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Correcting Societal Issues Through Business

A Multiple Case Study of Inhibiting Factors for Scaling Social Impact in Sweden

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Abstract

Background: Considering increased global challenges and societal issues, more and more people are directing skepticism towards governments' and established businesses' abilities to fully address urgent social problems. Social entrepreneurship constitutes a new entrepreneurial movement where societal issues are addressed by a combination of market-based methods and social value creation. Social entrepreneurship generates social and sustainable benefits to society and has thus received growing attention from both researchers and policy makers around the world. Social enterprises may take on varies forms, ranging from non-profit organizations to commercially driven enterprises. To focus on sustainable business models, this thesis has delimited the study to solely focus on for-profit or hybrid organizations.

Purpose: The purpose of this study is to describe what inhibiting factors Swedish social enterprises face in scaling processes. Scaling refers to the magnitude a social business maximizes its social impact, primarily, but not limited to, through organizational growth. Furthermore, the thesis aims at explaining how social forces co-shape preconditions and actor decisions connected to scaling.

Method: To fulfil the purpose of the study, a qualitative research methodology was used. The empirical data was primarily collected through semi-structured interviews held with founders, COO's and CEO's from seven social enterprises in Sweden. To fully explain inhibiting factors of scaling, an abductive research approach was used with a combination of open and encouraging questions to promote discussion and develop theory.

Conclusion: The empirical findings of the study revealed a total of 14 inhibiting factors for scaling social impact in Sweden. From the findings, a development of existent theory resulted in a model illustrating the relationship between inhibiting factors, social forces and scaling social impact.

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1. Introduction

The introductory chapter will provide the reader with a general introduction into the research topic of social entrepreneurship and scaling social impact. Throughout the chapter, a solid background and problem discussion will be presented, stating the research gap and why the area of study is of relevance. Moreover, the purpose and research questions will be stated and lastly key terms for the thesis will be interpreted and defined.

1.1 Background

Globalization has been the main characteristic of business and society during the past twenty years and it has devoured our planet and resulted in both positive and negative aspects (Tent, 2015; Goldin & Mariathasan, 2014). Mentioning a few of the negative aspects, one could refer to poverty, social exclusion and environmental issues (Goldin & Mariathasan, 2016). These societal issues have created a need for innovative approaches in order to addressing and correcting them (Tent, 2015). Managing this could be the mission of social entrepreneurs who are viewed as possessing the right skills with their capacity of combining a business mindset with societal sustainability (Boswell, 1976). Social entrepreneurs operate in similar context as traditional entrepreneurs by seizing new opportunities and meeting relevant needs. However, social entrepreneurs differentiate themselves from traditional entrepreneurs as their primary focus lies in addressing societal issues such as health challenges, environmental issues, social exclusion and poverty (Austin, Stevenson & Wei-Skillern, 2006; Dacin, Dacin & Tracey, 2011; Weber, Kröger & Lambrich, 2012). By satisfying social needs, social entrepreneurs strive to maximize their social impact through an increase of social well-being of a targeted social group (Weber, et al., 2012). Due to various social contributions a social enterprise might bring to society, the field of social entrepreneurship has gathered increased interest and attention from researchers during the last two decades (Dacin, et al., 2011; Mair & Martí, 2006; Martí, Soriano & Marqués, 2016). This new way of conducting business seem to especially attract people who are directing skepticism towards governments' and established businesses' ability to fully address urgent social problems (Dacin, et al., 2011). The ability to scale, or grow, social businesses have been proclaimed as a key challenge for practitioners and researchers in the field and has thereof become a major topic of investigation (Scheuerle & Schmitz, 2016). Scaling is a concept which refers to social enterprises' ability to increase their social impact and it is a well-known term in the social entrepreneurship literature. Scaling can be achieved either through organizational growth or by improving existing processes, so-called scaling "deep" (Bloom & Chatterji, 2009). Previous research has found that scaling of social enterprises differs substantially from commercial scaling activities when it comes to the targeted context, resource constraints,

ability to scale without changing the operational model and willingness to share strategically important information (Weber, et al., 2012). As one of the main objectives of the social entrepreneur is to maximize social value, successful scaling will be essential (Weber, et al., 2012; Miller, Grimes, McMullen & Vogus, 2012).

Given the relative novelty of the social entrepreneurship field, there is still no clear consensus regarding a proper definition of the term social entrepreneurship among scholars (Dacin, et al., 2011; Mair & Martí, 2006; Peredo & McLean, 2006; Martí, et al., 2016). The main distinction between traditional entrepreneurship and social entrepreneurship with an economic objective is the relative priority given to social wealth creation versus economical wealth creation. In traditional entrepreneurship, social wealth is solely seen as a by-product of the economic wealth, whereas it is seen as the main purpose of social entrepreneurs (Peredo & McLean, 2006). Some scholars argue that social entrepreneurs generally ignore economic outcomes (Austin, et al., 2003), whereas other proposes that economic outcomes do form part of social entrepreneurship (Mair & Martí, 2006). Regardless of the social mission, a business which does not create any economic value might find it difficult to fulfill their social mission and create a sustainable business model (Mair & Martí, 2006).

Some researchers refer to social entrepreneurship as a concept of innovative solutions, making social arrangements and to assembly resources to innovate for social impact (Waldron, Fischer & Pfaffer, 2016). From this view, emphasis lies in the fact that innovative actions are accomplished in response to social problems, rather than in response to the market or commercial criteria (Waldron, et al., 2016). Another perspective of social entrepreneurship is that it is about combining commercial objectives with goals for social impact (Mair & Martí, 2006). From this perspective, social entrepreneurship is seen as a way of combining business skills and knowledge to develop enterprises striving for the social good as well as being commercially viable (Mair & Martí, 2006). According to Dacin, et al. (2011) the scholarly debate of definitional concerns of social entrepreneurship is likely to continue as applying one narrow definition might lead to difficulties in covering all sets of characteristics and contexts connected to social entrepreneurship. Considering the mentioned perspectives, a broad definition of social entrepreneurship has been developed for this thesis:

"An innovative process where people create solutions to address immediate social problems by combining social and commercial goals"

1.2 Problem Discussion

Considering increased global challenges and societal trends, finding innovative and sustainable solutions through new ways of doing business have become a recent priority for the Swedish Government (Näringsdepartementet, 2018). Social entrepreneurship, where these kinds of problems are solved by combining market-based methods with social value creation, constitutes a new entrepreneurial movement (Dacin, et al., 2011). Given the many social and sustainable benefits a social enterprise might bring to society, obstacles leading to lack of scaling become a problem worthy of investigation. Nevertheless, scientific literature on social entrepreneurship is scarce (Martí, et al., 2016) with many research gaps to be filled. Existent research and scholarly literature on scaling social impact have mostly focused on the development of practitioner frameworks, recommendations and best practices for successful scaling (Scheuerle & Schmitz, 2016, Weber, et al., 2012). Thus, several scholars have recognized a need for more empirical testing of existent theories and conceptualized frameworks (Bloom & Chatterji, 2009; Weber, et al., 2012; Scheuerle & Schmitz, 2016). Furthermore, research gaps such as a need for more qualitative studies and new national contexts, contribute to scaling of social impact being a topic worthy of investigation (Weber, et al., 2012; Cannatelli, 2017). Moreover, from the practitioners' side there is a demand for a creation of beneficial framework conditions for scaling social impact, with a goal to reap potential social benefits for the society as a whole (Scheuerle & Schmitz, 2016).

In Sweden, the Government has recently acknowledged the great potential social entrepreneurs bring by solving societal challenges such as climate change, integration, health and education at the same time as contributing to the economy (Näringsdepartementet, 2018). However, the Government has also recognized that Swedish social enterprises may face obstacles such as inhibiting policies negatively affecting their ability to successfully scale social impact. In the Swedish Government's 2018 *Strategy for social enterprises – a sustainable society through social entrepreneurship and social innovation,* the Swedish Government aim to facilitate for social entrepreneurs to succeed in the Swedish market. They do this in the formulation of five development goals for the period of 2018-2020. Incorporated into these goals are among others the challenge for social enterprises to scale successfully in Sweden (Näringsdepartementet, 2018). In 2015, Martí, Soriano and Marqués executed an extensive literature review on social entrepreneurship and found that before the year of 2003 the number of documents related to the concept social entrepreneurship was low. The authors further found that Sweden ranked number ten in the world when it came to number of scholarly publications on social entrepreneurship. Hence, social entrepreneurship has been more

thoroughly investigated by Swedish researchers over the past 15 years. However, literature on the specific topic of scaling social impact have mainly been investigated from an Anglo-Saxon and German market perspective (Scheuerle & Schmitz, 2016). As it has been found that Sweden differs from these markets in regard to institutional dimension affecting entrepreneurial activity (Busenitz, Gómez & Spencer, 2000), investigating inhibiting factors specific for the Swedish market becomes interesting. Given this research gap, coupled with the Swedish Government's recent acknowledgement of lacking scaling activity for social enterprises, leads to the Swedish market being worthy of investigation.

1.3 Purpose and Research Questions

Studying inhibiting factors will be of importance to facilitate better development for social entrepreneurs and for the continuation of creating framework conditions for scaling up social impact (Scheuerle & Schmitz, 2016). By the thesis, valuable information and insights into inhibiting factors will be gathered empirically, providing contributions to existent literature on the topic. Hence, the purpose of this study is to describe what inhibiting factors Swedish social entrepreneurs face in scaling processes. Furthermore, the thesis aims at explaining how social forces influence preconditions of internal and external stakeholders in scaling processes. We aim to do this by taking on an abductive research approach where we empirically test, and possibly extend, on existent scaling theory developed by Scheuerle and Schmitz (2016). We believe that the research approach will add new valuable insights to the research field of social entrepreneurship, and primarily scaling social impact, by filling the previously mentioned gap in the Swedish market. An understanding of inhibiting factors will be of importance for practitioners in order to limit losses (Scheuerle & Schmitz, 2016), scale successfully (Weber, et al., 2012) and in turn increase competitiveness and economic sustainability (Phillips, 2006). By explaining inhibiting factors, we thus aim to provide founders and chief operating officers of social enterprises with helpful tools to successfully scale social impact.

To fulfill the main purpose of this thesis, the following research questions will be used as direction and guidance:

- *"What are the inhibiting factors for scaling social impact in Sweden?"*
- *"How do social forces (cognitive frames, social network and institutions) influence preconditions of internal and external stakeholders in scaling processes in Sweden?"*

1.4 Delimitations

For this thesis we will disregard certain perspectives and contexts which are not relevant for the specific purpose of this study. The delimitations have been done to match the research scope with the given timeframe.

A social enterprise may take on various legal forms, spanning from the non-profit to business and government sectors (Austin, et al., 2006; Waldron, et al., 2016). For this thesis, we argue that enterprises with a hybrid- or for-profit business model are of particular interest because it will assure a steady value creation and the possibility to add social value in the long-term. Hence, empirical data will solely be gathered from social enterprises with an economically sustainable business model. However, as some social entrepreneurs operate as non-profit organizations, solely dependent on external funding (Martí, et al., 2016) the thesis might miss out on the full context of social entrepreneurship by limiting the research to for-profit and hybrid firms.

Another delimitation we will take on is to solely focus on the problem from the perspective of a founder or chief operating officer. As such, we aim to gain valuable insights of the scaling process by individuals who are highly involved in the decision-making process. Thus, the perspectives of these individuals might not match other external stakeholders.

Lastly, in the scholarly literature of social entrepreneurship a wide array of definitions of the concept social entrepreneurship and scaling exists (Weber, et al., 2012; Martí, et al., 2016). Thereof, multiple scholarly perspectives have been gathered in the frame of reference. However, in the empirical data collection the focus will be on the mentioned definition of social entrepreneurship, and hence this thesis will disregard additional perspectives that might be used by social entrepreneurship scholars interchangeably or separately.

1.5 Definition of Key Terms

Actors	Actors in a market field refers to leaders and employees (Scheuerle & Schmitz, 2016) producers (firms), consumers and intermediating regulatory groups, such as lobbying groups and unions (Beckert, 2010).
Cognitive frames	Cognitive frames are referred to shared meanings in the society which influence the perceptions and interpretations of human actions (Beckert, 2010).
Commercial entrepreneurship	The aim of commercial entrepreneurship is to operate in a profitable manner and generate private gain. However, benefits to the society are indirectly created in terms of services, jobs and valuable goods (Austin, et al, 2006).
For-Profit Business Strategy	A business strategy that mainly builds on commercial revenue, but profits are oftentimes reinvested in the organization.
Hybrid Business Strategy	A mix of ”for-profit” and ”non-profit” business approaches to reach both social and economic goals (Austin, et al, 2006). “Non-profit” approaches refer to strategies solely aimed at fulfilling social missions, without gaining any commercial revenue.
Inhibiting factors	Inhibiting factors are factors that obstruct a scaling process. These factors do not directly mean that an attempt for scaling will not succeed, however they are likely to affect the process in a challenging way (Scheuerle & Schmitz, 2016).
Institutions	Institutions are a type of social force and refers to restricting rules and norms, such as laws and regulations, in a society (Beckert, 2010).

Market-based methods	Market-based methods are used when a firm develop or innovate different approaches to create income earnings (Austin, et al., 2006).
Scaling	*"Scaling is the extent to which the organization has been able to expand "wide" (e.g., serve more people) and "deep" (e.g., improve outcomes more dramatically)"* (Bloom & Chatterji, 2009. Pp 117).
Social entrepreneurs	"*Social entrepreneurs are actors who seek to create social value by innovating industry practices that address social needs"* (Waldron, et al., 2016. Pp. 821).
Social entrepreneurship	An innovative process where people create solutions to address immediate social problems by combining social and commercial goals (Waldron et al., 2016; Mair & Martí, 2006; Dacin, et al., 2011).
Social impact	Social impact refers to the magnitude of which a social problem or need is addressed by a social enterprise (Dees, Anderson & Wei-Skillern, 2004).
Social network	Social network refers to different patterns and structures within social relations and collective events (Beckert, 2010).
Social value	Social value is the value created by stimulating social change or meeting social needs (Mair & Martí, 2006).

2. Frame of Reference

The purpose of this chapter is to provide the reader with relevant theory that will form the basis of this study. The chapter starts with an overview of the subject scaling and how it has evolved as an area of study. Following, the reader will be provided with the model developed by Scheuerle & Schmitz (2016) which will form the basis of this study. Lastly, the model will be explained with examples of inhibiting factors for scaling from previous studies, all to provide enough theoretical insights for future analysis of data.

2.1 Scaling Social Impact

Scaling social impact has recently been proclaimed by various scholars and practitioners to be one of the most challenging and relevant topics within the field of social entrepreneurship (Cannatelli, 2016; Scheuerle & Schmitz, 2016). Nevertheless, scaling and complexities connected to it, is not a new phenomenon of investigation. Over the last decade, scholars around the world have been pointing out the urgency of facilitating better development for social enterprises willing to maximize their social impact (Dees, et al., 2004; Austin, et al., 2006; Bloom & Chatterji, 2009).

2.1.1 What is "Scaling"?

Scaling is a frequently used term in the social entrepreneurship literature (Weber, et al., 2012) which refers to the extent a social enterprise has been able to serve more people or improve social outcomes more dramatically (Bloom & Chatterji, 2009). By scaling social impact, social entrepreneurs increase the magnitude of how a desired social problem or need is being addressed (Weber, et al., 2012). Social entrepreneurs generally scale their social impact using direct scaling strategies. These strategies may involve expanding size of the business (Scheuerle & Schmitz, 2016) or coverage through branching (Dees, et al., 2004). By the use of direct scaling strategies, social entrepreneurs will reach more beneficiaries as a result of growth in the organization (Scheuerle & Schmitz, 2016). However, scaling social impact is not limited to organizational growth or expansion. Some entrepreneurs scale social impact by the use of indirect scaling strategies such as forming formal cooperation or by influencing policy makers (Scheuerle & Schmitz, 2016). Perrini, Vurro and Costanzo (2010) further argue that some social entrepreneurs choose to publicly spread their social innovations to maximize social change through new industry practices. Regardless of the scaling strategy however, the ability to influence a large number of people to lead societal change will be the main objective of a social entrepreneur (Waldron, et al., 2016). Nevertheless, many social entrepreneurs fail to successfully scale social impact (Bloom & Smith, 2010) as the process of scaling involves complexity with obstacles emerging from various directions (Weber, et al., 2012).

2.1.2 The Role of Scaling

Scalability differentiates social enterprises from commercially driven enterprises. In commercial entrepreneurship, the aim is generally to both take advantage of an opportunity and making sure to maintain a first-mover advantage as long as possible to preserve profit (Schumpeter, 1992). Social entrepreneurs typically overturn this market mechanism by turning the focus from sustaining an economic competitive advantage to focusing on spreading social innovations as widely as possible and to reach this, scalability is a key criterion (Perrini, et al., 2010). If a social enterprise manages to scale successfully they may derive economies of scale, become more efficient and achieve greater social impact (Walske & Tyson, 2015), thus fulfilling their main objective (Waldron, et al., 2016). To achieve this, having a business model which facilitates the ability to grow and replicate will be of high importance (Perrini, et al., 2010). Furthermore, Phillips (2006) argues that scaling increases a social enterprise's likelihood of economic sustainability and survival. Social enterprises that do not achieve scale tend to be left behind, whereas those social enterprises that do scale tend to monopolize a disproportional amount of available resources and the market (Phillips, 2006).

2.1.3 Inhibiting Factors for Scaling Social Impact

From an extensive literature review on scaling, Weber, et al. (2012) found that understanding inhibiting factors and why they occur will be of importance for facilitating successful scaling of social impact. The study also revealed that the most frequently mentioned inhibiting factor for scaling impact in the literature was a lack of commitment from individuals driving the scaling process (Weber, et al., 2012). Previous scholars have also mentioned that social entrepreneurs may lack local connections to peer groups at new sites, resulting in acceptance problems in which will affect scaling in a negative way (Dees, et al., 2004; Austin, et al., 2006). Furthermore, private investors could be affecting scaling in an inhibiting way as they tend to prefer funding innovative 'breakthrough ideas' rather than scaling processes (Dees, et al., 2004; Austin, et al., 2006). Other examples of inhibiting factors affecting scaling that have been mentioned by several scholars include, for example, a lack of distribution channels and economic constraints (Weber, et al., 2012). The presence of inhibiting factors does not necessarily need to prevent social enterprises to scale, however, when several or very severe inhibiting factors occur or are expected they may cause unnecessary financial costs, transaction costs, stress, and so on (Scheuerle & Schmitz, 2016). Thus, by detecting and understanding potential inhibiting factors the chances of successful scaling of social impact will increase (Weber, et al., 2012).

2.1.4 Theoretical Models on Scaling Social Impact

Although literature on scaling social impact is increasing, few authors (Bloom & Smith, 2010; Weber, et al., 2012; Scheuerle & Schmitz, 2016) have managed to provide frameworks with a solid empirical or theoretical grounding. In result, the models developed by Bloom and Smith (2010) and Weber, et al. (2012) has had a major impact on social entrepreneurship scholars (Cannatelli, 2016; Scheuerle & Schmitz, 2016). The model SCALERS was developed by Bloom and Chatterji (2009) from a comprehensive literature review on existent scholarly work on scaling. In the model, Bloom and Chatterji (2009) distinguish seven key drivers that potentially energize successful scaling, see *Appendix 8.1*. The name "SCALERS" works as an acronym for the identified drivers of scaling; *Staffing, Communicating, Alliance building, Lobbying, Earnings generation, Replicating* and *Stimulating market forces* (Bloom & Chatterji, 2009). In 2010 Bloom and Smith empirically tested the model which gave the model more credibility. Since then, the SCALERS model has been used and developed by both scholars and practitioners in the field (Weber, et al., 2012; Cannatelli, 2016; Scheuerle & Schmitz, 2012)

Weber, et al. (2012) developed another model of scaling called The Scalability Framework, see *Appendix 8.2*. The model was based on a comprehensive literature review on academic articles and journals on scaling social enterprises. It was introduced as a reaction towards previous scholars' tendency to oversimplify complex relationships between inhibiting and driving factors for scaling social impact. Derived from existent literature on the topic, seven key components were developed and suggested to serve as factors in understanding what determines the phenomena scaling social impact. The identified components were as follows: *Commitment of individuals driving the scaling process, management competence, replicability of the operational model, ability to meet social demands, ability to obtain necessary resources, effectiveness of scaling social impact and adaptability*. Furthermore, building on these key components, the framework considers the interdependencies between the components themselves and between scaling, and suggest that some components might be more important than others. (Weber, et al., 2012)

2.2 Proposed Theoretical Model

For this thesis, we aim to empirically test and possibly extend on the model *Framework of actor levels and (pre)conditions with co-shaping social forces for scaling up the impact of SEOs* proposed by Scheuerle and Schmitz (2015), see *Figure 1*. The model partly builds on previous work by Bloom and Chatterji (2009), Bloom and Smith (2010) and Weber, et al. (2012). However, the model developed by Scheuerle and Schmitz (2016) provides a more systematic approach to understanding how different

actors, scaling pre-conditions and market structures are associated with scaling social impact, and how inhibiting factors emerge in this context.

In the social entrepreneurship literature there has been a considerable amount of focus put on internal processes and capabilities when studying inhibiting factors for successful scaling (Cannatelli, 2016). The main contribution of the model developed by Schuerle and Shcmitz (2016) is that it is more explanatory and that it connects the phenomena of scaling with social theory (Beckert, 2010), facilitating an understanding of behavioral aspects. The model, being more comprehensive than previous conceptual work on scaling (Scheuerle & Schmitz, 2016), will be most suitable to the research purpose, as we aim to understand how different inhibiting factors may affect scaling behavior of funders and chief operating officers.

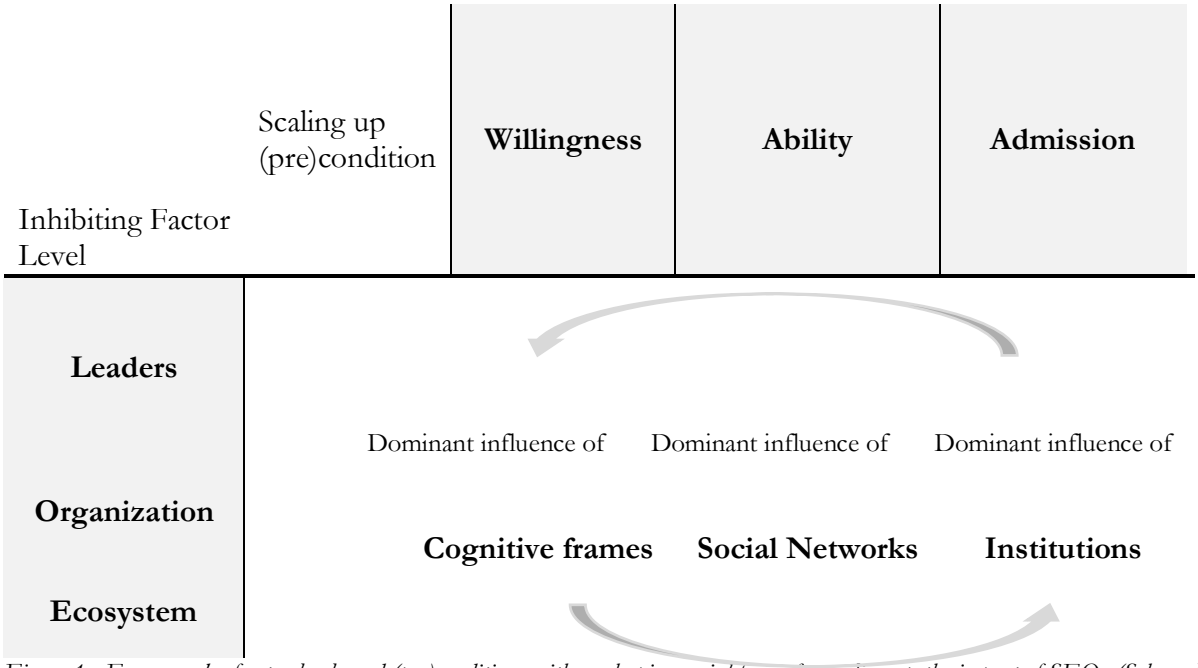

Figure 1: Framework of actor levels and (pre)conditions with co-shaping social forces for scaling up the impact of SEOs (Scheuerle & Schmitz, 2016)

2.3 Scaling up (Pre) Condition

In the framework, *Figure 1,* developed by Scheuerle and Schmitz (2016) the first element comprises of three preconditions of scaling, namely: *willingness, ability* and *admission*. The mentioned preconditions have been derived from previous research on scaling processes in social and conventional entrepreneurship (Scheuerle & Schmitz, 2016). To further analyze the scaling process, three actor levels were derived from previous conceptual work by Bloom & Chatterji (2009) and Weber, et al., (2012): the *ecosystem* level of external stakeholders, the *organization* level and the *leadership* level Lastly, the framework includes three social forces which have been found to affect

change processes (Beckert, 2010). The influence of social factors on scaling processes will be elaborated on in chapter *2.4 Co-Shaping Social Forces*.

2.3.1 Willingness

Willingness, refers to actors' motivation and aspiration for scaling (Scheuerle & Schmitz, 2016). In this section, willingness will be explained in connection with the three different actor levels, with examples of inhibiting factors that have been found to affect scaling processes.

Leadership

The leadership level in the model refers to founders and leading executives of a social enterprise (Scheuerle & Schmitz, 2016). In a qualitative study of 16 German enterprises, Scheuerle and Schmitz (2016) found that risk aversion was the most common inhibiting factor on the leadership level connected to willingness to scale. This finding goes in line with Smith, Kistruck and Cannatelli (2014) who argue that scaling is negatively moderated when a social entrepreneur desires a high need for control and with Weber, et al., (2012) who states that commitment, or willingness, of leaders driving the scaling process will be the key component for successful scaling. Scheuerle and Schmitz (2016) also found that leaders may be skeptical towards scaling because of a perceived threat of the social mission. This indicates that the social entrepreneur may refrain scaling because they see a risk of shifting the focus from quality to quantity, losing the original purpose of the business. In similarity, Smith, et al., (2014) found that perceived moral intensity connected to the scaling process will positively influence the social entrepreneur's decision to scale.

Another inhibiting factor on the leadership and willingness level found by Scheuerle and Schmitz (2016) was a preference for independence and autonomy from leaders. This rationale was explained by the fact that external funding could hinder social entrepreneur's creativity. Furthermore, some leaders were reluctant to external funding as they were afraid to be used simply for greenwashing or charitable purposes (Scheuerle and Schmitz, 2016). Although the literature mentions several inhibiting factors on the leadership and willingness level, a case study of six Finnish social enterprises found that social entrepreneurs have strong aspirations to grow and scale their social impact to fulfil their social mission (Tykkyläinen, Surjä, Puumalainen & Sjögren, 2016). Thus, social entrepreneurs will typically be willing to scale. However, in cases when scaling seems to jeopardize the social mission, social entrepreneurs will settle for mere survival (Tykkyläinen, et al., 2016).

Organization

The organizational actor level refers to employees and internal stakeholders of social enterprises (Scheuerle & Schmitz, 2016). On this actor level of willingness, Scheuerle and Schmitz (2016) found that one of the most common inhibiting factors was a perceived misalignment with the organizational culture and outcomes of scaling. For instance, some practitioners mentioned that scaling lead to more impersonal relationship between members of the organization. If this deviates from the previous culture and employees' expectation and motivation, lack of commitment to the scaling process may become a result (Scheuerle and Schmitz, 2016). This reasoning goes in line with the findings of Phillips (2006) who claimed that social entrepreneurs face similar barriers as small firms in general, but the main difference lies in how those barriers are affected by a focus on values and mission rather than personal aspirations for growth. Furthermore, Tykkyläinen et al. (2016) found that tensions between social and economic missions might prevent social entrepreneurs from situations where they would be forced to choose one over the other.

Ecosystem

Ecosystem refers to beneficiaries and clients, funders, public authorities and other external stakeholders of social enterprises (Scheuerle and Schmitz, 2016). On the ecosystem level Scheuerle and Schmitz (2016) found that the non-willingness of stakeholders to support the scaling process made up a particularly important inhibiting factor for social enterprises. This finding goes in line with Dees, et al. (2004) who argue that investors of social enterprises may prefer to fund innovative 'breakthrough ideas' rather than scaling processes. Another inhibiting factor on the ecosystem level was a reluctance to cooperation and change in public administrations by public agents. This was particularly true for highly innovative firms where public-sector actors may lack expertise or feel endangered by a disturbance of routines (Scheuerle & Schmitz, 2016). From a comparative case study of eight successful scaling processes in the United States, Walske and Tyson (2015) found that an ongoing media presence and attention was critical to increasing the credibility and visibility of the firm for external stakeholders. Visibility and credibility worked as a way of attracting investors, partners and eventually customers and beneficiaries, which in response facilitated companies' ability to scale (Walske & Tyson, 2015). However, due to lack of certain human capital skills and financial resources it might be difficult for social enterprises to use these tools successfully (Bloom & Chatterji, 2009).

2.3.2 Ability

The precondition ability refers to necessary skills, capabilities and resources needed for scaling (Scheuerle & Schmitz, 2016).

Leadership

It has been found that the lack of necessary skills, such as business administration skills, have inhibited leaders that were otherwise willing to scale up their social enterprises. (Scheuerle & Schmitz, 2016). Furthermore, Scheuerle and Schmitz (2016) found that an exaggerated dependency on leaders makes the social enterprise more vulnerable and limits the capacity for the enterprise to scale up. Oftentimes, the social enterprise builds on personality or reputation of the leader and an ability to persuade stakeholders is usually difficult for social enterprise leaders to delegate (Scheuerle & Schmitz, 2016).

Organization

Walske and Tyson (2015) found that an ability to have a competent team with necessary skills and capabilities were crucial for successful scaling. Furthermore, they found that it was particularly difficult for social enterprises to find individuals who possessed necessary skills and experiences as well as a strong passion and drive for the social mission (Walske and Tyson, 2015). This goes in line with the findings of Scheuerle and Schmitz (2016) who discovered that increasing workloads and development of new and necessary skills for existing employees tended to be a struggle inhibiting the scaling process. Walske and Tyson (2015) also found that the ability to employ individuals with greater level of expertise for key positions both increased levels of financing better supply chain and were regarded as important factors for successful scaling. However, often social enterprises might lack the necessary financial capital to obtain these individuals at the right time for scaling (Scheuerle & Schmitz, 2016). Bloom and Chatterji (2009) further argue that employing people with the right skills and capabilities may result in greater abilities to overcome additional inhibiting factors.

An additional important factor inhibiting social enterprises to scale on the organizational level may be a missing local connection to the community in which they aim to expand to (Scheuerle & Schmitz, 2016). This inhibiting factor has previously been highlighted by scholars who claim that lack of connections at new sites may result in acceptance problem, and subsequently in problems to scale (Dees, et al., 2004; Austin, et al., 2006; Bloom & Chatterji, 2009).

Scheuerle and Schmitz (2016) further argue that the enterprise's ability to successfully demonstrate social impact will affect how funders and internal stakeholders value the organization, thus supporting scaling activities or not. However, as the measuring of social impact usually is connected to lots of complexities and need for expertise, many social entrepreneurs struggle to effectively demonstrate the amount of social impact it is producing (Austin, et al., 2006; Peredo & McLean, 2006; Bloom & Smith, 2010; Scheuerle & Schmitz, 2016; Mair & Martí, 2006). This complexity is an inhibiting factor as more funders and internal stakeholders now demand proper demonstration of social impact (Scheuerle & Schmitz, 2016).

Ecosystem

From a comparative case study of eight successful scaling processes, Walske and Tyson (2015) found that organizations' ability to garner financial capital worked as one of the most important factors for success. However, this is usually a struggle for many social enterprises as most of their stakeholders is made up by local municipalities who tend to have tight financial budgets (Scheuerle & Schmitz, 2016). This is a critical issue as the ability to raise funds or profits early on may work as a catalyzer for future scaling success (Walske & Tyson, 2015). Scheuerle and Schmitz (2016) also found that much of the people working in a social enterprise may lack necessary knowledge to understand funding mechanisms of private and public sectors. Moreover, from a study of 179 Italian social enterprises, it was found that external stakeholders and factors play a significant role in configuration of capabilities necessary for successful scaling of social impact (Cannatelli, 2016). The ability of gaining proper funding or resources from the ecosystem has been proclaimed by additional scholars to highly affect scaling success (Phillips, 2006; Bloom & Smith, 2010; Weber, et al., 2012).

2.3.3 Admission

Admission is a precondition which refers to the accordance of the scaling plans and ambitions with established formal and informal rules in the ecosystem (Scheuerle & Schmitz, 2016).

Leadership

Smith, et al. (2014) found that informal rules such as moral and ethics may constrain social entrepreneurs from scaling their business. A perception of high moral intensity will facilitate for better scaling success, whereas a low perceived moral intensity may inhibit social enterprises' scalability (Smith, et al., 2014). Nevertheless, in the study conducted by Scheuerle and Schmitz (2016) no inhibiting factor was found on the leadership level connected to the precondition of

admission. Bloom and Chatterji (2009) found that social entrepreneurs' ability to lobby for favorable regulations might drive the success of scaling more dramatically.

Organization

Scheuerle and Schmitz (2016) found that certain legislations and public utility laws worked as inhibiting factors for scaling regarding admission on the organizational level. For instance, some social enterprises struggled to save up money for investments as their charitable status limited them from accumulating a certain amount of money. Moreover, compliance and accounting standards tended to jeopardize flexibility for social enterprises, and thus inhibit scaling processes (Scheuerle & Schmitz, 2016).

Ecosystem

On the ecosystem level of admission, it has been found that although local embeddedness may have positive effects on the ability to access critical resources, it may also lead to cognitive constrains for social enterprises to scale (Mair & Martí, 2006). The most commonly mentioned factor connected to institutional structures and ecosystems was the restricted possibilities of public institutions to fund innovative social enterprises (Scheuerle & Schmitz, 2016). Furthermore, the difficulty in measuring social impact (Austin, et al., 2006) may lead to public actors lacking motivation and possibility to fund scaling processes (Scheuerle and Schmitz, 2016).

2.4 Co-shaping Social Forces

To provide the so far missing link of actor-centered scaling research to social theory, Scheuerle and Schmitz (2016) proposed a more systematic approach in understanding how entrepreneurs behave the way they do. They did this by incorporating three mutually dependent social forces, as explained by Beckert (2010) in the Social Grid Model, see *Appendix 8.3*.

Taking on a sociological approach will be important when trying to understand how economic outcomes occur based on the influence of social structures on individual actions (Beckert, 2010) Incorporating social theory will facilitate for a better understanding of how social entrepreneurs act or behave the way they do (Scheuerle & Schmitz, 2016). The three social forces: *cognitive factors, social networks* and *institutions*, have previously been shown to explain different market phenomena such as the competitiveness in the economy (Hall & Soskice, 2001), price formation (Uzzi & Lancaster, 2004; Velthuis 2005) and entrepreneurial activity (Burt, 2002; Stark, 2009). However, these structures have been dealt with separately (White 1981; Williamson 1985). According to Beckert (2010) it is only by the simultaneous consideration of all three forces that the dynamics of

markets become comprehensible. Through this simultaneous inclusion it will be possible to better understand how actors employ resources from one of these structures when handling other social structures in a favorable way to reach their goals (Beckert, 2010). With regards to scaling processes, some relations can also be drawn between social forces and actor conditions for scaling (Scheuerle & Schmitz, 2016).

2.4.1 Influences of Social Forces

Cognitive frames are described as the mental aspect of the social environment, such as commonly shared meanings in a society, which influence how actions are perceived and interpreted (Scheuerle & Schmitz, 2016). Beckert (2010) refer to cognitive frames as being the social force controlling the dynamics and order of the market. Influence from cognitive frames can also be described as the tendency of repeating inscribed habits and norms (Beckert, 2010)

In the study conducted by Scheuerle and Schmitz (2016) a strong connection was found between cognitive frames and the pre-condition willingness to scale. This finding goes in line with a previous study focused on the earlier stages of social entrepreneurship. Miller, et al. (2012) found that social entrepreneurs are highly affected by cognitive processes in the start-up process. On the ecosystem level, the tendency for investors to fund innovative 'breakthrough ideas' and start-ups over scaling processes (Dees, et al., 2004; Austin, et al., 2006), is a clear example of an inhibiting factor for scaling, affected by cognitive frames. Scheuerle and Schmitz (2016) suggests that this might have to do with a philanthropic feeling of funders that they are making bigger impact by detecting social innovation rather than helping them to scale. Another cognitively hindering factor on the ecosystem level could be a conservative view that social services should be provided by established and long-term legitimacy organizations within the existent structures (Scheuerle & Schmitz, 2016).

On the contrary, Waldron, et al. (2016) argue that cognitive frames may also be used by social entrepreneurs to improve their businesses and spread new industry practices. Primarily, they refer to the cognitive structures identity and power as helpful tools for social entrepreneurs aiming for systematic social change and persuasion of industry members. From a similar perspective, Bloom and Chatterji (2009) argue that if social entrepreneurs learn how to effectively use stimulating market forces, such as cognitive frames, they can create incentives for people or institutions to pursue private interest while simultaneously doing socially good.

The role of social networks is to structure patterns and forces of social relations in the market (Beckert, 2010; Scheuerle & Schmitz, 2016). Social networks enable organizations and individual

actors to effectively position themselves in the market (Beckert, 2010) by building alliances with other organizations or contacts, hence acquiring more resources (Bloom & Smith, 2010). Social networks also determine the aggregated power of the other social forces, cognitive frames and institutions (Scheuerle & Schmitz, 2016). However, the amount of influence is dependent on the relative power and resource capacity of the social network (Beckert, 2010).

Although partly, Scheuerle and Schmitz (2016) found some evidence for a dominant link between the influence of social networks and the pre-condition ability for different stakeholders of social enterprises. Thereby, they found that inhibiting factors connected to the pre-condition ability usually were results from not being part of a certain social network (Scheuerle & Schmitz, 2016). One such inhibiting factor that has been mentioned frequently in the literature is a lack of connection to local stakeholders (Scheuerle & Schmitz, 2016; Dees, et al., 2004; Austin, et al., 2006). Having an efficient social network structure and getting access to shared resources and knowledge would facilitate building a solid base in successfully scaling social impact (Bloom & Smith, 2010; Scheuerle & Schmitz, 2016).

The influence of institutions refers to different institutional rules impacting competition in the market such as; antitrust laws, subsidies, intellectual property rights and import customs (Beckert, 2010). From a social entrepreneurship- and scaling perspective, funding structures on welfare market or governance laws are also viewed as relevant examples of institutions constraining social entrepreneurs (Scheuerle & Schmitz, 2016). Constraining norms and rules of a society are hard to reduce by the social network structure in the field, as institutional constraints are made up by laws and regulations (Beckert, 2010; Scheuerle & Schmitz, 2016). Mair and Martí (2006) argue that when investigating scaling of social impact, institutional influences should be examined in regard to the level on local embeddedness. The level of local embeddedness may act as both a driving- and inhibiting force. Social entrepreneurs with high local embeddedness are more likely to get access to relevant resources and achieve legitimacy, in contrast to less local embedded social entrepreneurs who are more likely to struggle as they might challenge existing norms and rules (Mair & Martí, 2006). Institutions have been proved to directly affect the precondition admission (Scheuerle & Schmitz, 2016). Examples of inhibiting factors connected to institutions and admission are the previously mentioned factors of non-entrepreneurial legislation, public utility laws and inadequate funding structures in the public welfare system. Moreover, it has been found that social enterprises benefit from creating a scaling strategy with regards and respect to the given institutional framework (Scheuerle & Schmitz, 2016)

2.5 Differences in the Swedish and German Market

For this thesis we will investigate inhibiting factors for scaling from a Swedish market perspective. In the social entrepreneurship literature, much has been written from the perspective of liberal welfare regimes, such as the USA or the UK (Mair & Marti, 2006). A common characteristic of these markets is that social services are based on larger shares of private funding than the markets of more conservative social welfare states (Scheuerle & Schmitz, 2016). Increasing the knowledge about national dissimilarities is vital when trying to support entrepreneurs, investors and policy-makers so they can develop and revive the national economy (Busenitz, et al., 2000). Nevertheless, knowledge and scholarly literature regarding different levels of entrepreneurship, how they differ between countries and why some entrepreneurial businesses are more successful than others, is sparse (Aronson, 1992; Rondinelli & Kasarda, 1992). When investigating scaling in more conservative welfare states, some scholars have grouped German and Swedish markets together (Scheuerle & Schmitz, 2016). However, in a study conducted by Busenitz, et al. (2000) some differences concerning entrepreneurial structures were identified between these two markets. Understanding country level differences is of importance for providing better support for entrepreneurs and hence increase the national economy (Busenitz, et al., 2000). For instance, Nelson (1993) argues that the rate of innovation within a country is dependent on national institutional structures since they will guide and enable relevant entrepreneurial activities. Having access to financing sources, educated people (Bartholomew, 1997), a well-functioned infrastructure (Casson, 1990), societal norms and cognitive factors (Busenitz & Lau, 1996) will enhance activities of entrepreneurs (Busenitz, et al., 2000). According to the study, the markets of Sweden and Germany primarily differed in a regulatory manner when it came to governmental support for entrepreneurs where Sweden showed upon having the most regulatory support and Germany the least (Busenitz, et al., 2000). This type of governmental support is important for entrepreneurs in terms of facilitating the obtaining of necessary resources (Busenitz, et al., 2000). Furthermore, differences were also shown in cognitive manners such as knowledge and skills among the entrepreneurs. Different environment and mentalities emphasize the ability of sharing experiences and knowledge differently (Busenitz & Lau, 1996), an important ability affecting the development of entrepreneurship Sweden and Germany differed slightly on this aspect and the study showed that Sweden tended to be ahead of Germany (Busenitz, et al., 2000). The third dimension on which the market in Sweden and Germany differed and where Germany received better results than Sweden was the aspect of how tolerant and acceptable the population in each country was toward innovations and entrepreneurial actions (Busenitz, et al., 2000).

3. Research Methodology

In the methodological chapter, the reader will get an overview of how the empirical research will be conducted. The chapter starts by identifying the research philosophy, approach and design that will best suit the purpose of the thesis. Following, data collection methods and techniques will be presented together with sample selection and means of data analysis. At the end of this chapter, ethical- and quality aspects of the research will be discussed.

3.1 Research Philosophy

According to Easterby-Smith, Thorpe and Jackson (2015) research philosophy is made up by the perspective and viewpoints of how researchers view the world. When deciding upon the philosophical standpoint the researcher need to consider both ontological and epistemological perspectives. Ontology has to do with the nature of reality and existence and epistemological assumptions help researchers understand the best way of enquiring into the nature of world, in other words; it has to do with the understanding of theories and knowledge (Easterby-Smith, et al., 2015). Guba (1981) means that by clearly stating ones epistemological and ontological perspective, researcher will ensure confirmability and reflexivity of their research. Moreover, the philosophical standpoints will guide the researcher in choosing appropriate designs and methods for the specific research (Easterby-Smith, et al., 2015).

In social sciences, researchers mainly choose between the perspectives of internal realism, relativism and nominalism (Easterby-Smith, et al., 2015). For this thesis, we will take on the ontological perspective of internal realism. This means we acknowledge that realities exist independent of us as researchers and that the realities may not be directly accessed and observed (Easterby-Smith, et al., 2015). By taking on an internal realist perspective, we recognize a need of accessing both indirect and direct data of the phenomenon to fully understand complexities connected to it (Easterby-Smith, et al., 2015). In this thesis, direct data refers mostly to secondary sources which are used to provide a full background and context to each case. Through in-depth interviews we will gather indirect data about obstacles and hinders for scaling social impact. Inhibiting factors might be difficult to observe directly, however by gathering information from various sources we can understand the phenomenon of scaling at a deeper level.

Regarding the epistemological view, this thesis will take on a social constructionism perspective. Researchers with a constructionist position assumes that several realities may exist (Easterby-Smith, et al., 2015). The multiple perspectives will be based in the viewpoints and experiences from the seven different case organizations in this study. We believe that this perspective best suits the

purpose of the thesis as it will enable us to better understand the level of complexity in scaling decisions and how different actors may behave differently, for example due to social forces as explained by Beckert (2010). Furthermore, by collecting multiple perspectives we believe that we can draw more analytical conclusions to inhibiting factors for scaling in Sweden. The philosophical standpoint of internal realism and social constructionism has formed the basis of the research methodology and thus, the following methodological discussion will be justified through this philosophical perspective.

3.1.1 Research Approach

Following the decision of philosophical standpoints, we had to decide upon a suitable research approach. In Explanatory research there are primarily two types of research approaches (Alvesson & Sköldberg, 2018), and deciding upon what approach to use will guide the researcher to reflect on the relationship between research and theory (Bryman, 2012). The two predominant research approaches are known as deductive and inductive (Alvesson & Sköldberg, 2018). In a deductive process the researcher creates hypotheses on a basis of current knowledge from the relevant field of study whereas in inductive approaches, theory is seen as a result of the research findings (Bryman, 2012; Alvesson & Sköldberg, 2018; Eisenhardt & Graebner, 2007). Generally, deductive approaches are more applicable to positivistic philosophy and quantitative methods, whereas inductive approaches are more applicable to constructionist philosophy and qualitative methods (Bryman, 2012). These two research approaches are generally regarded as exclusive alternatives. However, Alvesson and Sköldberg (2018) argue that one approach alone tends to be one-dimensional, in these cases, an additional research approach called abductive becomes applicable.

In this thesis we will use the abductive research approach, as we aim to empirically test and, possibly extend on the model develop by Scheuerle and Schmitz (2016). Using an abductive approach generally means that the researcher starts from an empirical basis for sense making, just like induction, but do in addition let new data emerge to develop existent theories, in line with deduction (Bryman, 2012; Alvesson & Sköldberg, 2018). We expect to create extensions to the model based on market differences in Sweden and Germany, as explained in chapter *2.5 "Differences in The Swedish and German Markets"*. We further argue that this research approach will be most applicable to the purpose of the thesis as the phenomenon of scaling social impact is a relatively new field of study with limited amount of existent research (Scheuerle & Schmitz, 2016; Weber, et al., 2012). However, as mentioned in chapter *2 Frame of Reference,* there exists some relevant models and theories connected to scaling of social impact which need further empirical testing. Thus, by

taking on the abductive approach we may rely on this existing theory more strongly than suggested in true inductive approaches (Alvesson & Sköldberg, 2018). The research approach will also facilitate for an improved explanatory power of the case study (Dubois & Gadde, 2002).

3.2 Research Design

Research design refers to the way researchers organize their research activity in the best way possible to reach the research aim (Easterby-Smith, et al., 2015). To get a clear overview of the methodological decisions in this thesis, see *Figure 3*.

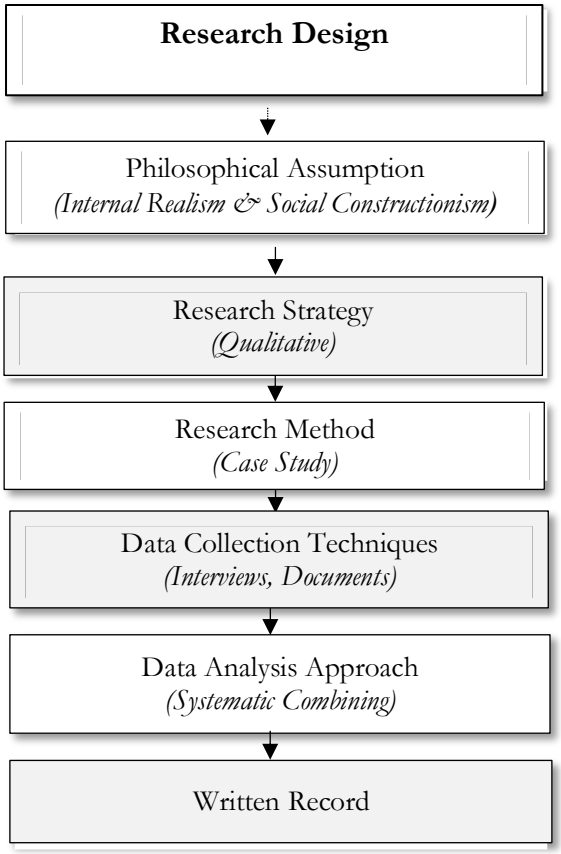

Figure 2: Research Design Layout (Myers, 2009)

3.2.1 Research Strategy

A key element in business and management research is its reliance on empirical data from the natural or social world, in forms of either qualitative or quantitative data (Myers, 2009). Qualitative research strategies tend to be connected with inductive and abductive approaches (Bryman, 2012) and constructionist research philosophy (Easterby-Smith, et al., 2015). Hence, given both our philosophical stance and the abductive approach we are taking, a qualitative research strategy will be most suitable. Moreover, qualitative research strategies are helpful when aiming to understand how and why context matters when a decision or action is taking place (Myers, 2009). As we aim

to understand inhibiting factors of scaling social impact at a deep and explanatory level, a qualitative research strategy will be most appropriate. Moreover, Myers (2009) argue that qualitative research strategies will aid researchers to better understand people, what they say and how they behave. Thus, by using a qualitative strategy we will facilitate for a deeper understanding of what inhibiting factors a social enterprise in Sweden may face and how these factors affect scaling processes in combination of social forces.

3.2.2 Research Method

From a constructionist view there are mainly four possible methods of qualitative research; namely: action research, archival research, ethnography and narrative methods (Easterby-Smith, et al., 2015). However, according to Easterby-Smith, et al. (2015), the mixed-methods; case study research and grounded theory often bridge the epistemological divide and can be suitable for both constructionist and positivist research. Moreover, Eisenhardt (1989) argues that understanding characteristics and dynamics of real firms, which is usually the result of case studies, will be particularly important for development of business research. Nevertheless, the method also has some drawbacks. One of the main critique of case study methods is that they generally produce massive amounts of data, making it hard to interpret or connect it to relevant theory (Yin, 2014). Thereof, we will follow the advice of Dubois and Gadde (2002) whom suggests case study researchers to use an abductive and systematic approach. By taking on this approach we will have a stronger reliance on existent theory than in true inductive approaches. This in turn will increase the explanatory power of the case study (Dubois & Gadde, 2002).

Within case study designs, there is an option to either conduct a single case study or to investigate several cases (Yin, 2014; Patton, 2015). In this thesis we will conduct a multiple case study of social enterprises in Sweden. According to Yin (2014) multiple case studies are preferred over single case studies as researchers may draw more powerful analytical conclusions. Moreover, a multiple case study will be useful to learn about similarities and differences between cases (Patton, 2015; Stake, 2006) or for replication purposes (Yin, 2014). Using a multiple case study approach will be most suitable to the research purpose as it will aid us to draw more generalizable conclusions on inhibiting factors for scaling in Sweden, based on multiple cases with diverse characteristics, which better represents social enterprises in Sweden. The multiple case study method will also provide us with more robust theory because the ideas are more deeply grounded in a variation of empirical evidence (Eisenhardt & Graebner, 2007). The multiple case study design will aid us to better understand how specific contexts may affect scaling processes and decisions.

3.2.3 Unit of Analysis

Defining a unit of analysis is crucial in case studies as it help researchers determining the scope of data collection (Yin, 2014). To be able to successfully compare findings with existent research, the unit of analysis should be similar to those previously studied by others (Eisenhardt, 1989; Yin, 2014). Given these considerations we will define the unit of analysis in similar manners as Scheuerle and Schmitz (2016); at the organizational level. By defining the unit of analysis at the organizational level we will be able to draw conclusions and similarities based on the uniqueness of each organization. To reach the purpose of the thesis we will conduct both within case analysis and cross-case analysis. Conducting within case analysis will aid us to discern unique patterns of each case before we may look for patterns across cases (Eisenhardt, 1989).

3.2.4 Case Selection

In multiple case studies the sample should be of relevance and in accordance to the purpose, provision of diversity between contexts and that the cases will provide opportunities of learning about complexity and contexts will be of importance (Stake, 2006). According to Eisenhardt and Graebner (2007) theoretical sampling, where cases are based on suitability for illuminating and extending relationship and logic among constructs of the specific phenomenon of investigation, will be the most appropriate sampling method for selecting cases. Theoretical sampling methods are used when researchers are aware of what sample units to look at, for fulfilling the research aim (Easterby-Smith, et al., 2015). Important to acknowledge however, is that theoretical sampling methods may lead to biasness in case selection (Easterby-Smith, et al., (2015). Taking this into consideration, we have followed the advice of Leonard-Barton (1990) whom suggest researchers to include cases from both retro- and real-time perspectives to limit bias. We did this by conducting interview with a diverse set of firms, some who have already scaled their business, and some who are in the process of scaling. Another sampling approach we applied was the snowball sampling approach. Snowball sampling is a non-probability sampling approach where the researchers start with one sample that meets the relevant criteria who is later on asked if he or she could recommend someone else who would also be eligible participating in the research (Easterby-Smith, et al., 2015).

To start the selection of cases we met up with a local consultant, active in the social entrepreneurial movement. After our meeting we were provided with a list of 100 social enterprises which has been compiled by the organization "Mötesplats social innovation". (Mötesplats Social Innovation, 2017). With this list we could start to scan for potential case companies. As the aim of our study was to explain inhibiting factors for scaling in social enterprises operating with a for-profit or

hybrid financing strategy in Sweden, the first requirements we looked at was that the firms fulfilled these criteria. Moreover, as much of the inhibiting factors that had been found in previous research (Mair & Martí, 2006; Bloom & Chatterji, 2009; Scheuerle & Schmitz, 2016) were connected to different institutional factors and local, municipal regulations, we believed having a regional spread of the case companies would provide a more generalizable picture of inhibiting factors in Sweden. By taking this into consideration, we could get a more diverse picture of institutional and social forces affecting scaling in Sweden. We began to sort the list out of these criteria and ended up in 40 relevant firms to contact. Out of these 40 companies, five responded positively and accepted to participate in our study. However, all these companies were located in the southern or middle part of Sweden which was not in alignment with our requirement of having a geographical spread of our chosen samples. Thereof, we contacted Coompanion which is a governmentally supported organization aiming to support and advice social enterprises in Sweden (Coompanion, n/a). The organization has several offices located on different geographical areas in Sweden. Through Coompanion in the county of Norrbotten we managed to get another case company from the north of Sweden. One of the 35 companies that declined to participate in the study provided us with a list of four potential case companies to contact. We contacted these four companies and one of them accepted to participate. At this point we had reached seven case companies and the sample fulfilled our case selection criteria.

3.2.5 Criteria for Case Selection

Criteria	Selection	Definition
Company Type	Social Entrepreneurial	We will look at firms that are operating in a social entrepreneurial manner which are in line with our definition of social entrepreneurship.
Company Stage (In terms of scaling)	Retrospect/ Real-Time Perspective	We will look at firms that have been through a scaling process and firms that are considering to scale. Some of the cases are being considered in a mixed perspective.
Business Strategy	For-Profit/ Hybrid	We will look at firms that are operating in a for-profit business manner, using for-profit or hybrid financing strategies.
Geographic Location	Sweden	We will look at firms that are operating in Sweden, on various geographical locations.

Table 1: Case Selection

3.2.6 Case Companies

Based on the mentioned criteria and the combination of positive responses and access, this resulted in a sample of seven social enterprises. The following table, *Table 2,* presents the selection of cases and in order for us to ensure anonymity (Bell & Bryman, 2007) all the companies have received letters instead of using their official company name. The table is followed by a short presentation of each company to enlighten general information regarding each and every company. The geographic criteria is based on region instead of municipality due to assurance of anonymity and confidentiality in research findings. The criteria "company type" is the same in all the seven cases which is the reason of why it is not included in the table.

Organization	Geographic Region	Company Stage	Business Strategy
A	Middle West	Real-Time	For-profit
B	Middle East	Mixed	For-profit
C	Middle East	Real-Time	For-profit
D	North East	Mixed	Hybrid
E	Middle East	Mixed	For-profit
F	South	Real- Time	For-profit
G	South	Retrospect	Hybrid

Table 2: Case Companies

3.3 Data Collection Techniques

According to Yin (2014), a good case study should rely on a variety of sources for data collection. Moreover, Guba (1981) suggests the use of several sources of data collection will increase trustworthiness of a study. Thus, to ensure quality of the research findings, the in-depth interviews will be complemented by other techniques for gathering of primary and secondary data in this study.

3.3.1 Primary Data

Through gathering of primary data, researchers gain insights to new perspectives (Patton, 2015) and may successfully add value to the specific research field (Myers, 2009). Primary data also adds richness and credibility to a qualitative study (Myers, 2009). For this thesis, in-depth interviews made up the substantial part of primary data collection. Intended interview subjects were founders or chief operating officers (COO's) in the selected case companies, however in two of the case companies,

their chief executive officers (CEO´s) constituted the interview subject. All interviewees were chosen as they have insights and power of scaling processes. Furthermore, we aimed to understand how social forces influence preconditions of internal and external stakeholders from a managerial perspective, hence views of individuals in the management team become worthy of investigation. We aimed to conduct interviews with at least two individuals in each case company, however in most cases this was not possible due to the size of the company or aspects regarding availability. Nevertheless, based on the purpose of this thesis we believe that one interview subject still provided us with enough depth and insights to fully understand inhibiting factors for the specific case and for the broader phenomenon in Sweden. Furthermore, according to Yin (2014), one interview subject may be justified in case studies when personal perceptions and rendition of an event are important aspects to be understood. Below a table of interview subject along with important information and detail from the interviews is presented.

Organization	Position	Background of Interview Subject	Date	Type	Length
A	Founder	Background from health services, responsibility for trade unions, management and IT.	2018-04-05	Skype	73 min
B	Founder	Entrepreneurial background. Previous member of several local community boards.	2018-04-05	Skype	57 min
C	Founder	Entrepreneurial background. Knowledge within e-commerce, sales and marketing.	2018-04-04	Skype	55 min
D	CEO	Entrepreneurial background. Knowledge in business administration.	2018-04-09	Skype	50 min
E	COO	Background from international sustainability work.	2018-04-03	Face-to-Face	32 min
	CEO	Background from the insurance and banking world.	2018-04-03	Face-to-Face	81 min
F	Founder	No previous background within business.	2018-04-04	Skype	63 min
G	COO	Background in various involvements related to culture, refugees and integration.	2018-04-10	Skype	61 min

Table 3: Interview Subjects

To ensure credibility and capture responses in a clear manner, note-taking during the interviews were complemented by recording of the interviews. Closely following the interviews, the recordings were transcribed with support from notes taken during the interview. The interviews followed a semi-structured format, meaning that we used some pre-formulated questions related to the specific topic but also let new questions emerge during the conversations (Yin, 2014). The interviews started with some general questions such as firm size, social mission and primary business model. These questions were predefined and used to control biasness (Eisenhardt & Graebner, 2007) from previous collection of archival data. Following, questions related to the phenomenon of scaling were designed in a more open manner so that we were able to further explore the topic and make follow-up questions, so called laddering down (Bourne & Jenkins, 2005). To build trust and reduce bias, (Eisenhardt & Graebner, 2007) all interviews were held in the native language of the interviewees.

To further increase the trustworthiness of this study, (Guba, 1981; Yin, 2014) the interviews were complemented with primary data in the form of documentation compiled during the research process. This documentation includes field notes, e-mail contacts and notes from observations during interviews. According to Yin (2014) this kind of documentation may add to the understanding of the investigated phenomenon by adding new dimensions or understanding the context more thoroughly.

3.3.2 Secondary Data

To establish trustworthiness of results for this study, the primary data has been complemented by data obtained from secondary sources, so-called secondary data (Easterby-Smith, Thorpe & Jackson, 2015). Secondary data may be news and articles that have been written about the specific case and archival data refers to organizational records such as budgets and reports (Yin, 2014). The case companies' own websites have served as important sources of secondary data collection and used for sense making of primary data. The secondary data has been useful complements to the primary data as it has allowed us to spend more focused time on the specific phenomenon scaling during the limited timeframes in interviews (Eisenhardt, 1989), as well as increasing the triangulation of the topic (Guba, 1981) and ability to map the given context of each case.

3.4 Data Analysis

After the primary data had been transcribed and secondary data had been collected, the raw data was processed, and unnecessary data was filtered out. We started to get familiarized with the data, reminding ourselves of the purpose of the study and the theoretical framework. Following we started a coding and categorizing process of the data to easier discern patterns and themes (Easterby-Smith, et al., 2015). We structured the data as proposed by Corley and Gioia (2004) by starting off distinguishing first order concepts, then second order themes and lastly aggregated dimensions, all in the light of our frame of reference. To keep nuances of the interview language as far as possible, the data was translated after the coding had been performed. Once the single cases had been coded and analyzed, a cross-case analysis was performed. In this analysis we looked for patterns of convergence in between the multiple cases. As we have taken on an abductive research approach we applied systematic combining of theory and empirical findings during the analysis process. Systematic combining can be described as a process of combining research efforts to reach the ultimate objective of matching theory and reality (Dubois & Gadde, 2002). Analyzing the data by systematic combination meant that we went back and forth between the theoretical framework, data sources and analysis, see *Figure* 4. In this manner we could utilize the theoretical framework to increase our understanding of evolving categories, and still make sure that we did not force-fit the data to existent theory, but rather performed a parallel development of theory (Dubois & Gadde, 2002). According to Eisenhardt (1989), systematic combining, an overlap between emergent data and existent theory, makes up a great foundation for building of theories from case studies.

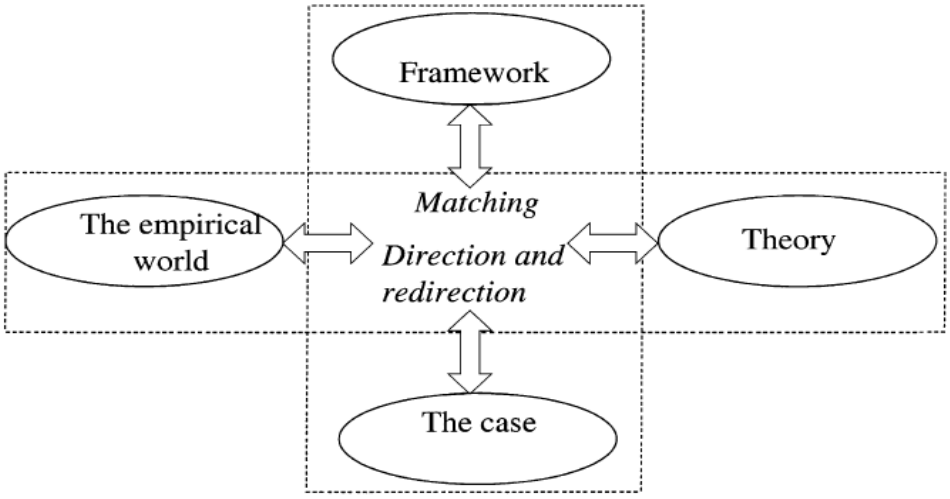

Figure 3: Systematic Combining (Dubois & Gadde, 2002)

3.5 Presenting Results

According to Yin (2014) there are two main ways of presenting results from multiple case studies. The first one follows a question-and-answer format, clearly stating answers from individual cases so that readers can draw their own cross case analysis early on. The second reporting format follows a narrative structure where the main focus lies in cross-case material, but is complemented by appendices, key quotations or other evidence to support findings from individual cases (Yin, 2014). According to Eisenhardt and Graebner (2007) presentation of results from multi-case studies tend to result in difficult trade-offs between provision of rich empirical evidence or well-grounded emergent theory. Thereof, they suggest researchers to use the main part of the report for development of theory, and then use evidence from at least some of the cases to support the different parts of the theory (Eisenhardt & Graebner, 2007). In response to this, we will present the results using a narrative structure where we start by presenting the cross-case material, or theory development, and then provide empirical evidence in forms of key quotations from single cases and appendices to support the different parts of the theory. Eisenhardt & Graebner (2007) further suggest researchers to use separate tables to provide readers with clearer summaries of theoretical construct in multiple-case studies. Thereof we constructed a table where we could summarize the cross-case findings in a clear manner.

3.6 Assessing the Research Quality

Assessing and assuring high quality of a study is vital to ensure relevance, credibility and attractiveness of the research to others (Easterby-Smith, Thorpe & Jackson, 2015). To ensure quality of this study, we have handled data in a trustworthy manner according to Guba's (1981) quality criteria and considered ethical research principles identified by Bell and Bryman (2007).

3.6.1 Ethical Considerations

The ethical principles identified by Bell and Bryman (2007) concerns different aspects that potentially affect the nature of management research as well as the quality. While considering the protection of the research participants (Easterby-Smith, et al., 2015) it is crucial to make sure no harm comes to them and to respect the participants dignity (Bell & Bryman, 2007). Regarding the handling of data, one should be honest and transparent, handling the data confidentially and avoid coming up with misleading results and false reporting (Bell & Bryman, 2007).

In this thesis the mentioned aspects have been considered thoroughly to treat participants in the most respectful way and to build trustful relationships. The first mode of contact with the participant was through e-mail and phone. Through e-mail an informed consent was sent out to

the participants, clearly stating the research purpose, publication of the thesis and ethical considerations. A document was later on signed were all participants agreed on the circumstances and details of participating in the study. We also encouraged the participants to raise any questions or concerns at any time. Before beginning the interviews, necessary information about the purpose and ethical considerations were presented once again to the research participants. To assure anonymity of the research participants, names and details of the case companies as well as the interviewees have been codified, following the advice of Bell and Bryman (2007).

3.6.2 Guba´s Quality Criteria

In 1981 Egon G. Guba formulated a set of quality criteria namely, *credibility, transferability, dependability* and *confirmability*. These criteria should all be considered when evaluating the trustworthiness of research findings in qualitative studies (Guba, 1981).

Credibility

Credibility is a term used to establish confidence in truth value of research findings (Guba, 1981). One way of assessing credibility of a study is to conduct so called "member checks", meaning that you test the truth of the data with members of the relevant sample source (Guba, 1981). To ensure credibility of our research findings we conducted member checks during and after the interviews. We mainly did this by ending each thematic section of the interview by stating our interpretation to see if it corresponded to the intended message of the interviewees. Sometimes, this lead to a reformulation of answers in our field notes. Moreover, after we had transcribed and summarized the data we did another member, by e-mailing the transcriptions for confirmation, to see if the interpretations corresponded to the intention of the interviewees.

Transferability

The quality term transferability refers to the extent that research findings can be applied to other contexts, or in other words generalized (Guba, 1981). However, by taking on a socially constructionist research perspective we acknowledge that strict generalization will not be possible, as phenomena are tied to the times and contexts in which they are found (Easterby-Smith, et al., 2015). Furthermore, Eisenhardt and Graebner (2007) argue that transferability typically will be hard to accomplish when conducting case studies, as the data usually is drawn from a small sample. To overcome this struggle the term transferability is better suited to ensure applicability for qualitative data than the regular term generalization. Hence, transferability is not about generalizing for all given situations and contexts, but rather about forming working hypothesis that may be transferred

in between contexts which relates, or fit, with each other (Guba, 1981). With this in mind, we disclosed enough information about case companies in the study so that it became easy to understand the context at the same time as respecting ethical considerations of confidentiality and anonymity.

Dependability

Dependability is connected to the quality terms consistency and reliability. The term dependability however, takes constructionist perspectives into consideration by acknowledging that change in results does not necessarily have to mean an error but it may have occurred because of evolving insights and sensitivities. Dependability is thus a concept which embraces elements both of stability and traceability required by contextual changes (Guba, 1981). Easterby-Smith, et al. (2015) further argues that for a study to be dependable the research method should be clearly explained so that if the work were to be repeated, similar results would be obtained. Thus, to ensure dependability of this study we provided detailed information about the research process, including planned method for collection, interpretation, analysis and presentation of the data. Moreover, we ensured dependability by recording our interviews and continuously taking notes and document findings along the research process.

Confirmability

The last quality term confirmability, refers to researchers' ability to stay neutral or objective to the research findings. However, as constructionist researchers generally are aware of that multiple realities exists and that their own predispositions can affect how the data will be interpreted, confirmability moves away from investigator objectivity to the concept of data confirmability (Guba, 1981). Guba (1981) suggest two main ways of ensuring confirmability of data: through the use of triangulation and reflexivity. Triangulation is a tool to ensure credibility and confirmability of study. It is about collecting data with the use of various methods, from different perspectives and drawing upon a variety of sources, all to limit predispositions in the study (Guba, 1981). To ensure confirmability, we will complement data collection from in-depth interviews with advice from further experts in the field and secondary data collection, all to ensure triangulation of data. Practicing reflexivity in research has to do with the researcher being open about the epistemological assumptions which have caused the researcher to formulate a specific set of questions for the study. Furthermore, when practicing research reflexivity, it is important for the researcher to be open about any shifts or changes in orientation (Guba, 1981). To ensure reflexivity of this study we decided to early on in the methodological chapter explain the epistemological assumption and

research approach that will form the basis of this study. This assumption will also be considered in the formulation of research questions and presenting and interpreting results.

4. Empirical Findings

In the following chapter the findings from the conducted interviews will be presented. The empirical findings will constitute the base to our analysis and discussion chapters.

Empirical findings of this thesis reveal 14 inhibiting factors for scaling up social impact of seven social enterprises active on the Swedish market. In chapter *4.9 Summary of Findings*, an aggregate of the inhibiting factors is presented. Due to the abductive approach of the study, all findings have been connected to the mentioned theoretical framework and thereof some of the findings follow the same terminology as the mentioned model.

The following section introduces the inhibiting factors for scaling that have been found in this study. The findings are presented along the different preconditions of scaling, as seen in *Table 4*, and quotations are used for better illustration of the findings in which can be viewed more thoroughly in the Appendix.

4.1 Introduction to the Cases

Organization	Founded In	Number of Employees	Social Focus	Primary Financing
A	2011	2	Environment	Commercial
B	2010	3	Integration	Commercial
C	2016	5	Environment	Venture Capital
D	2007	15	Integration	Commercial + Public Grants
E	2008	6	Environment	Private Capital
F	2013	1	Environment	Public Grants + Private Capital
G	2009	30+	Integration	Commercial + Public Grants

Table 4: Case Introduction (Information gathered from in-depth interviews and company websites)

4.1.1 Ambitions for Scaling

A majority of the case companies (B, D, E, G) have gone through successful scaling processes. Some have set up new branches at additional geographical sites, whereas others have focused on creating higher social impact by lobbying for special social regulations or employing more people.

Three of these case companies (B, E, G) have high ambitions to scale further. However, Organization D believes that they have built a strong enough network and quality in their operations. Because of this, they also perceive more risks than benefits from scaling the business any further. Regarding the case companies (A, F) whom have not yet scaled, they have high ambitions to do so in the future. However, because of various hindering factors this have not been possible up until today. Organization C have not previously scaled either, they have ambitions to scale their business in the future, but they aim to do so at a pace which limits risks for loss of quality and control.

4.2 Willingness

4.2.1. Leaders' Willingness to Scale

Two of the seven case companies mentioned a form of *risk aversion* to negatively affect their aspirations as leaders to drive a scaling processes. The perceived risk mainly had to do with a fear of losing quality of their businesses in the scaling process.

"We try to scale the business and by that grow, but then we care much about trying to make sure that the customers we reach will use the platform more than once and like it… growth is usually connected to risk, and we are not willing to take on a major risk" (Organization C)

"We are very clear about why we are so successful in the city that we operate in. It is because of our contacts, and if we would spread to other cities as well, the success might not be the same". (Organization D)

4.2.2 Organizational Willingness to Scale

On the organizational level and the effects on its willingness to scale, there was one company viewing *demotivating changes of organizational culture* as a potential inhibiting factor of scaling. They feared that by growing too much, they might lose innovativeness, flexibility and the group dynamics in which the company is built upon. However, the organization has a positive attitude towards scaling, but in order to not challenge their existing organizational culture they could see themselves setting up daughter companies.

"...Our plan is not to be a very big company, even if we are talking about scaling up the first innovation of XX, we are thinking of okay, so everything should be sold to the daughter company and the daughter company should be run as a separate business while we should go for other innovations." (Organization E)

4.2.3 Stakeholders' Willingness to Support Scaling Processes

All seven case companies mentioned that an unwillingness to provide support from their external stakeholders as something negatively affecting the company's scaling. An often-reoccurring factor that was mentioned was some sort of *reluctance to change and cooperation*. For instance, many of the case companies explained that stakeholders generally are positive and interested in the social business idea, but then when it comes to taking some sort of action, many stakeholders become unwilling to implement and try new ways of working. Organization A mentioned:

"They all think it sounds interesting, but then we have a new way of thinking and as long as there is a lack of knowledge, it is hard to network and for them to fully understand the purpose." (Organization A)

Organization C mentioned similar issues, primarily by stating that more consumers need to take action to live more environmentally sustainable and not just talk about the greatness it may provide by doing so. Also, they believed that more investors should acknowledge the need for more forms of sharing economies and sustainable solutions and make efforts in investing.

"We are absolutely convinced that there will be consumers, that they will be there and require new sustainable ways of consuming. So, from an investor's perspective it is stupid to not look to that perspective." (Organization C)

Organization D compared this issue to the early days of the environmental movement:

"I believe that the day when social sustainability become equally important as the environmental sustainability, in other words the day when employers understands the importance of working for a better working environment, social sponsoring etc. That day our possibilities to scale will increase remarkably, but we are not there yet." (Organization D)

Organization G also mentioned that they lack support from policy makers and public officers whom oftentimes expresses an unwillingness to accept and implement new ways of working.

"I mean we have visits almost every day, we have been invited to Rosenbad etc., but still there is some sort of gawkiness." (Organization G)

Furthermore, Organization G stated that they believe that the stakeholders have tools and abilities to support the scaling, but they lack willingness or courage to do something new.

"There are a lot of juridical decisions from the European Union and so on about abilities for partnerships between private and public sectors, but in Sweden, public agents are so anxious about these kinds of partnerships." (Organization G)

Another factor that was mentioned frequently by the case companies was an *unwillingness to provide capital for scaling* by various private investors. According to organization C, the external environment lacks knowledge and understanding in social business models and this oftentimes results in inabilities of attracting investors.

"For social enterprises it is hard to gain investors because it has to be connected to some kind of classical, commercial business model which the investors understand." (Organization C)

Many other of the case companies mentioned similar struggles that trying to form a new way of conducting business means they oftentimes have to defend and work excessively hard to prove themselves. Moreover, they oftentimes meet investors with conservative views, and in their opinion, they also lack understanding and knowledge of the social business model totally.

"I would like to create something new and innovative, it is not exit that drives me, but rather I aim to create an impact, which I am clear about. And by then, many investors will not understand you." (Organization A)

"Generally speaking, older people tend to think does this sell? No, how are we supposed to get paid for this, no this is nothing." (Organization D)

Lastly, *rivalry from entrenched social sector organizations and public authorities* was mentioned by several case companies to negatively affect their chances of scaling success. Working in the intersection of private and public sectors, many case companies felt that public authorities sometimes avoids cooperation. Many case companies talked about the fact some politicians want to make a quick change and impact and therefor believe they can handle issues themselves instead of letting a social enterprise deal with the problem.

"My experience from working with municipalities is that they are keen on handling issues themselves." (Organization B)

"There are a lot of prejudices and that is a concern. And then they are like, well this we could do ourselves. My question then is, what effect has that had on society?" (Organization A)

"Every fourth year we get new politicians who aim to make a difference. However, also during the ruling periods, some politicians acknowledge insufficiencies in their system and hence want to make a quick change and impact. This results in decisions taken before any major thoughts are given." (Organization D)

A majority of the case companies also mentioned that the rivalry as well comes from larger, established organizations. Primarily they mentioned difficulties to successfully compete in public procurement processes.

"There are these large, capitalist systems which results in that the big companies will not tolerate that us, small players said something, that someone enters their track. I mean we are a non-profit in the sense that all our profits go back to the business and creates new jobs, so there is no personal profits at all." (Organization G)

"I mean then if you talk about the Chamber of Commerce, they usually award and work with bigger organizations." (Organization E)

Furthermore, Organization E mentioned the struggle of being a smaller innovation company oftentimes resulting in the fact that more established companies may replicate your ideas more successfully.

"So, it is as well very common in that somebody comes pays the wave all of the resources you know, finishes it and then somebody else comes and glides." (Organization E)

4.3 Ability

4.3.1 Leader's Ability to Scale

Three of the case companies addressed a *lack of necessary skills* within business as a hindering factor for scaling on the leadership level. The lack of skills has mainly been affecting them negatively in situations such as applying for grants, investments and juridical concerns. Organization A experienced a situation in which they became betrayed by a former customer. In the renewal of a contract the customer had made a change which led to Organization A losing control of their innovation. The change of the contract was not noticed by Organization A. This situation is a mix

of being betrayed and loosing trust but also about not having the right resources and knowledge in reading contracts and possibilities to move forward with juridical processes.

"I could sue them, but I lack necessary time and skills to do so." (Organization A)

The main force that drove the founder of Organization F to start the business was a wish of compensating for all environmental damage that humans have caused. However, the lack of previous business knowledge has led to several struggles for Organization F. For instance, when applying for grants and investments both in regard to the feeling of not being listened to and knowledge in how to approach investors or other actors.

"I have no idea of how this would continue, I do not have any previous knowledge within business and I believe that affects my possibilities to be seen and listened to drastically." (Organization F)

In similarity, Organization G has experienced some struggles in the scaling process due to lack of business skills. The interviewee mentioned the importance of having previous business knowledge when working with finances and budgets in the organization. Even though some knowledge has been developed over time it has been tough, especially when working in an organization which do not have people possessing this business knowledge, hence it has been hard to get the right help and support.

"We have always seen ourselves chanceless in competing towards the big guys, they have lawyers who specialize in procurements and we are total amateurs. I do not have a business degree, but I have been forced to do budgets for 20 million SEK, it has been though but successful, but I have been without any kind of support." (Organization G)

4.3.2 Organizational Ability to Scale

On the organizational level, all case companies mentioned a lack of several abilities to inhibit the scaling process. The first factor, *difficulties in impact demonstration* was mentioned by all seven companies. These difficulties mainly had to do with hardships to clearly explain social business models and in measuring and presenting social value. These factors have led to several struggles such as, lack of trust from investors and ineligibility to apply for certain grants or funds. Organization G explains the struggle of operating as a social business:

"People didn't grasp who we were from the beginning, we are not bird or fish, we are something in between, we are not private, not public but something else." (Organization G)

The interviewee in Organization G felt that by operating in the intersection of private and public businesses, they do not belong anywhere for support.

"It is not easy to define what we are, we are a complement. For example, in Germany there is a collision between a decrease in the social welfare system and the social enterprises. But we stand for a functioning social welfare system at the same time as we see that the system does not cover everyone." (Organization G)

Several case companies mentioned similar problems:

"It is hard to run my store since, on governmental level, they need to put me in a specific box in order to even consider helping my business." (Organization F)

"First of all, they are scared of who you are, they like clear boundaries. ... Yes, we run a business and then they ask if you will take out any profit, and you answer yes, I will sometime maybe take out some sort of salary, but that is a difference." (Organization A)

"Another struggle is to describe what a social enterprise is, well what it achieves ... it is not just the profit, monetary wise, but also about saying that we have managed to help this many people in different ways" (Organization B)

Another factor that was mentioned by six out of the seven case companies inhibiting the scaling process was the problem of *overstraining requirements and time constraints for the organization.* Much of these struggles were connected to inabilities of raising enough financial capital, lack of resources or time constraints. In some of the case companies, people worked part time alongside running the social enterprise.

"Now there are two areas of responsibility for me, one is the company and the other is the part time job at the university, which requires more than 50% of my working time. It is exhausting, it has been like this for 3 years." (Organization A)

In Organization F, the founder runs the businesses in the days and work part time during the evenings. Furthermore, organization F have had problems with applying or receiving grants and

thus the business mainly runs on the commercial revenue together with private finances. The lack of time and other essential resources highly affects the company's ability to scale.

"The mental part does not recover properly when you work 15-16 hours alone with the same thing and this affect my abilities to network and develop the business in that way." (Organization F)

Many of the case companies mentioned lack of human resources and competences to negatively affect the scaling process. This issue oftentimes had to do with a lack of financial resources to employ necessary resources.

"There is a lot of funding to apply for, the problem with that type of activities is that it is very time consuming, time we do not have." (Organization B)

"To scale successfully we would need some sort of head of operations for all areas, but we do not have money for that at the moment, so that is inhibiting. That kind of staff is hard to get and all the money that we make go back to the business and to the salary of the people we employ. So, then we end up with external people for shorter periods, but we would need these people all the time." (Organization G)

"We have ambitions to grow but we are still in a very early stage, we might need 1-2 more people. You are always short on time and resources, but I would not say that is because we are a social enterprise, but rather because we are a relatively new enterprise and it is a continuous balance between strategy, long-term visions, economy, routines etc." (Organization C)

Organization E also mentioned that the overstraining requirements of the organization leads to loss of quality in their operations. When unexpected costs occur, the financial limits of the company have led to that the scaling process have been stalled.

"One good example is our project XX, we are not using our technology because there is no need for that, it was too costly. We were short on financial support so what we did was to come up with a new survival strategy, to look at some low hanging fruit." (Organization E)

Many of the case companies mentioned *difficulties in anchoring local contacts* as an important factor limiting their scalability. Organization E mentioned that building up relationships, networks and to sell in the social business idea takes time and thus somewhat limiting their scaling processes:

"You need to develop a reputation as a start-up innovator in start-up phases, you need to be able to make partnership with companies... but building these kinds of partnerships are definitely not easy, it is a challenge." (Organization E)

In similarity, Organization G mentioned that when scaling to new geographical areas, gaining necessary contacts and learning how to address them properly had been particularly important for their scaling success:

"It can be hard to scale to a new city as you have to create a strong network, and then you might find problems that some people at one authority do not like someone at the other authority and then they cannot work together, for personal reasons. So that makes it hard to survive." (Organization G)

Organization D mentioned that this aspect highly affected strategic scaling decisions:

"To be able to do it, you need good contacts in the city you are operating in and we do not have that in Jönköping or Sundsvall so that is why we will not establish the business there." (Organization D)

Organization A also mentioned difficulties in building strong, local contacts to inhibit the scaling process. They explained that sometimes the scaling was negatively affected by personal agendas or reasons of civil servants being reluctant to social business models.

"He came up to me and patted me on the back saying now we could look at your concept because now we have thrown away the things we did not want to show you. And then you wonder what the problem in the public sector is, for me as a social entrepreneur it was like getting a knife in the back." (Organization A)

Organization A mentioned *increasing overhead costs* leading to difficulties in successful planning and implementation of scaling strategies. As most available financial resources were put on overhead costs, innovativeness and flexibility for further scaling was limited as a result. Organization A had recently employed a second person into the company and since then the pressure of meeting overhead costs had increased, leading to a decreased ability of finding new and innovative ways to scale.

"Because of increased overhead costs we have not developed a strategic plan for scaling, it is more about how to get the right financial resources to create and execute a doable plan." (Organization A)

Lastly, three of the seven case companies mentioned that a *high reliance on public funding* made them vulnerable to political changes, hence inhibited their scaling processes. For instance, Organization B mentioned that these kinds of changes had led to sudden disruptions in their operations:

"They ended the project so fast that within two months I received 100 000 SEK less per month. This made it impossible for me to make people quit and cancel contracts in a reasonable manner...But that is the way it is, suddenly political decisions happen and then we cannot afford our business anymore and boom, the money is gone" (Organization B)

Organization D had also experienced disruptions to their scaling processes due to political changes:

"What happens is that we get a new government who makes substantial changes to the institutional actor that we rely on, and they started working with private actors within the authority. It was a bit similar to what we had done, but it made it a bit more complicated." (Organization D)

Organization G had experienced similar struggles and explained that this typically became troublesome as much of their business rely on political decisions.

"We are appreciated by one side of the political scale as they look to the entrepreneurial and business side, while the other side means that these kinds of struggles should be handled by public authorities." (Organization G)

4.3.3 Stakeholder's Ability to Support Scaling Processes

Three of the case companies mentioned that sometimes it is not enough with establishing strong network, creating partnerships or clearly demonstrating the social impact when trying to scale. Even though those aspects work well, *restrictions for local municipalities,* could lead to a lack of support from otherwise willing stakeholders. Organization B had experienced that although external stakeholders had an interest in supporting the process, their own restrictions sometimes limited them. This aspect - ecosystem and admission – concerns both local and national regulations and restrictions for municipalities.

"It is very interesting because people involved in bureaucratic organizations meet struggles themselves. They have restrictions or hinders in different ways, like budgets, a boss who is not particularly interested or affecting decisions in a negative way and so on." (Organization B)

Organization E also mentioned that their stakeholders sometimes lacked abilities. Primarily, they referred to bureaucratic and complex processes slowing the company's scaling process and taking up unnecessary much of their limited time and resources. Organization E operates with rather new and innovative ideas that might be both complex in understanding and implementing. Their main vision is to develop smart cities for the future, hence they are highly dependent on understanding and allowance from each and every municipality they are trying to attract which is something they have experienced being rather slow and complex since they have to go through several steps.

"You need to go through the municipality and the process is time consuming." (Organization E)

In the case of Organization G, they had also experienced previous discussed aspect of being affected due to the municipality and their restrictions. However, this was also combined with the organization´s gathered experience of municipalities not giving sufficient support because of anxiousness.

"I have noticed that a lot of the civil servants are anxious and afraid, especially in the local municipalities they do not dare to do anything with the private sector within social problems. They are so nervous and anxious that it will go to the Swedish competition authority, unfair competition and so on." (Organization G)

4.4 Admission

4.4.1 Institutional Factors and the Leader

No case company mentioned any factors related to the precondition *admission* and the actor level *leader*.

4.4.2 Institutional Factors and the Organization

Two of the case companies mentioned *non-entrepreneurial social legislation and public utility laws* being a hindering force for successful scaling. This issue was primarily related to the difficulty of being a business providing a service rather than a product. There is no possibility to apply for patent on services which in the case of Organization F and A challenged their eager in sharing experiences with others due to a fear of getting their ideas stolen.

"In Sweden you cannot patent a service, and this has affected me in a way that I am scared of networking and share ideas since they can get stolen and used by someone else. The first two years were hard since I felt that I would like to have a dialogue with other entrepreneurs, but I did not want my idea to get stolen..." (Organization F)

One of the case companies raised a problem regarding *tax* and the Swedish VAT system. The interviewee subject argued that the VAT systems are not adapted to social entrepreneurial enterprises since, in this specific case, the revenue is taxed two times.

"Talking about my economy, the VAT constitutes a major struggle. I would gladly see some kind of different VAT for some social entrepreneurs. You see, I provide a service for handling people's used clothes and then I have to pay 25% VAT for that and 25% VAT again from all the sales I do in the store, selling second hand products. That is so stupid." (Organization F)

4.4.3 Institutional Factors on Stakeholders

A majority of the case companies expressed *inadequate public support systems* to limit their scaling. For instance, Organization E explained that even though authorities offer increased grants and funds for social businesses, an inadequate amount of that money goes to the operational businesses who make businesses of all visions:

"It is very interesting that in many of the scientific papers you see today, based on how innovation agencies spread their resources in Sweden, mostly the budget and resources they have is allocated to well established big research companies and universities instead of established SME's that come with ideas and innovations." (Organization E)

Organization G also mentioned a perception of that inadequate amounts of the public funding for social entrepreneurship goes to operational businesses. Organization G meant that this inhibits the chances of scaling as it makes it even tougher for social enterprises to reach public funding:

"They have these mega conferences for like 2-3 days from everywhere, no harm in that by I do not believe there is a proper balance... And then we, who, how should I say, create the business and make action of all the visions about integration, diversity and so on, we have to fight in a dishonorable way to reach this money." (Organization G)

Furthermore, they meant that the funding they do receive typically is inadequate and not really effective.

"It is great that we are able to apply for funds at Tillväxtverket and so on, but then it is only like 200 000 SEK. That is a really small amount which makes the business go around for a while and then you have struggles again. And then, we have 3 business areas, but we can only apply for one fund at a time for all of them... It is a limiting factor" (Organization G)

Organization F mentioned both challenges in applying for funding and lack of support for driving behavioral changes:

"I have received many no´s. It has been because, well. The budget, they do not view the budget as a stable one. I can in some way agree to that but on the other hand I really know that it will work but then I need customers. And to reach the customers, they have to be more aware. And in order for the customers to be more aware it requires governmental action." (Organization F)

Organization A and C mentioned similar issues inhibiting the scaling process. They also try to implement and spread new industry practices and behavior, which they all feel that they lack support for:

"If we look higher up in the Government's initiatives, they do not finance innovations connected to behavioral changes, instead they talk about how to finance environmental issues through concrete things such as infrastructure, car chargers etc., it is not about changing behavior of the consumers."(Organization A)

"Peer-to-peer services, as the ones we are providing, are very costly and difficult to reach success with. Either it takes a lot of time or money, both to change the behavior and to reach enough number of users, or it costs a lot of money." (Organization C)

4.5 Summary of Empirical Findings

In this section, the empirical findings have been summarized in a table to give the reader a clear overview of our research findings across the multiple cases. The three pre-conditions *willingness*, *ability* and *admission* constitute headlines for the second order codes associated to each pre-condition. An aggregate of the findings revealed 14 inhibiting factors for scaling social impact

across all cases and dimensions. The column "Total number of Case Companies" shows the total number of organizations that mentioned the respective inhibiting factor.

Willingness	A	B	C	D	E	F	G	Total number of Case Companies
Risk aversion			x	x				2
Demotivating changes of the organizational culture					x			1
Unwillingness to provide capital for scaling up	x		x	x	x			4
Reluctance to change and cooperation	x	x	x	x		x	x	6
Rivalry from entrenched organizations and public authorities	x	x		x	x		x	5
Ability								
Lacking necessary skills	x					x	x	3
Overstraining requirements and constraints for the organization	x	x	x		x	x	x	6
Difficulties in impact demonstration	x	x	x	x	x	x	x	7
Increasing overhead costs	x							1
Difficulties in anchoring local contacts	x		x	x	x		x	5
High reliance on public funding		x		x			x	3
Restrictions for local municipalities		x			x		x	3
Admission								
Non-entrepreneurial social legislation and public utility laws	x		x			x		3
Inadequate public support system	x		x		x	x	x	5

Table 5: Summary of Empirical Findings

5. Analysis

In the analytical chapter, a discussion and connection between empirical findings and the frame of references will be provided. The analysis of data followed a systematic approach and the results are divided and presented along the three preconditions willingness, ability and admission. Every section of each precondition ends with a summary which eventually builds to a revised model. We conclude this chapter by presenting a suggested extension of the model developed by Scheuerle and Schmitz (2016).

The main purpose of this study was to (1) describe what inhibiting factors for scaling social impact that social entrepreneurs face in Sweden (2) and to explain how social forces (cognitive frames, social networks and institutions) influence preconditions of internal and external stakeholders in scaling processes in Sweden. A case study of seven social enterprises in Sweden allowed us to collect data which was later on analyzed following a systematic analysis approach. Following each inhibiting factor, the number of case companies mentioning the specific factors is presented in brackets.

5.1 Inhibiting Factors for Scaling Affected by the Pre-condition of Willingness

5.1.1 Leadership

Risk aversion (2) was mentioned by two of the seven case companies as a factor affecting their willingness to scale. The interviewees mainly perceived loss of quality and decreased contribution to society as potential risks connected to scaling. Furthermore, they believed that scaling approaches would need to be thoroughly considered in order to keep control of this aspect. This reasoning goes in line with findings from Tykkyläinen et al. (2016), who found that social entrepreneurs do have high intentions to scale since it is by then they have the opportunity to maximize social value. However, they also found that social entrepreneurs generally are hesitant towards scaling if economic benefits seem to increase at expense of the social mission (Tykkyläinen et al., 2016). Issues related to risk aversion was a prominent factor regarding leaders and their willingness to scale in the German study conducted by Scheuerle & Schmitz (2016). However, according to the companies mentioning risk aversion in this study, the factor of risk aversion was not a highly dominated factor disabling them to scale. Furthermore, considering that the factor was only mentioned by two of the seven case companies, risk aversion might not be a prominent hindering factor for Swedish social enterprises.

Regarding the case companies whom did not mention risk aversion as an inhibiting factor for scaling social impact, this might be related to their strong idealistic characteristic. Being a social entrepreneur means you strive for maximized social impact and contribution to the greater society

(Weber, et al., 2012; Miller, et al., 2012). As such, many of the companies who did not mention risk aversion instead focuses on the opportunities scaling processes may generate. From previous research on scaling social impact, it has been shown that lack of commitment from responsible people driving the scaling process has been one of the most prominent inhibiting factor (Weber, et al., 2012). This seemed to be the case in the mentioned case companies as well, as those companies who stated risk aversion as an inhibiting factor for scaling also showed less ambition for further scaling.

5.1.2 Organization

From the study, one inhibiting factor for scaling was found on the organizational level of willingness. In similarity with findings by Scheuerle and Schmitz (2016), the factor *demotivating changes of the organizational culture* (1) did not appear to greatly affect the scaling process. The inhibiting factor was only mentioned by one company in the study, who feared that by growing too big they might lose the innovativeness which characterizes the company culture. From previous research on scaling it has been found that a perceived misalignment or loss of organizational values due to scaling might prevent some social enterprises to scale (Philips, 2006; Tykkyläinen et al., 2016). However, from the findings we can conclude that this factor did not seem to affect the organizations' willingness to scale substantially. This finding might be connected to the relatively small size of the case companies, meaning that most companies lack an established organizational culture. In the case of Organization E, the company has been established for a relatively long time with a clear focus on innovativeness and thus perceive the loss of organizational culture as higher than those companies who have not spent much time and resources on building the organizational culture.

5.1.3. Ecosystem

From the research findings, we may conclude that stakeholders' willingness to support the scaling process seemed to constitute particularly many hinders for successful scaling. A *reluctance to change and cooperation* (6) was one the most commonly mentioned inhibiting factor for scaling across all cases and preconditions. Primarily, the interviewees mentioned a lack of belief in social business ideas from public sectors. They speculated that it might be based in a lack of fully understanding social business models or because of prejudices as to which actors should take care of social problems. In similar manner, previous research has shown that external stakeholders might be affected by cognitive frames, meaning that they have a conservative view that social services should be provided by established organizations within the existent structures (Scheuerle & Schmitz,

2016). Thereof, cognitive frames in the ecosystem may work as a hindering force as it makes it harder for social entrepreneurs to build crucial cooperation. A majority of the case companies also mentioned a sense of high interest for their mission and business model from the ecosystem. However, when it came to take crucial actions for the scaling process, such as providing investments or grants, they perceived a form of reluctance towards change and cooperation from their stakeholders. Some of the interviewees referred to the issue as resembling the environmental movement that was formed a couple of years ago. Back then, many people started to get interested in more environmentally friendly solution, but few people actually understood the personal gain in implementing an environmental way of working. The issue that many of the interviewees' face is a feeling of having to lead the way in the new social business movement. This further hinders the scaling process primarily as stakeholders are affected by cognitive frames (Beckert, 2010) which naturally makes them hesitant towards trying and implementing new ways of working. Similar results were found in a previous study which concluded that public actors may be hesitant towards cooperation with social enterprises due to lack of knowledge or a fear of disturbed routines (Scheuerle and Schmitz, 2016).

One potential explanation to why Organization E did not mention the factor of reluctance to change and cooperation as an inhibiting force for scaling could be that they have been able to increase market demand and created a strong brand presence, factors Bloom and Chatterji (2009) found to be crucial for attracting external stakeholder. Organization E is founded and run by people with successful backgrounds form different industries. Moreover, they have an established network with strong partnerships and abilities for lobbying. According to Walske and Tyson (2015) there is a strong connection between credibility and visibility, for example through media presence, and attraction of partners, investors and customers and hence successful scaling. Organization E has managed to persuade industry members and spreading new practices. As such they have managed to overcome cognitive struggles, as explained by Waldron et al. (2016). However, many social enterprises lack the ability to do this successfully due to lack of various resources (Bloom & Chatterji, 2009). This argument is also supported by the research findings of the study, where most hinders for scaling was connected to struggles in gaining financial capital.

Another commonly mentioned inhibiting factor in the study was a perceived *unwillingness to provide capital for scaling up* (4) from private banks, business angels, venture capitalists and other private investors. The struggles of reaching private investments clearly works as an inhibiting factor for social entrepreneurs as the ability of garnering financial capital also is seen as one of the most

important factors for success (Walske and Tyson, 2015). Primarily the interviewees' expressed that investors seemed hesitant to support scaling processes due to lack of knowledge and understanding of social business models. The difficulty for investors to fully understand social business models can be explained by the many definitional issues connected to the term social entrepreneurship (Austin, et al., 2006; Peredo & McLean, 2006; Bloom & Smith, 2010; Scheuerle & Schmitz, 2016; Mair & Martí, 2006). Investors might also be affected by cognitive frames (Beckert, 2010), as they perceive new, social businesses models with unclear profit pictures to be connected to insecurity and risk. Furthermore, findings from the study strengthened an argument from previous research that investors who support social enterprises prefer to fund innovative 'breakthrough ideas' rather than scaling processes of already established social businesses (Dees, et al., 2004).

The study also showed that *rivalry from entrenched organizations and public authorities* (5) worked as a hindering force for case companies' scaling processes. This factor could be connected to stakeholders' unwillingness to support scaling processes, as these actors generally have abilities to support it, but rather choose not to due to various reasons. Primarily, the interviewees mentioned that many public authorities believe they can handle the social issue themselves, or that much of public grants and funds generally go to well-established social organizations, research centers, big conferences or similar. These results could be connected to the findings of Scheuerle and Schmitz (2016) which showed that entrenched social welfare organizations tend to view social enterprises as a threat as they have the potential to provide more innovative, effective and efficient solutions to social problems. The unwillingness of stakeholders to support new ways of conducting businesses, with a more social focus, could also be connected to the strong force of cognitive frames which naturally limits people's will to implement and try new ways of working (Beckert, 2010). Many of the companies that stated rivalry as a hindering force rely much on the ability to secure funds, but most of all to win procurements within different public authorities. However, due to the small sizes of the case companies they often find it difficult to compete with the lower costs that well-established, commercial organizations can offer. This finding strongly inhibits scaling processes of social enterprises as it has been found that strong relationships between public authorities and entrenched organizations make it even harder for new actors, such as social enterprises, to be able to compete and gain new market shares (Scheuerle & Schmitz, 2016).

5.1.4 Summary

Willingness and commitment towards scaling have been found to greatly affect the success of scaling processes. It has also been found that cognitive forces affect the willingness among all actor

levels, both positively and negatively for scaling. These statements hold true from both the empirical findings of the study and from previous literature on scaling. From the empirical findings it was found that leaders and other organizational staff members usually are willing to scale as they aim to maximize social impact. However, unwillingness and lack of support from stakeholders were found to highly limit, or hinder, social enterprises to scale. In two case companies, risk aversion constituted an inhibiting factor on the leadership level. Because of this, they had no intention or ambition to scale at the moment. Given these findings we will, in accordance with the critical scaling path developed by Weber, et al. (2012), argue that willingness of actors involved in the scaling process constitutes a particularly important aspect of scaling success. Thereof, we suggest a further extension, see *Figure 4,* to the model *"Framework of actor levels and (pre) conditions with co-shaping social forces for scaling up the impact of SEOs",* see *Figure 1,* developed by Scheuerle and Schmitz (2016) regarding the precondition willingness.

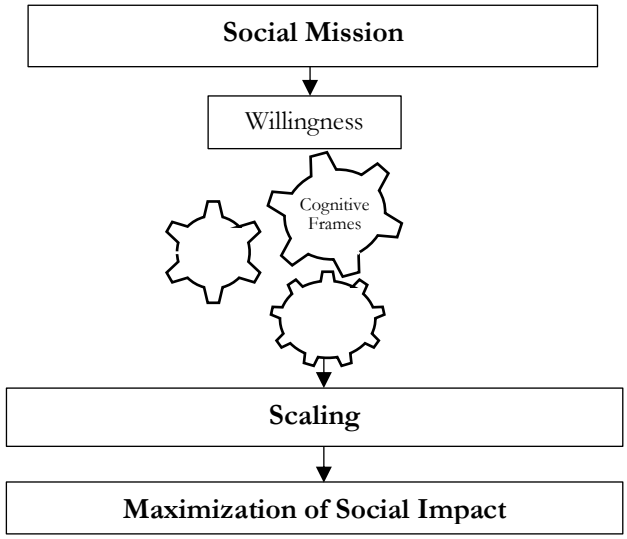

Figure 4: 1st Draft of Suggested Model

5.2 Inhibiting Factors for Scaling Affected by the Pre-condition of Ability

5.2.1 Leadership

A *lack of necessary skills* (3) was discussed in three case companies as an aspect which could negatively affect the ability to scale. Common for all interviewees who mentioned this aspect was a lack of educational or professional background from business or entrepreneurial activities. Not possessing different business skills, have inhibited the case companies' abilities to understand certain market structures and other fundamental and important business concepts. Furthermore, they perceived that the lack of knowledge has led to larger difficulties in building trust with external parties. Nevertheless, business skills do develop over time and two out of the three companies that

mentioned it as an inhibiting factor have experienced scaling success even though they lacked previous business knowledge. These findings go in line with previous research which found that previous knowledge and business skills highly affects scaling success, especially when it comes to funding mechanisms in the private and public sector (Scheuerle & Schmitz, 2016). The lack of necessary skills mainly limited the case companies in this study to successfully compete with others more experienced actors. Thereby, this factor disabled and aggravated a scaling process for the case companies. Also, other mentioned aspects connected to the factor were the feeling of not being listened to, or taken seriously, as well as difficulties in understanding legal agreements

5.2.2 Organization

A commonly mentioned inhibiting factor concerning organizational ability was a sense of *overstraining requirements and constraints for the organization* (6). This factor mainly had to do with the limited amount of time each organization and entrepreneur had to display to their business. It turned out that several of the case companies viewed the issue of time as a factor affecting them more or less constantly. The major reason for this had to do with a lack of resources in terms of staff and finance which directly affected their abilities of having enough of time. Some of the entrepreneurs work part-time in order to get additional finances and this of course has a negative effect on their time availability. If there are not the right finances this could also negatively affect the employment of people as well as the "right people". Not managing to hire the right people could lead to a need of consultants which is costly. However, this factor might not be solely an issue for social entrepreneurs but also for other start-ups. One of the companies did not mention this factor as being an issue for them, this company is in a stage where they were rather satisfied and did not actively strive for scaling at the moment. This company is also the only company in this study with the biggest number of employees. Connecting this to the previous literature, Scheuerle and Schmitz (2016) found that social entrepreneurs might lack necessary knowledge for understanding different mechanisms of funding, which could also be viewed as a constraint for them. Something that was also found in this study. Several companies do lack the necessary skills and if those could be managed in a more effective way one might could overcome the issue and turn the negative spiral positive.

Another inhibiting factor that was mentioned frequently by all case companies was *difficulties in impact demonstration* (7). An inability to clearly state a definition of the organizational form and impact that they are making primarily inhibited the scaling process as it hindered the companies to successfully apply for various funding and investments. Many interviewees highlighted the issue of having a too broad definition of social entrepreneurship leading to even more difficulties in

competing for certain grants. This finding goes in line with arguments of several researchers (Austin, et al., 2006; Peredo & McLean, 2006; Bloom & Smith, 2010; Scheuerle & Schmitz, 2016; Mair & Martí, 2006). Complexities in defining and measuring social impact have primarily been found to inhibit scaling processes as more and more external, as well as internal stakeholders, now demand such evidence. From the empirical findings one can conclude that difficulties in impact demonstration highly affects and aggregates further inhibiting factors on different actor levels and preconditions.

Increasing overhead costs (1) was mentioned by one of the case companies, Organization A, as a factor inhibiting the scaling process. The company have recently employed a second person into the business and thus they have increased overhead costs, which means they have less financial capital to put on scaling strategies and processes. Similar struggles have been highlighted in the existent scaling literature. For instance, Scheuerle and Schmitz (2016) found that expensive overhead structures resulted in higher risks, lower innovativeness and flexibility for the organization. High overhead costs and administrative tasks subsequently was shown to negatively affect the scaling process (Scheuerle & Schmitz, 2016). However, this hinder was not mentioned by any of the other case companies, which might be explained by other positive factors that comes by employing more people.

In accordance to several researches (Dees, et al., 2004; Austin, et al., 2006; Bloom & Chatterji, 2009; Scheuerle & Schmitz, 2016), *difficulties in anchoring local contacts* (5) was found to be another factor inhibiting the case companies' scaling processes. This factor was mentioned as a hindering force by five out of the seven organizations, all of which had, or aimed to, scaled their businesses to other geographical regions. Organization F, who did not mention networking at new local sites as a challenge did not aim to scale geographically. Moreover, Organization B have opened up for the opportunity to scale geographically but have not yet given much thought or consideration into it. The respondents who referred to the factor as an inhibiting force emphasized that building up good contacts, networks and reputation at local sites had been crucial for their scaling success. Furthermore, they meant that the challenge of spreading their businesses to new regions often was connected to a difficulty of replicating these contacts at new sites. Also, Mair and Marti (2006) found that social entrepreneurs who have managed to anchor more local contacts also become more likely to access relevant resources and achieve legitimacy than those who have not. This goes in line with the findings of the study which indicated that those firms who have managed to anchor strong local contacts also have been able to affect and lobby for favorable regulations.

Lastly, some case companies mentioned a too *high reliance on public funding* (3) as something that could limit their abilities to scale. They meant that relying too much on public funding resulted in fast and unreliable disruptions of their businesses. This clearly inhibits the scaling process as it may be hard to plan, or even implement the scaling plan due to political changes. This inhibiting factor was only mentioned by Organization B, D and F and thus seem to be unique for social enterprises focusing on integration of long-term unemployed people, companies that also tend to be more reliant on public grants. This factor has not been mentioned in any of the existent literature, however an explanation to that could be that Sweden ranks as one of the top countries when it comes to regulatory support for entrepreneurs (Busenitz, et al., 2000), and thus more companies might build their business on the premise that they will continue to receive certain grants.

5.2.3 Ecosystem

In accordance with findings from Scheuerle and Schmitz (2016), results from the in-depth interview indicated that *restrictions for local municipalities* (3) limited some stakeholders' ability to support the scaling process. Some companies referred to the problem by stating that local municipalities had tight budgets and thus problems to support the scaling process. Many of the case companies also mentioned that bureaucratic restrictions of authorities led to complex processes and hence slowed scaling processes. However, in some cases this inhibiting factor had been limited by the use of social networks. By building up relationships with public actors, some case companies had managed to limit administrational and bureaucratic hinders.

5.2.4 Summary

Although leaders, organizations and external stakeholders might be fully committed and willing to scale social impact, they might lack necessary resources, or abilities, to do so successfully. In the study, lacking organizational abilities were primarily found to inhibit scaling processes. Less emphasis was put on lacking abilities among the other actor levels, leaders and stakeholders. Furthermore, in accordance to previous research it was found that many inhibiting forces connected to abilities might be lessened by the use of strong social networks. For instance, a lack of necessary resources to drive scaling processes might be overcome by the use of expert help and advice from a social network.

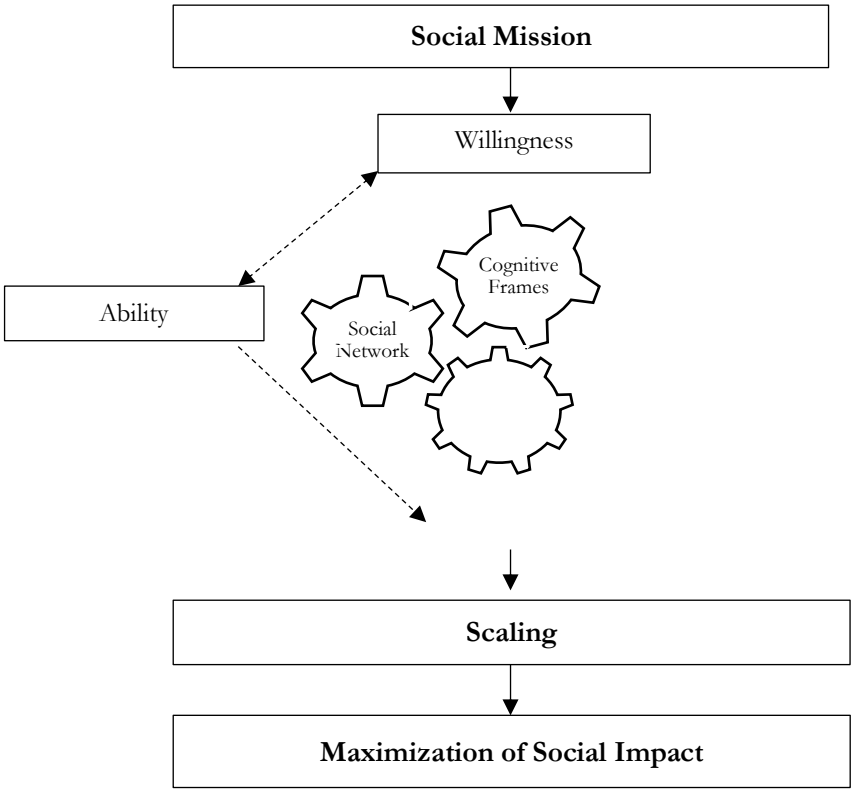

Figure 5: 2nd draft of Suggested Model

5.3 Inhibiting Factors for Scaling Affected by the Pre-condition of Admission

5.3.1 Organization

Previous findings of inhibiting factors related to social legislation and laws have mainly concerned monetary issues, such as charitable statuses limiting social enterprises to save up for investments (Scheuerle & Schmitz, 2016). Although this particular issue was not found in the study, other institutional factors seemed to affect case companies' scaling processes negatively. In the study, *non-entrepreneurial social legislation and public utility laws (3)* concerned the issue of not having regulations in Sweden enabling social entrepreneurs, whom provide service innovations, to protect their service. According to Beckert (2010) institutional factors are of especially high importance as they concern laws and regulations which cannot be changed easily. Thus, facing institutional hinders will be particularly inhibiting for social entrepreneurs. Inhibiting factors connected to non-entrepreneurial social legislation and public utility laws was mentioned by three case companies, in which all provide service innovations. Two of them have had severe issues or feared sharing their

innovations and ideas due to lacking protection rights of service innovations. At some occasion the lack of protection rights has hindered the entrepreneurs from building up necessary networks, getting clients or gaining necessary investments. Hence, the social entrepreneurs were limited by their cognitive frames and the lack of protection rights also limited the ability to successfully use the force of social networks, as explained by Beckert (2010).

5.3.2 Ecosystem

There were also some structurally determined factors on the stakeholder level which inhibited the case companies' scaling processes. Mostly, the struggles had to do with *inadequate public support systems* (5). Firstly, many of the interviewees mentioned that they met various challenges disabling them to apply for public funding. For instance, the challenges had to do with the difficulty of clearly demonstrating and measuring social impact or inabilities to reach the preconditions necessary to apply for public funding. This is clearly inhibiting as it has been found that the ability of garnering financial capital from stakeholders in the ecosystem early on will play a significant role in configuration of capabilities necessary for scaling success (Phillips, 2006; Bloom & Smith, 2010; Walske & Tyson, 2015; Cannatelli, 2016). Moreover, previous literature has shown that an inability to clearly demonstrate social impact will cognitively lead public actors to become sceptical towards funding of scaling processes (Austin, et al., 2006; Scheuerle & Schmitz, 2015). Many of the case companies mentioned that they had problems to demonstrate social impact, and this might have led to difficulties in applying for certain funding, thus perceiving support systems as inadequate. Moreover, many of the case companies mentioned a lack of support for driving behavioural changes. Bloom and Chatterji (2009) found that the most successful scaling projects are those who have been able to use cognitive frames effectively to increase market demand. However, as many of the case companies in the study offers various kinds of innovations where much is about changing consumer habits, many of them struggle to successfully use this. Instead, changing consumer habits become a struggle, and hinder for scaling. Thereof, many of the interviewees call for more support in driving behavioural changes towards more social good. The will to drive behavioural changes constitutes a big challenge for most social entrepreneurs as it has been found that hinders for scaling increase when the scaling strategy is not compatible with the given institutional framework (Scheuerle & Schmitz, 2016).

5.3.3 Summary

The precondition admission is naturally affected by the social force institutions as both refers to established formal and informal rules in the ecosystem (Beckert, 2010; Scheuerle &Schmitz, 2016).

However, in the study it was found that inhibiting factors that occur due to institutional forces might negatively affect use of the force social networks as well. For instance, some case companies were afraid to network as they lacked protection of their service innovations. In contrast, social networks were also found to limit negative effects of institutional factors. Those social entrepreneurs who had anchored strong local contacts and built effective social networks also had higher abilities to affect, or lobby for favourable regulations. The precondition admission and institutional factors can also be connected to the social force of cognitive frames as some entrepreneurs who might had benefited from lobbying and building of social networks might be reluctant to do so due to protection problems of social innovations.

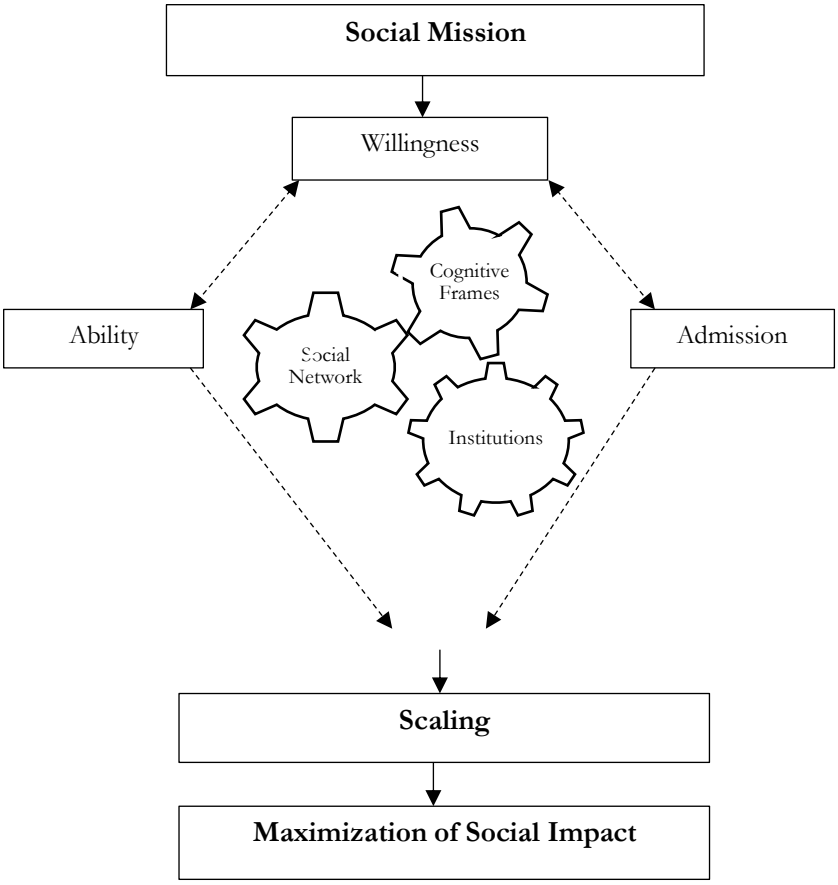

Figure 6: Suggested Model

5.4 Concluding Remarks and Further Development of the Model

From the empirical results, this thesis found support for that relevant actors, preconditions and social forces which was proposed by Scheuerle and Schmitz (2016) in a systematic framework all affect scaling processes in Sweden. However, a direction of relevant preconditions has been built on to the model to provide a more visualized framework for understanding how these factors

connect and depend on each other. Due to interrelations between factors, inhibiting factors may provoke or aggregate each other. For instance, questions of willingness (such as reluctance to change and cooperation) or admission (such as non-entrepreneurial social legislation and utility laws) may affect the ability to acquire necessary resources, and thus also affect organizations' ability to scale. Moreover, a path of direction has been added to provide a clear and more nuanced demonstration of how scaling becomes a critical way of reaching the ultimate goal of the social entrepreneur, to maximize social impact. Even though all preconditions were found to interrelate, we argue, in accordance with Weber, et al. (2012), that willingness of internal and external stakeholders constitutes a particularly important aspect for scaling success as these individuals are the one to drive scaling processes. Without motivation, or willingness, to scale the ambitions of scaling will decrease and become less important, even though the companies might have perfect preconditions in regard to ability or admission. Thus, willingness has been placed above the other preconditions in our suggested model. The study of this thesis revealed a total of 14 factors inhibiting scaling processes of social enterprises in Sweden. Most factors were in accordance to findings of Scheuerle and Schmitz (2016), however some deviations were found in the spread and perceived importance of previously found factors. The results of the study also indicated some differences in unique factors. In the study, a high reliance on public funding were mentioned by three case companies to inhibit scaling processes. This factor was not found in the German study conducted by Scheuerle and Schmitz (2016), hence the hinder of having a too high reliance on public funding might be unique for social enterprises in Sweden. Inhibiting factors that were found in the German study but not in this thesis include; preference for independence and autonomy, organizational dependency on leaders and an unsuitably qualified workforce (Scheuerle & Schmitz, 2016). In *Figure* 7, the suggested model, together with a list of the 14 inhibiting factors, answers this thesis research questions.

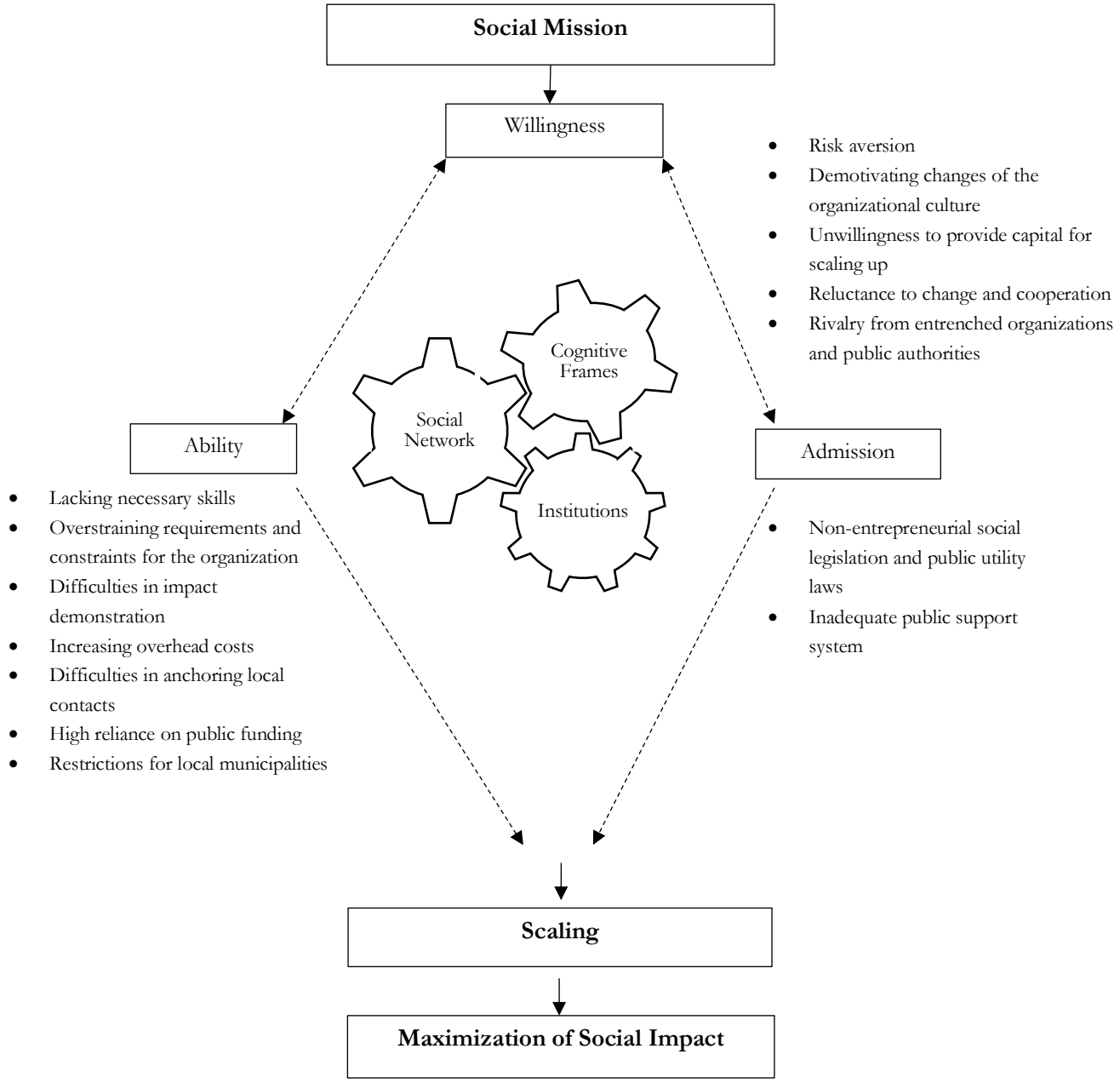

Figure 7: Suggested Model and Inhibiting Factors

6. Conclusion and Discussion

The chapter begins by answering the research questions of the thesis based on the empirical findings. This is followed by presenting implications within different areas, encountered limitations and suggestions for further research.

6.1 Purpose and Research Questions

By scaling social impact, social entrepreneurs increase the magnitude of how a societal problem is being addressed (Weber, et al, 2012), and thus work as a counterforce towards growing societal problems such as global warming, social exclusion and poverty (Dacin, Dacin & Tracey, 2011). Based on the many benefits a social enterprise may bring to society at large, scholars around the world have been pointing out the urgency of understanding struggles connected to scaling and facilitating for better development for those willing to maximize social impact (Dees, et al., 2004; Austin, et al., 2006; Bloom & Chatterji, 2009). The purpose of this study is to describe what inhibiting factors Swedish social entrepreneurs face in scaling processes. Furthermore, the thesis aims at explaining how social forces influence preconditions of internal and external stakeholders in scaling processes. By taking on an abductive research approach, this thesis has empirically tested the model *"Framework of actor levels and (pre)conditions with co-shaping social forces for scaling up the impact of SEOs"*, see *Figure 1,* developed by Scheuerle and Schmitz (2016), as well as developed extensions to the model. By the presented model, *Figure 6,* we were able to show a more visual and nuanced demonstration on how different preconditions affect social entrepreneurs' scaling behavior. Through the finalized version of the model, the thesis has managed to answer the research questions:

RQ1: What are the inhibiting factors for scaling up social enterprises in Sweden?

A sample of seven social enterprises active on the Swedish market revealed a total of 14 inhibiting factors for scaling, see *Table 5* for a summary.

RQ2: How do social forces (cognitive frames, social network and institutions) influence preconditions of internal and external stakeholders in scaling processes in Sweden?

From the study it was found that societal structures, such as cognitive frames, social networks and institutions, may influence preconditions of internal and external stakeholders both positively and negatively for scaling success. For instance, it was found that social networks limited inhibiting factors connected to abilities as organizations with strong networks could make use of shared

experiences, knowledge and resources to collectively increase abilities for scaling. In contrast, it was also found that the social factor cognitive frames could lead to unwillingness of external stakeholders to support the scaling process, and thus increase the magnitude of inhibiting factors. Furthermore, the results of the study further strengthened the argument of Beckert (2010) that the three social forces are interdependent and thus relate to each other. For instance, by matching the scaling strategy with existent societal structures and thus reaching legitimacy, one could use both the force of institutions and cognitive frames. The empirical findings also revealed that each precondition is determined dominantly by one social force. The social force of cognitive frames was found to mainly affect actors' willingness to scale, whereas the force of social networks mainly affected abilities and institutions mainly affects the precondition admission. By understanding the effect of social factors on scaling processes we could also understand why some social entrepreneurs face more or completely different inhibiting factors than others, even though their contexts appear to be somewhat similar.

6.2 Implications

6.2.1 Theoretical Implications

Previous research on scaling social impact has mostly focused on development of practitioner frameworks, recommendations and best practices (Scheuerle & Schmitz, 2016, Weber, et al., 2012). Primarily, the research has been investigated from an Anglo-Saxon perspective (Scheuerle & Schmitz, 2016). Over the years, researchers have been calling for more qualitative studies (Weber, et al., 2012), new national contexts (Cannatelli, 2017) and need for more empirical testing of existent theories and conceptualized frameworks, to develop the field of scaling social impact (Bloom & Chatterji, 2009; Weber, et al., 2012; Scheuerle & Schmitz, 2016). Through a qualitative case study of seven Swedish social enterprises, we have contributed to the field of social entrepreneurship by providing empirical evidence on inhibiting factors for scaling social impact from the Swedish market. Through an abductive research approach, we empirically tested the model *"Framework of actor levels and (pre)conditions with co-shaping social forces for scaling up the impact of SEOs"*, see *Figure 1,* developed by Scheuerle and Schmitz (2016) and found evidence in support of the suggested actor levels, preconditions and social forces proclaimed to affect social entrepreneurial scaling activity. By the analysis we developed a nuanced and more detailed model to provide a visual demonstration on how inhibiting factors for scaling occur and interrelate in the Swedish market, see *Figure 6*.

Ultimately, this thesis presents some valuable findings and insights into scaling processes of social enterprises in Sweden. However, in accordance with previous scholarly predictions "*A successful research agenda for social entrepreneurship should result in the end of social entrepreneurship"* (Mueller, Nazarkina, Volkmann and Blank, 2011, p.112) we believe that social entrepreneurship will soon be outdated. In a society with growing societal problems, we believe that enterprises who manages to create both economic and social value will become the norm, whereas companies aimed at solely creating economic profits will become 'financial entrepreneurship' in research.

6.2.2 Practical Implications

From the practitioners' side there has been a demand for a creation of framework conditions for scaling social impact (Scheuerle and Schmitz, 2016). The practical contributions of this thesis are twofold;

Firstly, the suggested model, *Figure 6,* along with the explanation of 14 inhibiting factors constitutes a good framework for strategic decisions on scaling social impact in Sweden. By understanding inhibiting factors, potential losses will be limited (Scheuerle & Schmitz, 2016) as scaling processes can be planned more effectively and successfully (Weber, et al., 2012). Through an explanation of the inhibiting factors this thesis provides practitioners with helpful tools for successful scaling, and thus increased competitiveness and economic sustainability (Phillips, 2006). The suggested model may be used by funders, chief operating officers, and other individuals of the management team with high influence of scaling processres, to fully comprehend their readiness for scaling, based on the analysis of certain preconditions and challenges.

Secondly, the findings of this thesis may be used by policymakers and other external stakeholders aiming to provide better conditions for scaling social impact. In the Swedish Government's 2018 *"Strategy for social enterprises – a sustainable society through social entrepreneurship and social innovation",* the Swedish Government acknowledged that obstacles and inhibiting policies may exist and negatively affect social enterprises ability to maximize social impact (Näringsdepartementet, 2018). By the findings of this thesis, obstacles for successful scaling have been highlighted and explained through specific contexts. These findings may be used to reach the aim of facilitating for social entrepreneurs to succeed in the Swedish market (Näringsdepartementet, 2018) and policy makers in Sweden may use the findings to reduce these obstacles. For instance, public funding could be reallocated to reach more operational social businesses or administrational barriers could be decreased to promote for more institutionalized collaborations between the public sector and social

enterprises. Furthermore, other external actors, such as private investors or promoting organizations, can use the findings to distribute their resources more effectively when aiming to support scaling processes.

6.2.3 Societal Implications

This thesis, explaining inhibiting factors for scaling social impact in Sweden, provides valuable information to a society in great need of correcting growing societal problems such as poverty, social exclusion and global warming (Goldin & Mariathasan, 2016). Through social entrepreneurship these kinds of problems are solved by combining market-based method with social value creation (Dacin, et al., 2011). Thus, by facilitating for better development of social enterprises, one facilitates for better societal development as well.

The empirical findings of this thesis suggest several institutional difficulties for scaling social impact in Sweden. Inabilities to scale successfully directly leads to a loss in abilities for social entrepreneurs to address societal challenges such as demographic change, social segregation or climate change (Scheuerle & Schmitz, 2016). Correcting these, and other inhibiting factors for scaling, will facilitate for social entrepreneurs to reach their ultimate goal of maximizing social impact, and thus contributing to a better society at large.

6.3 Limitations

Throughout the thesis process, several limitations and shortcoming have been encountered. However, some of presented limitation could also be viewed as aspects for future research within the field. The most prominent limitation of this study has been connected to time constraints. The thesis has had a relatively limited time scope, which has affected the ability to effectively allocate time on contacting potential companies, conducting interviews, handling a vast amount of data and lastly analyze and conclude the findings. Because of this aspect, the aim on including organizations from various geographical regions in Sweden in order to get a more holistic representative picture from a Swedish context became somewhat limited with a sample not fully representing this aim. A suggestion for future research could be to include more case companies from the northern region of Sweden. For instance, being situated in different regions might result in different abilities to make use of the social force social network efficiently. Time was also a scarce resource among our interviewees which in some cases was shown by having to end the interview strictly on time hence not inviting for longer interviews which could have generated further useful data. The limited time and ability of the interview subjects also resulted in no follow-up interviews, which was the original

purpose of the thesis. Hence, the results might not fully represent and cover all inhibiting factors that the case companies have encountered.

Connected to the time constraints was a perceived inability of reaching data saturation. Although we saw patterns of convergence early on in the process new and unique inhibiting factors or nuances were shown in most interviews. Thereof, we did not fully reach data saturation and future research might discover further topics to answer the research question. To correct this, future research could either focus at the problem from a quantitative research perspective or to make sure to allow for longer qualitative interviews.

Another limitation to this study is the used interview format. A majority of the interviews were held through the videoconference tool Skype. This tool was very convenient in order to gain access to participants who lacked time and abilities to meet for face-to-face interviews. Nevertheless, this interview format might have led to missed nuances and reaction towards questions, aspects that could have been important to fully understand how social factors affect scaling processes. In some of the interviews participants got disturbed, either by technological issues or other factors related to their interview environment. This might have affected the interviewees' concentration in a way that the interviewee was not able to deliver thorough answers.

6.4 Suggestions for Future Research

This study used a qualitative research strategy and approach as we aimed to understand the social phenomena scaling in its real-life context and to deepen our own understanding on how social forces affect scaling behaviors. However, based on the qualitative approach and limited sample size the conclusion may not be generally applicable to all social enterprises active on the Swedish market. To detect more inhibiting factors and get a more generalized picture, similar research questions could be investigated using a quantitative research approach. A quantitative study includes a large sample size and results of these type of studies could thereof be used in a more generalizable manner (Bryman, 2012).

When selecting cases for this study, the main criteria built upon the case being a social entrepreneur and operating with a hybrid or for-profit financial strategy. This resulted in a variation of sizes and social focus of the organizations. For future research it would be interesting to investigate more thoroughly differences and similarities in regard to the size of the organization, the social focus and inhibiting factors of scaling.

From the study it was also found that certain aspects regarding inhibiting factors in scaling processes referred to local municipalities. Therefore, an interesting suggestion for future research could be to investigate the issue of scaling from a public actor perspective. It could be the case that the municipalities do want to support the social entrepreneurs but due to their own determining regulations they are not capable of doing it. This might also hold for investigating the issue from a governmental level. As presented in the beginning of the thesis the Swedish Government has developed a strategy (Näringsdepartementet, 2018) in which will enable social entrepreneurs to scale. Another interesting aspect could be to follow up on this strategy and see if social entrepreneurs actually have received better governmental support during the period of 2018-2020, as the strategy aims to do.

The study has explained inhibiting factors in scaling processes for social entrepreneurs and how social forces affect preconditions of internal and external stakeholders for scaling. As lacking knowledge of social business models and a need to drive behavioral changes among consumers were reappearing issues that the research participants brought up, addressing the consumer perspective of social enterprises and social business models would be interesting areas for future studies. The definition of social entrepreneurship is rather vague and many practitioners struggle from effectively measuring and demonstrating social impact. Thereof, consumers might lack full knowledge of the mission of social enterprises and the societal implications that might result from their support.

"Too high reliance on public funding" was an inhibiting factor emerging from the data which seem to be quite unique for social enterprises active on the Swedish market. Future researchers might take this factor into consideration and investigate this factor more deeply to fully detect if it is unique for Sweden, and if so give suggestions to how this issue could be handled effectively by policy makers. Furthermore, a more thorough comparison between nation unique factors for scaling could be interesting to investigate.

Lastly, some of the inhibiting factors might not be unique for social entrepreneurs, but rather similar to struggles of commercial small-scale businesses as well. Thereof, a comparison between financially profit-driven enterprises and social enterprises would be interesting to investigate further with regards to inhibiting factors for scaling or growth. Furthermore, some inhibiting factors might not solely be barriers, but also opportunities. For instance, some degree of risk

aversion might lead to more efficient and thoughtfully planned scaling activities. Thereof, future studies from the Swedish market could focus on the relationship between inhibiting factors for scaling and scaling success, to fully detect the negative effect of each inhibiting factor.

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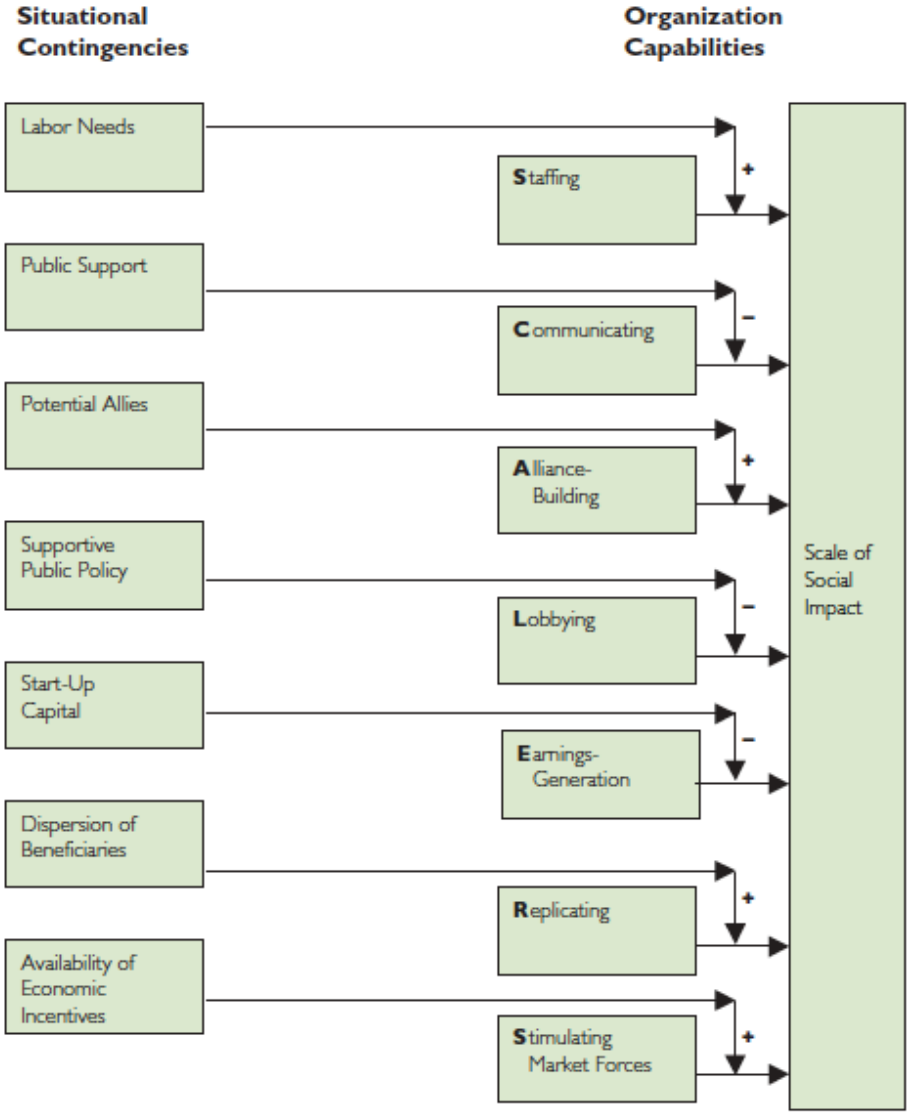
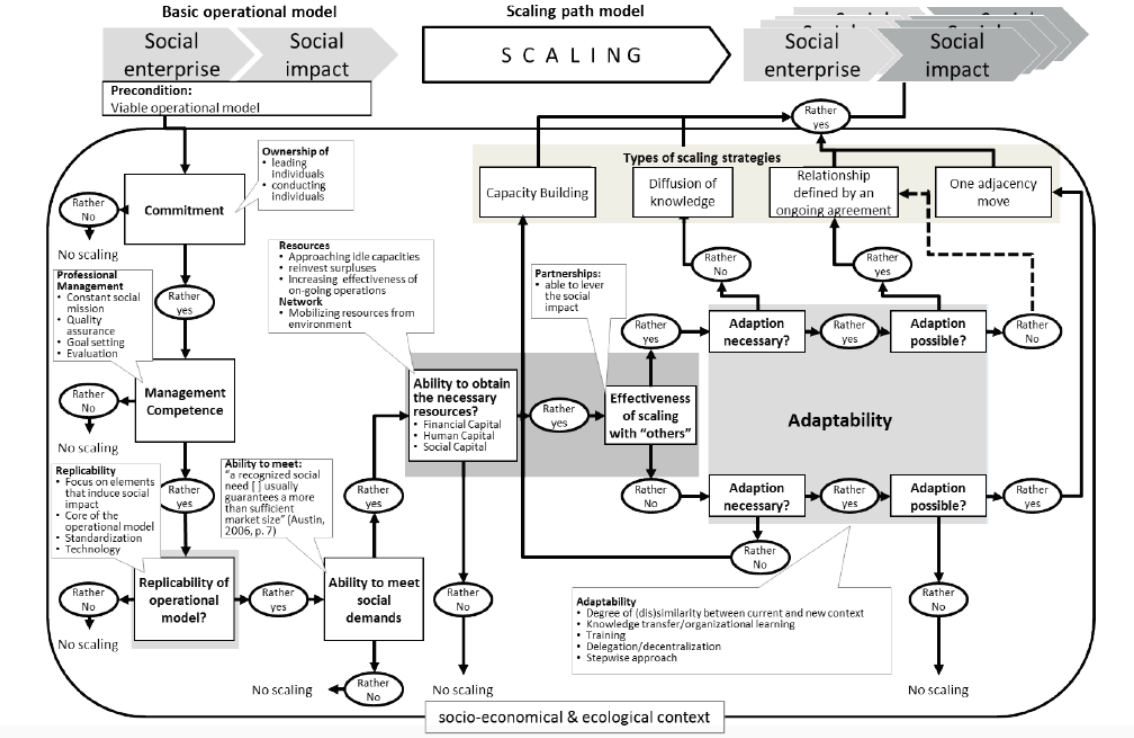
Appendix 1: SCALERS Model



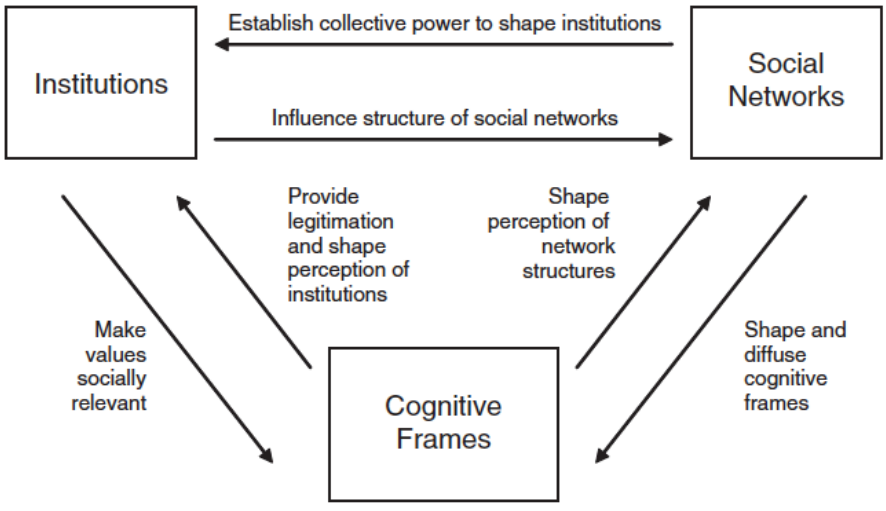
Source: Bloom & Chatterji, 2009

Appendix 2: The Scalability Framework



Source: Weber, Kröger & Lambrich, 2012

Appendix 3: The Social Grid Model



Source: Beckert, 2010

Appendix 4: Code Book, Organization A

Themes	Second Order Codes	First Order Codes	Nr of. Instances	Quotes
Leader/Ability	**Lacking necessary skills**	Lacking juridical skills	2	"I could sue them, but I lack necessary time and skills to do so".
Organization/Ability	**Overstraining requirements and constraints for the organization**	Time constraints	2	"Now there are two areas of responsibility for me, one is the company and the other is the part time job at the university, which requires more than 50% of my working time. It is exhausting, it has been like this for 3 years."
		Inabilities to raise financial capital affecting capabilities and resources	4	"Financial worries as a social entrepreneur is extremely inhibiting. It's only one perspective of the three social missions, but it inhibits all of the others."
	Difficulties in impact demonstration	Difficulties in defining the organizational form	3	"First of all, they are scared of who you are, they like clear boundaries. ... Yes we run a business and then they ask if you will take out any profit, and you answer yes I will sometime maybe take out some sort of salary, but that is a difference."
	Increasing overhead costs	Inability to take the next step to scale the organization	2	"Because of increased of overhead costs we have not developed a strategic plan for scaling, it is more about how to get the right financial resources to create and execute a doable plan."
	Difficulties in anchoring local contacts	Affect of personal views and values from civil servants	1	"He came up to me and patted me on the back saying now we could look at your concept because now we have thrown away we did not want to show you. And then you wonder what the problem is in the public sector, for me as a social entrepreneurs it was like getting a knife in the back."

Organization/ Admission	**Non-entrepreneurial social legislation and public utility laws**	Problems with protecting service innovations	3	"It's a service innovation and that makes it impossible to raise money on, you should simply buy something you could sell later off. There's no value seen in knowledge and competence."
Ecosystem/Willingness	**Unwillingness to provide capital for scaling up**	Lack of knowledge and understanding of social business models	4	"I would like to create something new and innovative, it is not exit that drives me, but rather I aim to create an impact, which I am clear about. And by then, many investors will not understand you"
	Reluctance to change and cooperation	Lack of belief from Public Sector	5	"...The public sector simply says it will never succeed, there exists lots of prejudices".
		Lack of belief from Private Banks	1	"I have never received any bank loan. However, I received an overdraft credit in which I was personally responsible for, so there's really no security or support from the bank world."
		Interest for the business idea, but still no action is taken (buy, finance, support)	4	"They all think it sounds interesting, but then we have a new way of thinking and as long as there is a lack of knowledge, it is hard to network and for them to fully understand the purpose."
		Unwillingness to accept and implementing a new way of working	1	"There are a lot of prejudices, and that is a concern. And then they are like, well this we could do ourselves. My question then is, what effect has that had on the society? "
	Rivalry from entrenched organizations and public authorities	Public authorities believe they can handle the social issue themselves	1	"The public sector finds an interest in what I am doing however, they believe they can do the same thing themselves and not involve me. It turns out to be a cheap copy from China."
Ecosystem/Admission	**Inadequate public support systems**	Lack of support for driving	1	"If we look higher up, government level, they do not finance

		behavioral changes		innovations connected to behavioral changes, instead they talk about how to finance environmental issues through concrete things such as infrastructure, car chargers etc. It is not about changing behavior of the consumer"
		Challenges to be able to apply for funding	1	"When you are to apply for funding most systems requires you to have a revenue of 3 MSEK, well then maybe they should perhaps make it possible for the companies to even reach this limit."

Appendix 5: Code Book, Organization B

Themes	Second order Codes	First Order Codes	Nr. of Instances	Quotes
Ecosystem/Willingness	**Reluctance to change and cooperation**	Interest for the business idea, but still no action is taken (buy, finance, support)	3	"The issue was that it was hard to sell clothes, secondhand clothes... but I mean it's hard, we throw away too much textiles and I mean we haven't really found a solution for that in the society."
	Rivalry from entrenched organizations and public authorities	Public authorities believe they can handle the social issue themselves	1	"My experience from working with municipalities is that they are keen on handling issues themselves."
Organization/Ability	**High reliance on public funding**	Political changes resulting in highly changed business environment	3	"They ended the project so fast that within two months I received 100 000 SEK less per month. This made it impossible for me to make people quit and cancel contracts in a reasonable manner...But that is the way it is, suddenly political decisions happen and then we cannot afford our business anymore and boom, the money is gone."
	Difficulties in impact demonstration	Difficulties in defining the organizational form	2	"There is a problem with some authorities and that is, they lack knowledge and understanding of what a social enterprise is."

		Difficulty in measuring/showing social impact	1	"Another struggle is to describe what a social enterprise is, well what it achieves ... it is not just the profit, monetary wise, but also about saying that we have managed to help this many people in different ways"
	Overstraining requirements and constraints for the organization	Time constraints	1	"There is a lot of funding to apply for, the problem with that type of activities is that it is very time consuming, time we do not have."
Ecosystem/Ability	**Restrictions for local municipalities**	Bureaucratically restrictions leading to complex processes	1	"It's very interesting because people involved in bureaucratic organizations meet struggles themselves. They have restrictions or hinders in different ways, like budgets, a boss who is not particularly interested or affecting decisions in a negative way and so on."
		Tight financial budgets for local municipalities	1	"It's very interesting because people involved in bureaucratic organizations meet struggles themselves. They have restrictions or hinders in different ways, like budgets, a boss who is not particularly interested or affecting decisions in a negative way and so on."

Appendix 6: Code Book, Organization C

Themes	Second order Codes	First Order Codes	Nr. of Instances	Quotes
Leader/Willingness	**Risk Aversion**	Perceived risk of scaling the business	1	"We would like to grow and become a successful business, however growth is usually connected to risk and we are not willing to take on a major risk."
		Loss of quality due to growth	1	"We try to scale the business and by that grow, but then we care much about trying to make sure that the customers we reach will use the platform more than once and like it…. Growth is usually connected to risk, and

				we are not willing to take on a major risk"
Organization/Ability	**Difficulties in impact demonstration**	Difficulties in measuring the social impact	1	"We have experienced that showing our social impact can be difficult, because of this we are right now developing new key indicators which will better show this. It will probably be some sort of combination of utilization.... and some sort contributions to a decrease in non-environmental admissions."
		Difficulties in defining the organizational form	1	"It is just that for the stakeholders, it will take time for them, because it is not about that they don't understand, it will only take time to adapt to new models, ways of working, how to measure goals and so on."
	Difficulties in anchoring local contacts	Complexity in understanding/building up relationships at new sites	2	"We have tested it on some lot smaller cities, but we have not made it work there. We have not spent so much time on analyzing why it might be so..."
	Overstraining requirements and constraints for the organization	Time constraints	1	"You are always short on time and resources, but I would not say that is because we are a social enterprise, but rather because we are a relatively new enterprise and it is a continuous balance between strategy, long-term visions, economy, routines etc."
		Inabilities to raise financial capital affecting capabilities and resources	2	"We have ambition to grow but we are still in a very early stage, we might need 1-2 more people."
Ecosystem/Admission	**Non-entrepreneurial social legislation and public utility laws**	Special regulation hindering the social innovation	2	"There are some regulations concerning sharing

	Inadequate public support systems	Lack of support for driving behavioral changes	1	"Peer-to-peer services, as the ones we are providing, are very costly and difficult to reach success with. Either it takes lot of time or money, both to change the behavior and to reach enough number of users, or it costs a lot of money."
Ecosystem/Willingness	**Unwillingness to provide capital for scaling up**	Lack of knowledge and understanding of social business models	2	"For social enterprises it is hard to gain investors because it has to be connected to some kind of classical, commercial business model which the investors understand."
	Reluctance to change and cooperation	Interest for the business idea, but still no action is taken (buy, support)	2	"We are absolutely convinced that there will be consumers, that they will be there and require new sustainable ways of consuming. So, from an investor's perspective it is stupid to not look to that perspective."

Appendix 7: Code Book, Organization D

Themes	Second order Codes	First order Codes	Nr of Instances	Quotes
Leader/Willingness	**Risk Aversion**	Perceived risk of scaling the social business	2	"We are very clear about why we are so successful in the city that we operate in. It is because of our contacts, and if we would spread to other cities as well, the success might not be the same".
		Loss of quality due to growth	1	"If we do receive good local contact we might be interested to grow. However, there is no real worth for us to grow our business."
Organization/Ability	**Difficulties in impact demonstration**	Difficulties in defining the organizational form	3	"An alternative is that companies that in some way can show that they re-invest their profit would be more benefitted than profit-driven companies. So that's the type of regulations I rather see, than a general benefit for social enterprises."

		Difficulties in measuring/Showing social impact	1	"How should we measure social impact it and then connect it to the economic benefits."
	Difficulties in anchoring local contacts	Complexity in understanding/building up relationships at new sites	1	"To be able to do it, you need good contacts in the city you are operating in and we do not have that in Jönköping or Sundsvall so that is why we will not establish the business there.
	High reliance on public funding	Political changes resulting in highly changed business environment	2	"What happens is that we get a new government who makes substantial changes to the institutional actor that we rely on, and they start working with private actors within the authority. It was a bit similar to what we had done, but it made it a bit more complicated."
Ecosystem/Willingness	**Rivalry from entrenched organizations and public authorities**	Public authorities believe they can handle the social issue themselves	1	"Every fourth year we get new politicians who aim to make a difference. However, also during the ruling periods, some politicians acknowledge insufficiencies in their system and hence want to make a quick change and impact. This results in decisions taken before any major thoughts are given."
	Reluctance to change and cooperation	Interest for the business idea, but still no action is taken (buy, support)	4	"I believe that the day when social sustainability become equally important as the environmental sustainability, in other words the day when employers understand the importance of working for a better working environment, social sponsoring etc. That day our possibilities to scale will increase remarkably, but we are not there yet."
	Unwillingness to provide capital for scaling up	Lack of knowledge and understanding of social business models	2	"Generally speaking, older people tend to think does this sell? No, how are we supposed to get paid for this, no this is nothing."

Appendix 8: Code Book, Organization E

Themes	Second order Codes	First order Codes	Nr of Instances	Quotes
Organization/Willingness	**Demotivating changes of**	Fear of loss of innovativeness due to growth	1	"...Our plan is not to be a very big company, even if we are talking about scaling up the

	organizational culture			first innovation of XX, We are thinking of okay, so everything should be sold to the daughter company and the daughter company should be run as a separate business while we should go for other innovations."
Organization/Ability	**Difficulties in impact demonstration**	Difficulty in measuring/showing social impact	2	"Putting a price tag on social value is not easy and measuring the social value is also difficult and those of course affects the people."
		Difficulties in defining the organizational form	1	"There are a lot of hinders regarding the type of business model and everything connected to like this company type. You could for example have another issue that maybe like sort of limits entrepreneurs to work with different types of social ideas."
	Overstraining requirements and constraints for the organization	Inabilities to raise financial capital affecting capabilities and resources	3	"One good example is our project XX, we are not using our technology because there is no need for that, it was too costly. We were short on financial support so what we did was to come up with a new survival strategy, to look at some low hanging food."
	Difficulties in anchoring local contacts	Complexity in understanding/building up partnerships at new sites	1	"You need to develop a reputation as a start-up innovator in start-up phases, you need to be able to make partnership with companies... but building these kinds of partnerships are definitely not easy, it is a challenge."
Ecosystem/Willingness	**Unwillingness to provide capital for scaling**	Lack of knowledge and understanding of social business models	4	"When I talk to people who invest intensively their money in these kind of crowdfunding campaigns is that many of these are going to fail, but even if 2 out of 10 get to the market and try to scale up everything is paid back, even more.... But the funny thing is that still the financing industry is much more behind in that sense. So they are not taking risk as people do.
	Rivalry from entrenched organizations and public authorities	Difficulties to be able to compete with well-established firms	4	"So it is as well very common in that somebody comes pays the wave all of the resources you know, finishes it and then somebody else comes and glides." ..." I mean if you talk about the Chamber of

				Commerce, they usually award and work with bigger organizations."
		Public authorities believe they can handle the social issue themselves	1	"The civil society could fill in for that, but then it is a different approach and type of responsibility that maybe authorities should take care of these issues instead of the civil society."
Ecosystem/Ability	**Restrictions for local municipalities**	Bureaucratically restrictions leading to complex processes	1	"You need to go through the municipality and the process is time consuming."
Ecosystem/Admission	**Inadequate public welfare system funding structures**	From the funding, little money goes to the core business	1	"It is very interesting that in many of the scientific papers you see today, based on how innovation agencies spread their resources in Sweden, mostly the budget and resources they have is allocated to well established big research companies and universities instead of established SME's that come with ideas and innovations.

Appendix 9: Code Book, Organization F

Themes	Second order Codes	First order Codes	Nr of Instances	Quotes
Leader/Ability	**Lacking necessary skills**	Lack of business knowledge	1	"I have no idea of how this would continue, I do not have any previous knowledge within business and I believe that affects my possibilities to be seen and listened to drastically."
Organization/Ability	**Difficulties in impact demonstration**	Difficulties in defining the organizational form	1	"It is hard to run my store since, on governmental level, they need to put me in a specific box in order to even consider helping my business."
	Overstraining requirements and time constraints for the organization	Inabilities to raise financial capital affecting capabilities and resources	1	"I still work extra beside this business, and yeah, I have not received any financial aid at all from the government."
		Time constraints	1	"The mental part does not recover properly when you work 15-16 hours alone with the

				same thing and this affect my abilities to networking and develop in that way."
Organization/Admission	**Non-entrepreneurial social legislation and public utility laws**	Problems with protecting service innovations	1	"In Sweden you cannot patent a service, and this has affected me in a way that I am scared of networking and share ideas since they can get stolen and used by someone else. The first two years were hard since I felt that I would like to have a dialogue with other entrepreneurs, but I did not want my idea to get stolen..."
		Tax	1	"Talking about my economy, The VAT constitutes a major struggle. I would gladly see some kind of different VAT for some social entrepreneurs. You see, I provide a service for handling peoples 'used clothes and then I have to I pay 25% VAT for that and 25% VAT again from all the sales I do in the store, selling second hand clothes. That is so stupid."
Ecosystem/Willingness	**Reluctance to change and cooperation**	Interest for the business idea, but still no action is taken (buy, finance, support)	3	"This community and city have done great development encouraging the consumer to me more aware and to guide them in the right direction. However, when I asked them if they could support they are not willing to since they argue that if they help me they have to help everyone."
		Unwillingness to accept and implementing a new way of working	1	"People need to increase the awareness if this social sustainability area shall succeed, but the human being is unfortunately afraid of thinking in new and different ways so"

Ecosystem/Admission	**Inadequate public welfare system funding structures**	Challenges to be able to apply for funding	3	"I have received many no´s. It has been because, well. The budget, they do not view the budget as a stable one. I can in some way agree to that but on the other hand I really know that it will work but then I need customers. And to reach the customers, they have to be more aware. And in order for the customers to be more aware it requires governmental action."
		Lack of support for driving behavioral changes	1	"It would have been nice f the government would have like considered some sort of subsidy to increase social entrepreneurship, innovative thinking or behavioral changes. They should do it now, now now!"

Appendix 10: Code Book, Organization G

Themes	Second order Codes	First order Codes	Nr of Instances	Quotes
Leader/Ability	**Lacking necessary skills**	Lack of business knowledge	1	"We have always see ourselves as chanceless in competing towards the big guys, they have lawyers who specialize in procurements and we are total amateurs. I don't have a business degree but I have been forced to do budgets for 20 MSEK, it has been successful but I have been without any kind of support."
Organization/Ability	**Difficulties in impact demonstration**	Difficulties in defining the organizational form	3	"It is not easy to define what we are, we are a complement. For example, in Germany there is a collision between a decrease in the social welfare system and the social enterprises. But we stand for a functioning social welfare system at the same time as we see that

				the system does not cover everyone."
		Difficulties in measuring the social impact	1	"People didn't grasp who we were from the beginning, we are not bird or fish, we are something in between, and we are not private, not public but something else."
	High Reliance on Public Funding	Political changes resulting in highly changed business environment	3	"We are appreciated by one of the sides on the political scale as they look to the entrepreneurial and business side, while the other side mean that these kinds of business should be handled by public authorities."
	Overstraining requirements and constraints for the organization	Inabilities to raise financial capital affecting capabilities and resources	1	"To scale successfully we would need some sort of head of operations for all areas, but we do not have the money for that at the moment, so that is inhibiting. That kind of staff is hard to get and all the money that we make go back to the business and to the salary of the people we employ. So, then we end up with external people for shorter periods, but we would need these people all the time."
		Time constraints	1	"Right now, I work voluntarily a lot, without payment."
	Difficulties in anchoring local contacts	Affect of personal views and values from civil servants	1	"It can be hard do scale to a new city as you have to create a strong network, and then you might find problems that some people at one authority do not like someone at the other authority and then they cannot work together, for personal reasons. So that makes it hard to survive."
Ecosystem/Willingness	**Reluctance to change and cooperation**	Interest for the business idea, but still no action is taken (buy, finance, support)	2	"I mean we have visits almost every day, we have been invited to Rosenbad etc, but still there is some sort of gawkiness."

		Unwillingness to accept and implementing a new way of working	4	"There are a lot of juridical decisions from the European Union and so on about abilities for partnerships between private and public sectors, but in Sweden public agents are so anxious about these kinds of partnerships."
Ecosystem/Admission	**Inadequate public welfare system funding structures**	Inadequate public funding	1	"It is great that we are able to apply for funds at Tillväxtverket and so on, but then it's only like 200 000 SEK. That is a really a small amount whichmakes the business go around for a while and then you have struggles again. And then, we have 3 business areas, but we can only apply for one fund at a time for all of them... It is a limiting factor"
		From the funding, little money goes to the core business	1	""They have these mega conferences for like 2-3 days from everywhere, no harm in that by I do not believe there is a proper balance... And then we, who how should I say, create the business and make action of all the visions about integration, diversity and so on, we have to fight in a dishonorable way to reach this money."
		Challenges to be able to apply for funding	1	"The structure is built up in a way so that you are eligible for support, help etc. only when you have succeeded. I believe in this, if you think that social enterprises are good, which I am sure of that not everyone thinks, but anyways, then the government would have to take the lead and open up and facilitate for partnerships with local municipalities."
Ecosystem/Willingness	**Rivalry from entrenched**	Difficulties to be able to compete	3	"There are these large, capitalist systems which results in that the big

	organizations and public authorities	with well-established firms		companies will not tolerate that us, small players said something, that someone enters their track. I mean we are a non-profit in the sense that all our profits go back to the business and creates new jobs, so there is no personal profits at all."
Ecosystem/Ability	**Restrictions for local municipalities**	Bureaucratically restrictions leading to complex processes	3	"I have noticed that a lot of the civil servants are anxious and afraid, especially in the local municipalities they do not dare to do anything with the private sector within social problem. They are so nervous and anxious that it will go to the Swedish competition authority, unfair competition and so on."

Appendix 11: Interview Guide

1. Background Information (Was used when background information was lacking on the website of the interviewed organization, but in most cases barely used since we had already collected this information)

Age of the company

Size, sales, number of employees & number of beneficiaries/customers

Industry

Geographical involvement (Local, regional, national, global)

Stakeholders

Ownership structure, governance, decision making

Entrepreneur´s/Entrepreneurial education and work experience (serial and/or portfolio entrepreneurs? i.e. is this your first entrepreneurial activity?)

2. Primary mission and business model

Why did you choose the specific social mission?

How is the social mission being addressed?

How would you describe the relationship between your social/business mission?

Who are your targeted beneficiaries/customers?

What are your sources of revenue/funding?

What is the main mission of the organization?

Do you have any intentions for scaling your business? *Probe: If yes: What are the inhibiting aspects, you have encountered or believe you will encounter in a process of scaling?If no: What are the reasons for this`*

4. Combined Questions- Actor levels and Preconditions

Leadership Level

What are the factors that demotivate you as a leader/founder to scale? *Probe: When you say so, could you elaborate more on what makes these factors seen as demotivating factors?*

Do you feel you have right resources as a leader to run a scaling process successfully? *Probe: Why? How? What abilities do you think you would need to improve to be able to scale successfully?*

Are there any regulations in the public welfare system or other institutional elements you are viewing as hindering forces in accordance to a successful scaling process? *Probe: Which are they and how do they affect you in this context?*

Organizational Level

How would you describe the commitment of the co-workers/employees towards scaling? *Probe: How come they are positive? How come they are negative?*

Do you feel that you have the right resources/capabilities in your organization to successfully scale your business? Probe: Why? How? What abilities would you need to improve in order to be able to scale successfully?

Are there any laws regulations or public welfare systems or other institutional elements that affect the organizational performance of scaling?

Ecosystem Level

When it comes to external stakeholders, beneficiaries, funders/investors, clients and so on- How do you feel that their general attitude towards scaling looks like? *Probe: Is it motivating or demotivating force affecting you to scale?*

How does the ecosystem affect your ability to scale successfully? *Probe:* Do you believe that the ecosystem has the right capabilities to successfully support you in scaling processes?

Are there any laws, regulations, public welfare systems or other institutional elements that you believe affect the abilities for stakeholders in the ecosystem to provide support for scaling?

Market Influences

How would you describe you the general perception towards scaling processes, in Swedish context? *Probe: Is it a driving force? Do you have any fears towards changing the way you do business or other?*
How powerful do you feel that the term social entrepreneur is amongst Swedish citizens?
How would you describe the support system connected to scaling in the Swedish market?

General Aspects

Is there anything else connected to scaling or inhibiting factors for scaling that you wish to address or add?