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### **Investigating Failed Social Entrepreneurship: A 'Process Research' Perspective**

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**Abstract:** This paper suggests use of process approach in studying of failed social enterprises. It approaches the topic by first looking at the epistemological underpinning of process and variance model followed by theoretical interpretation of organizational failure. It examines the current work on failure in social enterprise and highlights the suitability of process approach in studying the failure. Finding of this paper argues that process research can be helpful in developing a 'complete' understanding of SE phenomenon. Failure need to be looked as a stage in organizational change and not as an outcome. The existing theory on failure consider it to be an outcome and focuses on understanding the reason and consequences of failure. With application of an event driven model, failure can be conceptualized as an entity in flux and mechanism of failure can be studied through identifying events. The mechanism can throw more lights on how temporality of factors can impact failure. Looking at failure through a process lens may able to address the stigma associated with it. There are few academic work existing on failure in SE and most of them take a variance model to understand failure. This paper makes an attempt to explore the uncharted domain of failure through an event-driven model and discuss the possibility of using process research in studying failure.

**Keywords:** Process Research, Organizational Failure, Variance Theory

**Article Classification:** Conceptual Paper

## Investigating failed Social Entrepreneurship: A 'process research' perspective

Social Entrepreneurship (SE) research has been mostly focused around the entrepreneur, SE as process and organization's characteristics in SE (Bacq and Janssen 2011). Most of the work on SE focuses on individual entrepreneurs with a tendency to portray them as individuals with heroic characteristics. Individual are often portrayed as charismatic and unconventional thinker. This heroism is detrimental to the growth of SE research as it results in bias against learning from failure (Dacin, Dacin, and Tracey 2011). Not many researchers are interested in investigating the case of a failed hero. These failed efforts are often difficult to locate as not many would like to admit the failure. In many instances, entrepreneurs would claim that their gestation period is too long and hence needed more time before being declared as failure. As a result we have little work on failed SE and have learned little from failure.

The value of learning from failure is not contested and the relevance of the question – “why should we study failed SE?” is not debated. However the critical challenge is in “how should we study it?”- its methodology, which is the focus of this paper. Large part of academic research in SE revolves around case study methodology. This is primarily because of focus on heroic characteristics within such research and on the phenomena of entrepreneurship as an innovative approach in achieving mission. The successful case studies typically follow a “variance model” (Van de Ven 2007a) where the central question is framed around the antecedents or consequence of success. The focus is on – why a social entrepreneur/ enterprise fail/succeed? Such a model may help in studying failed enterprises by listing variables (read mistake) which are not to be repeated by others. But it does not produce deep insight in the process of failure. This paper argues that the analysis will be more robust if we look at the question of *how* - “how changes happen in failed SE?” The question of ‘how’ is derived from “process model” (Van de Ven 2007a). Process model does not look at phenomenon in terms of changes in variable causing an outcome. It focuses on unfolding of events leading to an outcome. These two approaches are different not only in terms of their approach to the world but also in terms of their ontological assumptions. In recent years, there is stress to extend research in SE processes (Mair and Martí 2006, Perrini 2006). Accordingly this paper builds on the current works on process research in organizational studies and extends the debate to investigate a critical aspect of SE work- failure of enterprises.

The paper is structured as follows. First, theoretical background of process approach is discussed followed by examples of few process studies. These studies give an idea about the kinds of questions that can be explored through a process approach. Second, the conceptualization of failure in organizational research is presented to show the dominance of variance model. Third, a discussion is presented on how failure is studied in social enterprise literature and what are the challenges in studying failure. Finally, the paper outlines the opportunities for process model to study failure and probable research agenda for studies related to failure in social enterprises.

### Process Research

Process research deals with how things evolve over time and why they evolve in certain way (Van de Ven and Huber 1990). It makes an explicit focus on processes as the object of investigation. Process research addresses questions related to how and why things emerge, develop, or terminate over a period of time (Langley et al. 2013) and define process as 'sequence of events' that describe how things change over time (Van de Ven 1992). Process approach takes a historical perspective and focuses on incidents, activities unfolding over a period of time leading to changes in subjects central to the investigation. While process refers to unfolding of events, process theory looks at how and why process emerges. Process can be viewed from two different ontological stand point. One stand point looked at the world as made up of things where process represent changes in the things. For example if organization is viewed as a thing, growth can be looked as a process which brings changes in the thing called organization. The other view looks at world made of processes, where things are actually outcome of processes. So from this view point, organizations are looked as an amalgamation of rules and categories which are constantly modified, adjusted or ignored in the carrying out of organizational tasks.

Rescher (1996) traced these different ontological views to philosophies of Democritus and Heraclitus. Democritus looked at the world composed of stable material substance which undergo changes in terms of their qualities; but their underlying nature does not change. For example, Klarner and Raisch (2013) studied different patterns of change (regular and irregular) and their association with performance of the organizations. They looked at the strategic changes in the history of the organizations and accordingly deduced its repercussion on performance. Their study found that a regular strategic change in organization is associated with higher long-term performance as compared to irregular changes. The ontological view

looked at organization as a separate entity and different patterns of changes are happening to the organization. The classification of strategic change in different patterns and identifying their nature of association with the organization assumes the ontological stand where the organization is an entity in itself and its quality (high performance/ low performance) varies over a period of time.

Heraclitus looked at the world as composed of process and there is nothing called as thing. Process is fundamental to everything in nature. According to this view change is not something that happens to things, but it is the way reality is being constructed at every instant. Maguire and Hardy (2013) examines two chemicals - vinyl acetate monomer (VAM) and bisphenol A (BPA) and how first they considered to be safe before declaring risky in Canada. They examine how the meaning of VAM and BPA are changed from a safe object to a risky object. Maguire and Hardy looked at risk not as an attribute of BPA and VAM; rather they examined how the attribute of risk is constructed over time through social practices.

The Process ontology looked at organizations as instances of ongoing processes and are composed of events. Each of these events are constituted through its relation with other events and thus can further be broken down into smaller events. For example, Lok and De Rond (2013) studied the preparation for Cambridge University Boat Race and identified events as ‘instances of breakdown’. These events are further analyzed and linked to small events in the past. They identified five events where the organizational principles of Cambridge Boat Race are compromised and highlighted the institutional responses for such breakdown. From the perspective of process ontology, they considered the preparation for boat race as a process consisting of many events; delineating on the unpacking of preparation.

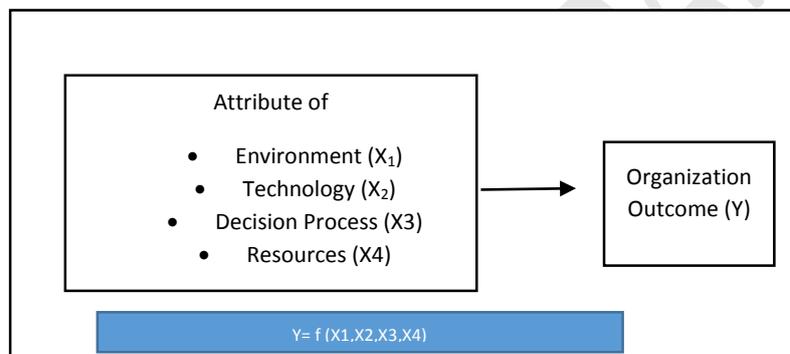
To summarize, process can be studied either by considering it as change in qualities of substantive things or as enactment of interwoven events. Thus in a process approach, one can ask research questions like how the qualities of individual, organization, or any entity changes over time where the nature is assumed to be composed of substantive entity. The other way of asking questions can be how the processes like institutional maintenance, sense-making, decision-making etc emerge, develop or decline (Langley et al. 2013). Such questions will have an assumption about the nature as composed of many interwoven processes.

Processes can be studied through two different research models- variance and process models. These two models are used to answer two different type of research questions. In variance model, as we try to understand the changes in qualities of any entity, we ask questions like

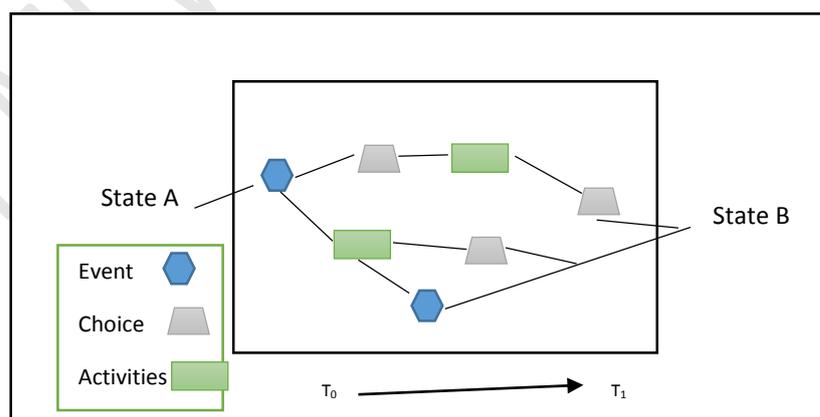
what are the antecedents or precedents to the issue at hand. In process model, questions can focus on how does the issue at hand emerge, develop or decline. The first set of questions entails a variance or an outcome-driven model while the second set of questions deals with an event-driven or process model (Aldrich 2001). In variance model, process is considered as a category of concepts or variables that relate to action and activities. The process in a 'process model' is a narrative describing how things evolve and decline (Van de Ven and Engleman 2004). Variance model explain changes in terms of relationship among dependent and independent variables and a process model explain how sequences of events leads to an outcome (Van de Ven 2007b).

Figure 1: Differences between Variance and Process Model

#### Variance Theory



#### Process Theory



Source: (Langley 1999)

As depicted in the Figure1, in variance model, organizational outcome like growth is studied as outcome of identifiable variables like environment, technology, decision process etc. Changes in the dependent variable 'growth' is explained through changes in independent

variables. In this model, the phenomena is explained in terms of relationship among variables. For example, organizational growth measured through profitability can be achieved with more efficient decision making process. In case of process model, focus is on unfolding the process of growth that is how sequence of events leads organization from a certain stage of growth to another. These events are activities and actions happening to the entity or done by them. In process model, the temporal order of events is crucial and narrative is created weaving around the temporal order. For example, in the study of organizational growth, process model will look at major events in organizational life cycle influencing the growth cycle.

Although the difference between variance and process model is highlighted here, it is crucial to appreciate the complementarity of these models in understanding a phenomenon. Answer to the question of ‘what’ implicitly assumes the answers to ‘how’. What causes failure of SE? – answer to this question already assumes answers to how a sequence of identified events exert influence on failure of social enterprises. Thus the logic underlying a variance model to identify the role of independent variable will implicitly or explicitly acknowledge the awareness of a process story detailing on sequences of events causing the independent variables to exert influences on dependent variable. Similarly, answers to a ‘how’ question remain half-backed if one does not have an understanding of what caused it or what are the consequences. For example, how various events in entrepreneurial journey lead to a stage termed as failure will have little value if one does not know what are the causes of failure or its consequences? The causes and antecedents of failure gives a starting point and ending point for process model to understand the sequence of events unfolded from one stage to another. Although this paper focuses on process research, but we are aware of the truth that the robustness of any investigation will significantly improve when one examines both the questions of ‘what’ and ‘how’. Despite the complementarity of variance and process model, process studies have found relatively low taker in entrepreneurship research. The next section discusses few selected work to highlight the kind of problem addressed through process research in SE.

### **Process Research in SE**

Studies in SE or only entrepreneurship per se have not demonstrated an encouraging adoption of process research (Steyaert 2007). Although there is no denial on the significance of processual thinking in understanding the phenomenon called entrepreneurship, but still not much has been achieved on this front. Few studies in SE have opted for an event driven approach. For example Perrini, Vurro, and Costanzo (2010) studied the drug rehabilitation

community San Patrignano to understand the stages involved in the process of social opportunity identification, evaluation, exploitation and scaling up. They have used archival data and semi structured interviews to build narrative accounts of events unfolded in San Patrignano. The construction of narrative accounts helps in learning about the dynamics among individual and contextual dimension at each of the five stages – opportunity identification, opportunity evaluation, opportunity formalization, opportunity exploitation and opportunity scaling up. The focus of the study is not to demonstrate why San Patrignano has been successful in opportunity identification and subsequent exploitation, rather the stress is how the process of identification unfolds through different phases.

Mair and Marti (2009) examine the role played by BRAC in ensuring participation of women in market place. Their study is situated in a context of rural Bangladesh where the local traditions, religious belief, social relations and governance structures act as a hindrance in the participation of women in economic sphere. Development programs like microfinance also fails to reach the ultra poor- women. Under such a social structure and established development practices, how does organizations experiment with different vehicles to ensure inclusion of women in economic development programs, and social change is what their study tried to explore. It is found that BRAC uses a mechanism of bricolage through some of their innovative interventions to bridge the gap between women and the market. In another example, Datta and Gailey (2012) find that there are important elements of empowerment embedded in the business model of Sri Mahila Griha Udyog Lijjat Papad popularly known as ‘Lijjat’ which helps in shaping the view of empowerment of individual members of the organization. They have used an event chronology approach to identify how empowerment is embedded in the structure of Lijjat and how it relates the individual perception of empowerment by highlighting three ways to empower women – economic security, development of entrepreneurial behavior, and increased contribution to the family.

Process studies looks at the world as a flow; something always in a state of work-in-progress. Organization is not considered as a thing rather as a process where transactions happens and is always in flux. As suggested in preceding paragraphs, process approach in SE has been adopted to unfold stages in a journey, explore ‘mechanisms’ and its emergence, understand construction of experiences embedded in the context etc. These studies have adopted longitudinal case study method and focused on narrative accounts and identification of events. But despite its criticality in better understanding of the entrepreneurship process, there is little presence of event driven

research in SE. Process approach is avoided on the ground of several challenges faced by researcher. It requires a time consuming longitudinal design and access to research sites become a difficulty. Also accessibility of reliable archival document adds up to the problem. Lack of knowledge in management research community on process research methods and resulting lack of training for young researcher on longitudinal method further aggravated the negligence of process approach (Van de Ven and Engleman 2004). In summary, process studies in SE is still in a nascent stage and the difficulties of conducting an event driven research further caused researchers to distance themselves from process approach. Even for a sensitive issue like studying failure which surely demands high degree of robustness, there has been a tendency both at theoretical and empirical level to focus on the outcome driven model.

### **Theoretical Approach to Organizational Failure**

Organization failure has been studied from different theoretical approaches and multiple terms have been used to denote failure like organizational mortality, organizational death, organizational bankruptcy, organizational decline, etc (Mellahi and Wilkinson 2004). The veracity of terminologies indicates that there is a lack of precise definition for organizational failure as different theoretical approaches conceptualized failure in different ways. However all these terminologies indicate towards one common meaning – failure has negative consequences for the organization. Cameron, Sutton, and Whetten (1988) defines failure as “deterioration in an organization’s adaptation to its microniche and the associated reduction of resources within the organization”. This definition of failure implies two things – first organizations failure may happen as a result of interaction with its environment and its inability to adjust to the need of environment. Second, loss of resource is a critical cause of failure. This definition takes into account both the environmental as well as organizational factors.

Organizational failure has been studied from the lenses of organization ecology (OE), industrial organization (IO), organization studies (OS) and organizational psychology (OP). Scholars from IO and OE agree on the proposition that failure is mainly caused by external factors rather than internal decision makings. Contrary to this OS and OP scholars have argued that failure is driven by factors within the organization. These two schools of thought have been broadly classified as deterministic view (Swaminathan 1996) and voluntaristic view (DeTienne, Shepherd, and De Castro 2008) respectively.

IO and OE scholars argue that the industry and population matter more than organizational strategy in determining failure. IO perspective proposes that organizational failure happens

because of the inability of the organization to adjust to environmental transformation. Environmental transformation may happen due to change in taste of customer, shift in brand preferences, competition from rival firms, decline in demand etc. Also factors like changes in environment leading to uncertainty for organization, scarcity of resources, and complexity of interrelation among environmental stakeholder may also cause failure. According to OE perspective, factors like organizational size, population density, life cycle of the industry and organizational age determine the failure rate in any field. Contrary to deterministic approach, the voluntaristic approach argues that managers as key decision makers exert maximum influence on success and failure of organization. The OS and OP perspective focuses on who makes the decision and how the decision makers make sense of the environment. The environment is considered as given within the OS/OP perspective. The failure is decided by inadequacy of managers in reading the external threat.

Beside these two approaches, a third approach “emotive approach” (Khelil 2016) identifies role of motivation, commitment and aspiration of entrepreneurs in predicting business failure. This approach argues that an entrepreneur with a non-economic motivation will continue with an underperforming firm at a certain level of economic performance compared to an entrepreneur with a higher level of economic motivation. This is because the entrepreneur with high economic motivation will perceive a higher gap between actual performance and initial goal and will experience more dissatisfaction. Similarly entrepreneurs with higher initial expectation will perceive a gap between current situation and future expectation to be more severe as compared to entrepreneur with a low initial expectation. This will influence their satisfaction level which in turn will influence their persistence with an underperforming business. The emotive approach looks at failure as an issue of continuation/ non-continuation with underperforming firms that are excluded by both voluntaristic and deterministic approaches.

To summarize, the theoretical progress in organizational failure primarily revolved around the central question of what leads to organizational failure. Deterministic approach identified causes of failure outside the organization, voluntaristic approach found it within the organization and emotive approach found it at individual level. All the three approaches basically looked at business failure as an outcome caused by certain happening and typically followed an outcome driven model. With the theoretical conceptualization of failure as an outcome, studies on failure invariably followed variance model trying to explain reasons for

failure. The dominance of variance approach is also evident in studies of failure related to SE. There is a need to re-conceptualize failure as a stage in organizational change and looking at the events and actions leading organizations to such a stage of change with an event driven model.

### **Failure in Social Enterprise**

In recent years, there has been an emphasis on understanding failure in social enterprises (Stanford Social Innovation Review, 2015). Both academicians and entrepreneurs have highlighted the value in revealing failure. Despite realizing the criticality of unpacking failure, not much sincere effort has gone in studying failure. Although entrepreneurs value the learning hidden in failure, not many of them have come forward to talk about their failure. Academic research on failure has broadly focused on causes and consequences (Khelil 2016). In terms of empirical work, little is available on case studies related to failure. Agencies like Engineer Without Border (EWB) Canada had initiated some work in documenting failure and they have been publishing Annual Failure Report since 2009. These reports present day to day, small failures of social enterprises in their journey. The studies on failure has dominantly adopted an outcome-driven variance model identifying causes of failure. The discussion on failure has looked at causes through two dimensions – first, failure in generating sufficient revenue to run the business model or financial insolvency. Second, deviating from the social mission and resulting in lower impact on community than expected along with hostile socio-political situation (Foster and Bradach 2005). Both dimensions look at failure as an outcome.

For example, Cobb et al (2015) describe the failure of Philanthropub, “Cause” after running for merely 14 months, in terms of not being able to generate sufficient revenue. The venture was about running a pub named as “Cause” to earn profit and share the same for a charitable cause through identified NGOs. The reasons for failure of Cause and its eventual closing are found to be poor identification of client base and assessment of their need, problems related to executions of vision, lack of networking with peer organizations, etc. Failure in social enterprise is also related to size, lack of resource, funding issues, staff quality, and cash flow difficulties (Coburn and Rijdsdijk 2010). Most evaluative studies on social enterprise concerns about “mission drift” as an outcome of organizational failure (Dart 2004). Mission drift is deviation of organizational goal from social mission. SKS microfinance from India can be considered as an example of failure from this second dimension. Many purist in India would like to call SKS Microfinance as a failed social enterprise because of its mission drift (Sriram

2010). SKS has started as a nonprofit microfinance organization in late 1990s and later on transformed into a for-profit commercial organization. In 2010, it has opted for Initial Public Offering (IPO) to raise capital for fuelling growth. During this phase of expansion, many have argued that SKS lost its focus on poor and the social mission. Spandana Microfinance is another example social enterprise with a probable mission drift. In Indian ecosystem, not much has been documented about failure in social enterprises except in microfinance sector.

Most of the discussion reported on failure cover the first type of failure related to business model. Financial failure of the start-up is generally attributed to individual characters of the promoters. This is expected because in case of success stories, the success is often attributed to heroic character of the entrepreneurs. So when the business fails, the blame is to be borne by the entrepreneur only. In few instances, issues like suitability of the market, conduciveness in legal and economic environment etc are brought as added reasons for failure. The second type of failure is more difficult to establish. This is because even if there is a mission drift, social enterprise generally reframe their action and avoid acknowledging failure. However the tension between financial and social performance resulting in imbalance can also become the source of failure (Seanor and Meaton 2008).

Failure as an outcome is not desired by any of the SEs and hence they would be committed to any action to avoid failure. Considering the severity of consequences from failure, it is expected that in SEs, more work should revolve around failure. But contrary to the expectations, there is hardly any academic work on failure. There may be several reasons for this as stated hereafter.

*Stigmatization.* The obsession with social entrepreneurs as heroes solving modern day complex problem through innovative market based solution, discourage them to talk about failures. The heroism has put pressure on successful entrepreneurs to hide their failure. Established social entrepreneurs find it difficult to open up about their problems.

One of the serial social entrepreneur Dave Daws commented, “It’s hard to learn from success, its easier to learn from failure.....but one of my bugbear is that these discussions only happen in the bars at the conference, not on stage” (The guardian, 2013).

*Restricted access to resources.* Social enterprises tend to hide their failures due to fear of not being able to access resources. Failure is perceived as a sign of inefficient management. Many funders may not like to associate themselves with such enterprises which are being managed

inefficiently. In such a situation, sharing of failure may keep potential funders at a bay. In cases where the enterprise is already funded through investors, the existing investors may not like the failures to be shared publicly to avoid embarrassment. A similar restriction is placed on the researcher as well in terms of generating funding. It is difficult to access funding to study a failed enterprise. Not many funding agencies are interested in sponsoring researchers to study a failed effort. Also by reporting a failed effort, researcher may risk the relationship in field research. The sector wants to project more shining examples and most of the funders generally look for sure shot bet to invest. Donors invest in social enterprises to derive a feel-good experience. Reporting of failure takes away that feel-good experience and hence individual donors are also not keen to know about organizational failures. These constraints of funded and field research are clearly reported by Scott and Teasdale (2012) while studying a failed enterprises. They claim that freedom from “the constraints of funded research and from the obligation of field research, where negative critique may be modified to preserve relationship (2012,p12)”, helped them to focus on the wider political and economic environment.

*Methodological challenge.* In academic research, there is a tendency to collect large set of data on the event of interest and analyze the same or focus on capturing the experiences of people managing businesses. Both these issues are difficult to address while studying failed social enterprises. First, there is severe inadequacy of dataset dealing with failure in social enterprise. Any available dataset cannot claim to meet the demand of being representative of the sample population. Second, while capturing data from individual experiences, actor tend to exaggerate their own agency while describing success and focus more on environment by undermining own agency while dealing with failure (Mellahi and Wilkinson 2004).

Thus research on failure in social enterprises broadly encompasses variance model partly influenced by theorization grounding of failure and by conceptualization of SE as an act of heroism. The other challenges are the resistance towards studying failure due to factors like stigma, lack of support from donors and methodological hurdles in researching failure. A process research can help in looking at failure as a stage in organizational change rather an outcome and thus may be able to address stigma attached to it.

### **Suitability of Process Research to Study Failure**

Suitability of process research to study failure arises from the fact that it emphasizes on different aspects of organizational change compared to variance approach. As discussed earlier, process approach asks a question different from an outcome- driven research focusing on ‘how’

of the phenomenon. In an outcome-driven approach, researchers look for variables that cause the failures. In this model, we look at the variables at one point in time. But for an event-driven driven research, researcher looks at certain events a priori and records their occurrences over time. The event-driven model looks at how sequences of events leads to some outcome- in this case the failure of enterprise. In a variance model, researcher can study how changes (in case of failure studies this is poor financial performance, mission drift etc) are happening to attributes (like financial health, activities related to mission etc) of a social enterprise. Such approach will help us in knowing what causes the failure in SE. But the suitability for process approaches arises in understanding the 'mechanism' through which financial performance deteriorates ultimately leading to failure. The process mechanism is more embedded in the context and can be helpful in presenting the 'complete story'. For example, Singh, Corner, and Pavlovich (2015), in their work on micro processes of failure related to stigma, found that entrepreneurs experience stigma at three different episodes of venture failure – anticipating failure, meeting failure and transforming failure. Their findings suggest that pre-failure stigma affects the behavior of entrepreneur and contributes to failure. These nuances related to stigma helps in presenting a complete story.

Process research can be helpful in studying failure in multiple ways. First, the generality of explanation in process research arises from the degree to which it can encompass a broad domain of pattern keeping the essential character (Van de Ven and Engleman, 2004). Process approach does not stress on uniformity and consistency. This quality can help in addressing one of the methodological challenge in study of failure in terms of having a representative sample to study. In case of failure, it is impossible to claim that the cases one has represent the population of failed enterprises. This is because each case of failure is embedded in a complex socio-economic context combined with geographical diversity. In a process model study, greater the diversity in cases to be studied, a richer and more generic explanation can be derived.

Another feature in process research that helps in investigating failure is its inherent complexity. An event driven model with the same set of events may differ considerably in term of sequencing of events and their duration. For example, if we look at SE as a journey of emergence and failure as a stage in it; process research can take into account the fact that a failed enterprise may experience different stages of this journey in different sequences with different length of time spent on each venture in each of the stages of emergence or decline.

In process research the temporal sequence of independent variable is crucial (Van de Ven and Engleman, 2004). It means in a narrative account the order in which causal forces appear is crucial in understanding the phenomenon. The order of events can reveal hints about when causal factors comes into play and the duration of events can determine how long these causes remain operative. The differences in order can create significant difference in outcome. For example, in a failed social enterprise, if there is a gradual shift happening in the needs of the target population and followed by arrival of a rival enterprise, the firm will start losing its business quickly resulting in financial failure. The firm will also incur losses leading to failure if it faces competition from a rival firm first and followed by a shift in consumer taste. But in the first case, the decision making capability required may be different from the second case. So the order of occurrences of two event “shift in taste” and “rival competition” will bring in two different causal forces (lack of different decision making abilities) to act on failure. In the first case, the ability needed is to quickly respond to the market before devising other competitive strategy; while in the second case there is need to develop ability to retain/capture market share before handling competition. In fact in second case, there may not be any requirement of handling competition because the rival firm may lose itself due to shift in taste of consumer. Such an approach can bring insightful findings in process research as it can reveal the different role of causal forces in impacting the outcome.

Process theories are “causally deep” (Abbott 1998) meaning that events influencing an entity may operate for limited time, but it continue to influence the entity beyond the time of operation by becoming a part of the history of the entity. This understanding on process research can bring out interesting insights on failure. For example, a SE working on a climate change related issue may be subject to a strict regulatory regime such that its every initiative requires clearance from the ministry. So the success of such a venture would be shaped by measure taken to respond to rules imposed by ministry from time to time, despite getting initial clearance for the project. This explains the failure at any point in time needed to be looked in terms of prior history of events and relevant causal experience.

Process studies take into account the change in meaning of variable or events over time. For example, the event ‘lack of funding’ will have different meaning for a nascent enterprise compared to one which has an established venture. Thus in the context of failure in SE, ‘lack of funding’ may have varying causal impact across different social enterprise depending upon whether the social enterprise is trying to address a new issue in a new market, or it is trying to

enter into a new product development, etc. As stated earlier, such nuances encompassing the narrative story of SE can bring more robustness in studies of failure as compared to simply interview based studies.

Finally, in order to exploit the potential of process approach in investigating failure, there is a need to look at failure through a different lens. Research has looked at failure mainly as an outcome leading to decline of the venture. Failure has been largely conceptualized as the ‘grand failure’ occurring at the end of entrepreneurial journey. Such conceptualization of failure make it dreadful to study because of stigmatization and non-acknowledgement. Failure need to be studied as a stage in organizational change (may be considered as an undesirable/unintended change) and is to be looked at every stage of venture creations. Present research has proposed several models of venture creation to demonstrate entrepreneurship as a process of emergence (Steyaert 2007). This process of emergence moves through a number of sequential stages including pre-venture stage and post start-up activities. To understand more about failure, it important to look at deviation at each stage of this process of emergence. Rather than looking for the ‘grand failure’, one need to focus at the ‘small failures’ occurring at any of these stages in the process of emergence. Such conceptualization of failure as a stage in emergence will be helpful in handling stigma attached to failure and will make more entrepreneurs to admit openly to these small failures.

## Conclusion

This paper extends the debate on application of process research to study entrepreneurship (Chell 2007) by stretching it to investigate failure in SE. Social enterprises emerge, grow, transform and decay like any other ventures. The visual of enterprise as process encompassing activities of exchange makes it eligible for use of processual thinking. It has the potential to unlock a basic level of understanding in failure. Failure is a taboo and not many efforts are being made to study failure despites its potential to bring out new learning. This paper builds a case for process research to study failure in SE. Studying failed enterprises with a process approach needs access to longitudinal data. Archival data, interviews, and observations form the main source of data in process research. Historical narrative, ethnography etc are used as research method in process research. Such research method gives enough scope for prolonged engagement of the researcher with the field. Such methods corresponds well to a perspective focusing on unfolding of processes. In a process research approach, the researcher needs to acquire “interactional expertise” (Langley et al. 2013) so as to relate to the social entrepreneurs

from different domain. The prolonged involvement in field and expertise to relate to the domain of a specialist help the researcher to develop trust with the research participants. Developing trust is crucial to studying failure in organizations as failure relates to emotion and self-belief of the participants from field. So the novelty in research approach is not sufficient in handling a sensitive issue like failure, there is also strong need to develop abilities of researcher to conduct such research.

The learning from failure are valuable for any practitioner so as not to repeat the expensive mistakes. However these learning can also contribute to the theory development especially in the domain of organizational failure. Many queries related to tensions in hybrid organizations, dominance of one mission over the other, etc can be better handled to develop insights from failed social enterprises. The findings through process research can help researchers to make analytic generalization from their study. This is quite a critical move in theory building and process approach can give enough opportunity for such theory building.

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## Professional Activities:

Prof. Sarma holds a doctoral degree (FPRM) from Institute of Rural Management Anand. Prior to joining the Fellow Programme, he has worked for five years in non-profit sector with organizations of national repute like CAPART, SEWA-Lucknow and PRADAN.

## Research:

Competing Institutional logics, Institutional work, Organizational identity as theorization strategy, Microfinance.

## Publications:

Sarma, Sushanta Kumar (2015), "Data Collection in Organizational Research: Experiences from Field", *International Journal of Rural Management*, 11(I): 75-81

Sarma, Sushanta Kumar and Madhavi Mehta (2014), "The Best Model for Micro-lending: Self Help Group or Joint Liability Group?" *Journal of Rural Development*, 33(3): 247-260

Sarma, Sushanta Kumar (2011), "NGO Transformation: Institutional Entrepreneurship in Indian Microfinance" *Business Strategy Series (Emerald Publications)*, 12(4):167-176.

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Sarma, Sushanta Kumar (2009), "Rural Credit and Microfinance Regulation: Scope and Issues ", *The microFINANCE REVIEW*, (BIRD Publication) 1(1):142-155.

## Book Reviews:

"The Institutional Logic Perspective: A New Approach to Culture, Structure, and Process", by P.H. Thornton, W. Ocasio, and M. Lounsbury, Oxford University Press, 2012, in *Organization Studies* (in press).

"Institutional Work: Actors and Agency in Institutional Studies of Organization" by Thomas B Lawrence, Roy Suddaby, and Bernard Leca (Eds) in *South Asian Journal of Management* (forthcoming).

"Why Doesn't Microfinance Work? The Destructive Rise of Local Neoliberalism" by Milford Bateman, published in *Vikalpa: The Journal for Decision Makers*, 36(4):168-170, 2011.

## Management Cases

Sarma, Sushanta Kumar and Animesh Bahadur (2015), "Who will bear the torch now?", *Corporate Citizen*, April 16-30.

Sarma, Sushanta Kumar and Madhavi Mehta (2013), "ABC Development Organization", *Emerald Emerging Market Case Studies Volume: 3; Issue: 5*.

Sarma, Sushanta Kumar (2010), "Weaving Strength with Suta", in *Subsistence to Sustainable: The Power of Aggregation in Agriculture*, Pp.43-54. Access Development Services: New Delhi.

Sarma, Sushanta Kumar and Madhavi Mehta (2010), "People's Education and Development Organization"- a case on organization culture. Used as a teaching case in the course "Understanding Organization" at IRMA.

## Consultancy Assignments:

Conducted training need assessment for SEWA, Ahmedabad as a part of IRMA team for the project, "Assessing and Enhancing Managerial Effectiveness of Selected SEWA Bank Functionaries" in August, 2010.

Worked as a Sociologist and Gender Specialist in formulation mission of "Women's Empowerment and Livelihood Programme in mid-Gangetic plains of Uttar Pradesh and Bihar (Priyadarshini)" for International Fund for Agricultural Development (IFAD), from 17th June to 31st July, 2006.

"Reconfiguring SGSY: A Limited Scope Study" was conducted and presented jointly with Trust Consulting, Lucknow in state level workshop on "Empowering Livelihoods: State Policy, Private Initiative & Civil Society Action" at Lucknow from 22nd-23rd September, 2005.

## Conference Presentations:

Sarma, Sushanta Kumar (2014), "Politician's Dilemma: Interplay of Commitment and Conformity in Pluralism", Paper presented at the Academy of Management Meeting, Philadelphia, USA,

Sarma, Sushanta Kumar (2013), "Walk the talk while pleasing all: Interplay of Commitment and Conformity in Pluralism". Paper accepted for presentation at the 9th New Institutionalism Workshop, Warsaw, Poland.

Sarma, Sushanta Kumar (2012), "Changes haven't Changed Us: Identity Protection as a Response to Institutional Complexity". Paper accepted for presentation at PDW, "Organizational Institutionalism", 28th EGOS Colloquium, 2-7 July, 2012, Helsinki, Finland.

Sarma, Sushanta Kumar (2011), "Organizational Strategies Against Multiple Logics", Paper presented at Annual Convention of NAOP, 12-14 December, 2011, IRMA, Anand.

Sarma, Sushanta Kumar (2011), "Theorizing Transformation of NGO-MFIs in Indian microfinance sector". Paper presented at 27th EGOS Colloquium, 6-9 July, 2011, Gothenburg, Sweden.

Sarma, Sushanta Kumar and Ishan Agrawal (2011), "Commons for Internally Displaced Persons (IDP): Excluded from Policy". Paper presented at the 13th Biennial Conference of the International Association for the Study of the Commons (IASC) 2011 at Hyderabad, India on 10-14 January, 2011.

Sarma, Sushanta Kumar (2010), "NGO Transformation: Institutional Entrepreneurship in Indian Microfinance". Paper presented at the International Conference for Strategy and Organization (ICSO), 2010 organized by Institute of Management Technology (IMT), Ghaziabad, India on 14-15 May, 2010.

Sarma, Sushanta Kumar (2010), "Effect of Formalization on Performance of MFIs". Paper presented in the 3rd Doctoral Colloquium organized by Indian Institute of Management, Ahmedabad (IIMA), India on 8-9 January, 2010.

Sarma, Sushanta Kumar and Ishan Agrawal (2009), "Social Science Research in Vernacular Languages: Challenges and Opportunities". Paper presented in 30th Anniversary Conference of Institute of Rural Management Anand (IRMA) at IRMA, Anand, India on 15-16 December, 2009.

### **Awards:**

His case 'Who will lead the torch now?' (Co-authored with Animesh Bahadur) was selected as the 1<sup>st</sup> best entry in EdgeFarm – CII WR HR Case Study Competition, 2015.

Selected for travel grant under Young Professional Award by International Development Research Centre (IDRC) to participate in the 13th Biennial Conference of the International Association for the Study of the Commons (IASC) 2011 at Hyderabad, India on January 10-14, 2011.

His case study 'Weaving Strength with Suta' was selected as the third best entry for publication in the compendium of top 10 case studies under Sitaram Rao Livelihoods India - Case Study Competition, 2010. The event was organized under the aegis of India Livelihood Summit, November 17-18, 2010 and was hosted by Access Development Services.