

Abstract

Entrepreneurial failure is often treated as a single event or explained mainly through its causes. However, this perspective ignores how failure develops over time and how it is experienced as it unfolds. This thesis examines entrepreneurial failure as a process, focusing on the „middle stage“, the phase in which failure is already unfolding but the venture has not yet ended. This phase is defined by uncertainty and increasing instability, yet it continues to be under-researched.

Drawing on sensemaking theory, this study examines how entrepreneurs experience this phase and how their interpretations shape their subsequent actions. The empirical basis consists of a qualitative research design involving 13 semi-structured interviews, analyzed using the Gioia methodology to observe patterns in how meaning is constructed during the middle stage.

The middle stage is a critical moment where entrepreneurs make sense of their situation, shaped by emotions, narratives, and power dynamics. These factors influence how they navigate the crisis and whether they reinvest in new ventures or withdraw from entrepreneurship. This study adds to failure research by identifying the middle stage as a distinct phase that actively shapes behavior. It shows that entrepreneurs do not passively experience failure but actively construct meaning from it.

Keywords: *Entrepreneurial Failure, Sensemaking, Middle Stage, Qualitative Research, Narrative, Emotions, Power*