their distinctive financial capacities, wielded a palpable influence over the economic milieu of the region (UN-Habitat, 2022).

Figure 1.1 Location map of Irbid in Jordan.

Source : (Department of Statistics, Jordan, 2020)

The Greater Irbid Area is a focal point of commercial activity, drawing daily commuters from adjacent towns due to its strategic positioning and vibrant retail landscape (UN-Habitat, 2022). A staggering count of 26,145 establishments spanning 26 diverse sectors underpin the economic framework of Irbid (Jordanian Department of Statistics, 2018). Notably, this economic mosaic comprises 3,690 industrial entities: 89 engaged in construction, 15,771 involved in internal trade, 106 in transportation, 6,472 in services, and 17 operating within the financial, banking, and insurance sectors. The dominance of internal trade underscores Irbid's stature as a commercial nucleus. In contrast, the proliferation of service-oriented enterprises underscores their integral role in the city's economic tapestry (Jordanian Department of Statistics, 2018) (see Table 1.1).

Table 1.1 Number of Establishments in Irbid

Economic Sector	**Number of Establishments in Irbid**
Wholesale & Retail Trade (incl. motor vehicle repair)	15,771
Services	6,472
Manufacturing	3,664
Transportation & Storage	106
Education	581
Health & Social Work	738
Construction	89
Total across all sectors	26,145

Source: Jordanian Department of Statistics (2018)

Irbid hosts a formidable array of business entities within the expansive retail trade realm, encompassing approximately 14,715 micro, small, and medium-sized enterprises (Jordanian Department of Statistics, 2018). Noteworthy among these are the 2,100 micro-level establishments specializing in retail trade, comprising grocery stores, cell phone outlets, clothing boutiques, fresh produce markets, automotive spare parts vendors, cosmetics boutiques, electronics retailers, and purveyors of electronic equipment (Jordanian Department of Statistics, 2018). These micro-businesses, employing one to five individuals each, contribute significantly to the vibrancy of Irbid's retail landscape.

Irbid grapples with persistent challenges despite its economic vigour, particularly concerning poverty rates that surpass the national average. Consequently, municipal authorities are tasked with synergizing efforts to address the dual imperatives of job creation and service provision (Jordanian Department of Statistics, 2022). The labour market within Irbid Governorate reflects diverse employment opportunities, with a notable prevalence of small-scale enterprises, notably within the food and retail sectors (Jordanian Department of Statistics, 2022).

Examining success and failure factors among physical, digital, and hybrid micro-enterprise startups within the retail industry in the Jordanian (Irbid) context emerges as a critical endeavour essential for policymakers, investors, and entrepreneurs alike. Understanding the temporal dynamics of stabilizing businesses or encountering setbacks is paramount for micro-enterprises' success. Such insights can empower policymakers to devise targeted initiatives and programs to bolster micro-enterprises while enabling investors to make judicious resource allocation decisions to enhance the likelihood of success. Moreover, entrepreneurs stand to benefit from this research by delineating focus areas, whether refining essential skills or targeting specific market segments, to overcome prevalent obstacles and amplify their prospects of success.

Furthermore, this study holds the promise of shedding light on the distinct challenges encountered by physical, digital, and hybrid startups, furnishing valuable insights that can inform policy formulation and support interventions geared towards fostering entrepreneurship and spurring economic development in Irbid, Jordan and analogous contexts. By discerning the intricacies of the entrepreneurial landscape and delineating actionable strategies to navigate it, this research endeavour has the potential to catalyze transformative change and foster a conducive environment for entrepreneurial endeavours to thrive and flourish.

1.2 Problem Statement

In Jordan, microenterprises and startups face formidable challenges, despite their potential for growth and innovation, which often results in elevated failure rates. Thaher et al. (2021) highlight the enduring prevalence of failure among micro-enterprises, specifically within the Jordanian context. Additionally, Assaad, Krafft, and Sieverding's research (2021) reveals that 42% of entrepreneurial endeavours by young individuals fail in Jordan, emphasizing the urgent need for comprehensive strategies to mitigate intrinsic challenges.

Moreover, the pervasive threat of business failure extends across enterprises of all scales and sectors. Nanoglobals (2021) outlines a cumulative 70% failure rate over the long term for businesses, with rates escalating to 50% by the fifth year and further to 70% by the tenth year. These findings underscore the critical imperative for holistic approaches to address the complexities of entrepreneurial endeavours.

Furthermore, the Small Business Administration underscores the precarious nature of new small businesses, reporting that nearly one-third cease operations by the end of their second year, with half closing before reaching their fifth year. This highlights the pressing need for effective interventions and support mechanisms to bolster entrepreneurial resilience and longevity across diverse contexts (Small Business Administration, 2013) .

More recent trends, based on the Global Entrepreneurship Monitor (GEM) 2023, show a moderate increase in early-stage entrepreneurial activity in Jordan, suggesting a growing interest in entrepreneurship, yet one that is accompanied by a high rate of business discontinuation (GEM, 2023). Recent local initiatives, such as the Ministry of Industry and Trade's 2022–2023 Micro-Business Program for Northern Governorates, indicate that while the number of licensed retail micro-enterprises in Irbid has increased slightly, survival rates have not improved proportionally (MoIT, 2023).

The emergence of digital entrepreneurship has introduced both opportunities and challenges for micro-enterprises in the retail sector. Beyond economic implications, significant social consequences are associated with the success or failure of these businesses (Johnson et al., 2015; Thaher et al., 2021). Moreover, micro-enterprises play a pivotal role in fostering gender equality and social inclusion by providing opportunities for women, young people, and marginalized groups. In Irbid, Jordan, women-owned micro-enterprises in the retail sector face distinct challenges and opportunities, necessitating an investigation into the determinants of their success or failure.

Therefore, an exploratory study is warranted to examine the factors influencing physical, digital, and hybrid startups in the Jordanian context, including the timeframe for stabilizing the business and the likelihood of encountering failure. This study aims to identify critical factors utilizing a qualitative approach and offer practical insights for entrepreneurs, policymakers, and stakeholders in the retail industry. By understanding these factors, businesses can develop effective strategies to overcome challenges and achieve sustainable growth, thereby contributing to the long-term economic and social advancement of Irbid, Jordan, and similar environments with similar economic and developmental conditions. Additionally, the study's findings will have significant implications for the academic community, enriching the existing literature on the determinants of startups' success and failure in the retail industry.

1.3 Research Questions

The primary Question of this qualitative study is: How do various factors contribute to the success or failure of micro-enterprises in the retail industry in Irbid, Jordan, with a specific focus on exploring the experiences of digital, physical, and hybrid startups?

The study contained eight specific questions. The questions are:

i) How do financial factors shape the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

ii) What are the common traits exhibited by unsuccessful and successful physical, digital, and hybrid entrepreneurs in the micro-enterprises of the retail industry in Irbid, Jordan?

iii) How do marketing strategies contribute to the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

iv) What is the role of technological and digitalization factors in shaping the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

v) How do government policies influence the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

vi) What is the significance of customer relations in determining the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

vii) How does the time frame, including business startup duration, influence the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

viii) How does local infrastructure impact the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan?

1.4 Research Objectives

The primary aim of this qualitative study is to explore the factors that contribute to the success or failure of micro-enterprises in the retail industry in Irbid, Jordan, by exploring the experiences of digital, physical, and hybrid enterprises. The specific objectives are:

i) To Analyze the financial management practices in physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan.

ii) To identify the common traits and practices exhibited by unsuccessful and successful digital, physical, and hybrid entrepreneurs in the retail sector of Irbid. Jordan.

iii) To Investigate the effectiveness of marketing channels in reaching the target audience and assess the adaptability of marketing strategies to changing consumer behaviour.

iv) To explore the adoption of digital technologies and digitalization and their impact on business efficiency in physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan.

v) To Investigate the impact of government policies on the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan.

vi) To Explore the strategies employed by micro-enterprises to cultivate positive customer relationships and assess the impact of customer satisfaction on business outcomes.

vii) To explore the average time frame for stabilizing a business and the average time frame for experiencing failure and how these factors contribute to the success or failure of physical, digital, and hybrid startups of micro-enterprises in the retail industry in Irbid, Jordan.

viii) To Explore the role of infrastructure in facilitating or hindering micro-enterprise operations in the retail industry in Irbid, Jordan.

1.5 Theoretical and Practical Significance of the Study

This section highlights the dual significance of the study, outlining its theoretical contribution to the academic literature and its practical relevance for entrepreneurs, policymakers, and supporting institutions involved in micro-enterprise development.

1.5.1 Theoretical Significance

The theoretical knowledge of microenterprises functioning in the retail sector of Irbid has advanced significantly as a result of this study. Exploring the potential and difficulties these businesses present establishes a basis for theoretical frameworks that may influence future research projects involving comparable microenterprises. The thorough research includes a perceptive analysis of the physical, digital, and hybrid startup typologies, which enhances the theoretical understanding of unique success and failure factors inside each business model. This kind of research opens the door to significant theoretical developments by comprehensively understanding the various business models expected in the retail industry.

Furthermore, the study thoroughly identifies and explains a range of success and failure elements, including business models, market conditions, management practices, and financial aspects. This thorough explanation efficiently fills gaps in current theoretical frameworks and offers a solid platform for further academic research on microenterprises. It makes a substantial theoretical contribution to understanding small business operating dynamics.

This study also contributes substantially to the conversation on entrepreneurship, especially regarding microenterprises in the retail sector. The research reveals new information about Irbid's adoption of digital technology and how it affects microenterprises. This aspect of the research provides a theoretical basis for future investigations in comparable situations. It conceptually advances our understanding of the advantages and difficulties of technology integration in small enterprises.

In addition, this study fills in essential gaps in previous research by illuminating the factors influencing the success or failure of microenterprises in Irbid's retail sector. Providing a theoretical basis for developing focused programmes and efforts to assist small business development within the region, these insights are theoretical and practically significant. Eventually, this study serves as a springboard for additional theoretical investigations, offering a theoretical framework for in-depth studies into the complex factors impacting microenterprises in various retail environments, thereby making a substantial theoretical contribution to this field.

1.5.2 Practical Significance

This research directly tackles a critical practical issue that micro-enterprises in Irbid's retail sector face: the challenges of starting and growing a firm in a highly competitive market. The knowledge gained from this study is precious in the real world since it provides concrete ways to help small businesses overcome these obstacles and find success. This study presents concrete advice that can allow small firms to navigate the competitive landscape more effectively, promoting their growth and sustainability. It does this by thoroughly assessing the issues faced by these micro-enterprises.

Moreover, the study's results have practical implications for policy creation, namely for assisting and facilitating the expansion of small businesses in Irbid's retail industry. The research's recommendations can function as a fundamental structure for policy making initiatives that support entrepreneurship and facilitate the growth of small businesses in the area. Through these suggestions, policymakers can create customised policies and initiatives that address the distinct requirements of micro-enterprises, promoting an atmosphere that supports their expansion and prosperity.

Furthermore, this study makes a substantial contribution to closing a crucial knowledge gap regarding hybrid companies, which are becoming increasingly popular in various industries. This study provides important insights into the workings and difficulties of these hybrid startups in the Irbid retail sector by illuminating these businesses' pragmatic elements and operational subtleties. Comprehending the pragmatic aspects of these hybrids can aid stakeholders and entrepreneurs in formulating well-informed decisions, and strategies customised to the distinctive attributes of these startups, augmenting the practical knowledge base within this field.

1.6 Scope of Study

This study explored the success and failure factors of micro-enterprises in the retail industry in Irbid, Jordan. An exploratory qualitative research design was used to gather data from digital, physical, and hybrid micro-enterprises in the retail industry in Irbid. Data were collected through semi-structured individual interviews with 18 entrepreneurs from micro-enterprises in the retail sector in Irbid, including both male and female individuals.

The sample consisted of nine successful entrepreneurs and nine participants who had experienced failure in their micro-enterprises. Additionally, the study aimed to include an equal representation of six participants from each category: physical, digital, and hybrid micro-enterprises operating in the retail industry in Irbid. This approach ensured a comprehensive understanding of the diverse factors influencing the success and failure of micro-enterprises in the specified region.

1.7 Definition of Key Terms

Micro-Enterprises (ME):

ME are small businesses that typically employ less than five employees and less than 120,000 JD in sales. (Jordan Enterprise Development Corporation, 2023).

MSMEs:

Within Jordan, In the commercial sector, micro-enterprises have up to 5 employees and less than 120,000 JD in sales, small businesses have up to 10 employees and less than 1 million JD in sales, and medium businesses have fewer than 50 employees and less than 1 million JD in sales (Jordan Enterprise Development Corporation, 2023).

Entrepreneurial success (ES):

ES is often defined in terms of the performance metrics of an organization, such as sales, earnings, market share, return on investment, employee growth, and firm survival (Chandler & Hanks, 1998). The U.S. Small Business Administration (SBA, 2014) defined *business success* as the ability of an enterprise to sustain activities and performance beyond five years and longer.

Entrepreneurial failure (EF):

Amankwah-Amoah (2016) define *failure* as the cessation of startup operations and loss of identity due to an inability to adapt to market dynamics define failure.

Startups:

Hathaway (2016) defines a startup as a recently established business that operates using an innovative business model and is funded through startup capital.The average timeframe for a startup to achieve profitability is generally three to four years, although this can vary depending on industry type, operational model, and market dynamics. For instance, online startups with low overhead costs may reach profitability sooner than capital-intensive enterprises such as manufacturing or brick-and-mortar retail businesses. During the initial phase, revenues are often reinvested, with sustainable profits typically expected by the third year (Dandge, 2020).

Physical Startups:

Physical retail startups refer to businesses that rely on a physical storefront where vendors can interact with customers and display merchandise that can be examined, tried, and purchased immediately (Enders & Jelassi, 2000).

Digital Startups:

Microbusinesses primarily leverage technology to create and deliver value to their customers without a well-defined business plan (Rahardjo & Sugiarto, 2019). According to Endrik et al. (2019), digital startups rely heavily on technological advancements to develop new products and services, improve customer experience, and gain a competitive edge.

Hybrid Startups:

Hybrid startups in the retail industry refer to businesses that combine physical storefronts with an online presence. These businesses leverage physical and digital marketing channels to reach customers (Berman & Thelen, 2018).

Retail Industry:

Retail is selling products or services directly to individual consumers for personal use. These transactions can occur through various sales channels, including online platforms, physical storefronts, direct sales, or mail orders. The key characteristic of a retail transaction is that the end user is the purchaser (Hitchcock, 2023).

Entrepreneurship:

Entrepreneurship is a multidimensional concept that has evolved and is defined differently from various perspectives. It encompasses creating and managing new ventures driven by identifying and exploiting opportunities to create value and wealth (Mehtap, 2014).

1.8 Thesis Structure

This thesis comprised five chapters. Chapter 1 introduced the research topic, providing background information to justify its selection and aiding the reader's understanding of the subject matter. The problem statement highlighted the specific issues the study addressed, setting the stage for further exploration. The critical questions that the research sought to answer were outlined alongside the purpose of the study and its theoretical and practical significance to knowledge. Additionally, the scope of the study was delineated to define the boundaries within which the research operated. Definitions of key terms used throughout the thesis were provided to clarify the discourse. Finally, a brief overview of the thesis structure was presented, laying out the logical sequence of chapters to follow.

Chapter 2 presented a comprehensive literature review on entrepreneurship in Jordan, specifically exploring the factors influencing the success or failure of micro-enterprises in the retail industry, focusing on Irbid. The review delved into the experiences of digital, physical, and hybrid micro-enterprises, identifying research gaps and elucidating how this study aimed to advance understanding in these domains. Furthermore, relevant theories related to micro-enterprise success and failure in the retail sector in Irbid were discussed, laying the groundwork for the subsequent