Scaling Social Entrepreneurship: An analysis of intermediaries' approaches in facilitating demand-side driven replication

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Affidavit

I, **PHILIP G. CZAPIEWSKI, BA (JOINT HONS)**, hereby declare

1. that I am the sole author of the present Master's Thesis, "SCALING SOCIAL ENTREPRENEURSHIP: AN ANALYSIS OF INTERMEDIARIES' APPROACHES IN FACILITATING DEMAND-SIDE DRIVEN REPLICATION", 71 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted the topic of this Master's Thesis or parts of it in any form for assessment as an examination paper, either in Austria or abroad.

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Signature

Thanks to the faculty at WU, TU, interview partners and my patient family.

Abstract

Scaling social entrepreneurship is widely recognized as being vital to meet crucial goals for our society, yet current efforts are falling short and therefore different approaches need to be considered. Amongst the intermediary organizations that have recently started to support the scaling efforts of social entrepreneurs, there are some innovative organisations that are approaching the challenge differently by focusing on the effective demand side (clear problem definition and need) and helping social ventures to scale by matching that demand through replication of their solutions. However, little is known about their work, suggesting a need for further investigation into their practices and success factors. This thesis explores this emerging phenomenon through a literature review, background research on these intermediaries and an analysis of qualitative data from interviews with them. Findings suggest that these successful scaling intermediaries share commonalities in their approach of having a strong emphasis on problem definition and establishing 'effective demand', connecting this successfully with proven supply-side solutions, whilst meanwhile finding ways to engage the right people to overcome initial cynicism and resistance to change in order to deliver systemic change.

Results contribute to prior research on scaling and replication of social entrepreneurship by acknowledging the role of these scaling support intermediaries in the ecosystem and identifying best practices and approaches. Findings also highlight the importance of continuous learnings and suggest that enhanced sharing of process learnings and partnerships between intermediaries could unlock significant potential within the social entrepreneurship sector. The results of this thesis are therefore relevant for social entrepreneurs, intermediaries and funders in the social impact economy, and researchers in the field of social entrepreneurship as this shows an exciting opportunity for disruption with the potential to make significant impact.

Keywords

- Social Entrepreneurship
- Impact Scaling
- Intermediaries
- Replication
- Demand-side

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1 Introduction

"Instead of wasting taxpayer money on programs that are obsolete or ineffective, government should be seeking out creative, results-oriented programs . . . and helping them replicate their efforts" (President Obama, 2009, quoted from Bradach, 2010, 2).

We live in an era of increasing social and environmental challenges where governments and institutions realise that significant changes need to be made and that they alone cannot achieve these. They recognize that social entrepreneurs will play a vital role in meeting these goals. The European Commission (2016, 5) recognizes this in that:-

> *"Social enterprises have gained in importance in European and national policies in recent years. Indeed, there is a growing awareness that they create sustainable and inclusive growth and stimulate social innovation. By focusing on people as much as profit, they foster a sense of social cohesion and promote the common good. We need more of these enterprises with a social "DNA", to ensure that we build a fair, inclusive and sustainable social market economy."*

Several multilateral organisations are partnering with intermediaries that help these social entrepreneurs, in order to achieve their goals. For instance, the UNDP[1] is working together with Impact Hub[2] on the Accelerate2030 program, with a mission to scale internationally the impact of entrepreneurs working towards the UN's Sustainable Development Goals (SDGs – shown in Appendix A). The European Commission (2016, 13) has set up task forces, such as GECES[3], recognizing that this is a time when there are complementary new emerging trends that are will drive the growth of the social economy (1) Collaborative economy (use

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[1] United Nations Development Program
[2] https://impacthub.net/ - a social impact intermediary network
[3] Expert group on social economy and social enterprises (GECES) -
http://ec.europa.eu/growth/sectors/social-economy/enterprises/expert-groups_en

of online platforms to allow sharing and exchange) 2) Circular economy (sustainability and reuse) and 3) Inclusive business (involving all people in the economic pyramid), which together indicate that:

> *"The time is certainly ripe for entrepreneurial approaches to social problems. Many governmental and philanthropic efforts have fallen far short of our expectations. Major social sector institutions are often viewed as inefficient, ineffective, and unresponsive. Social entrepreneurs are needed to develop new models for a new century"* (Dees, 1998, 1).

This therefore justifies investigating and considering different approaches towards social entrepreneurship. It is a wide field that encompasses a range of different organisational types and sizes, all united in creating positive social impact. As Bill Drayton, founder of Ashoka[4] defined them, *"Social entrepreneurs are the essential corrective force. They are system-changing entrepreneurs. And from deep within they, and therefore their work, are committed to the good of all"* (Drayton, 2013). For this thesis we shall adhere to Dacin/Dacin/Matear's (2010, 42) view that the best definition *"for building a unique understanding of social entrepreneurship and developing actionable implications is one that focuses on the social value creation mission and outcomes, both positive and negative, of undertakings aimed at creating social value"*.

Within this wide umbrella there lies significant potential. It accounts for 10% of jobs in the EU and 8% of EU GDP (European Commission, 2016, 10). A recent report by the consultancy McKinsey showed that the financial potential of Ashoka's entrepreneurs in Germany alone was €18 billion a year (McKinsey & Company/Ashoka, 2019, 5). Yet despite this the 'impact community' still lacks recognition and often cannot secure necessary funding which restricts it from meeting its full potential (European Commission, 2016, 26). Therefore,

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[4] https://www.ashoka.org/

organisations such as the European Commission are working on exploring the best practices and finding ways of raising the profile and visibility of social entrepreneurship (as shown in Appendix A) and increasing effort is going in to supporting and funding specific projects and ecosystems with the goal of creating more social impact. Many countries provide incubators and hubs - organisations such as Impact Hub have built effective networks, Ashoka provides stipends and targeted support mainly for specific entrepreneurs.

However whilst these are all worthy courses of action, the realization has been made that although there have been successes, overall the rate of scaling of social enterprises is still falling below expectations and below that of what is required by society to reach our collective desired goals (United Nations, 2018). Therefore as put by Bradach (2010) *"How can we get 100x the impact with only a 2x change in the size of the organization?"*. This therefore necessitates additional analysis and testing of alternative methods to scale more effectively such as that researched in this thesis. Furthermore, the way in which we are identifying the solutions to scale also needs to be questioned. As highlighted in works by Nicholls (2010); Papi-Thornton (2016), there has been too much focus on re-creating the commercial startup approach to social entrepreneurship, creating a 'heropreneurship' culture, and less on really deeply understanding the problems and the real demand, so this also supports investigating how this can be addressed.

To summarize, the field of social entrepreneurship is still relatively new and there are ongoing questions around which factors are the right ones to focus on to optimally scale impact. Interestingly only now are some longer term studies starting to be published with new conclusions that there has been an overemphasis on innovation (e.g. Seelos/Mair, 2017) and that there should be greater focus on replication instead. This therefore points strongly towards researching what is the best approach to do so.

1.1   Problem Formulation

As we have seen in the previous section, there is a strong interest in scaling, yet although there has been research covering the overall topic of finding improved ways to scale social impact (see section 2.2), this has been predominantly focused on identifying and then 'pushing' social ventures towards new geographies or towards new users. The less researched area relates to focusing on developing the 'pull' or 'demand-side'. As Mulgan/Rusharnara/Halkett et al. (2007, 5) explain, the effective demand is different from traditional economics as the preferences are often endogenous rather than exogenous and that *"a receptive climate on its own is not enough. Innovations are only implemented if the recognition of a need comes to be shared by people of organisations with the power to pay for it"*.

Moreover, it appears that there has been relatively little research done on the role of intermediaries generally and more specifically within the field of social entrepreneurship. Therefore, it can be said that there is a weak understanding of what intermediaries' leveraging effects are, their methods of working and analysis of the best practices. Thus when combined with the areas of demand-side focus, replicable scaling and the role of intermediaries, we see a research gap that is captured within the research question of *'Scaling Social Entrepreneurship: An analysis of **intermediaries'** approaches in facilitating **demand-side** driven replication'*.

1.2   Objective of the Master Thesis

Based on the identified problems, the aim of this thesis was to analyse what is presently working best within the focus area and to identify the commonalities and differences in approach, but also to see whether any learnings and experiences from outside of the social entrepreneurship field could be brought in. The thesis had the following objectives: -

1) Provide a clear overview of the extant literature pertaining to the research question, including from outside the specific field of social entrepreneurship

2) Identify and review the key intermediaries working in this way

3) Understand intermediaries' learnings, commonalities and differences in approach

4) Draw conclusions, provide practical recommendations for the Social Entrepreneurship field and recommendations for further research.

1.3   Course of Investigation

In order to achieve these stated objectives, in a first step there is a systematic review of relevant literature to understand what research around social impact scaling has investigated the demand side, whilst also drawing upon research from outside of the social entrepreneurship field.

The second step is a systematic review of the documentation of the main intermediaries, to document their approach, their commonalities and their differences in approach. This is then complemented by both in-person and virtual (Skype) interviews with these main intermediaries, employing an approach of open-ended and semi-structured questions in order to obtain qualitative data.

Following the gathering of data, analysis of the results, using thematic coding, identifies common areas and areas of differentiation. These findings are then summarized, leading to conclusions of what can be added to this field of research and then recommendations for further research.   Section 3.1 provides further details on the methodologies used.

2 Literature Review

The following chapter provides a review of the relevant literature, building from defining social entrepreneurship itself, through to the research gap and question. It combines different sources from various fields that relate in some respect to the central theme. In summary this section brings together useful insights into each of the themes of the research question, yet also validates that there is still a lack of consensus on some key areas, justifying that further research for this particular question is still required to draw clearer conclusions.

2.1 Defining Social Entrepreneurship

Social entrepreneurship has arguably always existed and is notoriously hard to get consensus on a common definition when asking people involved in this field. In this section we will gather and compare the predominant definitions.

The word entrepreneur is originally from the French word for a person who undertakes a significant project or activity. As explained by Dees (1998, 2) and Martin/Osberg (2007, 38) the definition has evolved from Jean Baptiste Say's definition as a person who creates value, through Joseph Schumpeter's addition of someone who embarks on *"creative destruction"* through to Peter Drucker's statement that *"this defines entrepreneur and entrepreneurship – the entrepreneur always searches for change, responds to it, and exploits it as an opportunity"*.

The difference between entrepreneurship and social entrepreneurship is argued by Martin/Osberg (2007, 34) as not being to do with motivation (money versus altruism), but in the value proposition. In that the entrepreneur and his investors will expect to derive some personal financial gain, whereas the social entrepreneur "*aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large*". Or as

otherwise put by Dees (1998, 3) "*Mission-related impact becomes the central criterion, not wealth creation*".

Whereas markets are set up well to reward successful entrepreneurs, they perform sub-optimally for social entrepreneurs as they tend to undervalue social improvements, especially those that impact elements of society that lack the ability to pay. Therefore, in order to address this non-functioning market discipline, the following definition was developed by Dees: -

"*Social entrepreneurs play the role of change agents in the social sector, by:*

- *Adopting a mission to create and sustain social value (not just private value),*
- *Recognizing and relentlessly pursuing new opportunities to serve that mission,*
- *Engaging in a process of continuous innovation, adaptation, and learning,*
- *Acting boldly without being limited by resources currently in hand, and*
- *Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created".*

(Dees, 1998, 5)

Martin/Osberg (2007, 35) build on this by defining social entrepreneurship as having three elements: 1) Identifying an unjust equilibrium 2) Identifying an opportunity in this unjust equilibrium and 3) Forging a new stable equilibrium. They proceed to also outline two distinctions that vary from 'pure' social entrepreneurship – 'social activism' and 'social service provision'. These both help to achieve social impact, but are arguably not fully entrepreneurial. However, the authors also point out that there are boundaries as highlighted in the table below, although in reality often these lines are blurred and social entrepreneurship regularly encompasses all three forms. Therefore, for this paper we will accept that there are sometimes some grey zones and especially in the case of replication these could arguably be not thought of as always being 'pure' entrepreneurship, yet they meet the goal of bringing entrepreneurial change to new areas and geographies.
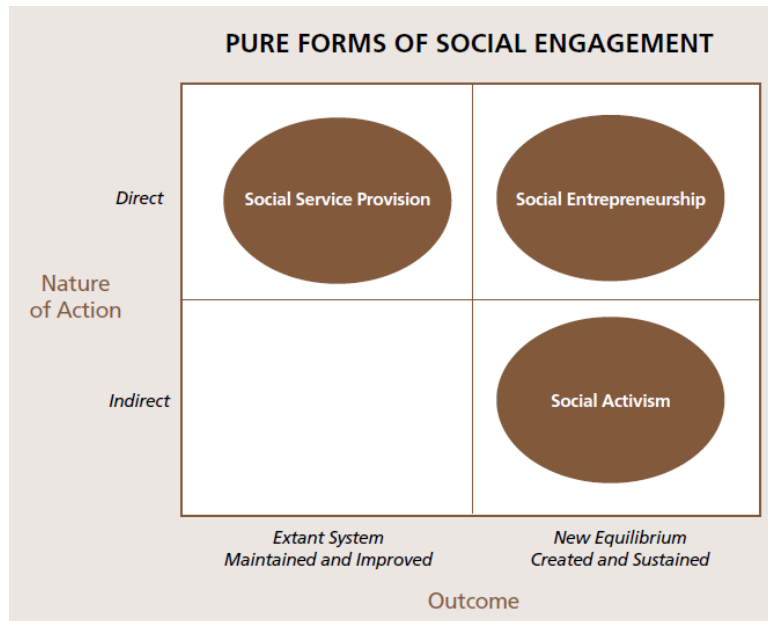
Figure 1 - Distinguishing Social Entrepreneurship (Martin/Osberg, 2007, 38)

Westley (2008, 1) argues that Social Entrepreneurship is just one element of a wider process called 'social innovation' and indeed this term is also used extensively and interchangeably in this field. She describes this as being "*an initiative, product or process or program that profoundly changes the basic **routines**, **resource and authority flows** or **beliefs** of any social system*" (original emphasis). She makes the interesting point that this cannot be achieved alone, but needs to be complemented with 1) Market Demand 2) Political Demand 3) Cultural Demand and also makes the pertinent connection to the research question (in terms of relation to demand-side stimulation) that it involves "*recognizing local and "front line" innovations that promise institutional disruption and selling these to the decision makers/opinion leaders when windows of opportunity open*" (Westley, 2008, 5).

Finally, to summarize and clarify on the organisational models, terminology and definitions that are used for social entrepreneurship. There are several different

organisational models or forms that social entrepreneurship can be embodied as and decisions need to be taken around the mission that is being undertaken and the values, aims and objectives of the founder(s). The Schwab Foundation (2019) outlines three main structures:- 1) **Non-profit social enterprise** – dependent on outside philanthropic funding 2) **For-profit social enterprise** – explicitly created to address a social problem and the main aim is for returns to help grow the business to help more people 3) **Hybrid social enterprise** - a non-profit that allows for some cost recovery through sale of goods and services. There is generally consensus on these categories, although some such as Kaplan/Warren (2016, 163) add a further fourth category, that of the **Cooperative**, whereby a number of individual business will pool together to make their costs sustainable. In terms of definition for this paper, we will take the approach towards organisational models advocated by Nicholls (2006, 12) that *"social entrepreneurship is best understood as a multi-dimensional and dynamic construct moving across various intersection points between the public, private, and social sectors. The organizational mechanisms employed are largely irrelevant".* In addition to these organisation types, there are various forms of synonymous terminology that are often used interchangeably with the social entrepreneurship term. For example, social ventures, social enterprises and social start-ups are often used synonymously, although they should be viewed as subsets within the umbrella of social entrepreneurship. Thus when studying the role of intermediaries in this field and the focus of their activities, the unifying theme is that they help the organisations they work with to create greater positive social impact, therefore as mentioned in the introduction, for this paper we take the definition of social entrepreneurship as put forward by Dacin/Dacin/Matear (2010, 42) that the best definition *"for building a unique understanding of social entrepreneurship and developing actionable implications is one that focuses on the social value creation mission and outcomes, both positive and negative, of undertakings aimed at creating social value".*

2.2 Scaling Social Entrepreneurship

There are heavy expectations put on social enterprises to scale, yet they tend to often be small scale and localised (Lyon/Fernandez, 2012, 64). The advocated approaches to scaling have evolved over recent years. Previously scaling was interpreted predominantly as meaning growing of the organization, whereas increasingly social entrepreneurs are encouraged to consider multiple different ways to increase their social impact (Bloom, 2010, 12). There are still ongoing learnings in this field and individual organisations themselves will often iterate and change the scaling strategies over time.

The three most common forms of scaling social innovations as outlined by Dees/Anderson/Wei-Skillern (2004, 26) are 1) via a growth in the organizational model 2) by spreading the ideas through a programmatic approach 3) as a set of principles, that provide guidelines and values to adhere to the original idea. Moving beyond the structure of defining the method of scaling, there are a further set of options in terms of spreading the impact. Dees/Anderson/Wei-Skillern (2004, 28) describes these as the following. Firstly, 'dissemination' entails providing information and sometimes technical assistance and is seen as being the easiest and least resource intensive. Secondly, 'affiliation' are networks whereby there is a formal relationship that can vary from being loosely aligned to very closely linked. Within this there is a subcategory of 'social franchising' which, as Heinecke/Mayer (2012, 196) point out, is a tighter form of affiliation, but is often done poorly compared to business enterprises, in a less systematic way and with required reporting and regulation done too late. Thirdly, 'branching' creates additional site for the original organisation and is close to the classic business model of expansion. This option is best for ensuring adherence, yet is also the most resource intensive.

In terms of deciding which strategy to use to scale, Dees/Anderson/Wei-Skillern (2004, 30) present the five R's methodology. Firstly 'Readiness' assessed whether the product or service is ready to be spread. Secondly, 'Receptivity' assesses how well the target community is likely to receive the new service.

'Resources' forecasts the likely resource requirements that will be entailed. 'Risks' cover the potential failures and contingencies. Finally, 'Returns' is the scaling strategy's bottom line and how the service can be optimized for the greatest return e.g. the most number of people helped.

> *"Chances for success increase if social entrepreneurs consider the full range of options, make thoughtful decisions about how to define their innovation, select a promising scaling mechanism, and continuously refine and adapt their strategy with the Five R's in mind."* (Dees/Anderson/Wei-Skillern, 2004, 32)

Bloom (2010, 12) highlights that today there are additional ways that leaders can magnify their social impact, notably being 1) Technology – moving from "Bricks to Clicks" 2) Intermediaries: Knowledge sharing and technical assistance 3) Talent-centered models 4) Catalyzing changes in markets or social systems 5) Blending direct service and advocacy. Bradach (2010) also includes these and builds on them to add 6) Change attitudes and behaviours 7) Change perceptions of what is possible 8) Strengthen the sector.

Bloom/Chatterji (2009) advanced the understanding of scaling further with their SCALERS model, shown below, which identified the seven key drivers that *"can help social entrepreneurs identify the strengths and weaknesses in their own organizations and use these insights to further scale their social impact."* They also went on to provide evidence of validation of this model through case studies. Of particular interest to the research question in this paper are the identified areas of 'Replicating' and 'Stimulating Market Forces', which will be covered more in sections 2.3 – 2.6.
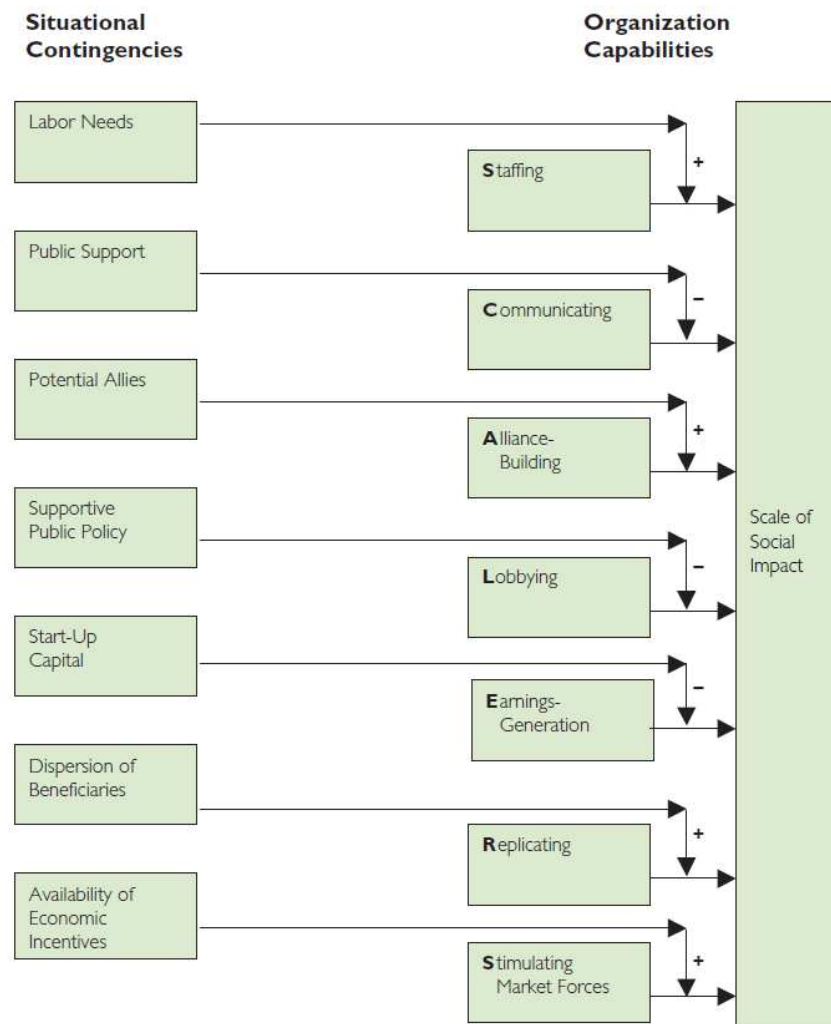
Figure 2- The SCALERS Model (Bloom/Chatterji, 2009, 116)

Heinecke/Mayer (2012, 193) go further with differentiating between 'scaling wide', whereby more beneficiaries are served, and 'scaling deep' whereby more aspects of the core problem are addressed. The results of their study, mapping out the typical stages and challenges faced when scaling impact are mapped out in the following illustration.
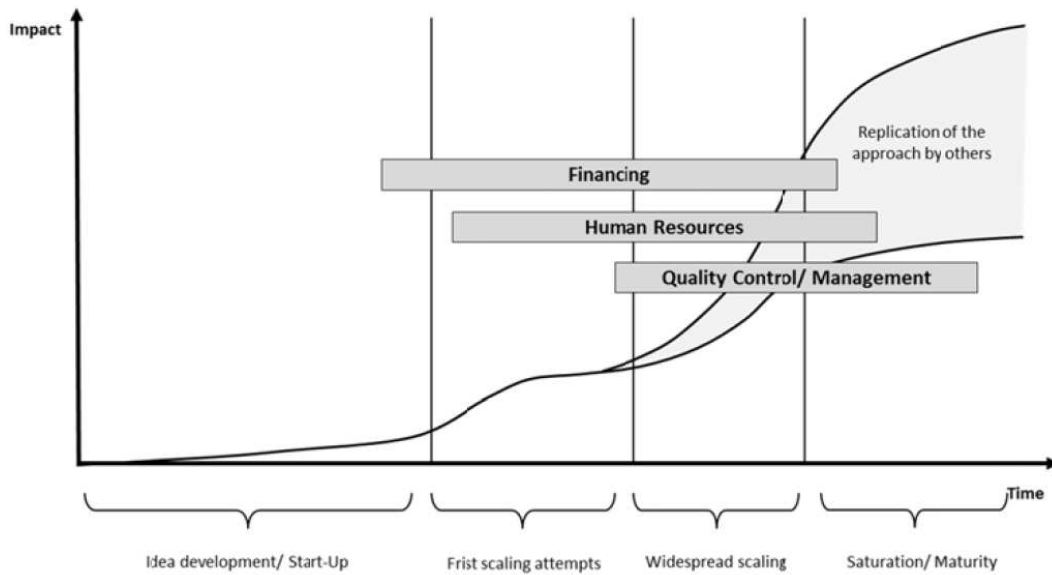
Figure 3 - Illustrative sample of a social enterprise and typical hurdles (Heinecke/Mayer, 2012, 200)

More recent literature argues that there is too much focus on continual innovation and that when considering the goal of increasing social impact, it is better to focus on growing what already works as there is often a trade-off between the two in deciding where to allocate resources (Seelos/Mair, 2017; Starr/Coussa, 2018). Seelos/Mair's (2017) recent work, based on long terms studies, make the case for focusing on developing the organisation and on its strengths (green zone) and less on the areas that still need to be developed or on further innovation. They have mapped out their zoning methodology, shown below, backed up with case studies from social enterprises in India.
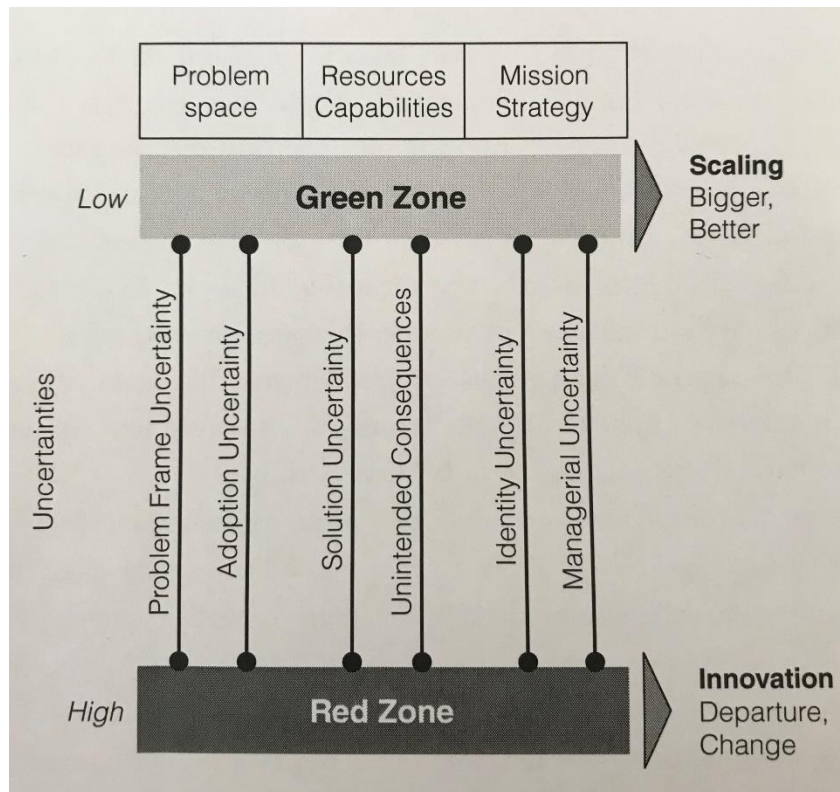
Figure 4 - Mapping the red and green zones of scaling and innovation in established organizations (Seelos/Mair, 2017, 32)

Yet others, such as Nesta[5], which is a key intermediary that has produced multiple reports into demand-driven scaling, view the scaling section not as a distinct separate stage, but something that is intertwined and overlaps with ongoing and evolving innovation, as shown in Nesta's scaling model below.

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[5] https://www.nesta.org.uk/
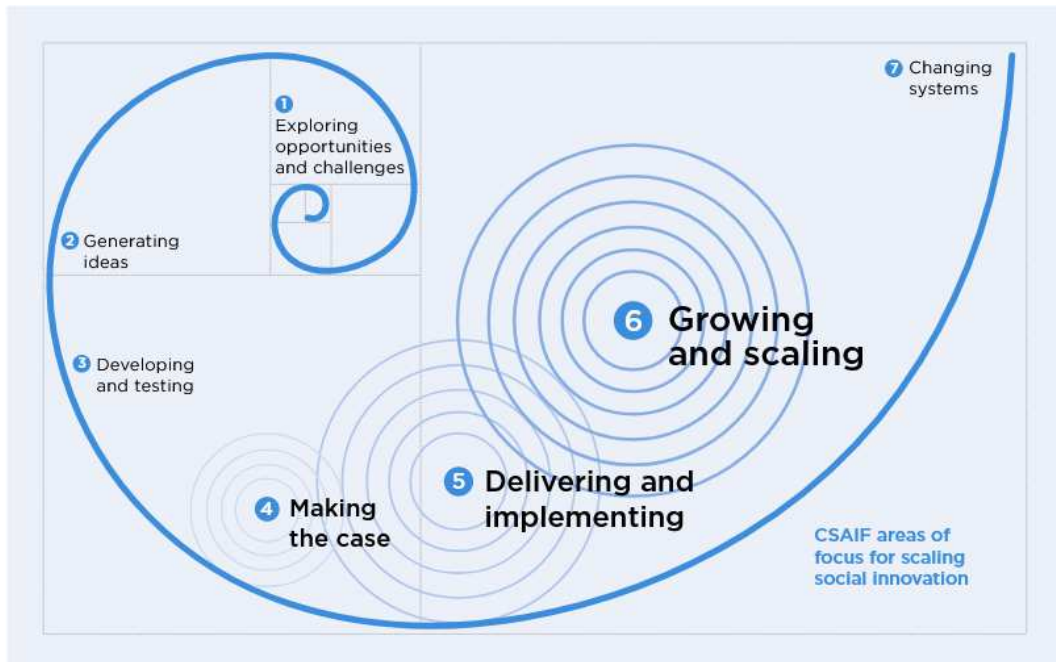
Figure 5 - Nesta's seven stage model for innovation (Deacon, 2016, 10)

Therefore, in summary we have seen that the literature provides models and guidance to social ventures around the decisions they need to take in terms of how to scale and what type of scaling to do, depending on the circumstances they face. Whilst there are differences in their guidance to scaling, notably in relation to whether to focus more on innovation or not, the clear unifying factor is the necessity to invest sufficient time to consider and plan for how and what to scale.

2.3 Replication

"Aravind can practice compassion successfully because it is run like a McDonald's, with assembly-line efficiency, strict quality norms, brand recognition, standardization, consistency, ruthless cost control and above all, volume." (Rosenberg, 2013, quoted from Chliova/Ringov, 2017)

Replication can be defined as *"the creation and operation of a large number of similar outlets that deliver a product or perform a service"* (Sidney G. Winter/Szulanski, 2001, 730). It is an important method of scaling as it should allow the fastest and simplest way to achieve the most impact and as seen in section 2.2, many of the authors include replication as a possible route to scale. Bloom/Chatterji (2009, 123) in their core SCALERS model, identify 'Replicating' as being key with particular attention focused on relationship and communication between the core and its replicators and the ability to exert control over its replicators, all whilst maintaining good relations between partners and whilst not suppressing local creativity. They also highlight that the ability to replicate is also influenced by *"the extent to which variation exists in the people the organization is trying to serve, including demographic and geographic variation"*.

However, there has been relatively little academic focus on social entrepreneurship replication specifically, therefore it is necessary to look further to market literature to establish the theoretical background. In their key paper, Sidney G. Winter/Szulanski (2001) argued that replication or the 'McDonalds approach' had been neglected by organizational researchers as it was assumed to be simple and straightforward. They identified that replication typically goes through two stages, stage one being the creation, development and refinement of the business model so that all the replicable attributes can be identified – the 'Arrow Core', then stage two being where the template of that model is stabilized and scaled. They went on to identify that this stabilisation and refinement can cause a 'replication dilemma' trade off in terms of how much to stick to the template versus making adjustments for localization. However there is criticism that Winter & Szulanski's approach is too rigid and consequently Adderio (2014, 37) builds on this by introducing a framework to address this dilemma through a method which allows organisations to use contrasting goals to simultaneously pursue replication and local innovation (see Appendix B for chart of this framework).

Turning back to the implications for understanding the replication method of scaling within social entrepreneurship specifically, overall the lessons are applicable. The exceptions to this can be found in areas that would fall outside of the typical commercial replication scaling strategy. Chliova/Ringov (2017) build on the aforementioned research, identifying additional factors that need to be considered for 'Base of the Pyramid' (BoP) impact scaling efforts, notably resource scarcity, institutional voids and hybrid motivation. Their framework to address this, showing the key determinants for success and how to overcome the barriers to growth and replication in the specific BoP context is shown in Appendix C.

One of the most extensive pieces of research into social entrepreneurship replication was completed by Berelowitz/Richardson/Towner (2013, 46). Through surveying hundreds of social entrepreneurs in the UK, they were able to quantify the most commonly used forms of scaling, shown in the chart below. They also identified the learnings that 1) there is great interest in replication, but a lack of knowledge 2) there are significant benefits of replication 3) that social franchising is one of the most effective forms of replication. However, they also found that organisations have found replicating to be difficult with the main barriers being 1) Access to finance 2) Lack of expert support 3) Finding suitable partners 4) Lack of capacity planning. They provide a pertinent conclusion in relation to this research question that *"the lack of progress made promoting replication 15 years later should be cause for concern and provide an impetus to future action"* (Berelowitz/Richardson/Towner, 2013, 11).
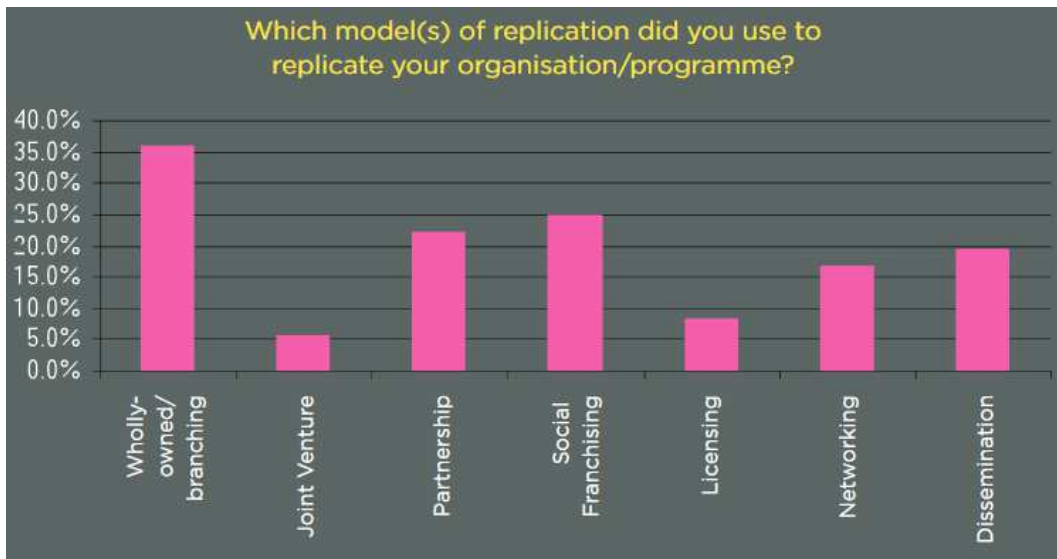
Figure 6 - Survey results showing models of replication used in UK (Berelowitz/Richardson/Towner, 2013, 13)

Finally looking more broadly outside of the field towards 'inclusive business' strategy, there has been excellent research done by Menden/Peron/Pasipanodya (2014, 8) from the organisation Endeva[6], who have identified the following key recommendations to support successful replication that correlate with what has been presented so far from the social entrepreneurship field, yet with some further additions. The recommendations are to:- 1) Involve clients or beneficiaries in the primary organisational processes 2) Match inclusive businesses with replication experts 3) Create service providers that offer information and knowledge 4) Foster second movers by providing granular information on vetted business models 5) Help find talent 6) Build a talent pool 7) Connect inclusive businesses with potential replication partners and second movers 8) Train second movers 9) Use financial innovation to make the replication of inclusive business models more attractive 10) Bring in new players to participate in inclusive business

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[6] http://endeva.org/

financing 11) Create market infrastructure and intermediary bodies. Furthermore, their conclusion supports this thesis theme, explaining how: -

> *"Recent decades have seen a wave of experimentation in the development of inclusive business models. Now is the time to build on what we have learned and multiply the impact of the models that work. We need to identify these models, and provide entrepreneurs with targeted support to expand, disseminate and reproduce them"* (Menden/Peron/Pasipanodya, 2014, 84).

2.4 Focusing on Demand-side

The next element of the research question that will be focused on in this literature review is the differentiation from normal scaling support methods by focusing on deeply understanding and utilizing the demand side rather than simply trying to push good ideas out. This is sometimes referred to as 'problem definition' or 'demand-driven scaling' or understanding the 'effective demand'. The following section runs through these concepts.

> *"If I had only one hour to save the world, I would spend fifty-five minutes defining the problem, and five minutes finding the solution" (Albert Einstein quoted from* Valdes/Paladella/Gonzalo, 2018, 2).

> *"If you build it, people will not necessarily come, unless they are clearly informed, frequently reminded, and convincingly persuaded that what the organization is doing has value to them"* (Bloom/Chatterji, 2009, 118).

As the above quotes illustrate, there is generally recognition that demand side is a growing area with one of the reasons being given that *"operating costs have soared, resources available from traditional sources have flattened, the number of non-profits competing for grants and subsidies has more than tripled, and the number of people in need has escalated beyond our most troubling nightmares"* (Boschee, J., & McClurg, J. , 2003, quoted from Hoogendoorn/Pennings/Thurik, 2010, 5). Despite this there is limited literature specifically looking at identifying and stimulating demand to drive the growth of

social entrepreneurship. Instead what we are able to identify are various references indicating that this is an important factor that should be considered more.

Various authors have recognized that it is worth considering the established theories of supply and demand and applying it to social entrepreneurship (Dees, 1998; Nicholls, 2006). Looking at market based entrepreneurship, Verheul/Wennekers/Audretsch et al., (2001, 8) highlight that although working on increasing and improving supply is important, there is a high dependency on the demand side too as demonstrated in the model below: -
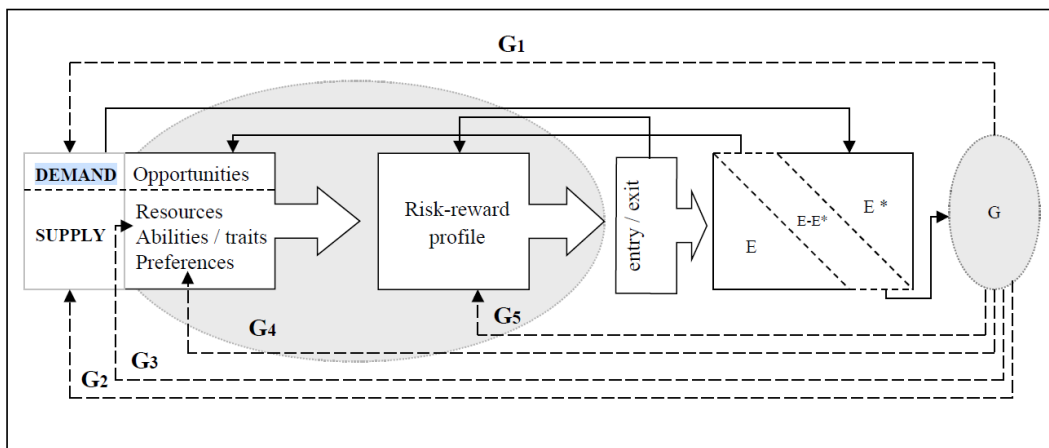
Figure 7 - Demand and Supply factors in Entrepreneurship
(Verheul/Wennekers/Audretsch et al., 2001, 8)

For Social Entrepreneurship, this is the case that whilst there have been considerable efforts in supporting and promoting promising social entrepreneurs (supply side), there has been less focus on understanding or supplying the demand side. Bradach/Grindle (2014, 10) make the point that it is imperative to *"focus on driving demand. Both "supply" and "demand" are required for transformative scale. It isn't enough to focus only on supply, with a build-it-and they- will-come mentality. Truly unlocking demand can be a game-changer"*. This is also recognized by Bloom/Chatterji (2009, 123) who identified 'Stimulating Market Forces' as one of the key factors for scaling in their SCALERS model. They explain

that many of the examples of successful scaling are due to there having been strong market demand and that therefore scaling ability is enhanced by *"being vigilant in monitoring one's external ecosystem, paying attention to economic, social, cultural, and political trends that may create business opportunities."*

Mulgan/Rusharnara/Halkett et al. (2007) identified how the combination of 'effective supply' and 'effective demand' are key to successful impact scaling. Effective demand or 'pull' factors require recognition of the problem, where they observe that *"the most successful innovators do as much to change the conditions of demand as they do to create supply"* (Mulgan/Rusharnara/Halkett et al., 2007, 5). Once the timing is right, it also requires demand from the people or organisations who can pay for it who are either direct (members of the public) or indirect consumers (organisations, foundations or public agencies). The indirect demand tends to be lumpy as it depends upon a limited number of individuals and is strongly influenced by whether budgets are growing or shrinking. Demand is also influenced by the existing power structures, i.e. vested interests and incumbents, and how effectively these can be overcome or convinced. This is then confirmed in two later studies, backed up with case studies from the intermediary Nesta UK, with a clear conclusion that focusing on actively creating demand is crucial and that *"too few spend sufficient time and attention really understanding their market, business model and buyer"* (Deacon, 2016, 26).

Finally Papi-Thornton's (2016) work on 'Tackling Heropreneurship' raises good challenges around how there could be improvements in the way that people working in this sector work collaboratively to understand the problems and the demand properly. She argues that by changing the culture and encouraging social entrepreneurs to focus more on building on existing solutions and collaborating with the other organisations they will then there will be less *"innovations designed in a vacuum, and applicants will feel less pressure to prove they are unique and more pressure to prove they've learned about the problem and current solutions landscape"* (Papi-Thornton, 2016, 2).

2.5   Role of Intermediaries

Intermediaries have been defined as third parties, intermediary firms, bridgers, brokers, information intermediaries and superstructure organizations (Howells, 2006, 715). Howell's study shows the range of studies detailing how intermediaries play a broad set of roles ranging from technology transfer to information sharing and consultancy, with the conclusion being that the role of intermediaries is generally broader and less appreciated than it should be (see Appendix D for overview table).

More recently, authors have recognized the value for social entrepreneurial organizations of interacting more effectively with various players and forces in their external ecosystems, creating alliances to acquire resources and political support (Bloom/Chatterji, 2009, 117), as *"intermediaries play a critical role in many fields by increasing the performance of constituent organizations and/or serving needs that extend beyond the capacity or interest of any one provider"* (Bloom, 2010, 12). Galitopoulou/Noya (2016, 13) make recommendations for the EC and OECD to *"Acknowledge the useful role of good-quality intermediaries as conveners of stakeholders with complementary needs [and] raise awareness about training opportunities offered by intermediaries"*. Tetlay/Siddiqui/Mulgan (2016) lightly analyse two intermediaries and their conclusion is that social impact requires 1) effective supply - something that works and is better than what currently exists, 2) effective demand – someone or some organisation willing to pay enough for an approach to spread and 3) a vehicle – a charity or social enterprise. They add to this that this can often be done more effectively when this is met by a network which is coordinated by an intermediary.

Finally Nicholls (2010), makes an excellent contribution to understanding how some of the larger intermediaries are shaping the social entrepreneurship field. He argues that *"social entrepreneurship is in a pre-paradigmatic state of development that allows resource-rich actors to shape its legitimation discourses in a self-reflexive way"* (Nicholls, 2010, 625) and that these large players

increasingly adopt the logics of private equity and reflect the logics of commercial entrepreneurship, leading to more attention being given to success stories and subsequently the rise of 'heropreneurship'. This therefore supports the theme of this paper and that it is important to acknowledge this situation and therefore focus on the emerging work of other players that challenge this currently dominant approach.

2.6   Research Question

We have seen that although there is an increasing body of literature regarding social entrepreneurship in general and some developed frameworks around scaling, this research field *"is still in a stage of infancy"* and still considered to be under-researched (Hoogendoorn/Pennings/Thurik, 2010, 1). Authors point out that there is still limited understanding and limited availability of reliable data sources compared to what business researchers have to work with. Nicholls (2006, 160) points out that just a few years back it was considered by some to be *"career suicide"* to enter into this research field.

We see support for ongoing research into this field overall as it is holding social entrepreneurship back from reaching its full potential. The European Commission (2016, 37–38) recommends overcoming 1) Lack of common terminology 2) Blurred understanding 3) Insufficient knowledge of the needs 4) A lack of knowledge on what support is available 5) Lack of a common narrative. The commission also supports the research question particularly by recommending more funding to be provided to networks, coordination platforms and local support organisations (i.e. intermediaries). Hoogendoorn/Pennings/Thurik (2010) in their empirical study of research gaps in social entrepreneurship, highlight potentially useful areas to research as being 1) Diffusion of successful ideas and innovations 2) Better understanding of income-earning hybrid organizations 3) Involving clients or beneficiaries in the primary organisational processes (i.e. demand side focus).

The challenges in researching this field are emphasized by Mair/Martí (2006, 42) who make the point that one of the is the difficulty in measuring and quantifying the performance and impact of social entrepreneurship. They underline that it is important to *"capture the impact of social entrepreneurship and reflect the objectives pursued. Clearly, more research and managerial practice is needed in order to establish social impact as an essential dimension of performance assessment"*.

In regards to the specifics of scaling and replication, as we have seen in the earlier section, Bloom/Chatterji (2009) in their key SCALERS model identify two key areas for scaling as being 'Replicating' and 'Stimulating Market Forces' which both align clearly with the research topic. Meanwhile, regarding the role of intermediaries we have seen that there has been very little research into their role with social entrepreneurship and Howells (2006, 726) sums this up that:-

> *"Further research into the range of intermediaries, the type of functions or roles they offer and how these have evolved over time, clearly still needs to be done, together with coverage of this phenomenon in other national and local systems. In addition, much more research needs to be undertaken into the nature of the relationships that intermediaries exist in, over and above this more detailed outline of their functions and activities"*.

Finally concerning demand-side support, we have seen that although this has been identified by some as being an important area to consider, there has been almost no analysis of the intermediaries that are trying to exploit this. This therefore indicates that there is a sufficient research gap in this area, thus supporting the research question of *'What are the approaches of intermediaries in facilitating demand-side driven replication?'*

3 Methodology

The following chapter outlines the chosen research approach and how each stage was planned and carried out, together with changes and adaptations that happened during the process.

3.1 Theoretical background

The overall methodology chosen was to use a qualitative, naturalistic approach, combining both analysis of existing materials (texts from reports, websites and other sources) and from arranged, active, narrative interviews (Silverman, 2017, 134). The aim was to use inductive reasoning to start with specific focus points and then move towards general patterns and conclusions (Bui, 2014, 14). Questions used were specific, yet open-ended in order to allow participants to add more details. There was also flexibility to change direction and to change the focus of the questions to some extent, so that additional pertinent lines of questioning could be used.

For the analysis stage, framework analysis (Ritchie/Spencer/Spencer, 2002; taken from Silverman, 2016, 333) was used to code following a gradual process of 'data reduction' (Miles/Huberman, 1994, 10). The framework from Mayring, illustrated below, corresponds to that used during this process.
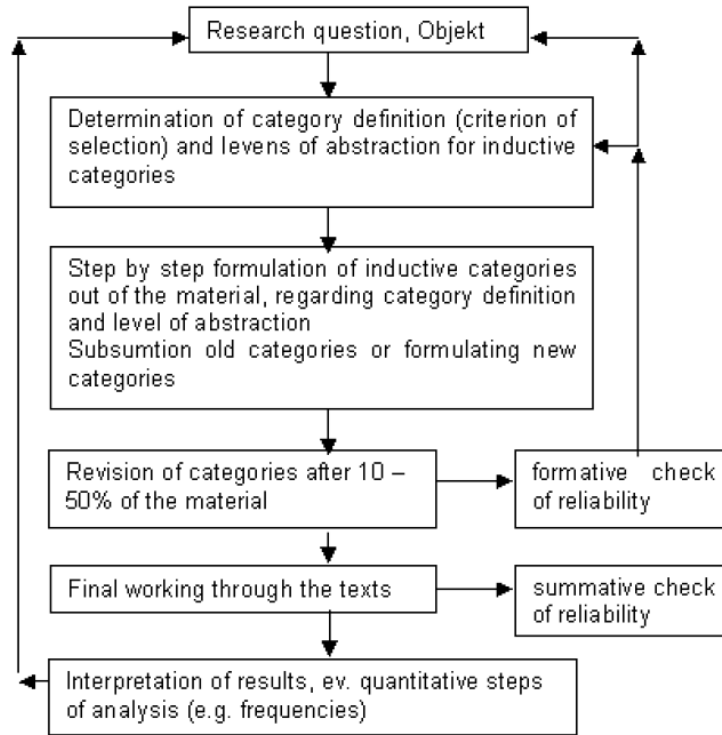
Figure 8 - Step Model of inductive category development (Mayring, 2000)

3.2   Setting, measurement

A combination of approaches was used. For research to identify participants, online and library-based search were first used, based on the criteria of participants being those of intermediaries that are working within the social economy and focusing on demand side and replication (ideally but not always both). Secondly, discussions with supervisor and pre-interview meetings were used to gain additional knowledge on potentially relevant interviewees, which led to a 'waterfall' approach of using enhanced networks to reach the most appropriate contacts. In addition to this, email and professional networks (e.g. LinkedIn) were used to gain relevant introductions and contact information.

Once identified, online research of relevant materials was carried out before then proceeding to the scheduling of interviews with the most relevant contacts.

These interviews took the form of being either physically face to face, using a voice recorder for later transcription, or using Skype virtual meetings using the recording function. Interviews were aimed to be 45 minutes, but scheduled for one hour. Participants received advanced notice of the context, were informed that they would be recorded and received an advance copy of the interview questions that they would be asked. Overall the process went well, although time management of covering all the questions was challenging at times. Instead of sticking too rigidly to the order of questions, I strove to allow the interviewee to provide the narrative and if necessary re-ordered the questions in order to capture the data in line with the flow of thought and discussion. This also allowed for several new and relevant lines of enquiry to be raised which possibly would not have happened had a stricter, less flexible approach been taken. The following questions were asked: -

[Short intro on the subject and clarification of the terms used]

Q1: How does your organisation approach scaling? How do you select and support the ventures/ideas? What are the specific instruments/mechanisms that you use?

Q2: When you localize solutions, how do you support the local problem holder? What specifically do you focus on ensuring is transferred (e.g. tacit knowledge, people, concepts)?

Q3: What is normally the (financial and contractual) relationship between the problem holder and the solution provider?

Q4: What type of business funding models are generally used?

Q5: Do you use additional key partnerships? e.g. working with standard business agencies

Q6: What led your organisation to also focus on the demand-side (challenges) as opposed to simply trying to 'push' high potential entrepreneurs/ventures?

Q7: What are the key factors of success? How do you measure the success of your approach and what have been the results so far?

Q8: What in your view are the top (3) enablers for successful (demand-side driven) replication scaling?

Q9: What in your view are the top (3) blockers that prevent successful (demand-side driven) replication scaling?

Q10: What additional mechanisms do you plan to develop or focus on in the future?

Q11: What factors have your organisation (as an intermediary) faced that prevent you from scaling more quickly?

Q12: Do you agree that there has been relatively little focus on this approach to scaling? If so then why – what is preventing this? What further research do you feel would help increase successful replication?

Q13: Any other comments or thoughts you would like to add on this subject?

3.3 Participants

Due to the focused nature of the research question, there are a limited number of intermediaries operating in this field. In addition, there was ambiguity about which intermediaries fully met the requirements of the research question. Thus, this study used a combination of self-directed research combined with a waterfall approach from asking experts in the field, to identify the most relevant participants. The purposive sample method was employed and the identified participants were: -

- Ashoka Impact Transfer
- CityMart
- Endeva
- Nesta
- Social Challenges EU (ImpactHub)
- Social Innovation Exchange
- Spring Impact
- The McConnell Foundation (Social Innovation Generation Canada)
- UpSocial

From this initial list, two were not available for research interviews – Nesta and Endeva and two more new contacts were suggested during the process – ChangeX and Ashoka Localizer who were then subsequently added to the

documentation review. Also, despite having being recommended, through an initial short interview with Social Innovation Exchange (SIX) we agreed that they had a different focus to that intended for this thesis subject, therefore we agreed to not include them as a participant. Consequently, in total there were six full participant interviews – Ashoka Impact Transfer, CityMart, SocialChallenges, Spring Impact, The McConnell Foundation and UpSocial.

3.4   Data analysis

Once all data had been captured the following processes were carried out. Firstly, from the publicly available materials, notes were taken and then summarized and included in the following 'Results' section.   Data from the interviews were manually transcribed and categorized in terms of interview questions, then coded to be categorized into themes before being brought together with other interview data under separate relevant themes. Quotations were then selected to illuminate the key findings.

In terms of the success of this process, the data collection and analysis took time, but overall went relatively smoothly, although finally took the decision to not employ the use of the machine learning auto transcription service together with the Atlas Ti coding software that had originally been planned.

4   Results

The following two sections show the results and findings from researching available materials and interviews with representatives from the identified intermediaries.

4.1   Findings from documentation research on the key intermediaries

4.1.1   Ashoka

Founded in 1980 by Bill Drayton, Ashoka was pioneering in identifying social entrepreneurs as being the people best suited to correct societal problems on a global level. Herbst (2016) outlines how Ashoka's approach started with being highly selective in identifying the key qualities required for a great social entrepreneur and uses a thorough selection process to nominate new Ashoka 'Fellows' which today number 3,500 in 93 countries. In 2005, Ashoka adjusted its strategy to deal with uncertain, rapidly changing times by launching its "Everyone a Changemaker™" program and today runs several innovative programs aimed at creating systemic change. Its four main strategic focus areas are 1) Social Entrepreneurship 2) Every Child Practicing Empathy 3) Youth Years 4) Team of Teams.

In relation to scaling and replication of social entrepreneurship, across its network, Ashoka has tried several programs relating to this, such as its 'Globalizer' and 'Change Nation' programs. From its Austrian office it is currently developing a new program called 'Impact Transfer' whose stated mission is to *"enable the cross-border transfer of solutions that generate social impact. We believe that innovative, system changing solutions with a proven impact & business model are extremely valuable. We make them available where they are needed and demanded by local stakeholders"* (Ashoka, 2019). It does this by being the intermediary between solutions and the problem holders and enabling connections by offering

the services of screening, showcasing and matchmaking solutions, through a 5-step process illustrated below.

Figure 9: Ashoka Impact Transfer process map (Ashoka, 2019)

In addition, following a discovery during the interview stage, it was revealed that in Romania, Ashoka has launched a promising program that aligns closely with the research theme. 'Ashoka Localizer[7]' works with local experts to identify where the real demand lies, then reaches out to well proven solutions and assists them in localizing to meet the local demand, rather than looking internally to develop new solutions from scratch (Ashoka Romania, 2019). Results and feedback from this new initiative have been promising and this was voted as the most appreciated programme in Romania.

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[7] http://ashoka-cee.org/romania/localizer/

4.1.2 Citymart

Citymart, founded in 2011 and based in New York, came about in response to seeing an opportunity to create positive social impact by improving the way in which cities procure. Citymart follows a demand-side driven approach whereby they help cities to scope their needs in a less restrictive way to allow a greater quantity of innovative solutions to be considered and matched to their needs (Citymart, 2019b). This is explained in a paper by its founder, Sascha Haselmayer, where he argues that there is a huge opportunity to create more positive outcomes for citizens by helping cities understand their needs better. He argues that despite rapid globalization that makes it easier to scale solutions across borders, billions of dollars are still wasted on ineffective social solutions and that the total addressable spend that could be improved equates to 10% of world GDP (Haselmayer, 2018, 66). Also that the rate of innovation uptake is extremely low in that it *"appears to need 40 years to deliver a solution proven in one city to reach just 1% of global cities"* (Haselmayer, 2018, 69).

Results so far are that over 30,000 new providers, including social entrepreneurs, are now working with public procurement, helping to better address social challenges in more innovative ways and at a lower cost to cities themselves (Citymart, 2019a). They do this via the following mechanisms: 1) BidSpark™ market engagement tool 2) Market Insights service 3) Strategy and Training services.

4.1.3 ChangeX

ChangeX, based in Ireland, is a recent, but interesting development in terms of building a *"marketplace for social change"* to connect supply and demand of social innovation. The founder, Paul O'Hara took learnings from previous ventures, such as his work building ChangeNation within Ashoka and has applied them to this new organisation, driven by knowing that many of the solutions to challenges already

exist but "*Social innovations are often badly packaged for online distribution and changemakers can feel disempowered and disillusioned while social entrepreneurs struggle to have the global impact they want*" (ChangeX, 2019).

The organisation has an ambitious, stretch goal of getting 20 million local projects started to benefit one billion people by 2030 and aims to do this by being the global platform for social challenge solutions, allowing people to either 'start an idea' (i.e. local implementer), 'upload an idea' (i.e. social entrepreneur looking to replicate) or 'invest in an idea' (i.e. funder). Local implementers select a pre-proven methodology and investors are able to select what they would like to support and track the progress of their replications through regular reporting and updates.

4.1.4   The McConnell Foundation (Social Innovation Generation (SIG) Canada)

Established in 1937 in Canada, the McConnell foundation *"develops and applies innovative approaches to social, cultural, economic and environmental challenges"* (The McConnell Foundation, 2019). They aim to drive social innovation, systems change and to adapt of reinvent social infrastructure. They do this by acting in the following capacities as a: 1) Funder 2) Investor 3) Convenor 4) Capacity Builder 5) Advocate 6) Strategic Learning Partner.

Through their 'Applied Dissemination' program, the foundation has gained many years of scaling learnings which has led to its increased focus on overall system change rather than specific growth of a particular organisation. Their learnings have focused on the different directions of scaling as outlined in the table below from their summary report by Riddell/Moore (2015). What they saw was that many of their grantees were experiencing the limits of 'scaling out' which led them to focus more on impacting systems and subsequently the development of their Social Innovation Generation Initiative (SiG). The following quotes capture their key learnings that are pertinent to this thesis question: -

"We have learned that there are many ways to scale socially innovative initiatives. One way is to add more people, groups, or communities to the effort. A second way is to document and disseminate stories of exemplary efforts so that these can be adapted and applied to other communities. A third way is to work at a policy level so that the effort can have a broad impact - whether it is local, regional, provincial, territorial or national" (Riddell/Moore, 2015, 15).

"As we learned that we were replicable and we could scale (1 site to over 100), we realized that the number was not as important as the impact and the sustainability factor. If you cannot replicate your program and ensure it is done with high integrity and fidelity (achieve positive outcomes you know the program can achieve) and ensure the program can be sustainable, then your efforts of scaling are fruitless" (Riddell/Moore, 2015, 15).

	Description	Main Strategies
Scaling Out:	*Impacting greater numbers.* Based on the recognition that many good ideas or initiatives never spread or achieve widespread impact.	**Deliberate replication:** Replicating or spreading programs geographically and to greater numbers **Spreading principles:** Disseminate principles, with adaptation to new contexts via co-generation of knowledge
Scaling Up:	*Impacting law and policy.* Based on the recognition that the roots of social problems transcend particular places, and innovative approaches must be codified in law, policy and institutions.	**Policy or legal change** efforts: New policy development, partnering, advocacy to advance legal change and redirect institutional resources.
Scaling Deep:	*Impacting cultural roots.* Based on the recognition that culture plays a powerful role in shifting problem-domains, and change must be deeply rooted in people, relationships, communities and cultures.	**Spreading big cultural ideas** and using stories to change beliefs and norms **Investing in transformative learning** and communities of practice
Cross-cutting strategies for scaling:	*Cross-cutting strategies* were those approaches all participants reported using to scale their initiatives, and were not specifically associated with scaling out, up, or deep.	**Making scale a conscious choice** **Analyzing root causes and clarifying purpose** **Building networks and partnerships** **Seeking new resources** **Commitment to evaluation**

Table 1 - Types of "scaling" and their main strategies (Riddell/Moore, 2015, 13)

4.1.5   Social Challenges EU

Social Challenges EU was started in 2017 with the aim of making the European social ecosystem vibrant and collaborative by being the go-to social innovation platform marketplace that connects social challenges with solutions. It is currently working on translating 27 challenges into 81 solutions, providing 2,430,000 EUR in grants and support (SocialChallenges.eu, 2019).

It distinguishes itself from other intermediaries in that it has a strong focus also on the demand side, working with public authorities, private companies and third sector organisations. It works with partner organisations (Meta Group[8], European Business and Innovation Centre Network (EBN)[9] and Impact Hub (IHUB)[10]) to optimize its network and the support that it can offer to local problem holders.

4.1.6   Spring Impact

Spring Impact was founded in 2011, based in the UK and formerly known as the International Centre for Social Franchising (ICSF). They are relevant to this topic as they have a clear focus on replication and social franchising, with their core focus being to *"Strive to create, scale and sustain the maximum social impact"* and their mission being to *"replicate successful social impact solutions to achieve scale"* (Spring Impact, 2019). They provide consultancy, research and advocacy, run a Scale Accelerator program and primarily support via their Social Replication Toolkit which maps out a 5-stage process shown below and based on ten key questions that are listed after: -

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[8] http://www.meta-group.com/Pages/default.aspx
[9] https://ebn.eu/
[10] https://impacthub.net/
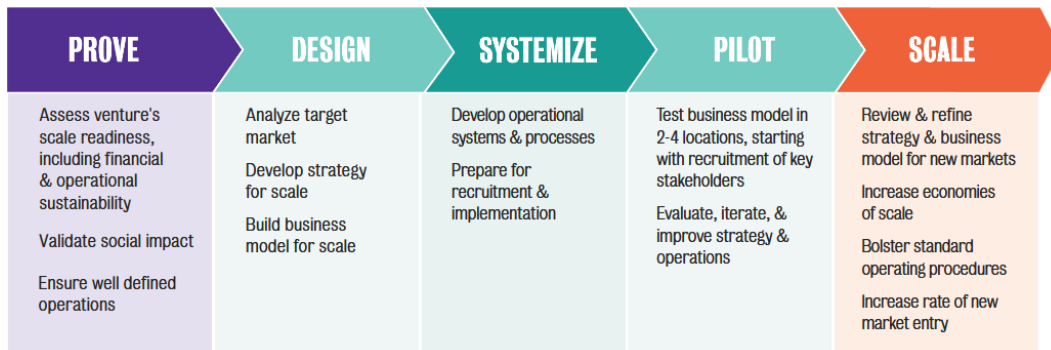
Figure 10 - Spring Impact's Five Stages of Scale (Spring Impact, 2019)

1) *Ambitious yet realistic strategy for scale and reducing the size of the social problem?*
2) *Social impact proven and evaluated for project to be replicated?*
3) *Sustainable business model developed and demonstrated for venture to be replicated?*
4) *Are the functions and organisational values necessary for replication well defined and developed to ensure quality?*
5) *Clear project owner?*
6) *Significant social need and market exists?*
7) *Works in other context?*
8) *Everyone from staff to board and external stakeholders supports replication?*
9) *Brand understood and valued by audience (beneficiaries, customers, funders etc.)?*
10) *Supply of people or organisations willing to take on the replicated project?*

4.1.7 UpSocial

UpSocial was founded in 2010, based in Spain and focuses on helping scalable solutions with a given mission *"to facilitate and accelerate the implementation of innovative proposals that significantly improve the lives of people and that provide sufficient scope for the dimension of the problems"* (UpSocial, 2019) with a focus on five key areas: 1) Innovation 2) Scaling 3) Consulting 4) Policies 5) Learnings.

UpSocial is distinguished from other intermediaries by its focus on enabling systemic entrepreneurs to disruptively innovate by scaling impact not only through scaling out, but through scaling up (changing institutions and policy) and scaling deep (changing culture and norms). To do this it is focusing on: - 1) Better matching ideas with teams and skills 2) Overcoming transactional relationships to integrate capabilities and drive hybrid responses 3) Sharing basic standards (e.g. use of ESSA impact evidence methodology) 4) Increasing understanding of why change happens 5) Strengthening the social innovation ecosystem.

4.2   Key findings from interviews – Major themes and patterns

This section summarizes the main findings from the interviews with the intermediaries, through a thematic coding mechanism that groups the answers into five main themes: 1) What are their learnings and subsequent approaches to scaling 2) How do they then scale 3) Success factors 4) Barriers 5) Experience of their own scaling and external interest in this approach.

4.2.1   What are the intermediaries' learnings and approaches to scaling impact in relation to demand side and replication?

Firstly, in terms of learnings, it was clear that many of these intermediaries had come to similar conclusions of why to take their respective approaches, mainly that the "build and they will come" approach was not working. The following two quotes illustrate their motivation and rationale: -

> *"Replicating and scaling has always been a part of our DNA. Our approach was as an intermediary, not to be an advisor, but to help with networking and introducing to funders. We started interviewing fellows and found some serious gaps. For example, local implementers often lost interest and disappeared. Knowledge was shared, but did not track the implementation. There were not many really structured attempts to replicate. Not many cases where they used replication models that had a perspective on long term*

sustainable plans - i.e. sharing of plans, agreements, of the licencing agreements etc." (Ashoka interview)

"The traditional VC fund is focused on one technology e.g. focused on healthcare. Therefore, it is already giving a definition of the technology that will need to be used. We understood that you cannot simply have a top-down approach – it is old school and does not work. We say that we do not know the solution, but we know the problem. It is a challenge-based approach. We are involved in early stage financing; therefore, we know that we cannot say that we are looking for a certain type of technology. By definition the solution is not already known or it would have already been solved. However, we are different as there are very few that look at existing ideas - things that are already in the market" (SocialChallenges interview)

The first clear finding regarding their approaches was around the need for demand to be identified by clear problem definition. The participants were united in identifying that focusing on the problem was of key importance and for the majority this was a key part of the approach that they took. They voiced the need for a *"concrete problem"* (SocialChallenges) and a *"clear social problem"* (UpSocial) in the location or region into which the solution will be scaled. Citymart's approach has been driven largely by encouraging problem definition over solution specification, yet they have learnt over time that imperfect problem statements can be compensated for by having high market intelligence, through research and engagement. Although McConnell now focuses on a higher level approach of system-wide change, they still see the importance of problem definition demonstrated through their active involvement in a programme called 'Map the System'[11]. SocialChallenges uses a challenge based approach, working with problem holders to define the problem then using calls for solutions to the identified problem, whilst UpSocial also spend significant time convening the stakeholders to really get a deep understanding of the problem and then post all current 'social

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[11] https://mcconnellfoundation.ca/competition-map-the-system/ from the overall program run by http://mapthesystem.sbs.ox.ac.uk/

challenges' with deadlines by when solutions can be submitted. The outlier in this regard was Spring Impact who despite recognizing the importance of problem definition have decided that they should leave that to others, notably their social entrepreneurs or other organisations as *"There are other people out there defining the problems, so we need to stay on top of that and understand it, but there are lots of different roles out there - our focus is on developing the solutions".*

The second finding was around the importance of identifying 'effective' demand. Citymart described themselves as *"deeply obsessed with the demand-side"* while SocialChallenges explained how they stimulate demand by actively engaging with potential problem holders, meeting with them and informing them that *"if you have a problem and are committed to solving it let us know"* whilst also needing to ensure that they have the means to finance it. The method of differentiating a need from demand is explained well by UpSocial in that *"Many assume the fact that there is a need means there is demand. Need doesn't necessarily transform itself into demand"* and that *"a key element is to make the stakeholders that are engaged in an issue locally, express a demand for a better, more effective solution to the social problem that they would like to confront".* Ashoka also highlighted that the effectiveness of demand is additionally driven by the type of market e.g. improving coding skills is easier to get funding as it has potential market value, rather than assisting a marginal group that will not have a market value.

Finally, although predominantly focusing on the demand side, they acknowledged that supply side was still very important. Spring Impact still have this as their primary focus and UpSocial described that "*we should not forget the supply side – we need stronger evidence of the documentation and for solutions to be better packaged"* and to achieve this have been working on a scoring framework to give appropriate confidence levels to problem owners when choosing solutions.

4.2.2 How and what do you scale?

Providing a high level of confidence of the likelihood of successful replication of a solution is key for many of these intermediaries. For Ashoka they focus significantly on preparing their entrepreneurs for successful replication e.g. via developing business plans, then use a "*mix of proof of concept together with data to be able to show to local funders and not have to prove the concept over again"*. SocialChallenges look specifically for ventures that have already implemented and solved a concrete problem in a way that has proven to be stable and that show signs of being a "good fit" for replication. Spring Impact use their 'Social Replication Toolkit' to reduce the risk of unsuccessful replication and UpSocial are focusing on building lab-like testing of solutions to be able to predict their chances of replication success, with a subsequent scoring mechanism to allow easier decision making for problem holders and funders.

In terms of the system of replication there were varying approaches. Spring Impact has learnt to expand beyond its original remit of just franchising and now uses the full spectrum of replication options and may in future even start supporting beyond replication-only scaling approaches. They currently see the most common form of replication being affiliation. For UpSocial they see a mix, with approximately "*40% with strong involvement of the solution owner, together with local leadership. 30% through licencing/franchising agreement. 30% open source with or without support - sometimes it is just a policy"*. However, for SocialChallenges, to date they have normally seen a strong involvement of the original solution holder, only rarely with the involvement of a separate local implementer.

Platforms was a topic that all seemed keen to pursue. Citymart, UpSocial and SocialChallenges all have developed platforms that connect demand and supply by effectively showcasing both challenges and potential solutions. Meanwhile Ashoka is actively looking into developing a platform at this present time. Interestingly Spring Impact carried out research into building a platform, but took

the strategic decision to focus on their current mission of supporting replication instead at this point in time.

4.2.3   What helps this work? (Success factors)

From analysing the various responses, the key factors that emerged were the following. Firstly, a crucial deciding factor is the people involved, and more specifically, the local implementers and problem holders. Through the interviews it became clear that the difference between succeeding and failing was due to this. As summed up by UpSocial, "*the biggest challenge is getting the local leadership and also depends on the stakeholder panel. Problems happen normally due to lack of commitment or a skills mismatch. When there are the right people around the table it works well.*" Several intermediaries highlighted the importance of the originator being committed over the longer term and being able to adapt to the new environment. SocialChallenges explained that the "*Problem is often not the solution, but the entrepreneurs themselves - when at home they know how to do it, but when they change environment they often have problems. Very hard to see before who will succeed or not - they will often say that they are adaptable, but then it turns out that they are not*". The Spring Impact interview highlighted the importance of the originator as the "*most important is the leadership, with the capabilities, drive and passion. During the pilot they need to have an appetite for risk, but the key is the originator*", and they pointed out that their 'Replication Toolkit' serves to mitigate the risk of being fully reliant on the skills of the local implementer. Meanwhile, the McConnell interview underlined the importance of other partners – "*Having the resources to be embedded and able to help scale – getting strong, resourceful funding or corporate partners on board*".

Secondly, the key factor for effective scale that came up regularly was the need to change the mind-set of the wider system. For UpSocial it has become clear that to achieve even greater impact is it essential to be "*institutionalising the*

capacity to experiment. Not just for one challenge, but to help the system systematically document and monitor innovations to know what does and what does not work". Citymart explained how greater impact can be achieved by disrupting the current set up so that more ideal market conditions and competition can be achieved to allow the best solutions to be adopted, yet were realistic that it is hard to change the overriding system, especially within governments. Finally, McConnell explained that:

> *"We moved to an ecosystem change approach as realised that funding individual innovators would not change Canada quickly enough. Before that we experimented with different things, but realised that many originators didn't have the skills they needed to scale these solutions. Therefore, set up a program called 'Applied Dissemination' which trained thousands of leaders and individuals through a peer-support system in understanding the system better".*

Finally, additional factors from the interviews were 1) having the proven business plan in place 2) correct protected IP in place 3) less fragmented systems – e.g. different rules, regulations and procedures between different regions and countries.

4.2.4 What prevents this working? (Barriers)

Some of the barriers to success are the reverse of the success factors listed above. In addition, the predominant finding that came from the interviews related to the psychology of change and ownership. It was apparent that all intermediaries have struggled with resistance to change and vested interests and the 'not made here' syndrome. As mentioned by one respondent, there is often "*push back as there is a feeling that they prefer to do this in house due to vested interest and established funding structures".* The Citymart interview eloquently explains the dilemma of change in established process as *"Everything relies on people wanting to do this. But you need to be an incredibly sophisticated unbiased person to admit that you*

don't know why you have been doing something the same way for years". UpSocial highlighted the aversion to risk within the system and that often decision makers *"consider that innovation will only bring marginal improvement and that is not significant enough. Therefore, they do not understand the theories of change, such as Steven Johnson's 'adjacent possible'"* [adjacent possible[12] – that innovation normally evolves in small, incremental, achievable steps]. Finally, Spring Impact highlighted that there is also variance in different agencies and individuals' thoughts and aspirations on scaling strategy.

The other grouping concerns ambiguity around the field in general and the benefits that it can bring. Interviews highlighted expressions of cynicism, the lack of research and less clear routes to market compared to normal businesses. As money is less of a driving force, there is often more reliance on goodwill which is less reliable. Furthermore, that it is much harder to show the ROI of social impact, especially considering that many of the replications have often been running for a short period of time. McConnell interview added to this that *"there is a lack of ecosystemic consolidation of what are the tools and resources that we have and how do we create stronger platforms for things that we really care about - which is scaling solutions"*.

4.2.5   Intermediaries own scaling experience and external interest in this approach

Finally looking forwards, this section gathers the views of the intermediaries interviewed in terms of their own scaling and why they feel this approach has not received as much attention as would be necessary.

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[12] https://medium.com/swlh/the-adjacent-possible-7e79b1e4cf3

Firstly, there is a view that culture and psychology have much to do with the lack of support for this approach so far. CityMart explained how they have had to systematically overcome each objection to change (e.g. that it is illegal/impossible/too risky/too much effort etc.) and that this is still prevalent in government and social sectors. SocialChallenges and Ashoka also echoed this, pointing out there is very little incentive for the public sector to change from the traditional approach and that there is very low appetite for risk. Also that whilst there are many hubs and incubators being set up, startups as a means of inspiring home grown talent are seen as safe, whereas importing ideas from other countries is often perceived as a threat. The McConnell interview highlighted that:

> "*more ego means less focus on things that are scaled more generically. Culture is significant in that there is bias towards creating new innovations rather than replicating existing proven ideas. However, it is better to scale by borrowing ideas - perhaps we need more dramatic examples of when these have been done successfully*".

Secondly, they see significant potential going forwards. For UpSocial: -

> *"we are not even scratching the surface. We have started to see that there are so many proven innovations in all sectors. Huge possibility to do more. But these are still early days – we are still in the process of documenting the outcomes. Scale of the impact is very minor for now. Very small incremental changes for now, so not yet noticed. Change is slow and we will need another 10 years to get there"*.

The McConnell interview builds on this in that *"there are all these weak links in what should be the strongest link in the world. It is stunning the degree to which more basic system hygiene questions are totally unattended to. It would be great for a philanthropist to have a big impact by leveraging all of this existing knowledge."* Several of the intermediaries have come to similar conclusions, recognizing that to achieve greater impact, working more in alliance seems to be the right approach. Ashoka when describing their thoughts around a platform

highlight that "*It has to be carried by an alliance of organisations and you need to build this alliance before you launch the platform*".

5 Discussion

This subject was introduced by outlining the fact that the world faces significant social challenges that will only be met by social entrepreneurs rising to the challenge and that to do this they need the help of intermediaries to help them scale their impact in an optimum way. As the role of intermediaries, particularly with a demand-side focus, appeared to be a relatively under researched and emerging field, the purpose of this thesis was to provide an analysis of the situation. Firstly, by providing a clear overview of the extant literature relating to the question, then by identifying and reviewing the key intermediaries working in this way. This following section now interprets what has been learnt, the intermediaries' learnings, their commonalities and their areas of difference, whilst also highlighting the limitations of the research and identifying further potential research areas.

5.1 Answer to the research question

The review of the literature revealed several areas of interest. Firstly, it addressed part of the research gap by confirming that social entrepreneurship is still in a fluid stage as an emerging and evolving field, with a wide range of definitions, terminologies and interpretations, showing how various frameworks have been developed to guide and to clarify where the boundaries are. Secondly, it confirmed the gap highlighted by the European Commission (2016) that to unlock the full potential of social entrepreneurship it is still necessary to sell the benefits and prove the value to decision makers (Westley, 2008, 5), yet also provided more evidence to narrow that gap by analysing some recent studies that have shown the potential e.g. McKinsey & Company/Ashoka (2019) and Haselmayer (2018). Thirdly, various scaling strategies have been analysed, yet there is still no dominant methodology (Dees/Anderson/Wei-Skillern, 2004, 30), although the literature review provided good evidence supporting now being the time to focus less on innovation and more on effectively replicating what has been proven to work,

drawing on new research e.g. Seelos/Mair (2017). Finally by bringing together the available literature regarding demand side, this addressed the gap highlighted by (Hoogendoorn/Pennings/Thurik, 2010) of needing to understand how to better involve clients or beneficiaries in the process, although it must be said that specifically in the field of social entrepreneurship, the study of focusing on the demand side remains neglected (Deacon, 2016). Finally regarding the role of intermediaries as per the gap highlighted by Howells (2006, 726), this paper has brought together some of the most relevant literature showing the breadth of activities covered by intermediaries and their current struggles with what direction to take (Nicholls, 2010; Papi-Thornton, 2016), although the lack of in-depth research on social entrepreneurship intermediaries in particular serves to justify the additional research later provided by the interviews and background research in this paper.

The interviews provided clear insights into the challenges and opportunities that intermediaries are seeing today. Firstly, that these are still early days in this field and fortunately the intermediaries involved are flexible and open to changing their approaches, evolving their mechanisms and criteria as they learn more and are open to sharing materials and the possibility of partnering to achieve the unifying goal of increased positive social impact. Secondly, although their approaches may differ or be complementary to one another, there are common areas of key importance to these intermediaries which relate to; defining the problems clearly, establishing whether there is effective demand and ensuring that supply-side solutions are well packaged and informative to decision makers. Thirdly, that success or failure hinges primarily around the people involved, in several different respects. For successful transfer from idea originators to local implementers, having the right people around the table and having clear commitment is crucial (although it was also noted that this can be somewhat overcome by employing the frameworks and tools to ensure better upfront planning and preparedness testing). When decision makers are involved, having the means and the skills to overcome cynicism and to convince them of the benefits of social innovation to thus achieve

incremental systemic change came out as being crucial. Finally, we learnt of several positive indicators regarding the potential for the future, realistic possibilities to grow this field and additional avenues for future research.

Overall this study can be judged to have gathered data and information towards a focus that has not been previously considered. It expands the current knowledge of this focus area and should be of interest to researchers and stakeholders actively involved in this field. There were learnings during the research where some changes needed to be made and positively new lines of enquiry were unturned, pointing towards further possible research. The following sections show the limitations that may have affected the research process and the opportunities for further research.

5.2 Limitations

It must be stated that there are some general limitations of qualitative studies. Taking those outlined by Hughes (2019, 9) each will now be addressed. Firstly, the amount of data is limited by definition, therefore the question is whether this was sufficient to draw conclusions from. Due to the very limited number of intermediaries working in this area it can be fair to assess that the sample should be sufficient. Secondly, that it is hard to extrapolate the limited findings to other situations/organisations with confidence. However here, it must be stated that a relatively diverse group based in different countries were reviewed. However, it should be conceded that these studies were largely focused on Europe and North America, therefore it should be clearly noted that there is the possibility of reaching different findings for regions outside of those that have been covered. Thirdly, that the presence of myself as the researcher in the interviews and also during the subsequent analysis could potentially have presented a risk in terms of bias. To mitigate this, I endeavoured to be as neutral as possible and by sharing interview

questions upfront and not being physically there for many of the interviews, this can be viewed to have reduced the risk of overly influencing the response outcomes.

In terms of improving the process, there were time and travel limits meaning that only a limited amount of time could be spent with the participants (up to one hour, often remotely), therefore potentially more data could have been gathered had there been the possibility to be embedded for longer periods of time at the participants' locations. Building on this, if more time and travel had been available, it would have been optimal to have widened the research by also interviewing and including the voice of the other key stakeholders in this process, notably those that interact with the intermediaries – the idea originators and the local implementers (included below as an option for further research).

5.3   Recommendations for Future Research

Building on the limitations, my own interpretations and suggestions from those involved with this research, there are several interesting potential future lines of research enquiry that have been generated by this study.

Firstly, as mentioned above, further research could analyse the experiences of the idea originators and local implanters and/or carry out similar research within different geographic regions e.g. in the Indian or African social entrepreneurship fields.

Secondly, as the conclusions of this study indicate, there is a compelling case for researching the feasibility of building a universal go-to platform that provides perfect information and acts as a matchmaker between both the supply side and demand side for social initiatives across the globe (or at least within a large region such as the EU). As a precursor to this, it would be valuable for an extensive research study to be carried out to investigate the risks and benefits of doing so, looking at other markets/industries and marking out the process of how this could

be done. This builds on the European Commission (2016) report highlighting the potential for harnessing the collaborative economy as shown in the introduction to this paper.

Thirdly, as highlighted by Citymart, there appears to be no research looking into and proposing how a need is defined in either the public or charitable sector. This is a crucial element of demand side social impact scaling and as we have seen could help towards unlocking billions of dollars of potential spend if improved universal definition guidelines could be introduced. Likewise, on the supply side, UpSocial validated that it would be a research-worthy subject to investigate the optimal way of packaging a social solution in terms of 1) Standardized evidence scale of benefit 2) Recommended testing methods (e.g. industrial scale testing instead of small scale artisanal) and specific (likely longer) time periods for testing and 3) Standardized documentation. Furthermore, Citymart has carried out initial analysis of data that by working on a need approach and embracing demand side social entrepreneurship, this increases adoption of locally and more diversely staffed solutions, leading to higher adoption success and better long-term impact. Investigating the evidence in more detail to prove this could provide a powerful lever for instigating change within the governmental and charitable sectors.

Finally, an area of personal interest and also corroborated by Citymart, is the potential of moving away from decision maker bottlenecks and embracing new technology to allow citizen-instigated social solution procurement. This could be done by harnessing existing technology from smartphone apps, geolocation and crowdsourcing to allow far greater numbers of citizens to be involved in identifying and prioritizing challenges, then choosing and procuring the best solutions for them. Therefore, a paper on the benefits of citizen-provided data-broadcast social solution resolution could be a fantastic form of positive disruption in this sector.

5.4   Conclusions

There are three main conclusions to this study. The first is that there is significant potential to do more in this area. Combining the assessments of potential provided in reports such as those by McKinsey & Company/Ashoka (2019) and Haselmayer (2018), together with the research accounts of participants that they are "barely scraping the surface", then comparing that against the relatively insignificant amount of activity that is currently happening, there is a compelling opportunity to do far more. This can be done by focusing on overcoming the barriers identified in this paper and building on the work of these intermediaries in increasing confidence amongst decision makers and making the case for systemic change.

Secondly, we see that this approach of demand-side replication is still a relatively new and emerging area and as such there is still relatively little data to support it. Furthermore, the field is fragmented and still evolving in terms of the best way to approach it, without there yet being consensus for an optimal approach. Yet looking at the results of those intermediaries that are particularly focusing on this, they are seeing encouraging results in terms of their own impact scaling efforts by focusing on deep understanding of the demand side and connecting it with well-packaged supply-side solutions, therefore we should look to replicate their learnings more widely, both organically and through new programmes within larger organisations such as with Ashoka's new Impact Transfer programme.

Thirdly, there is a compelling case to positively disrupt this sector, notably through focusing on a need-based, demand-driven replication model of ideas that are proven to work, using the mechanism of a unified marketplace platform that would 'matchmake' the most appropriate supply-side solutions to meet the demand-side problems from across the globe. To do so will require ambitious thinking and presents a perfect opportunity for a large institution such as the EU or a philanthropist or foundation that has the ambition to achieve significant social impact at scale.

6   References

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6.2 Interviews

De Paladella, Miquel (Partner and CEO – UpSocial) – Skype Interview, 12 June 2019

Draiman, Tim (Senior Advisor at The J.W. McConnell Foundation and former Executive Director of Social Innovation Generation (SiG) – Skype Interview, 18 June 2019

Haselmayer, Sascha (CEO – Citymart) – Skype Interview, 13 June 2019

Kesselring, Alexander (Innovation and Development Manager, Ashoka Impact Transfer) – In person interview, 18 June 2019

Sarli, Marina (EU Cluster Coordinator, SocialChallenges.eu and at Impact Hub) and Mazzella, Dario (Project Lead, SocialChallenges.eu and at META Group)- Skype Interview, 12 June 2019

Woodrow, Stephanie (Scale Accelerator Programme Manager – Spring Impact) – Skype Interview, 20 June 2019

7 Appendix

Please note – Interview recordings are available upon request.

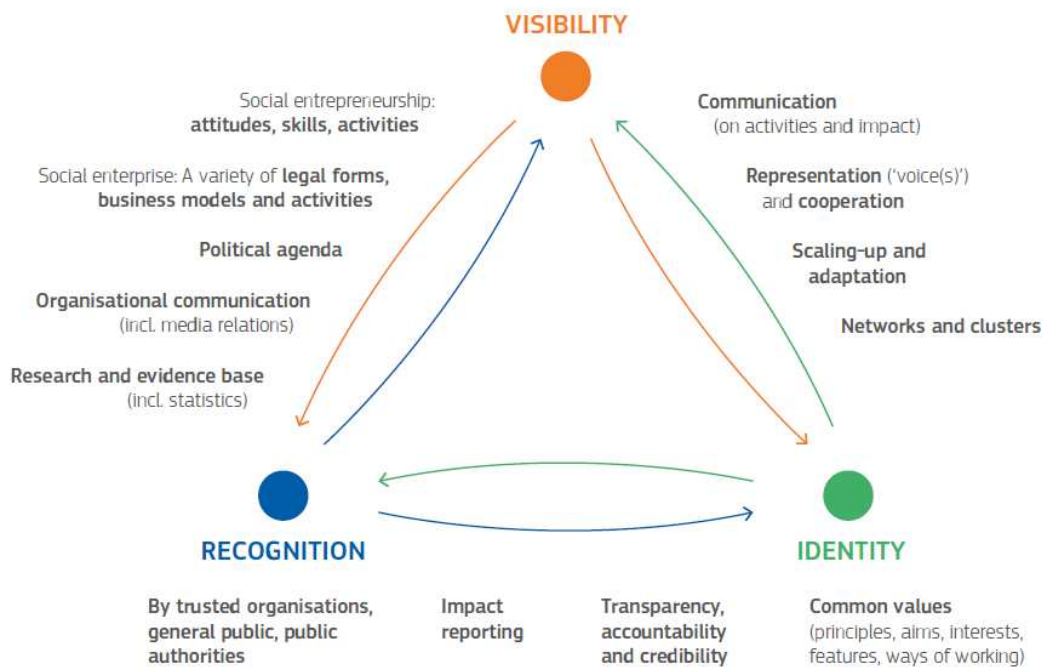Figure 11 - UN Sustainable Development Goals (United Nations, 2015)

Figure 12 - Key concepts for raising awareness about Social Enterprise in Europe (European Commission, 2016, 15)
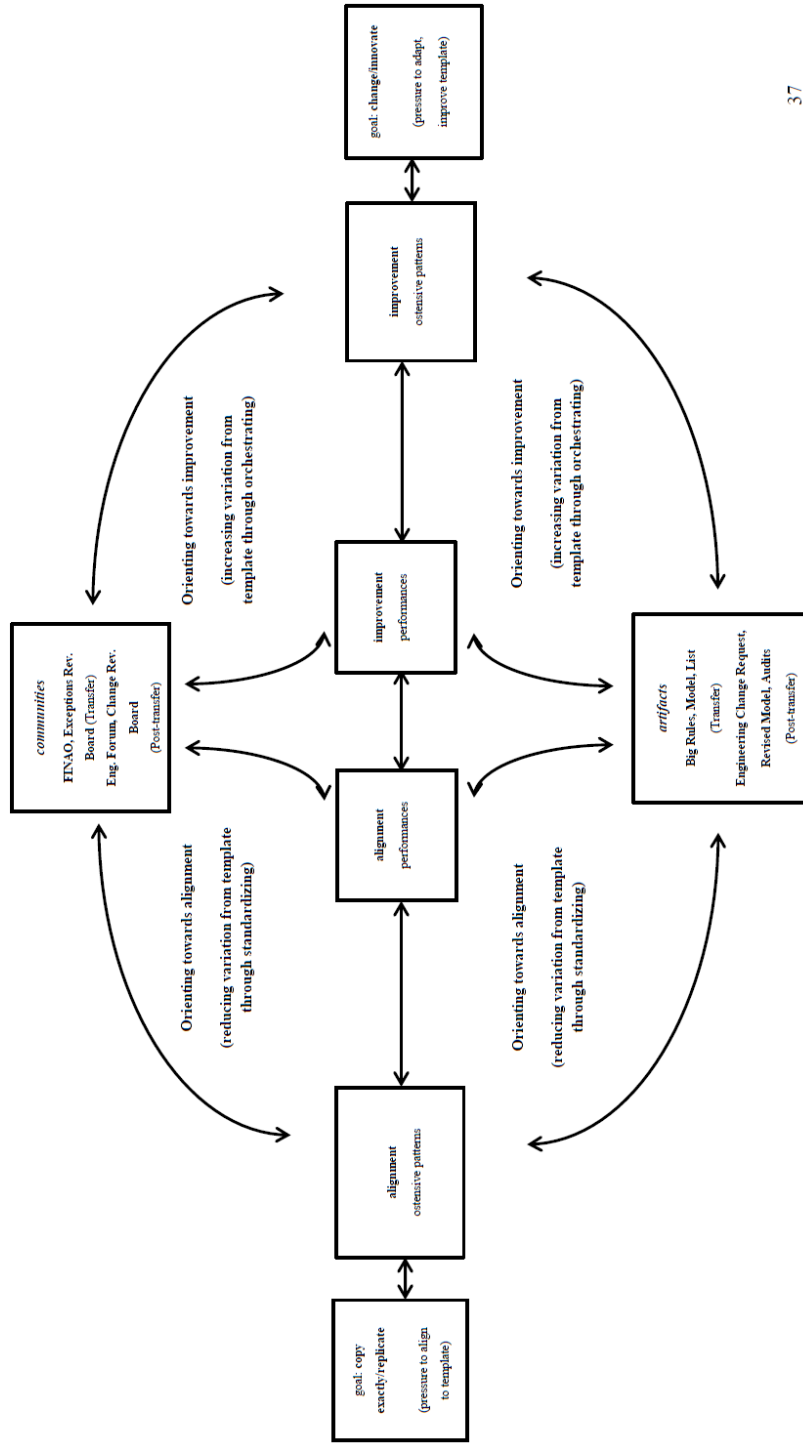
Figure 13 - Framework for enacting contrasting organizational goals and pressures (Adderio, 2014, 37)
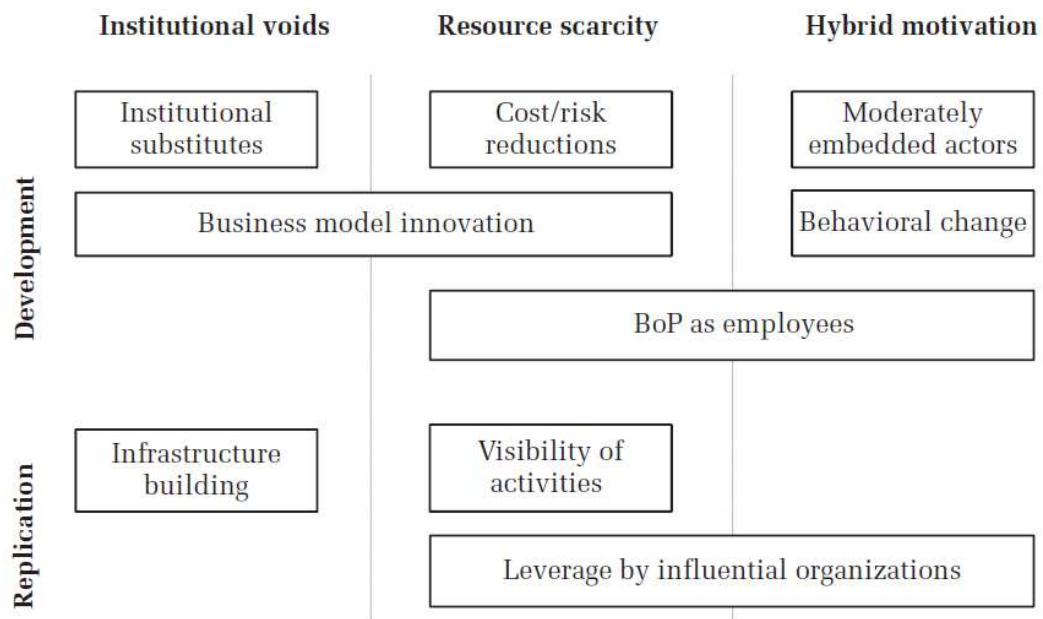
Figure 14 - Determinants of Successful Template Development and Replication at the BoP (Chliova/Ringov, 2017, 57)

Term	Study	Definition/role
Organizations		
Intermediaries	Watkins and Horley (1986)	Explores role of intermediary agencies support technology transfer to small firms
Third parties	Mantel and Rosegger (1987)	Persons or organizations that intervene in the adoption decisions of others
Brokers	Aldrich and von Glinow (1992)	Agents facilitating the diffusion of in a social systems of new ideas from outside the system
Intermediaries	Seaton and Cordey-Hayes (1993)	Examines the role of intermediaries in technology exploitation
Intermediary agencies	Braun (1993)	Role of mission agencies in formulating research policy
Intermediaries	Callon (1994)	Role of intermediaries in effecting change within science networks and local collectives
Consultants as bridge builders	Bessant and Rush (1995)	Role of independent consultants as bridge builders in the innovation process
Intermediary firms	Stankiewicz (1995)	Adapt solutions available in the market to the needs of the individual user
Intermediaries	Shohert and Prevezer (1996)	Public and private organizations that act as agents transferring technology between hosts and users
Bricoleurs	Turpin et al. (1996)	Agents seeking to develop new applications for new technologies outside their initial development field
Superstructure organizations	Lynn et al. (1996)	Organizations that help to facilitate and coordinate the flow of information to substructure firms
Knowledge brokers	Hargadon (1998)	Agents that help innovation by combining existing technologies in new ways
Intermediary level bodies	Van der Meulen and Rip (1998)	Help orient the science system to socio-economic objectives
Innovation intermediaries	Howells (1999b)	Proactive role that certain types of service firms play as intermediaries within innovation systems
Technology brokers	Provan and Human (1999)	Actors filling gaps in information and knowledge in industrial networks
Regional institutions	McEvily and Zaheer (1999)	Provide 'surrogate ties' by serving as functional substitutes for a firm's lack of 'bridging ties' in a network
Boundary organizations	Guston (1999)	Role of boundary organizations in technology transfer and 'co-production' of technology
Boundary organizations	Cash (2001)	Role of boundary organizations in technology transfer
Knowledge intermediaries	Millar and Choi (2003)	Organizations that facilitate a recipient's measurement of the intangible value of knowledge received
Processes/activities		
Innovation consultancy services	Pilorget (1993)	Role of consultancy firms specifically to promote innovation; involves a variety of actors including consultancy firms and intermediary agencies
Technology brokering	Hargadon and Sutton (1997)	Technology brokering is where an organization routinely creates new products by making connections between existing solutions in other sectors or technologies
Innovation bridging	Czarnitski and Spielkamp (2000)	Provision of knowledge or services that are complimentary to firms
Knowledge brokering	Wolpert (2002)	Intermediaries that facilitate the exchange of information about innovation amongst companies

Table 2 - Studies examining intermediaries and the intermediation process
(Howells, 2006, 716)