When Things go Wrong: Organizational Failures and Breakdowns

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Organisational failures have been the subject of study for multiple disciplines. In management

literature, failure is seen as an aberration in the normal existence of an organisation. Scholars attempt to learn from the mistakes of some organisations to be able to prescribe and preach to others on how to avoid the same pitfalls. For the most part, the measures of performance used to evaluate success or failure are informed by notions of economic performance, be they efficiency, profits or share prices.

Despite significant studies of failures, it is not uncommon for management texts to largely ignore any explicit discussions of failure. The authors evade these discussions to either avoid embarrassing particular organisational actors with blame or to suppress the weakness and limitations of the management theories they themselves teach/promote. A more charitable explanation may be that they want readers to focus on the positives of organisations rather than the negatives. Whatever the reasons, the fact remains that there is a paucity of attention on organisational failures in mainstream management literature.

It is difficult to focus on any broad themes that run through the book because each article provides some unique insight. I have tried to highlight some distinctive feature of each paper and also indicate when the arguments triggered thought about phenomena in the Indian context. I hope this will allow readers to identify articles in the book that may be relevant to their research interests.

The book has been divided into four parts, each broadly utilising a similar perspective/approach to understanding failure. The four parts are sandwiched between an introduction (Part I) and a conclusion (Part VI) by the editor. The introduction helps the reader put the four parts into perspective so that he/she can read the chapters in any order of preference. The conclusion, once again, pulls the diverse discussions together within a common framework.

Part II consists of four papers. In the first paper, Zucker and Darby examine the impact of cost of information about breakthrough discoveries on organisational performance. Based on data from the pharmaceutical industry, they argue that, in order to develop an ability to recognise and evaluate breakthrough knowledge, incumbent organisations need to have heavy expenditure on research and development. A significant portion of this expenditure may not result in commercial products. As a result, several 'successful' incumbent organisations appear to be outperformed by startups, which have not yet incurred similar costs. In the next article, Wilson, Hickson and Miller review the role of over-commitment to any specific action in the failure of an organisation. They suggest that while charismatic leaders and restless entrepreneurs make interesting stories, they are more capable of leading organisations, particularly smaller ones, to failure. The third article by Hager, Galaskiewicz, Bielefeld and Pins studies non-profit sector mortality to suggest that smaller, young organisations in uncertain contexts that lack managerial expertise are more likely to die without completing their mission. The last article in this part by Mayntz examines how the Academies of Sciences in Central and Eastern Europe coped with the institutional changes that followed the collapse of the Soviet Union. This paper provides useful insights for a researcher examining the response of government supported research institutions in India to the changing economic and institutional climate.

Part III consists of four chapters that examine the politics of failure and bankruptcy. Siebel's piece provides a very interesting account of two non-government organisations to show how significant stakeholders may actually be interested in the under-performance of organisa-tions, because expected levels of performance may be 'detrimental' for them. It provides an interesting conceptual framework to examine the dismal performance of several government driven social initiatives in India. The next paper by Delaney suggests that several organisations use bankruptcy as a shrewd device to survive, while outsiders may interpret it as failure. Bovers, Hart, Dekker and Verheuval examine the politics of blame avoidance after the failure of some crime-fighting initiatives in Holland—which immediately brought to mind parallels in India, such as the match-fixing scandal in cricket. The last article in this section by Halliday and Carruthers provides a new meaning to the word 'professional' by presenting a revealing account of the jostling among multiple professional bodies to acquire legitimacy for themselves in the arena of insolvency.

Part IV has two articles that focus on the cognitive construction of failure. Clarke and Perrow present an analysis of the case of Long Island Power Station to argue that high risk organisations normally do not have reliable methods to deal with accidents. They use 'fantasy' to create an impression for themselves and the public that they have all their problems under control. It really makes one wonder about the safety of the

world we live in. In the next article, Meyer suggests that true organisational performance lies outside the reach of measurement. He has three central arguments: organisations have to rely on surrogate measures because true measures are unavailable; the ability of a measure to discriminate decreases over time; and given the abundance of data, it is easy to 'invent' measures of performance leading to their proliferation. He uses the *Business Week* ranking of business schools in the US to illustrate the third point. According to him, although the measures 'invented' by the magazine may have no relation to the true performance of a business school, they proliferate because of the ease with which one can develop and 'measure' them. I could not help but see the parallels in the recent spate of business school rankings in India. The concerned institutions have had to pay attention to the published ranking, despite the use of undoubtedly faulty methods in their preparation.

Part V uses the network approach. Romo and Anheier suggest that the compatibility of an organisational form with the external institutional context is essential for its survival, while their second article examines the impact of internal networks on the failure of organisations.

An interesting book on organisational failures, *Permanently Failing Organization* by M W Meyer and L G Zucker, published in 1989, focuses on examining why many organisations persist despite sustained unsatisfactory performance. An effort expand the domain, the book under review is the collective effort of several researchers, each exploring failure in their own fields, utilising a wide variety of perspectives. The papers provide wonderful insights into the dynamics of organisational failure that are normally ignored or glossed over in the literature. I would recommend it to anyone who is looking for an unconventional look at organisational phenomena, particularly failures.

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