

**The failure of moroccan companies :
A narrative review**

**La défaillance des entreprises marocaines :
Une revue narrative**

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Abstract

In recent decades, the global economy has faced several major and unexpected crises, including the 2008 financial crisis, the COVID-19 pandemic in 2020, and the Russo-Ukrainian war in 2022. These events have had profound repercussions on the global economy, resulting in reduced production, rising unemployment, declining investments, and increased inflation. During these periods of economic turbulence, some businesses were unable to maintain their operations and filed for bankruptcy due to their inability to adapt quickly to changes, while others strengthened their resilience.

This article aims to identify points of convergence among the factors of business failure in the Moroccan context, based on a comparative analysis of several case studies. In addition, it proposes an integrative model of the determinants of business failure, specifically adapted to the Moroccan context, in order to bridge theoretical insights with practical realities and provide a more holistic analytical framework.

Keywords: Business failure, Moroccan enterprises, failure factors, determinants of failure, integrative model, comparative study.

Résumé

Au cours des dernières décennies, l'économie mondiale a été confrontée à plusieurs crises majeures et inattendues, notamment la crise financière de 2008, la pandémie de COVID-19 en 2020 et la guerre russo-ukrainienne en 2022. Ces événements ont eu des répercussions profondes sur l'économie mondiale, se traduisant par une contraction de la production, une hausse du chômage, une baisse des investissements et une inflation accrue. Durant ces périodes de turbulences économiques, certaines entreprises n'ont pas réussi à maintenir leurs activités et ont déposé le bilan, en raison de leur incapacité à s'adapter rapidement aux changements, tandis que d'autres ont su renforcer leur résilience.

Cet article a pour objectif d'identifier les points de convergence des facteurs de défaillance dans le contexte marocain, sur la base d'une analyse comparative de plusieurs études de cas. En outre, il propose un modèle intégratif des déterminants de la défaillance des entreprises, spécifiquement adapté au contexte marocain, afin de relier les apports théoriques aux réalités pratiques et de fournir un cadre analytique plus holistique.

Mots-clés : Défaillance, entreprises marocaines, facteurs de défaillance, déterminants de la défaillance, modèle intégratif, étude comparative.

Introduction

The global economy has recovered from multiple types of unexpected crises in recent decades, such as the financial crisis of 2008, the COVID-19 pandemic of 2020, and the Russian-Ukrainian war of 2022. These crises have had significant negative repercussions on the economies of all countries, including lower economic output, higher unemployment, reduced investment, and rising inflation. During these difficult economic times, some companies were unable to maintain their activities. They faced insurmountable challenges and went bankrupt due to their inability to adapt quickly to external shocks.

Beyond their immediate economic consequences, these crises have also highlighted the growing vulnerability of businesses operating in increasingly volatile, uncertain, complex, and ambiguous (VUCA) environments. Business failure has become not only an economic concern but also a societal issue, given its repercussions on employment, supply chains, and territorial development. Understanding the determinants of corporate failure is therefore crucial for policymakers, managers, and financial institutions, as it enables them to design preventive strategies, strengthen resilience, and minimize systemic risks.

In the Moroccan context, the situation is particularly concerning. According to Inforisk, the number of business failures reached 10,556 in 2021, marking a 59% increase compared to 2020. This sharp rise not only reflects the aftershocks of the global crises but also reveals structural weaknesses in the Moroccan entrepreneurial ecosystem, including access to financing, managerial capabilities, and adaptability to market changes. Addressing this issue is of particular interest, as it contributes to improving the survival rate of businesses, protecting jobs, and fostering sustainable economic growth in Morocco. Against this alarming backdrop, the aim of our work is to answer the following research question : **What are the key determinants of business failure in the Moroccan context ?**

To explore this question, we adopted a narrative literature review methodology based on a structured approach inspired by Tukamuhabwa et al. (2015). This method involves three key stages : (i) identifying and collecting relevant academic studies on corporate failure in Morocco, (ii) selecting and categorizing the most methodologically robust and thematically pertinent contributions, and (iii) synthesizing the findings to draw analytical comparisons and identify recurring explanatory variables. Our data sources primarily include peer-reviewed academic articles retrieved from platforms such as Google Scholar, with an emphasis on both recent and seminal works.

In addition to synthesizing the existing literature, this study proposes an integrative model of the determinants of business failure, specifically adapted to the Moroccan context. This model serves as a conceptual bridge between theoretical insights and practical realities, providing a comprehensive framework that reflects the interplay of internal and external factors within a VUCA environment.

This methodological orientation, combined with the development of the proposed model, serves as the foundation for structuring our analysis. Accordingly, this paper is organized as follows: the first section introduces the main theoretical approaches to the concept of business failure, particularly its economic, financial, and legal dimensions. The second section presents the methodological framework of our literature review, including selection criteria and analytical steps. The third section synthesizes and compares empirical studies on Moroccan business failure, identifying the most recurrent internal and external factors. Finally, the paper concludes with a discussion of the key findings, managerial implications, and suggestions for future research.

1. Failure : Conceptual framework

In an economic environment characterized by instability and uncertainty, risk management, particularly the management of default risk, has become crucial to addressing challenges and capitalizing on opportunities associated with high performance. Indeed, regardless of its size or nature, it is essential to continuously monitor and assess the performance of a company's activities in order to ensure its survival and sustainability (Snoussi & Ibenrissoul, 2024).

A high-performance company must be both effective in achieving its objectives, and efficient in minimizing the resources required to achieve them. However, it can be confronted with various vicissitudes, such as economic crises, lack of financing or poor management, all of which constitute major obstacles to its development. The economic and social repercussions of these difficulties should not be underestimated, as they can jeopardize the company's continuity, potentially leading to failure. So, what is business failure ? What are its dimensions ? What are the potential causes that could trigger it ?

In the literature, the issue of failure has been the subject of in-depth analysis, incorporating a holistic perspective. This holistic approach takes into account three essential dimensions : economic, financial and legal (Casta & Zerbib, 1979 ; Crutzen et Van Caillie, 2009).

1.1.Economic failure

From an economic perspective, a company is considered to be failing when it is unable to adapt to its economic environment (Bescos, 1989). This implies, as Ooghe and Van Wymeersch (1986) have pointed out, that the company is incapable of achieving an economic performance comparable to that of its main competitors. If the company fails to develop and sustain a viable strategic position, and does not implement the necessary measures and actions to rectify its situation, it faces the risk of entering a process of failure (Crutzen & Van Caillie, 2009).

1.2.Financial default

According to Malecot (1991), a company is considered to be in a situation of financial failure when it becomes insolvent and is no longer able to meet its current debts using its available assets.

Ooghe and Van Wymeersch (1996) argue that the process of financial failure typically begins with a lack of profitability caused by excessive overheads and insufficient added value. This imbalance makes it difficult, if not impossible, for the company to maintain self-financing and adequate liquidity. Excessive investment can further aggravate liquidity shortages, prompting the company to incur excessive debt and making it difficult to repay these debts due to lenders' mistrust (a credit crunch). Consequently, the company faces increasing difficulties in securing new financing. In the short term, the inability to take on additional debt generates cash flow problems, which may ultimately lead to insolvency. As a result of these two trajectories, financial and economic failure, the company may ultimately face legal default, which formally confirms the non-payment of its immediately due debts with the resources at its disposal (Guilhot, 2000).

1.3.Legal default

Legal professionals use the term « failing companies » to describe businesses that have experienced a cessation of payments, meaning they can no longer repay their debts as they fall due with the cash available, or are subject to safeguard proceedings. Ferrier (2002) notes that, in legal terms, the concept of « failure » is closely associated with cessation of payment. In this regard, collective proceedings may lead to two possible outcomes: the liquidation of the entity, resulting in its disappearance, or the implementation of a continuation plan aimed at legal recovery. It is also important to emphasize that some companies in default of payment do not necessarily undergo liquidation. Instead, they may experience structural changes such as mergers, acquisitions, or even transformations in legal

form.

It is clear that there is currently no universally accepted or consensual definition of the concept of failure. This multiplicity of definitions can be explained by the diversity of theoretical and empirical research that has contributed to the analysis of this phenomenon. We concur with Luoma and Laitinen (1991) that business failure is not a sudden state of bankruptcy, but rather a dynamic process that begins with economic and commercial problems, progresses to financial difficulties, and ultimately culminates in a legal situation of cessation of payment if no corrective measures are taken to restore the company's position.

Building on these conceptual foundations, the next section presents the methodological approach adopted to systematically and rigorously examine the causes of failure identified in the literature. This includes the research strategy, the criteria for selecting relevant studies, the data collection process, and the analytical framework used to synthesize the determinants of business failure in the Moroccan context.

2- Methodology

Our study is based on a documentary approach, which involves collecting and analyzing published works addressing business failure in the Moroccan context. The aim is to identify points of convergence or divergence concerning the factors leading to failure.

The main research sources were identified through Google Scholar, chosen as a starting point due to its extensive indexing of academic publications. To enhance the comprehensiveness of our review, we also consulted articles available on other open-access academic platforms such as ResearchGate, as well as publications from university journals accessible directly through their institutional websites.

It should be noted that this compilation does not constitute an exhaustive list; however, our selection focuses on the most seminal and recent works. The review period was set between 1990 and 2023, to encompass both historical foundations and recent developments in the field.

To ensure methodological rigor, we applied specific inclusion and exclusion criteria during the selection process. Studies were included if they (1) addressed business failure within the Moroccan context, (2) were published in peer-reviewed academic journals or conference proceedings, and (3) provided either empirical evidence or conceptual frameworks relevant to failure analysis. We excluded studies that lacked methodological transparency, were not available in full text, or did not focus on Moroccan enterprises. Preference was given to works

published between 1990 and 2022, in either English or French, in order to capture both historical perspectives and recent academic developments.

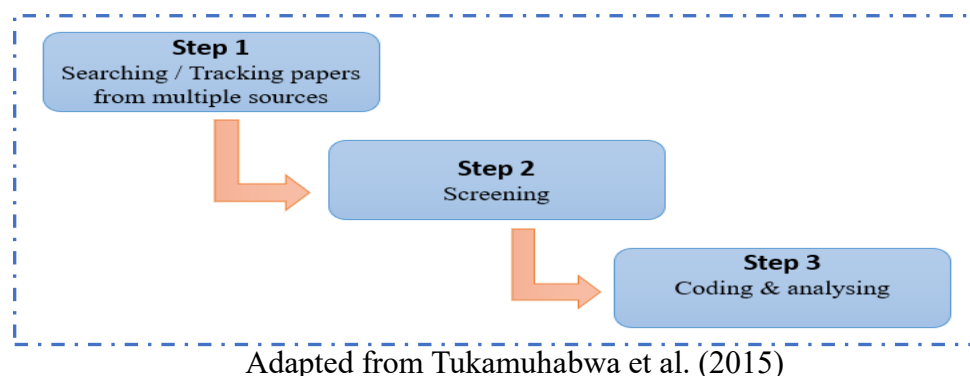
In addition to the inclusion and exclusion criteria, we applied qualitative indicators to assess the academic rigor of the selected studies. These indicators included the reputation of the publishing journal (indexed or peer-reviewed), clarity and consistency of research objectives, transparency of methodology, robustness of the analytical framework, and relevance of findings to the Moroccan business environment. Studies meeting at least three of these five criteria were considered methodologically sound and retained for analysis.

To conduct this study, we adopted a progressive review process inspired by Tukamuhabwa et al. (2015):

(i) conducting in-depth research to gather all relevant information on business failure, (ii) carrying out the selection phase, during which the collected data are screened and only the most relevant are retained for analysis; (iii) engaging in the crucial coding and analysis phase, where the information is organized, categorized, and examined in detail to formulate meaningful conclusions. The coding process involved classifying the causes of failure into thematic categories (financial ratios, managerial practices, external environment, etc.) and distinguishing between internal and external determinants, thereby facilitating comparative analysis across studies.

Figure N°1 provides a concrete and explicit visualization of this approach. As a final methodological step, the synthesis of results enabled the development of an integrative conceptual model specifically adapted to the Moroccan context, bridging theoretical contributions with empirical observations.

Figure N°1 : Methodological Steps for Compiling Studies on Business Failure



Having established the methodological framework and detailed the steps followed in this research process, the next stage consists of applying this approach to the selected body of literature. This involves critically examining empirical studies on business failure in Morocco to identify patterns, highlight converging and diverging findings, and extract the most relevant explanatory variables. The following section presents and discusses these results, offering a comparative perspective that links methodological choices to the observed outcomes.

3- Analysis and discussion of study results

The aim of this literature review is to explore the main research on business failure analysis, highlighting both financial and non-financial factors, as well as the main predictive models used in the Moroccan context.

The results of this research into business failure are described in Tables 1, 2, and 3, which together summarize the main studies. These conclusions are presented according to the following elements:

- Sample construction phase
- Data collection phase
- Results analysis phase

Table N°1: Key Definitions and Contextual Parameters of Business Failure Studies in Morocco

Reference	Type of company	Date of observations	Definition of failure
Tazzi (1993)*	SMIs, all sectors, Casablanca region.	-	Businesses ceasing operations
Maniani (2009)	Moroccan companies, all sectors, Meknes, Casablanca and Marrakech regions	-	Companies in suspension of payments (filing for bankruptcy with the commercial court)
Kherrazi & Ahsina (2016)	SMEs in all sectors, province of Kenitra.	-	Bankrupt company (filing of its balance sheet with the commercial court clerk's office as part of insolvency proceedings (art560 CC), or filing of the minutes with the General Tax Directorate with a view to removal from the Commercial Register).
Hassainate (2016)	VSE/SME with a commercial activity	2014	The legal failure that characterizes companies that were sanctioned in legal proceedings in 2014.
Ibourk & Aazzab (2016)	Moroccan companies, all sectors, various sizes	2007 -2013	Insolvent companies having opened receivership or liquidation proceedings between 2007 and 2013
Abriane & Aazzab (2016)	Moroccan SMEs, Marrakech region	-	The authors have not adopted a definition of entrepreneurial failure
Lotfi & Kohlani (2018)	Moroccan SMEs and GEs in all sectors	2015-2016	Borrowers with payment difficulties (financial default)
Nokairi (2019)	Moroccan SMEs, all sectors combined	-	Payment delay of more than 90 consecutive days.
Idrissi & Moutahaddib (2020)	Moroccan SMEs, all sectors combined	2014- 2017	Companies that have benefited from restructuring credit without resorting to receivership or judicial liquidation
Errachidi & Ait bihi (2020)	All types of companies, all sectors combined	-	Companies experiencing difficulties in repaying loans granted by the bank.
Zizi et al. (2020)	SMEs, Fes-Meknes region, all sectors combined.	2017-2019	Cessation of payments for 90 consecutive days
Abid & Driyasse (2021)	Moroccan companies	2012-2014	A company is bankrupt once it has received its first judicial declaration from the commercial court.
Jebbari & Elzanati (2021)	Moroccan SMEs, all sectors combined	-	Defaulting borrowers who are still operating.
Zizi (2022)	Moroccan SMEs	2017-2019	Any company that has not paid for 90 consecutive days is considered to be in default.
* This is the first study carried out in Morocco on the causes of business failure (Nokairi, 2019).			

Source : author

Table N°2 : Empirical Studies on Business Failure in Morocco: Samples, Variables, and Data Sources

Reference	Sample structure	Nature and number of variables used	Data sources
Tazzi (1993)	56 companies	-	Court of First Instance.
Maniani (2009)	89 business failures	-	Insolvency proceedings handled by the three commercial courts concerned
Kherrazi & Ahsina (2016)	62 SMEs: 31 solvent companies, 31 defaulting companies	8 financial ratios	Accounting firms, audit firms and legal advisory firms
Hassainate (2016)	34 companies: 17 solvent companies, 17 defaulting companies	4 accounting ratios	-
Ibourk & Aazzab (2016)	80 defaulting companies	Analysis of qualitative data	Insolvent companies identified by the Marrakech Commercial Court
Abriane & Aazzab (2016)	-	Qualitative factors	Management researchers and experts, statutory auditors, chartered accountants, judges, and commercial court insolvency commissioners
Lotfi & Kohlani (2018)	2030 companies: 1821 solvent companies, 209 defaulting companies	12 qualitative and quantitative ratios	Moroccan bank
Nokairi (2019)	200 companies: 100 solvent companies, 100 defaulting companies	33 accounting ratios	Data from a major local bank (Moroccan bank)
Idrissi & Moutahaddib (2020)	171 companies: 129 solvent companies, 42 defaulting companies	12 accounting ratios	Databases: DirectInfo (owned by OMPIC) and InfoRisk
Errachidi & Ait bihi (2020)	21 experts in credit risk	-	Gathering information from experts in the field (business analysts, agency directors, etc.)
Zizi et al. (2020)	90 companies: 45 solvent companies, 45 defaulting companies	34 financial ratios	Moroccan banks
Abid & Driyasse (2021)	46 companies: 25 solvent companies, 21 defaulting companies	4 financial ratios	Database obtained from the High Commission for Planning
Jebbari & Elzanati (2021)	302 companies: 273 solvent companies, 29 defaulting companies	30 qualitative and quantitative variables	Moroccan banking group
Zizi (2022)	67 companies: 40 solvent companies, 27 defaulting companies	14 financial ratios	Moroccan banks in the Fez-Meknes region

Source : author

Table N°3 : Methodologies and Key Findings from Business Failure Research in Morocco

Reference	Methods used	Result	Correct classification rate
Tazzi (1998)	Survey	Seven categories of causes ranked in ascending order of predictability and ten most frequent causes of failure : - Management error - Problems of insolvency and late payment by customers - Excessive social charges - Increased market competition, etc.	-
Maniani (2009)	Survey (Development of an analysis grid based on the results of numerous similar surveys carried out in France)	44 factors, the most important of which are : - Excessive recourse to debt - Incompetent management - Increased market competition - Rising interest rates	-
Kherrazi & Ahsina (2016)	Binomial logistic regression	Explanatory factors for failure : - Lack of commercial profitability - Insufficient permanent capital.	R-Nagelkerke (0.864)
Hassainate (2016)	Linear discriminant analysis	- Liquidity - Operating profitability - Financial structure and autonomy.	G (94,1%)
Ibourk & Aazzab (2016)	Survey (questionnaire) of managers and/or directors of previously identified insolvent companies Multiple Correspondence Analysis (MCA)	Explanatory factors for failure relate to the structure of the company, its management and organization, and the personal characteristics of the manager and/or owner.	-
Abriane & Aazzab (2016)	Delphi method (40 SME experts)	The top five most important causes : - Poor company organization - Internal social problems - Downsizing of the company's activities - Withdrawal of bank loans and overdraft facilities	-
Lotfi et Kohlani (2018)	Logit regression	Factors considered: - Legal form, area of activity, region, sales, debt, liquidity, Profitability, Structure.	-
Nokairi (2019)	Discriminant analysis	Factors explaining the failure: - Profitability - Liquidity - Financial balance - Indebtedness	AD1 D (87%) ND (71%) AD2 D (88%) ND (77%) AD3 D (83%) ND (89%)
Idrissi & Moutahaddib (2020)	Logit regression (LR) Neural networks (NN)	The implementation of the two models revealed that there is a common subset of variables that explain the failure of Moroccan SMEs: - Four financial autonomy ratios relating to the company's level of indebtedness - A management ratio corresponding to the time taken to settle customer receivables.	-
Errachidi & Ait bihi (2020)	The 'Delphi' method	Main factors contributing to failure: - Decline in business activity - Management issues - Poor organization within the company	-
Zizi et al. (2020)	Logit regression	Seven variables relating to: - Profitability (3 ratios) - Solvency (2 ratios) - Management (2 ratios)	G (84,44%)
Abid & Driyas (2021)	Logit regression Decision tree (DT) Discriminant analysis (DA)	Profitability, working capital, total debt coverage by cash flow	RL D (96%) ND (90,5%) ADD D (80%) ND (95,2%) AD D (90,5%) ND (76%)
Jebbari & Elzanati (2021)	Logit regression	Five quantitative variables selected: - EBE, financial autonomy, turnover, BFR, default rate by sector	-
Zizi (2022)	The backward elimination technique	9 accounting ratios selected: - Liquidity (1 ratio), solvency and structure (3 ratios), profitability (3 ratios), operating ratios (2 ratios)	-

Source : author

To examine these studies, we chose to focus on three key stages : the sample construction phase, data collection, and results analysis.

- **Sample construction phase** : This stage includes the definition of failure, the study period, and the characteristics of the sample (sector, size, number of failing and non-failing companies, etc.). These elements are of critical importance, as they determine the representativeness of the sample and directly influence the quality of the study.
 - **Definition of failure**: The definition used to characterize business failure within the sample varies across authors. Some consider a company to be in failure as soon as a payment default occurs, such as the non-repayment of bank loans or debts to creditors. Others define a company as failing once it initiates legal proceedings, whether reorganization or liquidation, resulting from its inability to meet its commitments to stakeholders.
 - **Study period** : Analysis of the summary table shows that the time horizon studied generally ranges from one to six years.
 - **Sample characteristics**: A review of the referenced works reveals that some studies relied on a small number of companies (Hassainate, 2016 ; Rachidi & Ait Bihi, 2020), while others used much larger samples (Lotfi, 2018 ; Nokairi, 2019). In most cases, the sample was selected to ensure representativeness and to cover multiple sectors (commerce, industry, services, etc.).
- In the data collection phase, the information required for the analysis was obtained from major Moroccan banks, the High Commission for Planning (HCP), and specialized databases such as *DirectInfo* (managed by OMPIC) and *InfoRisk*. Additional data were gathered from accounting firms, statutory auditors, and legal advisors, as well as from case files of collective proceedings handled by commercial courts. This combination of diverse and complementary sources enhances both the comprehensiveness and the reliability of the dataset.
- The analysis phase of studies conducted in the Moroccan context is based on two distinct approaches: an exploratory approach and an analytical approach. The former relies on the Delphi method (Abriane & Aazzab, 2016 ; Rachidi & Ait Bihi, 2020) or on the development of an analytical grid designed from the results of numerous similar surveys carried out internationally, notably in France (Maniani, 2009). These methods aim to identify the underlying causes of business failure. Findings from these studies reveal a set of recurring

factors explaining the failure of Moroccan companies, including managerial errors, excessive reliance on debt, incompetence and inexperience of the management team, the personal characteristics of the owner-manager, as well as external environmental influences such as high interest rates, declining demand, and intensified competition.

The second approach, referred to as the predictive analytical approach, focuses on identifying the determinants of failure and forecasting business insolvency through various statistical methods such as logistic regression, decision trees, discriminant analysis, and neural networks. Moreover, an examination of the reviewed studies indicates that most authors primarily rely on financial and quantitative dimensions. Indeed, the majority of empirical research on business failure is almost exclusively centered on financial and accounting ratio data. These studies have highlighted that both the logistic regression model and the neural network model achieve the highest correct classification rates (Kherrazi & Ahsina, 2016 ; Zizi et al., 2020 ; Abid & Driyasse, 2021). However, it is important to note that there is no consensus on the techniques for selecting and constructing consistent accounting and financial ratios. To date, no study has succeeded in identifying an optimal set of ratios.

Although business failure prediction models based on financial ratios may appear effective, their reliability has been called into question. These models rely on accounting and financial data, the credibility and informational relevance of which may not always reflect the actual situation of companies. This limitation is particularly evident when managers engage in « *window dressing* »¹ practices to artificially enhance their financial statements (Argenti, 1976; Modrik, 2016). Findings from these studies reveal a common set of explanatory variables for failure, including debt, profitability, liquidity, solvency, organizational structure, and management practices.

Furthermore, several authors (Argenti, 1976; Koenig, 1985; ...) emphasize that financial ratios are merely symptoms of financial distress, manifested through increased indebtedness, deteriorating liquidity ratios, declining cash flows, and similar indicators. These measures alone do not provide a comprehensive understanding of the underlying causes of business failure. In reality, such failure is often rooted in specific managerial shortcomings and external events that weaken the company. These issues are subsequently reflected in the financial ratios. For

¹ The term *window dressing* originates from the English expression meaning « decorating shop windows. » In a financial context, it refers to a set of practices aimed at embellishing a company's balance sheet or income statement solely to present a more favorable picture of its financial position at the end of the fiscal year.

example, a drop in revenue may stem from poor internal management, such as the absence of strategic planning, a misaligned product offering, or the lack of a marketing strategy, but may also be driven by external factors such as an economic crisis, a pandemic, or intensified market competition.

Keasty and Watson (1987) argue that models combining both financial ratios and qualitative variables to predict business failure exhibit greater predictive power than models relying solely on traditional financial ratios.

In the same vein, many authors (Argenti, 1976; Hambrick & D'Aveni, 1988; Crutzen & Van Caillie, 2010, etc.) stress that corporate bankruptcy does not occur suddenly. The failure process is rooted in managerial and strategic shortcomings, which first manifest themselves in financial ratios before progressing into a gradual and inevitable deterioration of the company's financial situation. This process ultimately culminates in formal bankruptcy proceedings before the competent courts.

In short, it is difficult to determine which study is the most reliable for identifying causes and predicting failure, given that the methodology adopted by each researcher can be influenced by various factors, such as the size effect and industry trends. Researchers are unable to reach a consensus on which variables determine and predict failure. Although many studies have focused on quantitative aspects, few have taken qualitative aspects into account. In general, there is no homogeneous, accepted list of variables that can predict and explain this phenomenon.

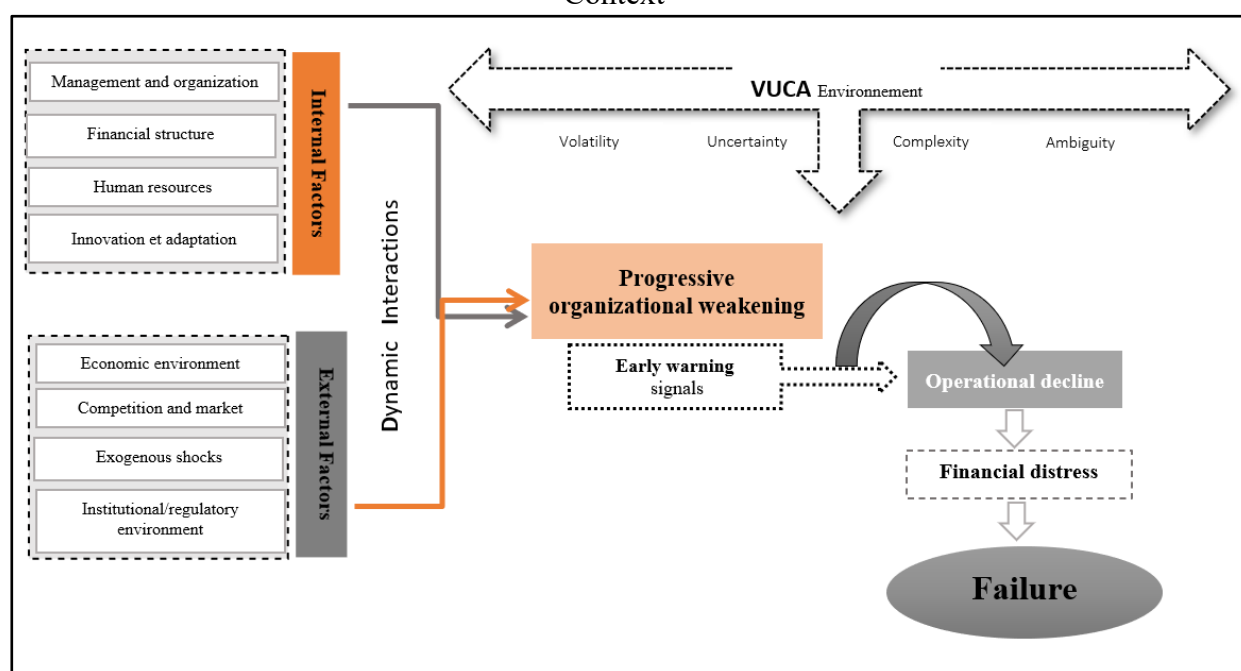
4. Proposed Integrative Model of the Determinants of Business Failure in Morocco

Following the critical review of theoretical frameworks and empirical studies, it becomes clear that business failure in the Moroccan context cannot be attributed to a single cause. Rather, it results from a complex interaction between internal and external factors, often evolving through a cumulative process of organizational fragility. This lack of consensus, combined with the limited integration of qualitative dimensions, underscores the need for a more holistic analytical framework.

The proposed integrative model addresses this gap by consolidating the main determinants identified in the literature and aligning them with the specificities of the Moroccan entrepreneurial environment. It encompasses two main dimensions: internal and external.

This conceptual framework considers failure as the outcome of dynamic interactions between internal weaknesses and external shocks, progressing through successive stages: early warning signals, operational decline, financial distress, and ultimately bankruptcy. In a VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) environment, these stages can accelerate, reducing the window for corrective action.

Figure N°2 : Integrative Model of the Determinants of Business Failure in the Moroccan Context



Source : author

As illustrated in Figure N°2, the model highlights these interconnections and the progressive trajectory toward failure, offering both a diagnostic tool for managers and a conceptual contribution to academic research. Future studies should aim to empirically validate this model within Moroccan enterprises and compare it with findings from other developing economies.

Conclusion

This study examined the main theoretical approaches related to the concept of business failure and, through a narrative literature review, identified both the key failure factors and the main prediction models used in the Moroccan context. The analysis of empirical studies reveals that the majority of determinants of failure are internal in nature, financial, managerial, organizational, and strategic, although external factors such as macroeconomic conditions, competitive pressure, and the regulatory framework also play a significant role.

As a conceptual contribution, this article proposes an integrative model of the determinants of business failure, specifically adapted to the Moroccan context, establishing a link between theoretical insights and practical realities. This framework can help managers, policymakers, and financial institutions to detect early signs of fragility, develop targeted resilience strategies, and implement preventive measures to reduce the likelihood of failure.

Building on this analysis, our focus has been on the Moroccan context; however, we plan to enrich these findings through a comparative exploration of cases from various international contexts, combined with an in-depth empirical analysis. Such an extension would not only test the robustness of the proposed integrative model but also refine its applicability to other economic environments.

Despite these contributions, this research has certain limitations, including its reliance on secondary data and the methodological heterogeneity of the studies reviewed. Future research should aim to empirically validate the proposed model using primary data, extend the analysis to other developing economies, and integrate qualitative indicators related to managerial behavior and governance practices.

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