Exploring the Mindset of Social Entrepreneurs Towards Failure: Evidence From Focus Group Interviews

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Abstract: **Background:** Failure is a common aspect of entrepreneurship due to high uncertainty. This study examines the specific context of social entrepreneurship, which combines profit goals with social missions.
Research objectives: The primary objective is to understand social entrepreneurs' mindsets towards failure.
Research design and methods: The study employs focus group interviews (FGI) with social entrepreneurs, representatives from Social Economy Support Centres, and government delegates in three major Polish cities.
Results: Findings reveal diverse perceptions of failure among social entrepreneurs. They view failure both as a setback and an opportunity for growth. The study identifies financial instability and mission drift as common failure factors, and highlights the profound emotional and social impacts of failure.
Conclusions: Social entrepreneurs' perception of failure is complex, influenced by their dual focus on financial sustainability and social impact. These insights can help develop better support mechanisms for social enterprises, promoting resilience and learning from failure.

Keywords: entrepreneurial failure, social entrepreneurship, social enterprise, focus group interview
JEL Codes: L26, L31, O35, D91, P36

1. Introduction

Entrepreneurship is defined in various ways, encompassing aspects such as opportunity pursuit, business creation, uncertainty, and profit-seeking. These definitions reflect diverse perspectives within the field of entrepreneurship and beyond (Gartner, 1990; Shane & Venkataraman, 2000; Bennett, 2006). Moreover, entrepreneurship can be viewed as a set of activities that bring about innovations, altering existing production factors in both industrial and service delivery sectors (McGrath, 1999). Others define entrepreneurship as "a process of learning" (Minniti & Bygrave, 2001). The definitions of entrepreneurship may vary, but a common and essential characteristic is the willingness to take risks, which inherently involves the possibility of failure (Carroll, 2017). Furthermore, due to the substantial level of uncertainty and ambiguity inherent in the entrepreneurial process, failure is a prevalent phenomenon (Politis, 2008; Sarasvathy, 2001).

Entrepreneurial failure (EF) impacts all entrepreneurs, regardless of their sector. This paper focuses specifically on the context of social entrepreneurship, a field that has attracted growing attention in recent literature. As highlighted by Czakon et al. (2022), this focus is both timely and innovative, given that prior research on social entrepreneurship has largely concentrated on its positive, ethical, and social dimensions (Gupta et al., 2020), with limited exploration of failure. Moreover, Dacin et al. (2010) emphasize that a deeper understanding of entrepreneurial failure would significantly enrich social entrepreneurship research. Addressing the gap in academic and case-based studies on failed social enterprises, this paper seeks to examine attitudes toward failure and provide insights into its potential benefits for current and future social entrepreneurs. This objective was pursued by analyzing statements gathered during focus group interviews (FGI) with key stakeholders in the social economy sector, including social entrepreneurs.

The paper is structured into three main sections. First, it reviews the existing academic literature on entrepreneurial failure. Second, it presents the empirical research methodology and provides an interpretation of the findings. Finally, it highlights the theoretical and practical implications derived from the research and suggests avenues for future investigations.

2. Literature review

2.1. Entrepreneurial failure

Entrepreneurial failure has garnered significant research interest since McGrath's (1999) seminal work, which highlighted failure as an intrinsic aspect of entrepreneurship. Since then, knowledge in this area has expanded considerably (e.g., Mitchell, Mitchell, & Smith, 2008; Justo, DeTienne, & Sieger, 2015; Dias & Teixeira, 2017; Klimas et al., 2020; Lattacher & Wdowiak, 2020). This interest extends to grey literature, where internet data has become integral to scientific research, providing valuable insights for analysis. Google Trends (GT) is currently the most widely used tool for leveraging internet data, allowing for the reverse engineering of user search data to gather information, particularly about interest in entrepreneurial failure. Google Trends is a freely accessible online tool that tracks trending topics based on Google search queries, offering various analytical capabilities (Mavragani & Ochoa, 2019). The methodology follows Mavragani and Ochoa's (2019) guidelines for selecting appropriate keywords, regions, time periods, and categories. The data collected from GT is normalized for analytical purposes. In the search query, a high level of interest is represented by a score of 100, whereas a score of 0 indicates either a lack of interest or insufficient data. GT segments data by geographical locations, such as countries, territories, and cities, and allows users to define a custom time range for analysis.

Despite significant advancements, uncertainties and ambiguities persist in our understanding of entrepreneurial failure (DeTienne, 2010; Singh, Corner, & Pavlovich, 2007; Jenkins et al., 2014; Jenkins & McKelvie, 2017). According to the Merriam-Webster dictionary, "failure" encompasses several meanings, including a lack of success, business failure, deficiency, fracture, inability to perform, or an abrupt cessation of normal functioning. While these definitions suggest that failure marks the end of an endeavor, it can also signify the beginning of a journey toward success when well-understood and effectively utilized. Generally, failure refers to a condition in which the desired goal is not achieved (Cannon & Edmondson, 2001). However, capturing the essence of failure is challenging because it can occur at both organizational and individual levels (Cardon, Stevens, & Potter, 2011) and can be measured either objectively or subjectively.
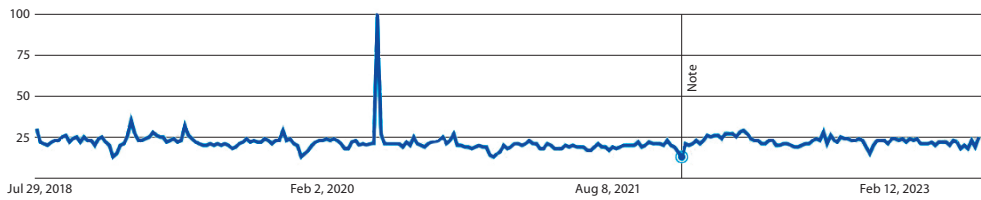
Figure 1. Global Interest in the Term "Failure" in the "Science" Category, Trendline, Last 5 Years

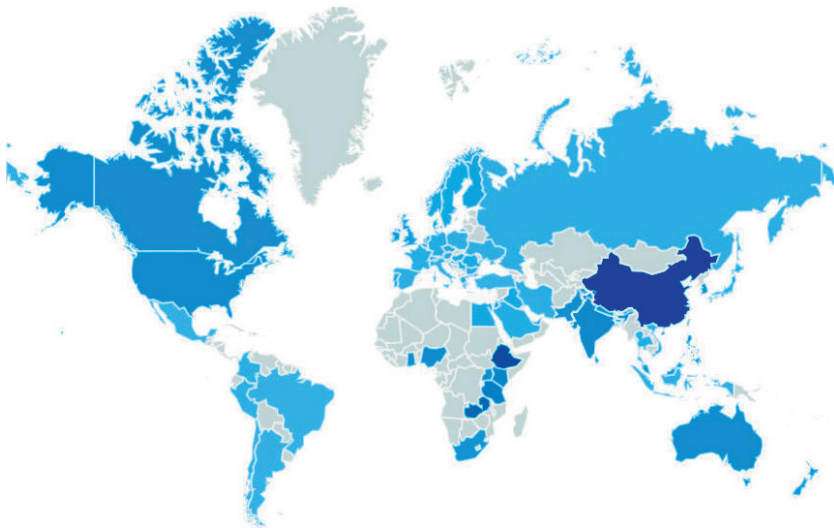Source: Own compilation using Google Trends.

Figure 2. Global Interest in the Term "Failure" in the "Science" Category, by Region, Last 5 Years

Source: Own compilation using Google Trends.

In the context of business or entrepreneurship, failure specifically refers to the cessation of a company's operations when its performance fails to meet its objectives (McGrath, 1999; Politis & Gabrielsson, 2009).

To be more specific, from a financial standpoint, a company is deemed to have failed when its earnings decline and/or costs increase to the point where the company becomes insolvent. As a result, it becomes unable to secure new borrowing or equity financing and, consequently, cannot continue operating under its current ownership and management (Shepherd, 2003). According to Cope (2011), entrepreneurial failure occurs when a company fails to achieve its goals and meet the expectations of key shareholders, ultimately resulting in its termination. Nonetheless, an entrepreneur may experience failure in a venture that is later taken over and successfully managed by someone else. Conversely, the venture itself may fail, but the entrepreneur may continue pursuing other endeavors and ultimately achieve success (Sarasvathy, Menon, & Kuechle, 2013). Therefore, the failure of an organization does not necessarily equate to the failure of the entrepreneur.

Understanding failure is further complicated by the fact that the abandonment of a business venture (entrepreneurial exit) is sometimes conflated with organizational or entrepreneurial failure (Wennberg et al., 2010). Still, entrepreneurs may exit companies for various reasons, such as retirement, capitalizing on their success, or pursuing new business opportunities (DeTienne, 2010; Watson & Everett, 1996), which do not necessarily constitute failure in a strict or broad sense. Additionally, some entrepreneurs are compelled to leave their ventures due to poor financial performance, such as insolvency, yet the exit itself may not signify personal failure. Considering these nuances, Singh and colleagues emphasize that entrepreneurial failure should include at least two dimensions: economic factors, such as bankruptcy or liquidation, and factors pertaining to the entrepreneurs themselves (Singh, Corner, & Pavlovich, 2007). In other words, entrepreneurial failure encompasses not only failures at the enterprise level but also failures at the individual level (Khelil, 2016). Lattacher and Wdowiak (2020) emphasize that fully understanding the concept of entrepreneurial failure requires three levels of interpretation. These levels are: first, failure as the disappearance of the firm from the market; second, failure in organizational terms; and third, failure as defined by the entrepreneur's personal perception (Lattacher & Wdowiak, 2020).

As evident from the above, the definition of entrepreneurial failure encompasses various dimensions and is relatively ambiguous. Some dimensions are evaluated from the perspective of personal failure experienced by entrepreneurs, while others focus on corporate failure. Certain definitions combine these aspects to provide a more comprehensive understanding of entrepreneurial failure. Entrepreneurs, as the primary human resources in new ventures, serve as both owners and managers (Alvarez & Busenitz, 2001). This dual role makes it difficult to separate entrepreneurs from the companies they establish. As a result, entrepreneurial failure should not be regarded as a singular, all-encompassing phenomenon but rather as a multifaceted concept that encompasses a broader range of situations across different levels of analysis (Jenkins & McKelvie, 2017).

2.2. Entrepreneurial Failure in SE

In the context of social enterprises, the matter becomes even more complex due to their specific characteristics. In addition to pursuing profit maximization, these enterprises aim to create job opportunities for individuals at risk of social exclusion and professional marginalization. They also address social, environmental, and economic challenges that may be neglected, inadequately addressed, or ineffectively managed by governments, the private sector, or civil society organizations (e.g., Battilana et al., 2015; Borzaga et al., 2020; Defourny & Nyssens, 2021; Pacut, 2022). Other researchers have highlighted the hybrid nature of social enterprises, which involves blending values and practices from both the commercial and not-for-profit sectors, while emphasizing the creation of social value (Battilana & Lee, 2014; Ebrahim Battilana, & Mair, 2014; Defourny, Nyssens, & Brolis, 2021).

Given these distinctive characteristics, failure in social enterprises is not only examined from organizational and individual perspectives but also has a profound impact on a diverse range of stakeholders, including those whose well-being relies on the social value generated by the enterprise (Laurisz, 2019). Researchers have linked failure in social enterprises to financial difficulties or a deviation from their core mission in favor of self-interest, commonly referred to as "mission drift" (Dart, 2004; Bielefeld, 2009). While financial failure, often stemming from an inability to meet financial obligations, is a prevalent challenge for social enterprises, research on this aspect remains limited.

Additionally, the increasing demand for innovative solutions to social problems places significant pressure on social enterprises to demonstrate effectiveness and achieve success (Wronka-Pośpiech, 2018; Ćwiklicki & Pacut, 2023). However, while success stories frequently capture attention, the literature on social entrepreneurs has been criticized for idealizing them (Zietsma & Tuck, 2012) and for overestimating the scale and impact of their activities (Lumpkin et al., 2013).

Among the research conducted to date, the work of Scott and Teasdale (2012) stands out for its focus on failing social enterprises. Their study examines the differences in failure between social and conventional entrepreneurship. In conventional enterprises, failure is predominantly associated with financial challenges, often measured through quantitative metrics such as bankruptcy or the inability to meet financial targets. However, Scott and Teasdale (2012) emphasize that social enterprises, beyond financial failure, are also susceptible to "mission drift," which occurs when the pursuit of self-interest leads to a departure from the organization's original mission (Dart, 2004). Bielefeld (2009) defines mission drift as a situation in which activities aimed at achieving financial objectives start to overshadow or alter the enterprise's social mandate. Other researchers (Fowler, 2000; Jones, 2007) also confirm that certain social enterprises, particularly third-sector non-profit organizations, are at high risk of mission drift. However, deviation from the mission is less common in clustered business social enterprises (Ebrahim, Battilana, & Mair, 2014).

The social entrepreneurship literature frequently portrays social entrepreneurs as heroic figures, emphasizing inspiring and impactful success stories of individuals who appear to be saving the world. This strong focus on success leaves little space for exploring failure, as reflected in the limited research addressing failure within social entrepreneurship (Dacin et al., 2010; Low & Chinnock, 2008; Chmelik, Musteen, & Ahsan, 2015; Mordaunt & Cornforth, 2004; Wronka-Pośpiech, 2018). Much like entrepreneurial failure in general, the concept of failure in social entrepreneurship is difficult to define. While financial failure can be measured quantitatively, the social mission often takes precedence over financial outcomes (Dart, 2004). This distinction fundamentally differentiates social entrepreneurship from commercial entrepreneurship. As a relatively emerging area of research, studies focusing specifically on failure in social entrepreneurship remain scarce. Nonetheless, recognizing and examining failure in this context is essential for a holistic understanding of the field.

Therefore, the main objective of this research is to explore and analyze the mindset towards failure among social entrepreneurs. Specifically, the research aims to address the following research questions:

RQ1: How is failure perceived?
RQ2: Does the perception of failure differ depending on the actors in the social economy sector?
RQ3: What are the consequences of failures?
RQ4: Does the perception of the consequences of failures differ depending on the actors in the social economy sector?

3. Research Method and Material

This qualitative descriptive study (Sandelowski, 1993) employed Focus Group Interviews (FGIs) conducted in three major Polish cities: Warsaw, Poznań, and Katowice. The FGIs included key stakeholders representing all major actors in the social economy sector, such as social

entrepreneurs, representatives from Social Economy Support Centres (OWES), and delegates from government agencies, including Regional Centres for Social Policy and the Department of Social Economy at the Ministry of Family and Social Policy. The primary objective of these FGIs was to explore and analyze participants' perspectives on failure. The development of focus group questions was guided by practical recommendations from Patton (2002) and Rubin and Rubin (1995). While the questions were not piloted prior to data collection, they were iteratively refined with input from researchers specializing in qualitative methods, entrepreneurship, and social entrepreneurship.

During the focus groups, participants were asked to explore various interpretations of failure and how it is perceived and discussed. They reflected on the challenges and failures faced by social enterprises, the underlying causes of these failures, and their consequences. Moreover, participants shared their views on how the failure of a social enterprise differs from that of a conventional enterprise. The interviews were conducted using an open-ended format, providing participants the flexibility to bring up any relevant issues or concerns.

The participants of the FGIs were selected for their expertise in social entrepreneurship, ensuring that the discussions were both well-informed and analytically rich. A purposive sampling approach was adopted to ensure a diverse range of perspectives from key stakeholders in the social economy sector. Prospective participants underwent a screening and consent process, during which they were provided with detailed information about the study's objectives, their rights as participants, and the confidentiality protocols. Only those who provided informed consent were included in the study. The FGIs comprised a total of 13 participants, with the distribution of representation across disciplines and sectors detailed in Figure 3.
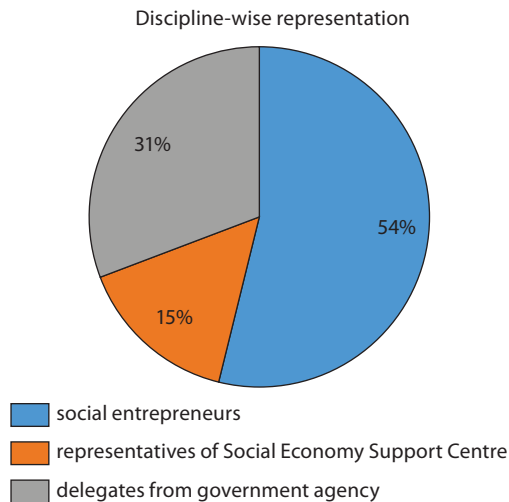

Figure 3. Discipline-wise Representation in the Three FGIs

Source: own elaboration.

The focus group interviews were conducted between February and June 2020 in Polish and took place in dedicated laboratories, facilitated by a trained moderator. Each session lasted between 90 minutes and two hours. The three FGIs provided an opportunity to capture diverse perspectives and achieve data saturation. One of the FGIs was observed by the author of this

paper through a one-way mirror. The coding method used to reference focus group participants in the quoted statements is presented in Table 1.

Table 1. Coding of Statements

FGI	Respondent	Coding symbol
FGI in Poznań (FGI 1)	Respondent 1 – representative of OWES Respondent 2 – delegate from, government agency, regional level Respondent 3 – social entrepreneur Respondent 4 – social entrepreneur Respondent 5 – social entrepreneur	FGI-P-1 FGI-P-2 FGI-P-3 FGI-P-4 FGI-P-5
FGI in Warsaw (FGI 2)	Respondent 1 – social entrepreneur Respondent 2 – delegate from, government agency, national level Respondent 2 – delegate from, government agency, national level Respondent 4 – social entrepreneur	FGI-W-1 FGI-W-2 FGI-W-3 FGI-W-4
FGI in Katowice (FGI 3)	Respondent 1 – representative of OWES Respondent 2 – delegate from, government agency, regional level Respondent 3 – social entrepreneur Respondent 4 – social entrepreneur	FGI-K-1 FGI-K-2 FGI-K-3 FGI-K-4

Source: own elaboration.

The interviews were recorded and transcribed verbatim by an experienced transcriptionist. The data reduction process was conducted in several steps to ensure a comprehensive analysis. Initially, the focus was on identifying two primary categories within the data: the various meanings of failure and their associated consequences.

To identify these categories, an open coding methodology, as described by Strauss and Corbin (1990), was employed. Multiple rounds of coding were conducted, during which the data were segmented into discrete parts, closely examined, and compared to identify patterns, similarities, and differences. The coding process was carried out meticulously to ensure the development of a consistent and reliable coding framework.

Next, axial coding was conducted to identify relationships between codes and refine them into broader categories. This process facilitated the examination of consistencies, differences, and complementarities across the FGI interviews. Particular attention was given to understanding the meanings of failure, the reasons for failure, and its consequences, leading to the identification of several themes within these categories.

To ensure the robustness of the analysis, Creswell's (2007) recommendations for maintaining data validity in qualitative research were followed. Although a single coder carried out the coding process, it was iterative and involved regular consultations with other researchers to discuss and validate the emerging themes and categories.

Through this rigorous coding and analysis process, a comprehensive understanding of failure was developed by exploring the interplay between the various meanings of failure, the reasons behind them, and their consequences.

4. Results and Discussion

4.1. *Various Meaning of Failure*

In recent years, the entrepreneurial community has become increasingly open to discussing failure, with social entrepreneurs even being encouraged to embrace their setbacks. Events and discussions centered on sharing failure stories highlight that encountering failure is an inevitable aspect of addressing complex social issues. As a result, social entrepreneurs often find themselves navigating a continuous cycle of successes and setbacks.

In this evolving narrative, failure is frequently portrayed as a valuable learning experience and an opportunity for personal and professional growth. However, the significant challenges and personal toll that failure imposes on social entrepreneurs are less frequently acknowledged. While current discussions often celebrate failure, they tend to overlook the reality that not all failures result in positive outcomes or learning opportunities.

In this section, I present the different perspectives on failure that emerged from the FGIs. One social entrepreneur describes it as follows:

> …in the case of a social enterprise, there must be two objectives; otherwise, it is not a social enterprise. There has to be financial stability, but it cannot be more important than the mission objective. In other words, there must be a balance between the two, and neither can take precedence over the other; otherwise, it would not be considered a social enterprise, but rather just entrepreneurship. That's okay too, but then it wouldn't be categorized as a social enterprise. The inability to maintain this balance is this failure for the social entrepreneur. (FG-K-3)

Another interviewee emphasizes:

> …the mission is more important, but if there is financial stability, then we can effectively carry out the mission – they are interconnected. To fulfill the mission, having some financial security is necessary, so we don't have to constantly search for funding to ensure our existence. (FG-K-1)

One respondent also drew attention to the social entrepreneur himself, stressing that:

> …in fact, such an entrepreneur probably has even more to deal with than a regular entrepreneur. He or she contends with various other challenges, and yet we quite consciously sit here and expect an extraordinary amount from them. (FG-P-5)

According to the respondents, managing a social enterprise requires balancing the dual objectives of generating income and creating social impact. Lower performance in business indicators may result from prioritizing social impact over profit maximization. Conversely, an increased emphasis on income generation, often described as "mission drift" in the literature, is perceived as compromising the enterprise's original mission and is regarded as a form of failure. Traditional markers of success, such as high revenue, substantial scale, and resilience, may sometimes obscure deeper organizational shortcomings.

One interviewee, however, highlights an important point:

> …we should also remember that the concept of failure is very broad and ambiguous. For example, I met with a few people who ran a social enterprise for a while and then had to close it down because it didn't generate enough money. But these individuals didn't have a sense of failure at all, for instance. Their enterprises lasted 2–3 years, during which time they achieved some kind of goal, and as a result, they successfully reintegrated the individuals they employed. However, at some point, they made the right decision that it wasn't worth keeping it running at all costs and creating problems for themselves, such as taking additional loans to save the enterprise. They simply decided that this was the moment to close it down. (FG-K-1)

Indeed, some social entrepreneurs described failure as "a step back but also a step forward" (FG-P-3) and as "a chance to try something again, but with more experience" (FG-P-5), while others referred to it as "wasted time and resources" (FG-W-4) or even a "devastating emotional experience" (FG-K-4). Importantly, failure does not have to be a last resort, as a representative of the Regional Centre for Social Policy underscores:

> We have several examples on the regional market where social enterprise did not survive, while the people who were involved in it later fared much better on the labor market – they succeeded in the commercial market or just went into business of their own. So, we can say that this effect of activation both socially and professionally came true. (FG-K-2)

As the various perspectives mentioned above demonstrate, the interpretation of failure is subjective and depends on the operating context and the individuals involved. Respondents emphasized that short-term, intentional experiments differ significantly from ambitious projects that fail due to mismatches among people, processes, and resources (Table 2).

Table 2. Various Meanings of Failure

Perspective	Description	Exemplary source
Balancing Objectives	Failure due to inability to balance financial stability and mission objectives	"…there must be a balance between the two, and neither can take precedence over the other; otherwise, it would not be considered a social enterprise" (FG-K-3) "…the mission is more important, but if there is financial stability, then we can effectively carry out the mission – they are interconnected. To fulfill the mission, having some financial security is necessary, so we don't have to constantly search for funding to ensure our existence" (FG-K-1)
Personal Toll	Failure resulting from the fact that social entrepreneurs face more challenges and are expected to deliver extraordinary results	"…such an entrepreneur probably has even more to deal with than a regular entrepreneur" (FG-P-5) "…I face the pressure every day as a leader who is financially responsible. I have this feeling that if things go the wrong way, it's on me and there's a million zlotys at stake… well, so there is this financial pressure for me – that's one thing. But what's even worse is the pressure connected with my employees. For some of them, this job is a matter of survival. I can handle the pressure, find a way for myself to cope with it" (FG-W-1)
Mission Drift	Failure due to prioritizing income generation over social impact, which is viewed as compromising the original mission	"…the mission is more important, but if there is financial stability, then we can effectively carry out the mission – they are interconnected. To fulfill the mission, having some financial security is necessary, so we don't have to constantly search for funding to ensure our existence" (FG-K-1) "…there has to be financial stability, but it cannot be more important than the mission objective. In other words, there must be a balance between the two, and neither can take precedence over the other; otherwise, it would not be considered a social enterprise, but rather just entrepreneurship. That's okay too, but then it wouldn't be categorized as a social enterprise. The inability to maintain this balance is this failure for the social entrepreneur" (FG-K-3).

Perspective	Description	Exemplary source
Learning Opportunity	Failure as a step back but also a step forward, providing a chance to try again with more experience	"…failure as 'a step back but also a step forward' (FG-P-3) 'a chance to try something again but with more experience' (FG-P-5)
Negative Emotional Impact	Failure as wasted time, resources, and a devastating emotional experience	"wasted time and resources" (FG-W-4) "devastating emotional experience" (FG-K-4) "the front-runner certainly gets hit over the head hard. But there are others – the employees, actors inside that is, the main beneficiaries – and it's crucial to provide them with opportunities and help them overcome difficult situations" (FG-W-4)
Long-term Positive Impact	Failure as something that may lead the individuals involved to do better in the future.	"…social enterprise did not survive, but the people involved later fared much better" (FG-K-2) "…we should also remember that the concept of failure is very broad and ambiguous. For example, I met with a few people who ran a social enterprise for a while and then had to close it down because it didn't generate enough money. But these individuals didn't have a sense of failure at all, for instance. Their enterprises lasted 2–3 years, during which time they achieved some kind of goal, and as a result, they successfully reintegrated the individuals they employed. However, at some point, they made the right decision that it wasn't worth keeping it running at all costs and creating problems for themselves, such as taking additional loans to save the enterprise. They simply decided that this was the moment to close it down" (FG-K-1)

Source: own elaboration.

Respondents highlighted the chronic underfunding of social enterprises, points out an essential correlation:

Rightly or wrongly, social enterprises are sometimes associated with low quality. But it is usually the case that if the investment budget is low, the quality is also low, because you don't buy a table for PLN 1,000, but for PLN 100. Unfortunately, in our case, there have been cost-cutting measures on accounting, and we opted for the cheaper option. Our first accountant made mistakes with the PFRON [Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych – State Fund for the Rehabilitation of the Disabled] grant and also encountered issues with filling in the forms. As a result, we missed out on the opportunity to receive a lot more money for several months. Our situation is quite complex as we are connected to the foundation, the restaurant, and PFRON. Therefore, it is essential to have an accountant who truly knows her stuff, as knows how to manage the combination of business with the foundation. (FG-W-1)

Interestingly, most interviewees repeatedly emphasized the importance of selecting a competent accountant and highlighted the mistakes that can arise in this process. They also pointed out that mismatches can occur with individuals contracted to provide services for the social enterprise, as reflected in the following statement:

…we used marketing consulting, that is, we found specialists ourselves and OWES financed it for us. Consequently, we ended up paying someone who was very experienced in creating an online image and related to electronic products like blogs, media, and fan page contact. However, our product is more related to the cosmetics market, specifically beard care products. So, we wasted time and

money because the person we hired didn't know how to address our actual problems related to the cosmetics market. (FG-W-4)

However, when discussing mismatches among people, respondents frequently highlighted the haphazard manner in which social enterprises are often established. As one participant expressed:

I have witnessed many cooperatives set up in this way – from the so-called "roundup," where people were simply rounded up to create an enterprise because there are projects that need to be saved. These individuals may have some kind of disability or somehow fit into the criteria. (FG-P-2)

Another respondent shares a similar opinion, stating:

There are situations where incompetent support institutions gather people just to fulfill certain indicators, even though there is a lot of speculation that these people, in one or two years, will not survive as an enterprise. There is no accountability, and these individuals end up in a worse situation than if they hadn't set up this enterprise at all. (FG-W-2)

In the short term, embracing failure as an opportunity for learning was perceived as difficult, particularly when dealing with financial losses. A social entrepreneur described it this way:

The whole idea was to be able to provide services for children and parents, simply. But these come with enormous costs. I understand that because I myself had problems organizing funding for my son's rehabilitation trips. So, I wanted our foundation to be an organization that supports this, and we needed money for that purpose. Unfortunately, there was no funding, and we had to cover various expenses ourselves. That's how we managed to stay afloat. However, last year was very challenging, really very tough. The only reason we survived was that I come from a corporate background, not so long ago I worked in a bank, and I had many friends and connections, including CEOs of various other organizations, and they helped us to pull through. (FG-P-4)

The consequences of bad financial decisions also resonate in other statements:

As a result of bad business decisions at the beginning we are constantly struggling to maintain liquidity. One year has passed, and now we're entering the second year, still struggling with liquidity. At any point, the landlord can terminate our tenancy due to six months of rent arrears… Can you imagine that I am currently on sick leave, trying to reduce the costs of maintaining my employment… shame and sorrow… (FG-W-1)

Receiving unfavorable news and negative feedback, often tied to the process of "failure," can be difficult to accept immediately following a setback. Analyzing failures requires time, and for those responsible for leading their organization and delivering social value, shifting focus to identify flaws and weaknesses can be especially challenging. In many instances, the notion of failure as simply a step toward success proves inadequate, as it overlooks the broader consequences and costs of failure, which extend beyond the experiences of the individual social entrepreneur.

4.2. Consequences of Failures

The consequences of failure are far-reaching and can profoundly affect a wide range of stakeholders. Employees, their families, customers, and suppliers are among those directly impacted. Additionally, the effects extend to the broader ecosystem in which social enterprises operate. Potential issues include diminished confidence in the organization's management, scrutiny over why the failure was not anticipated or addressed earlier, and a loss of trust in the brand, which can impede long-term growth. As one social entrepreneur explains:

I face the pressure every day as a leader who is financially responsible. I have this feeling that if things go the wrong way, it's on me, and there's a million zlotys at stake… well, so there is this financial pres-

sure for me – that's one thing. But what's even worse is the pressure connected with my employees. For some of them, this job is a matter of survival. I can handle the pressure, find a way for myself to cope with it, but take Anna (name of an employee), for instance – she's been through three transplants and is losing her eyesight. Where will she find another job? (…) After all, there are also my employees, whom I hire, and for whom this work is of utmost importance. When they sense any uncertainty in my voice, the whole team immediately becomes anxious, thinking that something is going wrong, that the boss isn't confident anymore, and they start questioning: Boss, will this job still be here? (FG-W-1).

Another social entrepreneur adds:

…the public figure, the front-runner, certainly gets hit over the head hard. But there are others – the employees, actors inside, that is, the main beneficiaries – and it's crucial to provide them with opportunities and help them overcome difficult situations. We had a woman whom we rescued from a chaotic lifestyle, really pulled her out of a tough spot – she couldn't distinguish between a wine glass and a vodka glass… And when we explained to her the difference between a cake fork and a regular fork, she looked at us as if we were fools – but why? Sometimes she used a regular fork to serve cake. For her now, going back to that small village, to a life with just chickens, after experiencing working in a team with us, well, that's a tragedy! She simply can't imagine it! (FG-W-4)

Given the implications of failure, it is understandable that addressing this challenging topic is difficult. Our discussions frequently underscored concerns about the potential harm failure could inflict on the leader personally or on the organization's reputation, potentially limiting future opportunities for partnerships and funding. Moreover, participants highlighted the broader impact on other stakeholders. This sentiment is reflected in the following words:

For example, if I were to terminate the foundation, which includes the kindergarten and nursery services, I would also have to terminate the contract with a small family company that provides catering. This would result in a significant decrease in revenue for that supplier, amounting to thousands of zlotys per month. (FG-P-4)

While the impact on customers is generally viewed as less significant, one of the interviewees mentioned a particular concern:

I know some places that have become deeply rooted in the local community, where people come to talk and connect… places important especially for older individuals who find meaning and purpose in their lives through these interactions. If we were to close down such places, these people would lose their gathering spot. (FG-W-2)

This point of view is consistently echoed regardless of where the FGI is conducted:

I wouldn't forget the local community. These social enterprises are deeply rooted somewhere within the local community. Most often, if not always, they begin their operations in a close-knit environment. When such an enterprise has already established itself and become a part of this local community, and then suddenly collapses, there can be a sense of loss and regret that it didn't succeed. (FG-K-2)

Entrepreneurial failure can also impact government agencies, as reflected in the opinion of a representative from the Regional Centre for Social Policy, who sees such failure as having implications related to ineffective social policy:

…because, in principle, it looks like this – we support the SE, and if, for some reason, the SE collapses and we can't pinpoint the reasons, then it has further implications because funds have been invested in this enterprise. (FG-P-2)

On the other hand, a delegate from governmental agencies emphasizes a different perspective:

…of course, if such an enterprise ceases its activities, I personally feel regret. However, it also depends on the individual employee, official, or person involved. Let's be honest, in our line of work, no one will be forced to leave their position due to this particular event… these are independent entities operating in the market. It's not as if we have direct connections or dependencies on each other. (FG-W-3)

An interesting aspect is also presented by respondents representing the Social Economy Support Centres (OWES), which play an important role in strengthening the social and solidarity economy sector. According to the National Program for the Development of Social Economy, their task is to assist in creating and developing social economy entities, including social enterprises. This is how one of the representatives from OWES talks about it:

We, at the Center for the Support of the Social Economy, are on the front line when it comes to failure. We find out first, and social entrepreneurs ask us to help them, rescue them, and solve their problems. (FG-P-1)

As noted by another representative:

…because if this, let's call it a permanent 'failure,' occurs, for example, even after the grant period has ended, it becomes a real problem for us – as OWES – since then, the marshal's office may request the return of the grant. So, it poses a significant challenge for us (…) we haven't actually encountered such a situation, but I know that other organizations have faced such issues. It's crucial for OWES and the funded entity to share a common interest in avoiding such situations. And if problems do arise, the goal is to minimize their impact somehow, isn't it? (FG-K-1)

The above statements confirm the multidimensionality of failure in relation to social entrepreneurs.

As respondents were asked about whether failure also affects the organization's environment at the national level, it is worth examining their viewpoints:

I believe that these institutions, the higher up they are, have a greater responsibility to reflect on whether the support they provide and the concepts they devise are right and effective. This is especially crucial at the national level – were the legal provisions and laws enacted good enough to facilitate the best possible and smoother development of social entrepreneurship, or were some mistakes made there? (FG-K-2)

A representative from one OWES adds in the same vein:

…at the central level, it is important to assess certain indicators, especially those for which we are held accountable by the European Commission. Then, the question arises: What conclusions are drawn from this? For example, if something is not successful, is it because – and I'm speaking somewhat subjectively now – these OWES are not coping, or is it because the formal and legal environment, the system itself, is more of a hindrance than a help? In my opinion, sometimes there is too much focus on various types of indicators and elements for national institutions, which may be more important to them than genuinely reaching out and helping these people. (FG-K-1)

Lastly, respondents also point out less obvious stakeholders who might be affected by such a failure:

…it still occurs to me that there could also be a negative impact on the entire social group that was reintegrated through the activities of the social enterprise. That is, for example, stereotypes are perpetuated, such as the belief that it's not possible to work with the homeless, that it is impossible to work with addicts, that it is impossible to work with women for some reason. (FG-P-3)

What is more, respondents also recognize the fact that

…it is disheartening to observe that some of the social groups that were meant to be empowered through the projects become discouraged by the idea of cooperatives. At times, when we attempt to

introduce the concept of forming a cooperative, they reject it, claiming that it won't work at all, and they view it as a mere waste of time. (FG-P-1)

Such perspectives appear particularly concerning given that social entrepreneurship is tasked with supporting marginalized individuals in integrating into society, overcoming challenges, and improving their professional and social competencies.

5. Conclusions

Although failure can have significant negative consequences, such as financial, psychological, and physiological difficulties (Byrne & Shepherd, 2015), it also presents a valuable opportunity for learning (Boso et al., 2019; Dias & Teixeira, 2017). Entrepreneurs are encouraged to view failure not as the end of their entrepreneurial journey nor as proof of their unsuitability for entrepreneurship (Lafuente et al., 2019). The findings reveal a wide range of perspectives on how failure is perceived. Social entrepreneurs often view failure as both a setback and an opportunity for growth, while others regard it as wasted time and resources or a deeply emotional experience. The perception of failure is subjective, shaped by individual circumstances and roles within the social economy sector. Among these, social entrepreneurs are the most intensely affected, experiencing failure with the greatest personal impact.

By presenting the various perspectives on failure that emerged from the FGIs, this study contributes to the understanding of entrepreneurial failure within the context of social entrepreneurship. Social enterprises are fundamentally characterized as double-bottom-line organizations, striving to achieve both financial success and social impact. A recurring theme in the discussions was the dependence of social entrepreneurs on funding from diverse sources, including governments, wealthy individuals, and private corporations.

Over the past two decades, the funding landscape for social enterprises has undergone a significant transformation. Historically, these organizations relied heavily on direct grants from the government. However, there has been a noticeable shift toward a more diversified funding model, with social enterprises increasingly generating earned revenue from a broader range of sources. This change reflects the sector's evolving emphasis on financial sustainability. Despite this progress, the persistence of "grant dependency" remains a critical concern, as it continues to pose a risk of failure or bankruptcy if funding support is withdrawn.

Another recurring theme in the debate on social enterprises, which is also evident in the opinions of respondents, pertains to the tensions between values. Social enterprises are inherently associated with conflicting goals, values, norms, and identities. Managing these elements simultaneously not only leads to tensions and competing demands but also becomes crucial for gaining a comprehensive understanding of social enterprises. Additionally, the social enterprise sector must develop the capability to analyze, understand, and even anticipate market and social needs as expressed by consumers, beneficiaries, the government, and other stakeholders. This requirement presents an even greater challenge for social enterprises, given their dual focus on financial viability and social impact.

Social enterprises can encounter failures stemming from inadequate integration, a complex and continuous process that requires sensitivity, openness, and significant time and energy dedicated to fostering strong relationships within the team. Effective integration is a critical investment in the success of social enterprises. Similarly, socialization is an ongoing effort that extends well beyond the initial months of membership in a social enterprise. It should be nurtured through a blend of formal and informal social activities to strengthen cohesion and col-

laboration. Furthermore, enhancing the qualifications of social enterprise members is essential for their growth. It not only increases work efficiency but also improves their standing and reputation in the market, further contributing to the enterprise's overall success and sustainability.

The consequences of failures are far-reaching, impacting a wide range of stakeholders, including employees, their families, customers, suppliers, and the broader community. These effects can manifest as a loss of confidence in management, questions about organizational effectiveness, and diminished trust in the brand. Social entrepreneurs themselves face significant emotional and financial pressures because of these failures. The perception of these consequences varies among different actors in the social economy sector. Social entrepreneurs often concentrate on the immediate and personal effects, such as financial strain and emotional burden. In contrast, representatives from Social Economy Support Centres (OWES) and government agencies tend to emphasize the broader implications, focusing on social policies and the effectiveness of support systems in mitigating the impact of such failures.

As an exploratory study, our objective was to illuminate entrepreneurial failure within the context of social entrepreneurship. To achieve this, we adopted an inductive approach, utilizing FGIs to explore and analyze attitudes toward failure and to provide insights into the potential benefits of openly discussing failure for both current and future social entrepreneurs.

Naturally, this study has certain limitations, primarily stemming from the chosen methodology. FGIs, by their nature, involve a limited number of participants, which may not fully represent the broader population being studied. Additionally, group discussions can be affected by dominant participants or group dynamics, potentially resulting in some perspectives being overemphasized or overlooked. Another limitation lies in interpretation bias, as analyzing FGI data requires interpreting participants' responses, a process that can be subjective and influenced by researchers' preconceptions and biases (Hines, 2000). Recognizing and addressing these limitations is essential for contextualizing the findings and guiding future research.

Another notable limitation of this study relates to its timing. The data was collected before the onset of the Covid-19 crisis, which has since significantly affected Poland and other countries. This crisis likely altered perceptions of failure and increased skepticism toward entrepreneurial opportunities in general. Follow-up studies could investigate how these changes have influenced social entrepreneurs.

While the contributions of social entrepreneurs are not new, the current momentum and growing interest in this movement provide a strong foundation for future research. Understanding the reasons behind the failure of social enterprises is essential to ensure that the efforts and experiences of these entrepreneurs are not wasted. This knowledge is vital for preventing others from encountering similar frustrations and discouragement. Developing resilience to manage and overcome failure is particularly important during the early stages of a social enterprise, yet not all entrepreneurs possess this skill.

Given that social enterprises are deeply influenced by cultural, social, and community factors, expanding research to include other countries is critical. Additional empirical studies, such as case studies conducted in varied contexts, would provide deeper insights into the phenomenon. Furthermore, there remains a gap in understanding the cognitive processes and coping strategies that social entrepreneurs use when confronting potential failure and exit. Further exploration in these areas is both necessary and valuable for advancing the field.

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Acknowledgements and Financial Disclosure

Ministry of Education and Science
Republic of Poland