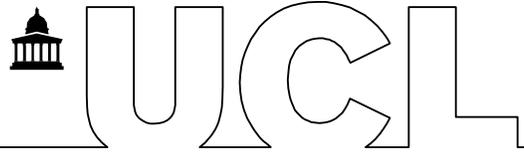


Towards a Hermeneutic Framework for Social Entrepreneurship

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Abstract

Social entrepreneurship is a field of entrepreneurship praised for its potential to solve complex social problems by harnessing the power of enterprise. However, it is this very complexity that causes social entrepreneurs to walk a narrow line of conflicting priorities of mission and profit while navigating complicated cultural and economic landscapes. This precariousness makes the possibility of failure high, and the social aspect makes the stakes should an enterprise fail that much higher. This dissertation begins with a new premise for social entrepreneurship that views social enterprise as an interpretive endeavor where the mission of the enterprise is the text, the entrepreneur the interpreter, and the target community the author. This project then seeks to define a hermeneutic (interpretive) framework for social entrepreneurs by first investigating the relevance of hermeneutic factors in social enterprise success, and subsequently how research of social entrepreneurial failure can be improved.

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Chapter 1: Introduction

Hermeneutics, or the field of interpretation, is a discipline originally developed to aid in theological scholarship, but has since been adapted by a variety of fields including literature, philosophy, and even hard science. In other words, how do we methodically and carefully derive meaning? According to Jacques Derrida, “everything is text” (Hendricks, 2016 p. 6), therefore everything we do is an act of interpretation, and it has been posited by many hermeneutical scholars that any act of interpretation is a conversation between the interpreter, the text, and the positionality of both parties (Kinsella, 2006). Therefore, any meaning derived is influenced by how both experienced the world and their audiences, and as such, effective and responsible interpretation takes into account this positionally to coherently enter into this conversation. Positionality is a term commonly used to describe a researcher’s relation to their research. It is widely considered best practice to reflect on how one’s background and life experiences may effect how one approaches their research, what questions they ask, and how they interpret the results, especially when the subjects come from communities the researcher is not a part of (Brown, 2022). This term will be especially helpful throughout this study in the context of hermeneutics (interpretation).

Justification and Background for Study: The PlayPump Case

Social Entrepreneurs, it would seem, would benefit from reflecting on their positionality. By entering into a social enterprise, social entrepreneurs act in pursuit of their interpretation of “the good life” (VandenBroek, 2017) as they craft their mission and their plans to achieve it. However, both the interpreter (entrepreneur) and author (target community) have a vision that is influenced by their positionality, and without careful consideration of how they may influence each other, any attempt at interpretation (enterprise) may easily become jumbled.

These contradictions are exactly what early hermeneutical scholars sought to understand and accommodate by developing processes and philosophies to help theologians achieve their interpretive goals (Zimmermann, 2015 p. 7). Though there are many approaches and perspectives throughout time and across disciplines, most mainstream scholars agree that a fundamental first step to interpreting a text is to understand the context of the author of the text as well as the context of the interpreter to examine how they may interact with each other and effect how the text may be interpreted and analyzed.

The consequences of not doing so have been seen countless times within social entrepreneurship, an especially notable example being the PlayPump case. In the 1990s, an advertising expert named Trevor Field saw a prototype for a merry-go-round children’s playground/water pump hybrid and immediately bought the patent. He had visions of children’s play as a solution to the water crisis in Africa funded by the power of billboard advertising to be posted on the side of the water tanks used to collect the newly pumped water (Graham Saunders and Borland, 2013).

It was a beautiful vision. So beautiful, in fact, that it garnered the attention of the global stage, endorsed by Bill Clinton, Laura Bush and the Coca Cola company. It was the subject of countless news articles and of several documentaries from producers such as PBS News' FRONTLINE and National Geographic (Borland, 2015 p. 325).

By 2006, PlayPump International was established and had raise enough money to erect 4000 PlayPumps by 2010. However, instead of celebrating successful implementation of a world-changing invention, 2010 saw PlayPump International ceasing operations and fading into obscurity (Obiols and Erpf, 2008).

Field had put all of his time and energy into sharing his vision with the world but had never taken the time to understand the vision that these African communities had for what clean water access looks like for them. It turns out that these pumps required twenty-seven hours of continuous play to produce the amount of water promised by Playpumps (Martin, 2016). Anyone who has ever spent time with children can say that very few children are interested in playing in one way for that long, leaving the women of the community to have to use the PlayPump. When asked by investigative journalists, the women of these communities commented that the hand pumps they had previously were preferable to the PlayPumps (Chambers, 2009). Unfortunately, Field was so confident in his revolutionary technology that PlayPumps were often installed in place of the old pumps, leaving communities stuck with them even as they fell into disrepair, a common issue (Borland, 2015 p. 326).

Those advertising billboards? Rarely used. In fact, the tanks they were fixed to never had enough water in them to be useful even without being a fundraising opportunity (Graham Saunders and Borland, 2013). All of these issues compiled result in essentially every aspect of the project having some sort of fundamental failure. It was such a spectacular failure that the journalist behind the original FRONTLINE documentary felt compelled to do a new documentary called *Troubled Water* to uncover what went wrong (*Troubled Water*, 2010).

Field, a British advertising expert, seemed to never stop to consider that there could be more to this problem than covering the expense of the pump with advertisements. He, and none of the subsequent donors, sought to position their solution within a community of humans with customs, history, and issues that may be different from their assumptions, nor did they seek to position themselves in relation to this community to help their visions align and take advantage of their strengths.

There is no shortage of discussion about the shortcomings of social entrepreneurship, its relations to modernity and capitalistic views, and how its conflicting missions make it difficult to avoid phenomena such as mission drift (Verrganti and Öberg, 2013; Ebrahim, Battilana and Mair, 2014; Hervieux and Voltan, 2018; Bruder, 2021, etc.). This project will seek to contribute to a framework that makes practical, yet human, recommendations for ways in which social entrepreneurs and researchers alike can visualize these complex relationships and interactions of all of the stakeholders so that

they can avoid blind spots and take advantage of strengths to make the biggest and best impact they can. The research questions seek to define what factors should be included in this framework as well as to identify gaps within current research practices that may contribute to these kinds of oversights in Social Enterprise.

Research Questions:

Question 1 seeks to determine if there is a basis for hermeneutics in social entrepreneurship and if so, in what way? Based on this, the question reads as follows: How do the hermeneutic pre-understandings of the social entrepreneur and target community affect the success of a social enterprise? After examining the data collected for this question, some discrepancies in the analysis done by the studies revealed themselves. Out of these inconsistencies, a second question arose. Research Question 2 reads: In what ways can the process and mindset of social enterprise failure research be improved?

Chapter 2: Literature Review

Introduction and Structure

Because the methods chosen for this project are in themselves literature reviews, it was somewhat difficult to settle on topics for the literature portion of the dissertation. Eventually the decision was made to focus on the theoretical foundations of this project and settled on two areas of review: hermeneutics as a concept (ontology) and hermeneutics as a process (epistemology).

Unlike the hard sciences with research and data to review, hermeneutics is a soft science, giving leave to every scholar to have their own unique opinion on not only theories, but even the very definition of what hermeneutics means. As such, it would be impossible to comprehensively review the field of hermeneutics, so this review will instead endeavor to cover the most influential fields of thought, and how they may contribute to the foundations of this project.

Ontology and Hermeneutics

While hermeneutics is viewed by many in a variety of fields as a method of interpretation, it also calls into question the goals of interpretation and the limits of human capacity to discover meaning. This leads to two areas of concentration among scholars, the ontology of understanding (ie. What is it possible to understand as a result of interpretation?) and the epistemology of understanding (ie. How one should arrive at that understanding.). When discussing ontology and the various schools of thought surrounding it (phenomenology, hermeneutics, etc.), there have also been arguments made that the very act of choosing any type of ontology is interpretation of how things are known, and is in its essence hermeneutical (Fehér, 2015 p. 162), leading to a sort of chicken and egg circle of conversation among philosophers.

Today, most scholars agree that interpretation is the method by which humans gain understanding, derived from work by Dilthey, one of the more influential hermeneutical philosophers, who spoke at length about the concept of understanding. He sought to distance the humanities from the hard sciences by separating understanding from explanation. For him, the humanities sought to understand life, a pursuit that requires a spiritual or deeply philosophical component. In contrast, hard science seeks an explanation for observed phenomena (Dilthey, 2003). To put it more simply, to Dilthey, hermeneutics, a crucial function of the humanities, is focused on the **why** of being, whereas the hard sciences are focused on the **how** of being.

This delineation becomes especially interesting when discussing social entrepreneurship, a concept that lies in the crux of such a binary. Though the details are often contested, social entrepreneurship is often defined as a business that solves some sort of social problem (Jiao, 2011). Though social problems are capable of being explained and quantified by hard science, seeking to solve it requires imagining a future where that need is met, an act that is inherently interpretive (as discussed by (Verganti and Öberg, 2013)) based on an understanding of what a better world should look like.

This imagined future then must be pursued with the help of concrete solutions, crossing over into the hard science side, therefore employing both sides of the coin as defined by Dilthey.

Different Perspectives on Meaning

It can easily be assumed that every person's vision of a better future could be unique, and likewise one of the fundamental debates among hermeneutical theorists is whether there is a singular correct interpretation. This both applies to textual interpretation and to more broader interpretations of being.

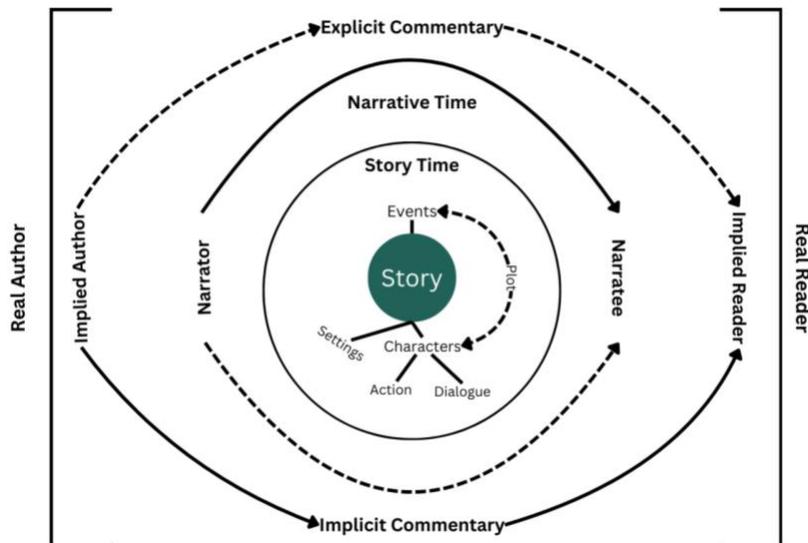


Figure 1: Example of a Hermeneutic Circle (Culpepper, 1987 p. 6)

The way this is conceptualized often comes in the form of a circle. Every scholar understands the circle and its meaning differently, but broadly speaking, the circle represents the subject of interpretation, with the author on one side and the interpreter on the other. Figure 1 is an example of a hermeneutic circle from Culpepper's *Anatomy of the Fourth Gospel* (Culpepper, 1987 p. 6). The general goal of interpretation is to understand the whole of the circle by encountering its parts to create a full picture. Some scholars, especially from an evangelical viewpoint, prefer to represent the hermeneutic process as a spiral.

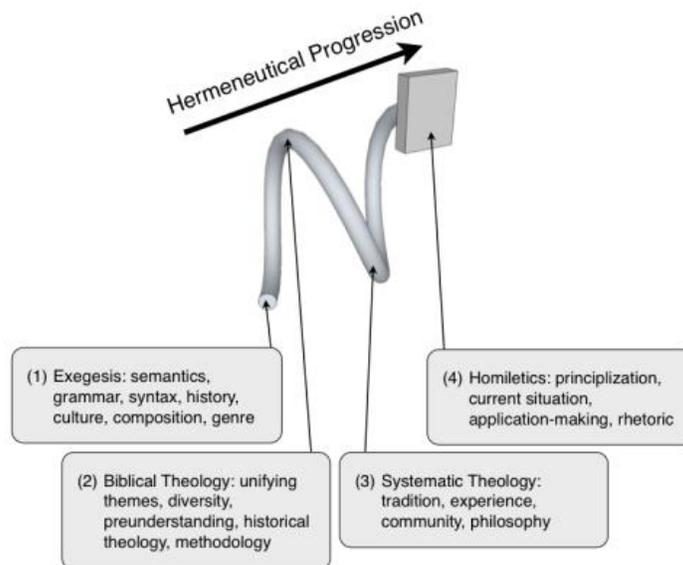


Figure 2: Example of a Hermeneutic Spiral (Osborne, 2010 p. 365)

At the end of this spiral lies the true meaning of the text with the steps of pre-understanding, investigation of context, interpretation of the text, back to pre-understanding coming out from the center (Figure 2). The interpreter is to move through the stages over and over again, moving ever closer to the center. While this project does not adopt the idea of a single correct interpretation, this emphasis on the iterative nature of hermeneutics will prove valuable to its application in social entrepreneurship.

Prior to Frederick Schleiermacher in the early 19th century, hermeneutics was solely viewed as a method of understanding complex ancient texts. It was agreed that the interpreter and their personal context was an important part of the circle, contributing to the interpretive process, but that there was still a foundational correct interpretation of a text to be discerned (Grondin, 2015 p. 301). However, Schleiermacher broadened this idea to take a more critical view of understanding. He not only acknowledged the importance of context for the interpreter, but believed that it was possible to gain understanding of the author's psyche, allowing for the potential to understand the meaning of a text to a greater degree than even the original author (Ricoeur, 1977).

However, during the 19th century, the concept of "pre-understanding" or the pre-conceptions an interpreter might bring with them when they approach a text began to be viewed as the enemy of hermeneutics. Scholars from this era thought that there was one true interpretation of a text that could only be understood from outside the circle. This was especially true for post-enlightenment thinkers who sought to legitimize the soft sciences, especially theology, by creating scientific-method-esque and rational processes for arriving at conclusions (Grondin, 2015 p. 299)

On the heels of this era came another highly influential scholar: Heidegger. His work became the catalyst for a shift from hermeneutics as an epistemological concept, to one of ontology. He sought to break away from the demonization of pre-understanding by

redefining what it means to understand. To do so, he equated understanding with existence, and furthered this by asserting that humans understand out of pre-understanding. As such, meaning loses its monolithic status, instead becoming an ever-changing, non-definitive pursuit. He also noted, in a contribution to hermeneutical method, that it is possible for one to interrogate and understand this effect for oneself, aiding in their interpretive conclusions (Lafont, 2015 p. 391-395). In essence, how we assume things will be is fundamental to how we encounter them, a precursor to the concept that perception is reality.

Two of Heidegger's students took these concepts and furthered them in influential ways. Bultmann sought to apply Heidegger's theories to the practice of New Testament interpretation. He saw that both pre-understanding of the interpreter, and the world view of the author were integral to the understanding derived from the text. In so doing, Bultmann birthed the concept of interpretation as a conversation between the text and the interpreter, a now highly popular concept among biblical scholars (Bultmann, 2019 p. 14). Gadamer, on the other hand, focused on the idea of pre-understanding, but redefined it to be framed as "prejudices". Though this word carries a negative connotation, this was not the intent of the scholar. He simply intended to broaden the ideas of Heidegger to include personal context beyond assumptions of the meaning of text. Gadamer argued that a person's identity and context that accompanies it is integral to understanding and not its enemy (Browning, 2016 p. 153). This theory is also congruent with the idea that there is no one correct interpretation of any given text, literal or figurative.

Application to Project

In the case of social entrepreneurship, the question of correct interpretation is complex. To speak on it properly, the players involved must be assigned roles. For the purpose of this project, the text is the problem to be solved, or need to be met, something that could easily be argued has no one correct solution, though surely many that are obviously ineffective or doomed to fail. The author here is the community affected by the problem. They have the most immediacy to the problem and their vision for a better future is inherently affected by that near vicinity. Even so, as the author in this scenario, it is important to be respectful of their vision of their own future and to try to understand it as much as possible to pay service to it in the pursuit of it. This leaves the social entrepreneur as the interpreter. Unless they are a community member, they are the one with the most distance from the problem, finding themselves at the other side of the hermeneutic circle. Their vision of the future could be influenced by many pre-understandings, cultural factors, etc., just as the vision of the author is influenced by theirs. However, the author bears the responsibility of discovering these factors for themselves so that the solution to the problem, or meaning derived, is conscious of the entire circle. As such it can be concluded that while there is no one correct interpretation for social entrepreneurs, an effective and compassionate one can only be arrived at by first seeking to enter into and

understanding the dialogue between author, interpreter and text. This leads to an investigation into the various processes proposed to enter into such a dialogue.

Hermeneutics as Method

As one may guess, the method of interpretation, or epistemology of understanding, is greatly defined by the goal of interpretation. Whether one is interested in finding the singular correct interpretation or the interpretation that is correct for a given time, place, and audience, (or meaning versus significance for some scholars (Allen, 1987)) is integral to how one approaches a text. Though his views of hermeneutics are highly contested, Schleiermacher's two-fold method is still one of the most well-regarded basics for hermeneutic processes. As above, he believed that the goal of interpretation was to achieve better understanding of a text than the author themselves possessed. His avenue to understanding involved two distinct areas of attention that he called grammatical and technical. The grammatical inquiry involved examination of the linguistic aspects of a text, much in the vein of literary criticism. The technical inquiry followed his belief that one could see into the psyche of an author, and his approach followed other Romantic beliefs such as divination (Römer, 2015 p. 87). The idea that one can climb into the head of an author has been largely dismissed, but this way of looking at the background of a text from multiple angles has persisted as a method of creating a full picture of the hermeneutic circle.

Heidegger, as we described above, believed that understanding was derived solely through pre-understanding and thus, believed that the interpreter is the source of all meaning in a text. Though his main focus was not on defining methods of interpretation, his work influenced an era of scholarship that did not seek definitive meaning in text, leading to some decentralization of method in the field of interpretation (Virkler and Ayayo, 2023 p. 15).

In more recent years, evangelical theologians have sought to redefine meaning back to a more monolithic concept. This is predominantly driven by the doctrine of biblical inerrancy which is integral to the evangelical Christian traditions. The concept of an inerrant text demands the existence of a singular fundamental truth or meaning (Allen, 1987). These thinkers typically draw upon the work of Hirsch to establish their hermeneutical method. Hirsch coined the idea of authorial intention as integral to understanding of a text. Though similar to Schleiermacher's psyche concept, this concept does not require discovery of the mindset or mental state of the author, but instead relies on context clues from history and from the text itself (genre, literary devices, etc.) to determine how the author intended their work to be interpreted (Poggemiller, 1998). Though this philosophy rejects the idea that an interpreter's context can positively contribute to meaning, it does allow for different valid interpretations by separating out the significance of a text from its meaning. The significance refers to how the meaning of a text is applicable to the setting in which it is being understood. As such, it is agreed that

though a text has a singular correct meaning, this meaning may look different when interpreted from different angles (Virkler and Ayayo, 2023 p. 4).

The average theologian, however, most likely falls in the middle of these extremes. As discussed above, many believe that while there is likely no singular correct interpretation of text, there are likely many wildly incorrect ones, and careful consideration of all of the factors at play is crucial to avoiding misappropriation of meaning (how that misappropriation is defined is in itself derived from the context of the interpreter).

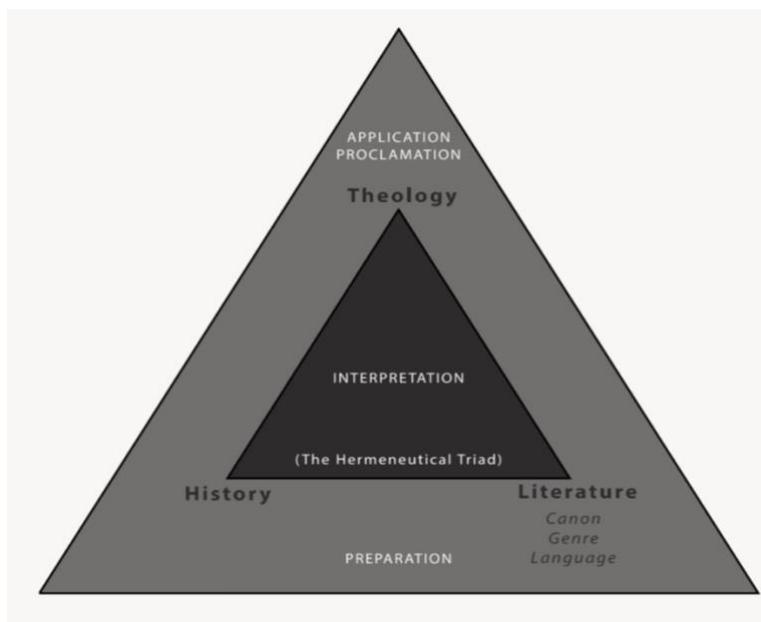


Figure 3: Köstenberger's Triangular Model (Köstenberger, 2021 p. 68)

A triangular model has been derived to illustrate the different factors at play which are crucial to effective interpretation which holds the history, literature, and theology or “self” as the cornerstones (Figure 3). This model invites the interpreter to engage in historical criticism of the text, literary criticism of the text, and then to carefully define and examine the personal beliefs/ theological theories they bring to the text before drawing any conclusions or analyses (Köstenberger, 2021 p. 68). An example of this can be seen in Perrin’s work in 1974, where he highlights the importance of historic criticism in hermeneutics. He notes that while it is important to attempt to understand how an author would have understood the concepts they wrote about, any hypotheses drawn are inherently derived in tandem from our own interpretation/ pre-understanding of that same topic, necessitating an interrogation into our personal perspectives as a facet of interpretation (Perrin, 1974).

Conclusion

It is this multi-faceted approach to hermeneutics that seems most useful to the aim of this project. As previously noted, social enterprises have many competing facets, each with their own contexts that may influence how a social mission is tackled. Though there may not be a single correct solution, and a social entrepreneur’s prejudices are not

necessarily obstacles to be overcome, interrogation of those factors and how they may interact could be crucial to arriving at an interpretation of the future that encompasses the whole of the hermeneutic circle, allowing both the **understanding** of being and the **explanation** of life to coalesce in a better future for all.

Chapter 3: Research Methods and Limitations:

The research method used in this project was an integrative literature review. Question 1 was addressed using an integrative review of social enterprise failure. An integrative review is used for qualitative literature reviews with the purpose of being critical of the data in the studies being examined as well as the analysis conducted by the studies. The project examined currently documented instances of failure in social entrepreneurship to determine if interactions between positionalities have a consistent effect on the success of social enterprises. Data was collected via google scholar, the UCL Library, and any other relevant databases. NVivo was used to assist with thematic analysis to find commonalities across literature.

Question B was addressed with another integrative review. This question requires critical reflection on research being done in the field of failure in social entrepreneurship and therefore an integrative review is a good fit.

In terms of limitations, it should be noted that this cannot be a comprehensive analysis given the time constraints of this project and the vast and varied nature of social enterprise. No framework can possibly prevent failure with any degree of certainty. This study simply seeks to help better define and understand a phenomenon that has been identified by academics and outside observers, as demonstrated with the PlayPump case.

Methodology

The methodology of this dissertation has evolved greatly over the course of its life. It was originally inferred by the author that due to the nature of social entrepreneurship as a still somewhat experimental and uncertain field, there would be a wealth of existing research into failure in social entrepreneurship upon which to draw. However, it eventually became clear that there is a woeful lack of literature that seeks to understand why social enterprises fail. As such, there did not end up being enough data to conduct a thematic analysis with any conclusive results, as each study was conducted differently from various angles and disciplines. Nevertheless, there are some interesting insights to uncover from these studies, and more importantly, the kinds of conclusions these studies draw from their own data that points to some significant blind spots in social entrepreneurial thought that could be filled by a hermeneutical process.

Data Collection

The papers collected for this project were primarily discovered through Google Scholar with some additional searches within the UCL Library catalogue. Initial search terms included “social entrepreneurship failure”, “social enterprise failure”, “why do social enterprises fail”, and a few other pedantic variations thereof and added Booleans. After exhausting this initial search, attention was turned to the bibliographies of the identified papers and a few additional sources were found. However, most of the identified papers tended to all reference each other, indicating that the breadth of literature on this subject is extremely limited. Still, reading through these papers revealed a few more possible search terms and potential source areas, leading to a second round of collection. This

time searches around “failure studies” and “social entrepreneurship” were conducted which revealed a few more possibilities. However, the well quickly ran dry and the author eventually came to the conclusion that they had seen most if not all of the studies currently available on this subject and decided to conclude data collection. From here, the exclusion process began. The scope of relevant data was limited to those studies who specifically talked about causes of failure. This limit removed a few studies that discussed responses to failure and the benefits of viewing failure in a more positive light. A couple papers were also removed that spoke about nonprofit entities that had no enterprise component. It should be noted that there were a not insignificant number of sources found in the bibliographies that could not be located or accessed.

Sorting the Data

Because this was a “take what you can get” kind of data collection process, the kinds of data I had to work with were not uniform. Even so, the papers tended to fall into two major categories: case studies focused on singular enterprises and the events that led to their failure and broader studies that attempted to identify common reasons for failure across multiple enterprises. With this delineation identified, I decided to focus on them separately.

Each case study was examined individually to ascertain what things contributed to the failure of the enterprise, and then to see what conclusions the study came to based upon those missteps. As an integrative review warrants, this method allowed critical analysis of the outcomes of these studies as well as the data collected within them.

Case	Mission	Reasons for Failure	Study Analysis
Aspire ^a	Employ homeless people through a door-to-door catalogue sales business	Mismanagement (2) Mission/Profit Conflict (2) Community Circumstances (1)	Social objective made the business model nonviable.
Astivab ^b	Improve lives of women and children living in the Warzipur slum	Community Circumstances (2) Mission/Profit Conflict Understanding of Local Context (1)	Too much focus on social objectives combined with community factors made the enterprise unsustainable.
Delkor ^c	Support independent artists	Mission/Profit Conflict (1) Local Policy (2) Mismanagement (2)	Communication and speaking style must be adapted to the correct audience.
Harmonia ^c	Improve the lives of children.	Understanding of Local Context (1)	The concept of a true cooperative is a myth and makes it difficult to motivate people.
Klomb ^c	Assist children and adults in difficult situations.	Legitimacy/Community Involvement (2) Mismanagement (1)	Social enterprises affect a wide variety of parties and therefore the relationship with the stakeholders is more important than in traditional enterprise.
Para-trans ^c	Provide transportation for disabled people.	Community Circumstances (1) Legitimacy/Community Involvement (1) Local Policy (1) Mission/Profit Conflict (1) Understanding of Local Context (1)	None
Reciclados Deltare ^d	Help the environment through recycling and empower local plastic collectors.	Mismanagement (2) Community Circumstances (1) Community Circumstances (2) Local Policy (1)	It is expensive to comply with regulations and 90% of the enterprise's competition does not operate in the formal market.
Diego ^d	Help the environment through recycling.	Mismanagement (1) Understanding of Local Context (1)	Listen to what people want and be clear in the message of the enterprise.
La Mano del Mono ^d	Educate communities interested in ecotourism.	Mismanagement (4) Local Policy (1)	Make strong management decisions.
Zarapito ^d	Engage in fair trade to support garment makers in Mexico	Mismanagement (3)	Business is risky and the entrepreneur must be willing to adapt as circumstances change.
Enterprise Action ^e	Help local unemployed and young people	Mismanagement (6) Mission/Profit Conflict (4) Community Circumstances (2) Legitimacy/Community Involvement (2) Local Policy (2) Understanding of Local Context (2)	Social Enterprise failure is not one dimensional. Simple mismanagement does not tell the full story; political, social, and fiscal factors all contributed to the failure.
SeedCo ^f	Provide emergency childcare for low-income employees in the Bronx, New York	Understanding of Local Context (7) Community Circumstances (2) Legitimacy/Community Involvement (1) Mission/Profit Conflict (1)	The competing priorities of social enterprise make it very unlikely to be viable. Many must be willing to sacrifice their social goals for the sake of profit. If there is a gap in the social market it's probably because it's not a viable business opportunity and any attempt to fill that gap will likely fail.

Caption for table 1: Compiled by the author

Data Sources: ^a(Tracey and Jarvis, 2006), ^b(Singh, Mittal and Awasthi, 2021), ^c(Wronka-Pośpiech, 2018), ^d(The Failure Institute, 2017), ^e(Scott, 2010; Scott and Teasdale, 2012), ^f(Kleinman and Rosenbaum, 2007)

Chapter 4: Data Analysis

Description of Data

In the end, this project analyzes seven papers containing case studies, two of which include broader analysis, and an additional broader study without individual case studies. Two of the papers included multiple studies with four case studies each. In total, this came out to eight cases in the case study portion and three broader studies.

Though they varied in depth and scope, most case studies gave some details regarding the entrepreneur, the enterprise mission, the target community, the reasons for failure, and some analysis of this information. A complete table compiling this information can be found in Appendix I, but for the sake of brevity a condensed version has been included here for reference (Table 1).

Case studies

An enterprising failure: Why a promising social franchise collapsed (Tracey and Jarvis, 2006)

The first paper explores the life of an enterprise called Aspire and its attempts to franchise into new locations. This enterprise was started in Bristol, UK, by two men who wanted to make a difference in the lives of homeless people. One of the entrepreneurs had experience in door-to-door sales and saw an opportunity to provide jobs to homeless people by selling fair-trade goods out of a catalogue. Their initial business was a success and garnered attention and support from the UK government, giving them the confidence and incentive to expand their enterprise less than a year after launch. The study goes on to note several failure points along the way including a business model that did not have the same success in new locations, complications from employing homeless people, and communication and management issues between the founders and the franchisees. Ultimately the study concludes that the social objectives and the enterprise's commitment to them made the business nonviable, both from a revenue perspective, and a logistical perspective.

Astitva: An Unsustainable Social Entrepreneurship Journey (Singh, Mittal and Awasthi, 2021)

Operating in New Delhi, India, Astitva was an enterprise aimed at improving the lives of women and children living in the Warzipur slum. The paper describes the enterprise as founded by an Indian woman who had previously volunteered in initiatives to help underprivileged communities and wanted to dedicate herself to founding an initiative of her own. Astitva had many projects during its lifetime including classes to help the community with money management and employability, job placements, festivals, and more, as well as training the women to make handicrafts to be sold at local shops. Unfortunately, the enterprise did not prove to be sustainable. They encountered difficulties with security that discouraged the community from engaging, and though the entrepreneur was passionate about helping the community, the projects she initiated did not generate the funds necessary to support the work.

Exploring Failure Among Social Entrepreneurs – Evidence From Poland (Wronka-Pośpiech, 2018)

One researcher wanted to better understand the challenges of social enterprise in Poland and in so doing compiled four case studies into their paper. The first case study describes Delkor, a social cooperative composed of five independent artists coming together to support each other and sell their work. Each one had been previously unemployed and came to the table with a variety of passions and experience. Along the way, they realized that their varied ideals for the future came into conflict with the practical reality of their business, causing problems with decision making and profit generation. The study emphasizes here the importance of clear communication between enterprise members.

Next is Harmonia, an enterprise hoping to improve the lives of children through activities and a community play area. In this case, the entrepreneurs were unfamiliar with each other prior to starting the enterprise and came from a variety of backgrounds. Lack of cohesion caused tension and issues with delegating responsibility. This, coupled with some other missteps deteriorated the success of the enterprise. The entrepreneurs were left jaded at the concept of a social cooperative, going so far as to call the concept a “myth” (Wronka-Pośpiech, 2018).

Similar to Harmonia, Klomb is an enterprise that attempts to improve the livelihood of adults and young people in an area that experiences high unemployment by employing them to provide gardening and landscaping services. Again, the enterprise employs people from a variety of backgrounds who are not necessarily passionate about the mission of the enterprise. On top of this, the president has no previous management experience and there were several managerial missteps. It was also noted that they had a difficult time financially. The study concludes that social cooperatives engage with a complex system and it is difficult to operate in the formal market.

Finally, Para-trans is an enterprise dedicated to providing transportation for disabled people in a major Polish city. They operate several minibuses and vans across the city. This model seemed to work well for a while, but then the government made it mandatory for municipalities to provide transportation to school for disabled children. They also stipulated that cities could not deny transportation to able-bodied students with developmental disabilities who could otherwise get to school on their own. These measures tied up the resources of the enterprise, often leaving adult customers to wait hours for a vehicle to become available. They were highly incentivized to take jobs from the city, encouraging them to overextend their resources, leading to unsatisfied customers and degrading their credibility. They also noted that managing people with disabilities is difficult and made it stressful for drivers and staff.

Causes of Failure in Mexican Social Enterprises (The Failure Institute, 2017)

There is one other paper that includes four case studies. In this instance the cases are all social enterprises in Mexico. The format of these case studies is slightly different.

Instead of a full case study, they are done in a narrative style from the entrepreneur themselves. While this allows for a more introspective insight into what went wrong, it also allows for more bias in the data, and thus, has give and take in its usefulness.

The first enterprise in this collection is called Reciclados Deltarec. Their mission was to help the environment through recycling while also helping local plastic collectors by purchasing their material. However, this business model proved too costly to be sustainable. The entrepreneur also concluded that it is expensive to comply with regulations, especially when the competition in the area did not operate above board.

Along the same lines as Deltarec, there is another recycling operation in this paper. This enterprise goes unnamed and is represented in the table as “Diego”, the entrepreneur’s first name. This enterprise aimed to be a new kind of recycling plant. It was to be clean, attractive, and a way to educate the public about recycling. The entrepreneur had experience running a blog and magazine dedicated to climate education and wanted to bring that to the world of recycling. He ran into similar issues of cost as Deltarec and also had constraints due to space and the availability of material. They had problems making deals for material with restaurants and schools in the area due to various external factors. In the end the plant did not become financially viable and had to close.

The next enterprise is called La Mano del Mono whose aim was to educate communities interested in ecotourism while also providing ecotourism services. The entrepreneur had a long history of outdoor education and tourism but no management experience. He made poor decisions and shady deals with the local government that made the enterprise unable to fulfill its commitments. This led to a lack of credibility and trust for them, ending in the downfall of the enterprise. The entrepreneur concludes by emphasizing the importance of operating ethically.

Lastly, Zarapito is an enterprise that engaged in e-commerce selling fairtrade clothing made by independent Mexican textile makers. While their business was successful initially, they did not expand rapidly enough. The entrepreneur opines that they did not pursue opening brick and mortar stores soon enough and by the time they did, the business was too far in debt to purchase more merchandise. He then highlights the riskiness of business and that an entrepreneur must be willing and able to adapt to changing circumstances.

Whose failure? Learning from the financial collapse of a social enterprise in ‘Steeltown’ (Scott and Teasdale, 2012)

and

Black boxes in the wreckage? Making sense of failure in a third sector social enterprise (Scott, 2010)

In this instance there are two papers discussing the same enterprise. Enterprise Action was an enterprise set up in a town that had been left behind by the steel industry, leaving unemployment rates high and social infrastructure low. The enterprise was

initiated by a church and community group to help improve employment rates and job preparedness. While they had several initiatives and were well received by the community, they did not have any measurable success and eventually had to close down due to financial issues and managerial incompetence. Many factors contributed to this failure including a severe lack of support for social enterprises by the local government, tensions between enterprise leadership and key resource gatekeepers, and poor management decisions. The studies also emphasize a multidimensional view of social enterprise failure. They point out that though in this case it would be easy to simply blame mismanagement for the failure, there are also social, political, and fiscal factors that contributed.

The Limits of Social Enterprise, A Field Study and Case Analysis (Kleiman and Rosenbaum, 2007)

SeedCo was an enterprise hoping to provide emergency childcare to low-income families in the Bronx, New York. They noticed during their previous work fighting unemployment, that a large number of low-income workers were losing their jobs due to absenteeism when childcare arrangements fell through. They worked to design a benefits program for employers that would give employees access to family-based childcare services at the last minute if their usual arrangements fell through. Initially, it seemed that interest from both employers and employees was high. However, after launching their enterprise, it seemed the particulars did not quite line up with the needs of either the employers or the employees. The offers they received from employers were not financially viable, and the usability for employees was much lower than expected. The childcare facilities were often too far from the worker's homes. They were often in subsidized housing developments which deterred parents, not to mention the extensive medical paperwork required for registration. The childcare was also not available on nights or weekends and could not be used if the child was even slightly sick. The study takes quite a critical lens of social entrepreneurship as a whole and concludes that the social mission of many social enterprises makes the business nonviable. They also conclude that if there is a gap in the social market it has likely not been filled because there is no profitable way to do so, and any social enterprise that attempts to fill that gap will likely fail.

Table 2: Broader Studies Data Summary

Study Title	Factors Influencing the Failure of Rural Social Enterprise: The Cases Study of Temanggung, Central Java, Indonesia ^a	Causes of Failure in Mexican Social Entrepreneurship ^b	Exploring Failure Among Social Entrepreneurs - Evidence from Poland ^c
Scope	Studies rural social enterprises in nearby provinces in Indonesia which establish a market for local craftsmen, farmers, and artisans to present their wares.	Studies 115 social enterprises in Mexico to determine common causes of failure. Also includes four short case studies.	Studies social cooperative in Poland to understand their failure factors, also includes 4 short case studies.
Frequency of Themes	Community Circumstances (8) Legitimacy and Community Involvement (5) Understanding of Local Context (4) Local Policy (3)	Mismanagement (6) Understanding of Local Context (4) Community Circumstances (3) Legitimacy and Community Involvement (2) Local Policy (2)	Community Circumstances (2) Mission/Profit Conflict (2) Legitimacy and Community Involvement (1) Local Policy (1) Understanding of Local Context (1)
Study Analysis	Study concludes that community factors, business model, and political environment are important but legitimacy within the local community is the most important deciding factor for rural social enterprises.	Study concludes that lack of resources and context are the highest determinants of success and that social enterprises are highly influenced by their environment.	Social enterprises are “culture specific, socially-embedded, and community-tied” and dependence on government grants/funding puts them in a precarious position.

Caption:

Table compiled by the author

Data sources: ^a(Andani, 2018), ^b(The Failure Institute, 2017), ^c(Wronka-Pośpiech, 2018)

The Broad Studies

Factors Influencing the Failure of Rural Social Enterprise: The Cases Study of Temanggung, Central Java, Indonesia (Andani, 2018)

As mentioned previously, there were three papers that included broader analysis (Table 2), two of which also incorporated case studies. The first of these focused on rural enterprises in Central Java, Indonesia. While this paper classifies itself as a case study, it is focused on a specific region rather than a specific enterprise and therefore is treated as a broader study than a case. The enterprises analyzed in this paper were all centered around establishing a public market for local craftsmen, farmers, and artisans to sell their work. These social enterprises all experienced varying degrees of success, some quite successful, while others were struggling significantly. Those that struggled encountered lack of support for social enterprises by the local government. They also did not focus as much on integration into the local community and so were not as trusted or accepted by them or by local leaders. The study concluded that though community factors, business model, and political environment are all important, legitimacy within the local community is the most important aspect of rural social enterprises.

Causes of Failure in Mexican Social Entrepreneurship (The Failure Institute, 2017)

The second broader study was the Mexican study of social entrepreneurship. In addition to the individual stories of failure, they surveyed 115 social entrepreneurs to establish the significance of varying factors on the failure of their enterprise. Over the course of the discussion and analysis of their results, the study took note of such things as lack of confidence in business decisions, not catering to what the community wants, not having a strong talent pool to employ, etc. In the end their analysis determined that according to their participants, lack of resources, and community context were the key factors contributing to failure.

Exploring Failure Among Social Entrepreneurs - Evidence from Poland (Wronka-Pośpiech, 2018)

Lastly, (Wronka-Pośpiech, 2018) had some broader analysis to offer for social enterprise failure. They determined that there is rarely one single factor contributing to failure in a social enterprise. They also expressed caution to social cooperatives that tend to rely on grant money and government subsidies as opposed to profit generation, as when this money runs out, the enterprise will not be sustainable. And finally, they conclude that social enterprises are “culture specific, socially embedded, and community tied” (Wronka-Pośpiech, 2018).

Gaps in the Data

Though there are highly valuable and nuanced insights to be drawn from this data, it is somewhat limited in a few instances. With perhaps one exception, these studies were done after the failure of the enterprise. This means they did not always have data from the entrepreneurs themselves. Those studies that did rely solely on data from the entrepreneurs must be treated with caution as there may be some unreliability in their accounts. As this project is interested in how the positionality of the entrepreneur and community, and the entrepreneur’s understanding thereof, impacts the potential failure of a social enterprise, it would have been ideal to have robust accounts of these positionalities. Unfortunately, there was often very little if any information provided about these things and even less about any preparation the entrepreneurs undertook prior to launching their enterprise. As discussed, in regards to Question 2, research into social enterprise failure needs to be ongoing from the launch of an enterprise, and data about every step of the process should be recorded to better understand how these factors and the entrepreneurial process contribute to outcomes both good and bad.

Chapter 5: Discussion

Section A: Question 1, Understanding Failure

Identification of Themes

Though many of these studies approach the research process differently, their ultimate goal is to better understand why social endeavors fail, leaving them by necessity to take note of various reasons why their respective enterprises failed. This allowed for basic thematic analysis of these reasons.

Table 3: Themes

Community Circumstances	Socio-economic/ cultural factors
Legitimacy and Community Involvement	Lack of legitimization by or inclusion of the community
Local Policy	political factor or legislation
Mismanagement	business related decisions including fiscal and HR
Mission/profit Conflict	poor balance of social and profit related priorities
Understanding of Local Context	lack of understanding of target community

Caption: Table created by the author

Six major categories were identified across the reasons listed: “Community Circumstances”, “Legitimization and Community Involvement”, “Local Policy”, “Mismanagement”, “Mission/Profit Conflict”, and “Understanding of the Local Context” (Table 3). For the purpose of this study, “Community Circumstances” refers to any socio-economic or cultural factor that interfered with the success of the enterprise. “Legitimacy and Community Involvement” refers to lack of acceptance or inclusion of the community in the enterprise. “Local Policy” refers to any political factors affecting the enterprise including support provided to social entrepreneurs from civil entities. “Mismanagement” includes any decisions related to the business aspects of the enterprise including fiscal and human resource-oriented mistakes. “Mission/Profit Conflict” refers to poor balancing

of mission/profit priorities as well as instances where the two are presented as incompatible by the study. And finally, “Understanding of the Local Context” refers to instances where the entrepreneurs’ lack of understanding of their target community directly impeded their ability to succeed.

Notably, these categories have some overlap. It became clear over the course of the analysis that due to the complex context in which social enterprises operate, mistakes and pitfalls rarely, if ever, exist in a vacuum, making it difficult to boil them down to a single core issue. In some cases, a factor was counted in multiple categories to avoid bias of one over another. When judging between a misunderstanding of context and a community circumstance, the decision was made based upon whether the factor was characterized as a fault of the entrepreneur or a characteristic of the community by the study in which it was presented.

As mentioned above, the case studies and broader analyses were examined separately. The broader studies tended to focus on several of a particular type of enterprise (rural enterprises, social cooperatives, etc.(Andani, 2018; Wronka-Pośpiech, 2018)) with many instances of certain themes, which would unfairly skew the data from the case studies.

Overall, there is not enough data to conduct true statistical analysis or draw any definitive conclusions, but there are still several interesting trends to note.

Hermeneutic Refresher

As the project moves into examining the common reasons for failure and interrogates how hermeneutics may have intervened, a short overview on what exactly is meant by this is in order. As was detailed in the literature review, many different scholars have had differing views on hermeneutics and its purpose. Some such as Heidegger, Bultmann, and Gadamer (Wilson, 1977; Lafont, 2015; Browning, 2016) have argued that hermeneutics is not a method but rather an ontological viewpoint of understanding itself. While this concept and its proponents have some use in establishing that there is no one correct interpretation of existence, this study calls for practical concepts of method. In recent years, hermeneutical thinkers from a variety of fields have returned to the concept of hermeneutics as method. Pulling from theology, as it is the most familiar to the author, writers such as Perrin and Köstenberger have highlighted the importance of a multifaceted approach to interpretation involving the text, the author, and the perspectives of both (Perrin, 1974; Köstenberger, 2021 p. 70). Perrin has delineated each of these into various stages of an overall hermeneutical process. To understand the context of a text, one would engage in historical criticism to critically explore the circumstances under which it was written, the positionality of the author, and the audience to which they were speaking. Perrin underlines the importance of historical criticism by stating that no hermeneutic process is complete without the inclusion of historical criticism (Perrin, 1974). A similar process would be undergone for the theologian. The theologian would seek to understand how their theological and personal perspective influences the kind of

interpretation they are seeking. They wish to understand how this text is relevant for them today. Only once these things have been established, can literary criticism of the text itself be undertaken, keeping the full hermeneutical circle in view all the while.

In the context of social entrepreneurship, these stages take slightly different shape. Here, the historical criticism phase refers to critical analysis of the target community, their circumstance, political environment, culture, economic structures, etc. and how this may contribute to their vision of a better future. This goes beyond simply identifying a need or a want in a market segment and seeks to encompass the whole of the community. Following this is the second stage where the entrepreneur maps out their own background and how this may influence their vision. How might their background lead them to approach solving a social issue and how might this clash or compliment the vision of their community? How might their education or professional experience lead to an imbalance in priorities and what might be done to counterbalance this?

As the results of the research are explored, it becomes more and more apparent that these kinds of questions and explorations could go a long way to avoiding failure in social enterprise.

Assessing the Case Studies

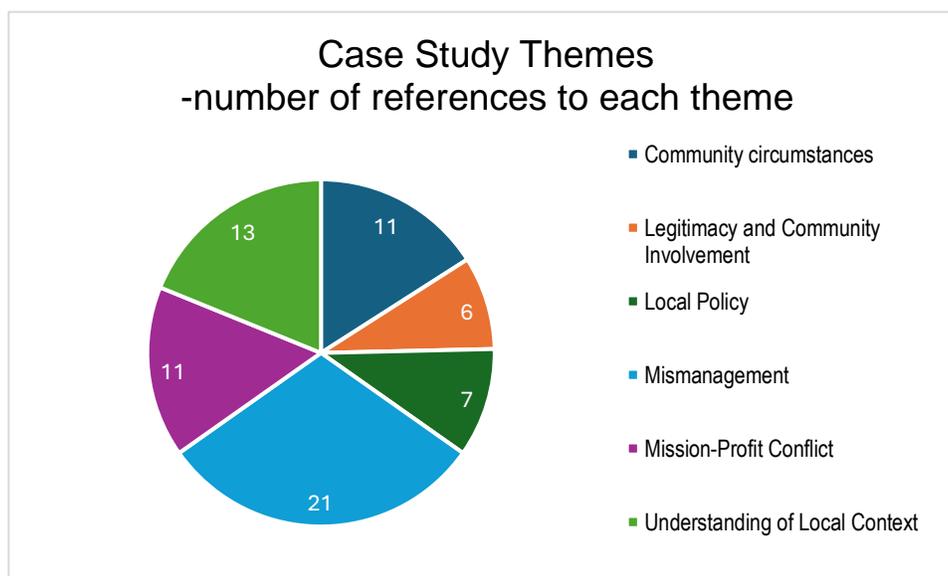


Figure 4: Themes from the Case Studies and the Number of Instances Thereof

Figure compiled by the author

Themes identified and tabulated with assistance from NVivo

Assessment of the case studies alone reveals strong support for mismanagement as the leading cause of failure with twenty-one references (Figure 4), however, when broken down by paper, this does not tell the whole story. The Failure Institute makes up for more than half of the instances of this theme, while the Astitva and SeedCo studies recorded zero instances of this theme (Kleiman and Rosenbaum, 2007; The Failure

Institute, 2017; Singh, Mittal and Awasthi, 2021). As discussed, (The Failure Institute, 2017) contained both multiple short case studies and an overall analysis, leaving the case study portion to somewhat dominate the analysis. However, that does not mean that mismanagement should be discounted as a legitimate cause of failure or that it disproves the importance of hermeneutics for social entrepreneurs.

Many of the entrepreneurs in these studies had little to no managerial or business experience prior to launching their social enterprise. It would seem to logically follow that they would have difficulties with the management aspects of a business, but as noted by several of the entrepreneurs themselves, they believed that their passion for their cause and knowledge of the issues at hand would compensate for any inexperience. Perhaps if they had taken full stock of their background, the second phase of the hermeneutic process, they could have been more conscious of their managerial blind spots and made sure to get extra support on the business side of things. Even so, regardless of experience level, managerial issues are a likely pitfall for social entrepreneurs as with any other type of business (Smollan and Singh, 2024).

However, social entrepreneurs take on a far more complex endeavor when attempting to assist a community with a social issue, a reality reflected in the next three most frequent themes: Understanding of Local Context (13 instances), Community Circumstances (11), and Mission/Profit Conflict (11) (Table 4). Though not completely universal, these three themes are much more evenly distributed across the case studies regardless of experience level or type of enterprise.

Interestingly, issues of understanding of context were often discovered well after the launch of the enterprise. For instance, when attempting to improve emergency childcare access for low-income workers in the Bronx area of New York, the enterprise did not realize until quite late in the game that people who work in the Bronx do not necessarily live there. Since they had only partnered with childcare providers in the Bronx neighborhood, this proved to be a significant hindrance to their enterprise (Kleiman and Rosenbaum, 2007). Those with a business perspective may point to a lack of market research as the culprit here. However, SeedCo did conduct market research. They even conducted focus groups where they asked their customers about their interest in a product like this and about the problems they face and yet still did not generate the full picture of their target community's context.

This pitfall demonstrates the difference between market research and hermeneutics. Market research is designed to understand a market segment in relation to a specific need or product and as such its scope is necessarily narrow to ensure specificity and data that can be tracked over time (Hague, Hague and Morgan, 2004 p. 11). Questions of need and interest are necessary for both development of a traditional business and a social enterprise, however as demonstrated by the examples highlighted in this data, they are not sufficient to tease out all of the potential context-specific factors at play. There is a strong case therefore that a hermeneutic process, especially the first

phase of exploring the target community, would be instrumental in understanding the full picture at the start of the enterprise rather than partway through.

Though studies often attributed failure to a deficiency of the entrepreneur, nearly as often they presented this failure as inevitable based on the circumstances of the community. These factors seem to appear surrounding communities who face a multitude of barriers and have problems that are not easily solved. When Astitva endeavored to improve the lives of women living in the Warzipur slums, it encountered many barriers. Due to its nature as a slum, there were many issues of security and the women did not feel safe leaving their homes and when they did, they faced harassment or worse. Subsequently, the enterprise itself was subject to vandalism and burglary and thus had to move locations multiple times (Singh, Mittal and Awasthi, 2021).

Though the entrepreneur was sympathetic to the plight of these women and had volunteer experience with them, she did not come from a similar economic, social, or geographic background. This seemingly did not allow her to anticipate or adapt to the difficult circumstances the women faced. Even though the study presents this as an unavoidable obstacle, they do note that the entrepreneur did not provide transportation for the women, something that could have helped mitigate the harassment issues (Singh, Mittal and Awasthi, 2021). As explored later in this work, it is common across all of the studies to view failures as either inevitable due to circumstances or as a deficiency of the entrepreneur as opposed to this case where the study acknowledges steps that could have been taken to integrate the positionality of the community into the vision. In this instance, it is the entrepreneur's background and the reality of the community that seem to be clashing. Recognition of this disconnect of pre-understandings at the beginning of the project through hermeneutics could have allowed the entrepreneur to anticipate these issues more effectively or invited her to include the community more in designing the vision for the enterprise.

Several studies were highly critical of the priority balance that social entrepreneurs must maintain to be successful. Mission-profit conflict is a concern that has been noted by researchers up to this point especially from the perspective of "mission drift". This is the phenomena where social entrepreneurs can become so focused on profit or stakeholder demands that they "drift" away from the social mission at hand (Smith, Gonin and Besharov, 2013). Surprisingly, this is not the issue that came up in the data. Instead, the studies noticed the opposite problem. As mentioned previously, many of these entrepreneurs had little to no business experience. They hoped to use the enterprise model as a tool to achieve their social goals, not for personal gain, and as such did not devote enough attention to the profit aspect of the enterprise. This blind spot, or "pre-understanding" (Grondin, 2015 p. 303) could have been accounted for through a hermeneutical program and perhaps these priorities could have had better balance.

These prominent themes strongly support the implementation of a hermeneutic approach to social entrepreneurship. Initially it was assumed by the author that the

community positionality would be the most prominent influence on the outcome of the enterprises. Belaying this hypothesis however, the prevalence of mismanagement and mission/profit conflict within these case studies demonstrated the integral nature of the entrepreneur's positionality. Unfortunately, these studies did not tend to provide many details about the entrepreneur's positionality, so it is difficult to make specific correlations to failure points. Still, as noted above, there are promising connections to be made between the educational, professional, and socio-economic backgrounds of social entrepreneurs and potential for mismanagement and mission-profit imbalance. Due to the specific and limited scope of the case studies there is a high chance of confirmation bias. Therefore, there is good cause for exploration of the data collected by the three context-specific yet more comprehensive studies.

Broader Studies

Though not as detailed, the three broader studies offer some interesting additional insight (Figure 5).

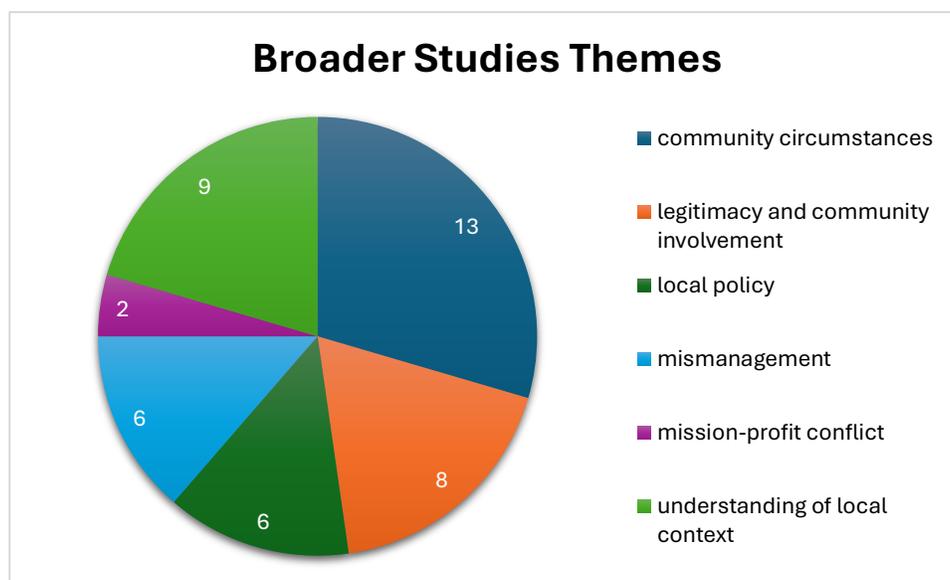


Figure 5: Themes from the Broader Studies and the Number of Instances Thereof

Figure compiled by the author

Themes identified and tabulated with assistance from NVivo

As opposed to the case studies, these themes are far less universal. Though the top three themes were represented in all three studies, one study tended to carry most instances of a theme over another. Each study, though it covers a larger number of enterprises in its data set, is focused on a specific context. As such, the factors that affected their failure seem to be correlated to said context in which they operate.

The most common theme, "Community Circumstances", is a good example of this phenomenon (Figure 5). Out of the thirteen instances of this factor, eight of them come

from (Andani, 2018) in Indonesia. As discussed above, this study focuses on rural social enterprises that attempt to establish public marketplaces. The very nature of these enterprises requires them to be embedded in the community, leaving a logical conclusion that the circumstances of that community have the potential to influence their success. Subsequently, the theme of “Legitimacy and Community Involvement” seems to be most integral to these rural social enterprises, with five of its eight instances cropping up in (Andani, 2018). The enterprises that did not carefully cultivate their relationships with the communities and involve them in the design and work of the enterprise were not integrated into the day-to-day lives of the communities, ensuring that they could not achieve long term success. It follows, then, that an approach that integrates the pre-understandings of the community into the work of the enterprise is more likely to be successful in a community-oriented enterprise.

For example, the skill level of the community members was an issue for some of the markets, as they did not have the skills necessary to produce the goods necessary for a thriving market or the business sense to sell them well. However, some of the enterprises were able to utilize the skills already present in the community and build upon them through training and confidence building. They also took note of where there were deficiencies and supplemented with third party support not only to outsource the work but also to train the community in order to seek self-sufficiency of the market. Those that took this approach were far more successful and sustainable than the other enterprises (Andani, 2018).

This dichotomy of approaches and outcomes underlines the usefulness of a hermeneutic process for social enterprise. Engaging in a hermeneutic process is not just about avoiding obstacles, it also allows the entrepreneur to work with the strengths of the community and the entrepreneur instead of against them. Though it is unknown what kind of discovery process the entrepreneurs in this study undertook, those who had better outcomes presumably had better knowledge of their positionality by some means. Not only that, but they chose to combine their strengths (business knowledge, connections, capital, etc.) with the strengths of their community (food growers, cooking, etc.) and not only made sure that their skills were balanced, but made the community feel valued and capable, ensuring that had better morale and investment in the enterprise’s success (Andani, 2018).

Ranked second, “Understanding of Local Context” is shared equally between (Andani, 2018) and (The Failure Institute, 2017) with four instances each and only one from (Wronka-Pośpiech, 2018). The prominence of this theme in (The Failure Institute, 2017) is especially interesting because it was not near as prominent in the case study portion of the study. Though “Mismanagement” still outnumbers “Understanding of Local Context” with six instances (and encompasses every instance of this theme), it seems that when considering responses from all 115 participants, consideration of the target community’s positionality is revealed as important. It was also revealed that these two

themes were interconnected for the participants. To them, poor understanding of the context will inevitably lead to poor business decisions. Not only this, but when members of the community also make up the workforce, it is crucial to understand their positionality in order to manage them properly (The Failure Institute, 2017). This insight serves to enrich the possibilities of hermeneutics for social entrepreneurship. Not only does a complete view of the hermeneutic circle allow for more effective enterprise design and contingency planning, but it has the potential to inform decisions and management practices throughout the life of the enterprise.

Conclusion of Research Q1

Overall, the most prominent themes across both sets of data come out to be “Mismanagement”, “Community Circumstances”, and “Understanding of Local Context”. While this is interesting on its own, the reasons for failure themselves are not the true interest of this study, but rather how hermeneutics could be utilized to avoid them. This is the crux of Research Question 1: “How do the hermeneutic pre-understandings of the social entrepreneur and target community affect the success of a social enterprise?”

Originally it was the assumption of the author that “Mismanagement” was solely a business concern and had nothing to do with hermeneutics. Under this logic, “Mismanagement” being the top theme would seem to call into question the relevance of hermeneutics for social entrepreneurship. However, over the course of the analysis, it became clear that hermeneutics has relevance for almost every aspect of social entrepreneurship. As demonstrated by the managerial mistakes made by entrepreneurs with little background in business, the positionality of the entrepreneur has the potential to create an imbalance in competency. This lends credence to the second phase of the hermeneutic process of exploration of the entrepreneur’s pre-understandings.

The frequency and consistency of “Community Circumstances” and “Understanding of Local Context” also indicates the relevance of community positionality for social enterprises. Regardless of the type of enterprise covered in each study, all acknowledged the importance of these aspects even if they did not rank highest (Table 1). Notably, hermeneutics offers an opportunity for these factors to be integrated into the design of the enterprise, not simply treated as obstacles to be dodged. As recognized by (The Failure Institute, 2017), understanding of the community positionality not only impacts how a social enterprise functions but also has the potential to inform managerial decisions. A structured and standardized approach to the hermeneutic process has the potential to provide consistency to this concept and introduce intentionality to the otherwise abstract concept of positionality and reflection of it.

Section B: Question 2, The Study of Social Enterprise Failure

In what ways can the process and mindset of social enterprise failure research be improved?

A Desire for Legitimacy

As has been noted throughout this project thus far, there is a distinct lack of research available surrounding failure in social entrepreneurship. This is not the first time this deficit has been noted, however. (Kleiman and Rosenbaum, 2007), (Scott, 2010), (Scott and Teasdale, 2012), (Gasca, 2017), (The Failure Institute, 2017), (Wronka-Pośpiech, 2018), (Sarma, 2020), and (Smollan and Singh, 2024) have each noted the lack of research into social entrepreneurial failure and the seeming reluctance by the academic community to engage in it. It is the general consensus across these sources that this reluctance stems from the relatively young nature of the field of social entrepreneurship. Researchers and entrepreneurs are afraid that drawing attention to failure will inhibit the credibility they wish to gain in the business and academic spaces. Entrepreneurs are especially reticent in admitting to failure for fear that they will be unable to attract investors to future ventures (Smollan and Singh, 2024). These concerns have been raised for over fifteen years to date, and yet there is still a glaring lack of attention being paid to social enterprise failure.

On the other hand, criticism has been raised that social entrepreneurship has been presented in too positive a light (Zietsma and Tuck, 2012), often with a “hero worship” type tone in regards to the entrepreneur (Dacin, Dacin and Tracey, 2011), leaving no room for improvement or mitigating critique. It would follow, then, that painting a rosy picture of social entrepreneurship is not aiding its legitimization either, and may in fact be doing more to rouse suspicion than simply addressing it would.

Mindset Matters

However, just as important as researching social entrepreneurial failure is researching it *well*. Throughout the first portion of this project, it was noted frequently that the reasons for failure found in the studies and the conclusions drawn from them did not appear to match. Fortunately, one benefit of an integrative literature review is the opportunity to be critical not only of the data collected by existing research, but the way in which that data is collected and analyzed as well. Scott notes that

Nearly all the studies of failure stay focused on the organisation and say little or nothing about extra-mural political and economic systems. Most crucially, all the accounts skate over the questions surrounding data collection and analysis (Scott, 2010).

Both of these concerns were present across the studies featured in this dissertation. Even when extraneous context was featured, the underlying reasons for failure were often attributed to internal shortcomings or shortcomings of social entrepreneurship as a

concept. Beyond that, little information tended to be given about the entrepreneurs themselves or the process of developing the enterprise, meaning that some significant factors may have been left out of their analysis. As touched on by (Scott and Teasdale, 2012), in order for effective failure studies to be conducted, there must be data collected from day one of the enterprise, not just from the entrepreneur themselves, likely to be an unreliable narrator, but from multiple parties at play.

A hermeneutic approach could help bring a disciplined and consistent method of research to this field. Taking into consideration the voices and experiences of all parties involved in a social enterprise is crucial to understanding its failure and success, an assertion backed up by the multifaceted failure factors identified in this project. While a more comprehensive and long-term approach to research in social entrepreneurship failure does require buy-in from the entrepreneur, a notably difficult thing to obtain, by diversifying the data streams, it reduces the likelihood of a biased data set from entrepreneurs trying to save face.

Beyond a methodological issue or lack of interest, examination of the kinds of conclusions being drawn by the studies in this project reveal what could be considered an issue of perspective. For example,

When instances of unwitting incompetence, deliberate malpractice or just plain 'bad luck' arise, these are often explained via references to individual and exceptional behaviour rather than in relation to systemic and recurrent influences (Scott, 2010).

Many of the studies appear to be approaching the research from a traditional business perspective and as such, consider all possible problems to come down to a failure of the entrepreneur, their business plan, or the market. The following table juxtaposes some examples of the issues encountered in the studies with the final takeaways of the studies.

Table 4: Issues Versus Analysis

Study	Issue Encountered	Study Analysis
An Anterprising Failure: Why a Promising Social Franchise Collapsed ^a	<ul style="list-style-type: none"> franchise managers exhausted by challenges of supporting homeless employees who struggled with addiction and mental illness 	<ul style="list-style-type: none"> social enterprises must compromise on social objectives Franchised too soon
Exploring Failure Among Social Entrepreneurs - Evidence from Poland ^b	<ul style="list-style-type: none"> Customers did not like being able to smell the kitchen in the play area Members left because of poor income 	<ul style="list-style-type: none"> Cooperatives are a myth and just makes it difficult to motivate people Random people joining together for a cause rarely ends well
The Limits of Social Enterprise ^c	<ul style="list-style-type: none"> Providers located exclusively within the Bronx, making the travel distance a non-starter Intensive customer service required, even having to personally take forms to users' doctor's offices to be signed 	<ul style="list-style-type: none"> Figure out the need first and then find the way to achieve it is not an effective way to run a social enterprise Nonprofits are hope oriented but social enterprises must be realistic instead of idealistic

Caption: Compiled by the author

Data Sources: ^a(Tracey and Jarvis, 2006), ^b(Wronka-Pośpiech, 2018), ^c(Kleiman and Rosenbaum, 2007)

A Profit Centered Lens

The first example of this comes from the study of Aspire (Table 4). The entire study focuses almost solely on the business decisions made by the entrepreneurs and very little on the effectiveness of the mission, despite the fact that some of the problems that arose seemed to come from lack of planning surrounding said mission. The study notes that the franchise managers (many of whom had some experience with homeless people) were exhausted by the complications of employing homeless people. The employees' struggles with mental health and addiction caused them to be less reliable and prone to last minute crises, leading to productivity issues of the franchises (Tracey and Jarvis, 2006). While these concerns certainly had the potential to cause major issues for the enterprise, it would seem logical that the takeaway here would be that social enterprises need to be well acquainted with the struggles and complexities of the communities they engage with to help them be prepared to accommodate those factors.

However, this is not the angle that the study adopts. The writers of the study, one of whom was a franchise manager for Aspire, comes to the conclusion that Aspire was too committed to their social goals and did not pay enough attention to the profit side and therefore social enterprises must be willing to compromise on their social goals in favor of profit (Table 4). While there is merit to the suggestion that Aspire did not have the business experience required to design or run an optimized business, the entire point of the business was to employ homeless people; to compromise on that objective would defeat the purpose of Aspire's existence. The study, however, seemed to be solely concerned with the financial success of the enterprise and did not consider the full picture or stop to ponder if the social issues could have been mitigated in other ways. Once again, a hermeneutic framework and approach, in this case on the part of the researchers, could have helped find more nuanced and productive insights for future social entrepreneurs to draw upon.

Unreliable Narrator

The second example highlights another area of concern for social enterprise research; bias of the entrepreneur. The case studies presented in (Wronka-Pośpiech, 2018) are sourced from data provided by the entrepreneurs themselves. While this is effective at providing first-hand accounts of the events, the conclusions drawn by entrepreneurs whose social enterprises failed appear to be somewhat clouded by their disappointment or embarrassment. When Harmonia, aimed at helping children and their families in the area, set up an outdoor play area for the children, they also built a kitchen inside their facility to prepare and serve meals. However, once the kitchen was built, they discovered that it vented out into the play area. They received quite negative feedback about this as the families did not like smelling the kitchen while their children played, and so Harmonia lost acceptance and therefore customers from the community. After a while, several of the members of the cooperative left citing poor income as their reason for leaving (Table 4).

Working with the information provided in this case study, it appears that there were some issues of design and foresight in the decision-making process that contributed to the downfall of Harmonia. It is possible that some of these issues stemmed from the hierarchical structure of the enterprise. Regardless, the lack of inclusion of the community or their needs into the design of the enterprise seems to be the primary area of concern. Nevertheless, the entrepreneur's message is one of cynicism towards the concept of cooperatives as a whole. They pronounce it a "myth" and state that random people coming together for a cause rarely ends well (Wronka-Pośpiech, 2018). It is understandable that an entrepreneur who feels they have been burned by a group of people or that they were misled by the structure in the first place would place the blame for their enterprise's failure on the shoulders of that issue alone. Basing the outcome of research solely on this data, however, neglects the critical and investigative angle required to understand the big picture. As with the previous example, looking at this story through a hermeneutic lens may have revealed additional factors at play in the failure, as well as possible avenues to improve outcomes for future entrepreneurs as opposed to simply throwing out the concept all together.

A One-Track Mind

Perhaps the most stark example of business mindset bias in the studies from this project come from the study of SeedCo (Kleiman and Rosenbaum, 2007). As discussed in the previous section, the enterprise encountered several unexpected complications when attempting to implement their initiative. From the employee side, the daycare centers were not always in convenient locations for the users. Further, the process for registering was arduous and inaccessible for the low-income families. In the end, the employees would rather lose their jobs if it meant they could take care of their children themselves. Because this was an employer benefits program, it also had to be attractive to the employers. Though they initially showed interest, when it came down to actually

implementing the service, many of the employers wanted to make deals that were not economically viable for SeedCo (Kleiman and Rosenbaum, 2007). At the end of the day, the design of the enterprise proved to not be attractive to any of the parties involved, leading to its ultimate demise.

From the beginning of this paper, the researchers present a very negative view of social entrepreneurship, especially those that originate from a nonprofit setting. There is clear skepticism that these enterprises could ever be profitable. It is through this lens that all shortcomings of SeedCo are presented as opposed to taking critical reflection of the missteps that led to ultimate failure. When noting that the enterprise didn't realize that people who work in the Bronx don't necessarily live there, the direct conclusion was simply that social enterprise is difficult to make work (Kleiman and Rosenbaum, 2007). While this is a true statement, is it not especially constructive to improve this state of being. The study went on to say that nonprofits are hope oriented and social enterprises need to be realistic instead of idealistic (Table 4), essentially to compromise on their vision in the interest of profitability. As with Aspire, this seems to defeat the purpose of social enterprise to begin with. Acknowledging the difficulties of social entrepreneurship is a good step towards correcting the overly positive light in which social entrepreneurship has been portrayed to date. On the other hand, simply dismissing it and the hopeful nature of envisioning a better future denies any other ways that these pitfalls could have been avoided. Had the merits of a hermeneutic approach been considered in this analysis there is the possibility a more nuanced message could have emerged from the data.

Conclusion of Research Q2

As agreed upon by many in the field, failure in social entrepreneurship is a highly under-researched field. Following that, the primary avenue of improving research in this field is to have more of it. The first step towards achieving this goal is to change the mindset of social enterprise academics. The current consensus is that drawing attention to failure could inhibit the legitimacy of social entrepreneurship and damage the reputation of social entrepreneurs involved in the research. However, criticism has arisen of this success-centric approach. Any branch of entrepreneurship is bound to be volatile, and a field that presents itself as bulletproof is bound to draw suspicion and mistrust. As such, a shift is necessary, both on the part of the research community and the entrepreneurs to embrace discussing failure. Not only could this aid in legitimization of social entrepreneurship as an academic and professional discipline but could also improve the practice of social entrepreneurship to better achieve the missions of social enterprises across the globe.

Beyond the acceptance of failure studies, the manner in which they are conducted warrants improvement. In the studies that have been conducted, there is a distinct lack of consistent data across the life of the enterprise. When there is data, it tends to be limited to the internal workings of the enterprise and does little to encompass the external factors and positionalities involved. Furthermore, this data often comes from the

entrepreneur themselves and may be somewhat unreliable or incomplete without extraneous sources to supplement them. Most of the studies approach the research from a business (profit-driven) perspective, leading them to predominantly seek out data within this view and in turn driving their analysis to center issues of profit and business model even when this does not match with the issues encountered by the enterprise. However, it seems that these issues that are deemed as shortcomings of the business plan or social enterprise as a whole are really a result of not fully understanding or taking into account the context of the community and could be mitigated by better practice in this area. Mislabeling them as business mistakes misses a key opportunity to help future entrepreneurs improve their outcomes. This seems to indicate that a perspective shift and a widening of the lens is required. One potential option for orchestrating this change is through the implementation of a hermeneutic framework, not only for social entrepreneurs as discussed earlier, but for researchers to help them examine the social enterprise holistically and be able to draw nuanced and fully-informed conclusions.

Chapter 7: Conclusion

Both research questions in this project have been aimed at understanding the role hermeneutics might play in social entrepreneurship. The original hypothesis was that given the complex nature of social entrepreneurship, and the many priorities and parties involved, a hermeneutic process could have good utility in optimizing the design of a social enterprise and improving its chances at longevity. This hypothesis built upon the established premise that the process of social entrepreneurship is in itself a kind of interpretation. In this case, the thing being interpreted is a better future with social enterprise as the medium of interpretation. The social entrepreneur is the interpreter, who comes to the table with their own vision of this future, influenced by their experiences, education, and identity, or their positionality. The target community, however, is the author of their own future, and has their own vision of it: a vision influenced by their culture, environment, and socio-economic circumstances. This premise was influenced by the PlayPump case, a high-profile example of a well-meaning social entrepreneur whose vision for access to drinking-water did not match up with the lived realities and expectations of their target community.

How Hermeneutics Effects Social Enterprises

To elucidate the potential positive effect of a hermeneutic process for social entrepreneurship, research question 1 inquired how hermeneutic pre-understandings of the social entrepreneur and target community influence social entrepreneurial outcomes. In this question, “pre-understandings” refers to positionalities and biases of the two groups. Working towards an answer to this question, studies were gathered that looked into causes of social enterprise failure and an integrative literature review was undertaken. This review sought to critically re-examine the data from the studies through the lens of hermeneutics to see if new insights could be found and to see if the idea of a hermeneutic process for social entrepreneurship holds water. Throughout the analysis of this data, discrepancies revealed themselves between the data collected by the studies detailing the pitfalls encountered by the social enterprises featured by the studies and the conclusions drawn by the researchers. This prompted the second question which asked how research into social enterprise failure could be improved. Answering this question drew further upon the critical capacity of an integrative review and interrogated not only the data collected by the studies (as in the first question), but also the way in which it was collected and how it was analyzed.

The data examined for Question 1 revealed three prominent causes of failure across the studies. Put simply, these reasons are “mismanagement”, “community circumstances”, and “understanding of local context”. Instances of mismanagement showed connections to entrepreneurs who did not have any background in business. This project proposes that a hermeneutic process that interrogates the positionality of the entrepreneur could help reveal this blind spot and give them the opportunity to compensate for this deficit. “Community circumstances” and “understanding of local context” also indicate the importance of the community’s positionality to the design and

practice of a social enterprise. According to many of the studies, these pitfalls were not anticipated or accounted for by the entrepreneurs indicating an opportunity for a hermeneutic process to reveal some of these potential difficulties and help avoid them.

The goal of hermeneutics is not solely to neutralize the pre-understandings of the interpreter, but to help them choose an interpretive approach that works with them instead of against them. The same is true in the case of social entrepreneurship. While it is important to avoid potential obstacles, (Andani, 2018) demonstrates the value of working with the strengths of both the entrepreneur and their target community as well as compensating for deficits of either. One enterprise featured who experienced success instead of failure, worked with the strengths of their community such as cooking, farming, etc. in the design of their enterprise and subsequently compensated for their lack of business knowledge, etc. by bringing in outside expertise and providing trainings. Though it is unknown whether any sort of hermeneutic process was undergone by the enterprise, they nevertheless came upon the proposed benefits of a hermeneutic process that allows for more than just dodging obstacle; it allows for a collaborative social entrepreneurial process that embraces the strengths of all involved and is able to flourish. Overall, it was discovered that hermeneutic factors seem to influence all aspects of social enterprise including the social mission and the business side, and furthermore, a hermeneutic process has the potential to not only avoid these pitfalls but also improve the design of the enterprise by taking into account the strengths and weaknesses of all parties involved.

A New Perspective of Research

Following this, it was noted that there is a distinct lack of research into social enterprise failure. This appears to stem from a concern that drawing attention to failure in this field will impede the legitimacy of a relatively young field and additionally, entrepreneurs appear to be reluctant to engage in research of this nature for fear that it will damage their prospects in future ventures. Therefore, the first step to improving research in social enterprise failure is to increase the number of studies being conducted. Beyond this, analysis of these studies revealed a somewhat limited perspective taken by the researchers. Regardless of the nature of the pitfalls identified by the study, often they were tied back to the business model of the enterprise or to social entrepreneurship as a whole. Many did not devote any of the study to lining out the underlying context of the enterprises they studied and therefore did not tie the problems encountered to a need to understand this context. In light of this narrow perspective, it is suggested that a hermeneutic process could be applicable to research in this field in addition to its use for social entrepreneurs.

A Framework Proposal and A Call for Future Research

In the wake of this research, there are many opportunities for future research regarding hermeneutics and social entrepreneurship. Principally, a structured framework for entrepreneurs and researchers should be developed to ensure consistency and replicability. This will not only enhance research results but also build credibility in the academic community. There are nearly countless existing models of hermeneutics on which a framework could be based, and in fact the one that is most applicable may shift depending on the type of enterprise involved and the number of stakeholders in play. Therefore, the framework proposed below is only one example and can only be perfected through experimentation across many types and settings of social enterprise. This framework would be filled by the social entrepreneur as part of the ideation and design process. As it is filled out, connections between the items should be identified, and positive and negative relationships should be noted.

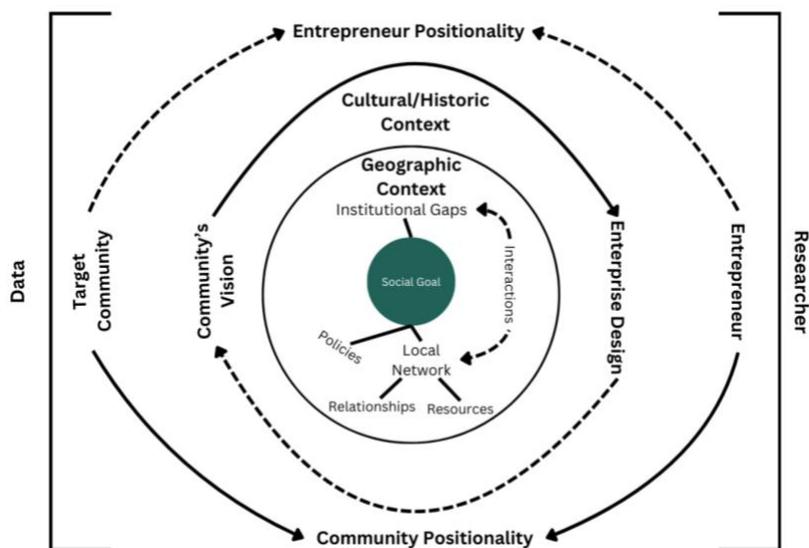


Figure 6: A Proposed Hermeneutic Framework for Social Entrepreneurship
Adapted from: (Culpepper, 1987 p. 6)

Figure 6 is built upon the hermeneutic diagram from (Culpepper, 1987 p. 6) which was used as an example of the hermeneutic circle in the literature review section above. Often referred to as an eye, this diagram attempts to illustrate the multitude of layers and relationships between the facets within the circle. In the center is the object of interpretation, in this case the goal of the social enterprise. Surrounding this goal is the context relevant to the geographic area where the enterprise operates. Some examples of the potential factors to be included are included such as policies and the local network with emphasis on the relationships between them and the resources available within the community. The next ring outside of this encompasses the broader cultural and historical context of the community. For the sake of room this circle has been left blank, but some potential factors to include would be social norms of the

community, historical events that have contributed to the issue, tensions between community groups, etc. Surrounding these circles are some of the viewpoints that coalesce in the work of the enterprise, beginning with the community's vision of their future and the vision of the entrepreneur as represented by the design of the enterprise. Outside of this interaction is the target community and the entrepreneur. Both of these actors have their own pre-understandings of the other, influencing their attitudes toward the enterprise. This is the place where the entrepreneur can interrogate their own positionality and how this may affect not only their ability to execute the enterprise but also how it may influence their view of the target community. It is also a place to attempt to understand how the target community views the entrepreneur and how this may affect their acceptance of the enterprise into their community. The outermost factors are reserved for applications to a research setting. The inclusion of the data and researcher on the outside looking in gives the researcher an opportunity to map out how their sources of data and their own perspectives may influence their evaluation of an enterprise and help provide more nuanced and context-applicable results.

When envisioning the applicability of a hermeneutic process, it is difficult to identify a specific stage where it best fits. It should be emphasized that this process does not seek to replace any existing entrepreneurial process such as market research or business model design but instead to act alongside these steps to enrich their outcomes. Recalling the hermeneutic spiral (Osborne, 2010 p. 365), it is important to remember the iterative nature of hermeneutics. The circumstances of the communities involved in a social enterprise are not fixed and therefore there is likely going to be changes in the factors discovered during the hermeneutic process throughout the life of a social enterprise. This requires that the social entrepreneur not treat the hermeneutic process as a step along the way, but instead a constant companion to the work of social entrepreneurship.

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Appendix

Appendix I Detailed Summary of Data

Case	Target Community	Entrepreneur Positionality	Community Positionality	Reasons for Failure	Study Analysis
Aspire ^a	employ homeless people	<ul style="list-style-type: none"> childhood friends history and psychology majors volunteered at charities for the homeless hometown Bristol Door to door salesman for catalogue company manager with social enterprise experience all franchises had experience with homeless people 		<ul style="list-style-type: none"> Franchisee suspected that business was not viable but took it on anyway franchise managers exhausted by challenges of supporting homeless employees who struggled with addiction and mental illness had lack of basic skills like punctuality franchisees struggle with balance of enforcing discipline and supporting vulnerable workers minimal training little communication from Aspire 	<ul style="list-style-type: none"> franchised too soon pairing weak business model with social objectives staffing homeless people made it difficult to turn a profit but because they wanted to rehabilitate them, they couldn't fire them social enterprises must compromise on social objectives should have employed fewer homeless people or been more selective
Astitva ^b	<ul style="list-style-type: none"> strengthen local communities women empowerment and improving marginalized kids' lives 	<ul style="list-style-type: none"> discuss problems of less privileged with friends doesn't do planning - makes decisions on instinct donated toys and clothes celebrate festivals at orphanage as a woman wanted to empower women as a mother of two daughters could related to children being alone chose location because of proximity army background lack of funds marketing skills and experience husband is lawyer has rental properties use activities to discover talents within the team 	<ul style="list-style-type: none"> Warzipur area is residence of 2000 families not fit for human dwelling bad drainage and sanitation aware of gov schemes for welfare and that NGOs are funded feel entitled to assistance 	<ul style="list-style-type: none"> does not believe in profits rely on donations shops selling goods did not pay regularly security issues women would be harassed when leaving homes vandalism forced Astitva to move multiple times 	<ul style="list-style-type: none"> factors made the enterprise unsustainable indulged in raising awareness instead of creating livelihoods for the women
Delkor ^c	Themselves as independent artists	<ul style="list-style-type: none"> 5 female handicrafters taking advantage of funding available for social co-operatives in Poland Major Polish city with pop. Over 300,000 Senior craftsmen and young designers All unemployed Different passions 		<ul style="list-style-type: none"> Tensions between ideals and pragmatism 	<ul style="list-style-type: none"> Must develop a communication strategy Speaking style needs to be adapted to audience

Harmonia ^c	Children	<ul style="list-style-type: none"> • 6 females and 1 male 2013 • Most people did not know each other and had nothing in common 		<ul style="list-style-type: none"> • Many hours of theoretical training • Only beneficial to management • These concepts are not written to help the people who truly need it • Advisor did not have enough knowledge or experience • Responsibilities not well delegated • Customers did not like being able to smell the kitchen in the play area • Members left because of poor income 	<ul style="list-style-type: none"> • Cooperatives are a myth and just makes it difficult to motivate people • Random people joining together for a cause rarely ends well
Klomb ^c	Children and adults in difficult life situations	<ul style="list-style-type: none"> • 1 female and 6 males • Previously unemployed • President has experience in a restaurant 	<ul style="list-style-type: none"> • Small town with high unemployment • Social co-operatives in Poland can be created by a mix of citizens and organizations 	<ul style="list-style-type: none"> • Employees not invested in mission • President had no management experience • Difficult to operate fully above board 	<ul style="list-style-type: none"> • Social enterprise effects a wide variety of parties • Relation between enterprise and stakeholders more important than traditional business
Para-trans ^c	People with disabilities	<ul style="list-style-type: none"> • Social co-operative <p>Started by city and foundation</p>	City rolled back transportation for disabled people	<ul style="list-style-type: none"> • Municipalities obligated to provide transport for disabled children to school • Adult customers had to wait for hours for the bus • Previously could refuse for mentally disabled children if they could take public transport • Bad publicity even though the city should be blamed • Company incentivized to take every order even if beyond capacity • Issues with staffing, difficult to deal with people with disabilities • Difficult to communicate with both the social and police department 	<ul style="list-style-type: none"> •
Reciclados Deltarec ^d	<ul style="list-style-type: none"> • The environment through recycling, empower plastic collectors 	<ul style="list-style-type: none"> • 29 years old • Two failed companies 		<ul style="list-style-type: none"> • Expensive material at high losses • High operating costs • 10 person board made things go slowly • Cultural theme that makes problems more complicated 	<ul style="list-style-type: none"> • Expensive to comply with all regulations and operate in the formal market • 90% of competition don't operate formally
Diego ^d	Environment through recycling	<ul style="list-style-type: none"> • Civil engineer with interest in ecology • University student selling solar heaters • Blog/information page about environment 	People not willing to work harder to sort recycling on top of tough jobs without compensation	<ul style="list-style-type: none"> • Not able to collect or process enough material • lots of competition • municipal president outbid Diego for material • garbage not separated by restaurants • schools not open in summer leads to 2 months without income 	<ul style="list-style-type: none"> • listen to what people want • be clear in the message of the enterprise <p>specialize in work, follow what you know</p>

La Mano del Mono ^d	Communities interested in ecotourism	<ul style="list-style-type: none"> From Nuevo Leon Loved nature and exploring Four people with environmental ed experience 	<ul style="list-style-type: none"> Chiapas Lots of natural beauty 	<ul style="list-style-type: none"> Roped into a scam by the government Engaged in corruption Over committed to organizations 	<ul style="list-style-type: none"> Don't make promises you can't keep Don't be inflexible Consult team on decision-making
Zarapito ^d	Makers of garments from Mexican communities	<ul style="list-style-type: none"> Does not believe in the corporate ladder Worked in mortgage area of General Electric Knew market was going to fail in 2008, wanted to get out while he could 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Was led by fear to not open physical stores Spent too much time on admin responsibilities instead of selling product Debts prevented making new orders 	<ul style="list-style-type: none"> Business is risky and you must adapt and change as circumstance change Don't be a perfectionist
Enterprise Action ^e	<ul style="list-style-type: none"> Local mass unemployed young people Steeltown 	<ul style="list-style-type: none"> Early 90s church-based organization Several staff previous youth work experience Social relations with UK nobility Board members from local churches with strong mission commitment Local authority donated a house to EA but could not help practically 	<ul style="list-style-type: none"> Steeltown has half as many community groups as it should have Political culture based on union solidarities Different because of isolation, industrial history, demographics, and lack of community organizations Declines in employment, 3x national average Local authorities and employers not adjusting to complex problems Low numbers of local enterprises 	<ul style="list-style-type: none"> Financial mismanagement lack of managerial competence poor professional advice strategy low interest in seeking solid internal data incongruent management style high focus on mission and not on profit local politicians did not take social enterprise seriously and discounted EA complex relationships between local social and political organizations government agencies did not pay grants on time contentious personal relationships with local orgs spending more than receiving cross subsidizing between grants not able to match promised benefits poor funding and grant application strategy 	<ul style="list-style-type: none"> Business plans accepted by funders, perhaps fueled by rose colored glasses Town did not have the resources to support a social enterprise Overambitious strategy Organizations operate in complex worlds Tensions between organizational structures and values A simplistic view of management failure does not tell the full story Funders did not examine the business plans or contextual factors before supplying funding Trustees did not have the skills or time to recognize problems Blaming solely lack of skills ignores the broader context Recent political scandal may have made politicians reluctant to get involved EA would not have failed if their projects were financially viable
SeedCof	<ul style="list-style-type: none"> Low income employees in the Bronx Increase job retentions and long term labor Affordable quality care to children Supports community-based nonprofit childcare providers 	<ul style="list-style-type: none"> SeedCo founded 1987 Goal to innovate in community development Provided funds to universities to revitalize communities EarnFair Alliance pooled community resources to provide job training and placement Managed a network of local groups Had understanding of childcare field in NYC Wanted providers to be licensed and insured because it indicates quality care SeedCo had strong relationship with nonprofits in the Bronx 	<ul style="list-style-type: none"> Need for childcare Congress provided funding but not enough and not a guarantee Long waiting lists, rely on community members to pick up slack New workers being laid off due to absenteeism due to unreliable childcare Market research indicated more than 40% of participants suffered employment issues due to childcare problems 	<ul style="list-style-type: none"> Brought to market shortly after 9/11 and therefore in the middle of a recession Small business in the Bronx were not used to offering any kind of benefits Did not meet needs of businesses, could not cover nights and weekends or children with any severity of illness Envisioned being paid up front for a service, instead asked to charge a per-use fee, forcing them to front all of the money Many users did not like the formal registration process and required doctor's visit, 	<ul style="list-style-type: none"> SeedCo realized late in the game that people who work in the Bronx don't necessarily live there Though the concept was appealing, the details did not speak to the specifics of their community Workers were more willing to lose their jobs if it meant they were staying home to take care of their child, valued wellbeing of children over low wage employment Nonprofit entrepreneurship is deceptively difficult Because it was funded like a nonprofit it was

		<ul style="list-style-type: none"> • Recruit staff with business and planning backgrounds 	<ul style="list-style-type: none"> • Gov daycare has long waiting lists • Availability in family-based childcare • Bronx had highest need for emergency childcare • Enmploy is CHCA, Bronx-based home healthcare business Employed 800 women, 55% had young children 	<p>and some even did not like the family-based model</p> <ul style="list-style-type: none"> • Many providers located in public housing which deterred parents • Providers located exclusively within the Bronx, making the travel distance a non-starter • Intensive customer service required, even having to personally take forms to users' doctor's offices to be signed • 	<p>undercapitalized, therefore it failed</p> <ul style="list-style-type: none"> • Pressure to achieve results on a barebones budget makes cutting corners inevitable • The business plan only outlines the benefit to the children, employees, and daycare providers but does not mention the primary customer: employers • Social businesses have to resist the urge to do more • Goals and priorities do not mirror those of the customers • Organizations have to abandon thinking about what communities need and switch to what they desire and be willing to sacrifice their social goals to run a viable business • "In business, the customer is always right—and what customers want is not always the same as what funders or nonprofits think they need." • Figure out the need first and then find the way to achieve it is not an effective way to run a social enterprise • Nonprofits are hope oriented but social enterprises must be realistic instead of idealistic • Nonprofits seek originality but if no other businesses are doing what you're doing it's probably because there isn't a market for it and any attempt to fill that gap will likely fail
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Caption: Table Compiled by the author

Data Sources: ^a(Tracey and Jarvis, 2006), ^b(Singh, Mittal and Awasthi, 2021), ^c(Wronka-Pośpiech, 2018), ^d(The Failure Institute, 2017), ^e(Scott, 2010; Scott and Teasdale, 2012), ^f(Kleiman and Rosenbaum, 2007)