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List of Acronyms

ASC	<i>Associação Saúde Criança</i>
CEO	Chief Executive Officer
CKO	Chief Knowledge Officer
COO	Chief Operations Officer
NGO	Non-governmental organization
PAF	<i>Plano de Ação Familiar</i> (Family Action Plan)
SE	Social Entrepreneur(ship)
SI	Social Innovation
UNDP	United Nations Development Programme

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The memory of Marielle Franco (cherished friend, activist and politician), brutally assassinated on 14 March 2018. May your strength and courage continue to guide me in the fight for a better world.

Abstract

Normative discourses within the social entrepreneurship (SE) field propose a linear relationship of causality between scaling and system change. However, there is a lack of empirical evidence substantiating this assumption. This research paper *unravels in what ways scaling social entrepreneurial initiatives lead to system change*. The case study approach provides an intra-organizational perspective on the tensions arising from this pursuit. The qualitative analysis is based on: a literature review on social entrepreneurship, scaling and system change; gray material, observation and semi-structured interviews. Findings demonstrate that scaling is not a linear process, it involves adaptation and resilience. Furthermore, market encroachment pressures organizations towards blended goals as a mean for survival and legitimacy, generating tensions in the logic of impact generation.

Relevance to Development Studies

Creating positive and transformational change by meeting social needs is a goal of development. Social entrepreneurship, characterized by the blurring of boundaries between sectors, offers innovative solutions to meet social needs. Therefore, it has emerged as a new developmental actor that does not center on the state or international aid. However, the limited scope of impact of these initiatives makes reaching scale and systemic change a central concern. By analyzing the case of *Associação Saúde Criança* (ASC), this study provides insights into the tensions created by market encroachment on the social sector and the feasibility of scaling complex developmental initiatives.

Keywords

Social entrepreneurship, market-encroachment, scaling, system change

PART I – Setting the Stage

Chapter 1 : The Puzzle: from scaling to system change, can social entrepreneurship deliver on this promise?

According to the United Nations (2019), “Development is a multidimensional undertaking to achieve a higher quality of life for all people”. To reach this broad objective the development field has focused on creating positive and transformational change by meeting social and economic needs of people suffering from poverty or social distress (Millard 2014: 50).

Since the 1990s development policies have shifted from a ‘basic needs’ approach towards enhancing people’s capabilities (i.e. what people can do or be) (Millard 2014: 34). This shift originated from the understanding that overcoming challenges, especially those related to poverty, necessitates a multidimensional lens that promotes human development². Therefore, the scope of interventions expanded to encompass well-being and the ability of people to exercise agency (Millard 2014). Despite advances, there are still 650 million people enduring poverty³ in the world and an additional 800 million risk falling into poverty due to social, economic and environmental shocks (UNDP 2017: 11). It is in this context that bottom-up initiatives, such as social entrepreneurship (SE), arise. Where citizens become agents of development, taking more active roles in meeting social needs where governments and markets have failed (Davies 2014; Seelos and Mair 2017). Thus, SE emerges as a new actor in the development field, one which does not centre on the state or international aid, but which often relies on market-driven solutions to solve developmental challenges.

SE are often described as initiatives that start small and local and, if successful, potentially scale to increase developmental impact (Agapitova and Linn 2016). Since wider impact is generally achieved through the state and local initiatives normally have limited scope of impact, scaling becomes an important issue for SE. In their recent book on how successful SE scale, Seelos and Mair (2017: 2) state “the term *scaling* refers to actions that use established products, services, or interventions to serve more people better.”. This implies that scaling is possible when effective initiatives are identified.

Currently, the United Nations is working within the framework of the 2030 Agenda and the Sustainable Development Goals (SDGs). The SDGs represent the widespread commitment to solving the interconnected and complex challenges ahead (UNDP 2017: 7). Although the SDGs do not mention social entrepreneurship explicitly, they do mention the importance of intersectoral initiatives and innovative solutions to reach these goals. In fact, in 2016 UNDP joined forces with Impact Hub⁴ to create the *Accelerator 2030 – Scaling Impact Globally* project. This initiative aims to not only influence social entrepreneurs to focus on the SDGs, but also to work towards scaling impact. Furthermore, in early 2019 the World Economic Forum formed an alliance of prominent organizations in the SE field (i.e. Ashoka, Schwab Foundation, etc.) with the aim of identifying synergies to leverage their work and reach the scale necessary to achieve the SDGs. These initiatives signal the

¹ Approach used to measure absolute poverty, aiming to define what (minimum) resources (i.e. consumption goods) are necessary for sustained physical health.

² “human development is about giving people more freedom and opportunities to live lives they value. In effect this means developing people’s abilities and giving them a chance to use them.” (UNDPb 2019)

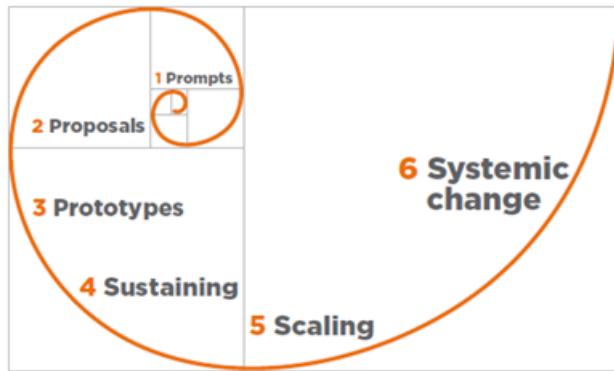
³ The international poverty line is \$1.90 US dollars per day per person (UNDP 2017).

⁴ Allegedly “the world’s largest network focused on building entrepreneurial communities for impact at scale” (Impact Hub 2019).

recognition of SE as agents of development on the one hand and the centrality of scaling on the other.

But how can SE scale? Figure 1 below shows Murray et al.'s (2010) process of social innovation. It reflects a common narrative found in social innovation and social entrepreneurial literature describing their life cycle. It offers a seemingly simple pathway to transformation which involves: 1) identifying the need; 2) developing a new solution; 3) testing it; 4) institutionalizing the practice, 5) scaling what works; 6) achieving system change.

Figure 1 - The Process of Social Innovation



Source: Murray et al. 2010: 11

First, it has become evident that scaling is not a simple process and very few initiatives are able to effectively do so (Chandy 2013: 3). Despite incentives to scale what works, experts admit that “remarkably little is understood about how to design scalable projects, the impediments to reaching scale, and the most appropriate pathways for getting there.” (Chandy et al. 2013: 3). Second, there is a lack of empirical evidence linking step 5, scaling of successful initiative, to step 6, systemic change (Howaldt 2014: 1; Davies 2014: 60). Nonetheless, enthusiasts in government, private and third sectors, aspire to scale social innovations, many times incarnated as social enterprises, to produce positive transformation in society.

Herein lies the puzzle this research paper is looking at. Before speaking of systemic change, it is necessary to take a step back and examine what scaling implies and if it is possible. What are the obstacles? Which are the enabling factors necessary for scaling to happen? What are the tensions created whilst trying to scale? These research questions will guide the analysis in this paper, aiming at unraveling if systemic change is possible.

1.1 A Case Study Approach

To accomplish this an intra-organizational study was conducted to examine how an impactful and innovative SE has been trying to scale. The organization identified was *Associação Saúde Criança* (ASC) in Rio de Janeiro - Brazil. They have developed an integrated and multidisciplinary methodology called *Plano de Ação Familiar* (Family Action Plan - PAF) which tackles poverty and health in a multidimensional way. Poor families undergoing health shocks are assisted for about two years, in which time the five pillars of their work (i.e. health, housing, citizenship, income and education) are tracked. The Family Action Plan, which will be explored in detail in chapter 4, reflects the notions of agency and well-being embedded in the capabilities approach to human development. Connecting their work to the SDGs, *Associação Saúde Criança* directly contributes to SDG 1 (no poverty), 2 (zero hunger) and 3 (good health and well-being). Furthermore, their positive impact on

beneficiaries has been studied and proven (Habyarimana et al. 2013). This attests that *Associação* is an agent of development, albeit on a small scale.

According to the founder, Dr. Vera Cordeiro, “it is in the nature of social innovation to scale. If something is efficient it will be scaled or appropriated by others who see the same need”. Cordeiro’s affirmation implies that ASC has successfully accomplished steps 1-4 in Murray et al.’s (2010) social innovation cycle. In fact, since the 1990s ASC has been reactively and proactively working to scale its impact in Brazil and abroad with varied results. The organization has tried to scale through different mechanisms such as networks, social franchises, licensing, public policy, consultancy and knowledge sharing. Ultimately, according to Cordeiro, their main objective is to achieve system change. For such, they set the ambitious task of transforming the health paradigm in Brazil, especially for the poor.

While in the past ASC has tried to reach scale by encouraging the replication of their organizational model (i.e. impact in aggregate), two decades of endeavours have shown that this strategy is not effective. By analysing this trajectory, the study aims to contribute to the debate on social entrepreneurship and the feasibility of scaling developmental initiatives. In so doing, it will be possible to reflect *in what ways scaling social entrepreneurial initiatives leads to system change* and what are the implications. This research question will be specified for this case study with the following sub-questions

- What are the methods or models considered by ASC conducive to scaling? What influences them to adopt these strategies? What were the obstacles and benefits?
- How do the strategies adopted affect ASC? Did this influence overall developmental impact? To what extent did these strategies take ASC closer to achieving system change?

1.2 Structure of Paper

This research paper has been divided into two parts and 7 chapters. Part I sets the stage for the discussion. The introduction elucidates the research puzzle. Chapter 2 explains why ASC was chosen, the methods used for data collection and how the fieldwork was conducted. Chapter 3 reviews the literature on social entrepreneurship, scaling and system change, giving contours to the debate that will follow in the empirical part of the research paper. Furthermore, chapter 3 situates SE as an agent of development in a context of blurring of boundaries between sectors. It investigates different scaling strategies and the tensions created by market encroachment on the social sector.

Part II, the empirical part, is divided into four chapters. Chapter 4 describes ASC’s background and the methodology they have created and refined. This is key insofar as the degree of complexity of their work influences the barriers they might encounter whilst scaling. Chapter 5 delves into scaling strategies adopted over the years and which actors have influenced them. Chapter 6 discusses the tensions and cracks created whilst scaling, specifically regarding the impacts on the organization. Furthermore, it will be discussed if there were increased developmental impacts. Chapter 7 presents the conclusions and considers the implications to SE seeking to scale and promote system change.

Chapter 2 : Methodology

2.1 Why Study *Associação Saúde Criança (ASC)*?

To conduct a case study about scaling innovation it was necessary to identify an organization that was successful in institutionalizing its practices and that was perceived as a *best practice*. Successful in this context means proven track record and recognition for positive social impact and management. This organization should also be explicit about their intention to scale and have documented attempts to implement this aspiration. For reasons of access, ASC was selected as a candidate and upon closer inspection it became clear that it would be a fertile ground for analysis because:

- a) it is a well-structured organization with a long history of positive developmental impact;
- b) it is considered a success story by both academics and international organizations which incentivize it to scale; and
- c) most importantly, the organization has been trying to expand its impact and scale, having experimented with different models.

2.2 Method and Process

A case study is significant because it enables an empirical understanding of a phenomenon within a context (Yin 2014). The study of ASC, an existing SE, enables the empirical understanding of their endeavours to scale with the aim of providing an intra-organizational perspective based on qualitative methods of research. ASC is well-structured and has been trying to scale over a long period. This allows tracing the processes employed over time (Gerring 2007: 185) via interviews, observation and scanning/analysis of internal documents. In this way the research is based on different kinds of evidence allowing for a more holistic interpretation.

The first phase of the research produced a literature review on key concepts to support field research and analysis of data collected. The second phase was composed of semi-structured interviews (online, phone and face-to-face) with ASC staff and Ashoka Brazil representatives. Secondary data and grey literature were also collected in order to analyse the narratives, context, mechanisms and challenges faced. Although the research examines the intricacies of a single example, secondary data as well as interviews help situate ASC within wider practices in the field.

2.3 Field Work

Fieldwork took place in August 2019. The result is a total of 12 interviews (see appendix I for the full list of interviewees) as well as observations gathered in meetings, beneficiary consultations and *Aconchego Familiar* (Family Comfort) group session. This produced a qualitative data set that has been analysed in order to assess trends and divergences in narratives that can help answer the research questions.

A document was produced prior to fieldwork containing the objectives for each interview, providing a guide for conversations (see appendix II). The top management team, including the founder, as well as employees from middle management, staff, volunteers and beneficiaries were heard. In addition, one licensee, two ASC Board Members and two peo-

ple who work, or previously worked, for Ashoka Brazil were also interviewed to obtain their perspectives on scaling SE and system change. The interviews with Ashoka representatives were considered important because of their influence and strong ties to ASC.

Despite being relevant organizations with regards to ASC's expansion strategies, it was not possible to secure interviews with representatives of Avina, Schwab Foundation and McKinsey. Therefore, information on their influence and participation in scaling is based on interviews with ASC staff and secondary data.

2.4 Risks and Ethical Challenges

2.4.1 Challenges in Data Collection

Two phone interviews were not recorded because of a lack of means at the time when they occurred. These calls occurred impromptu, but the environment was noisy. So, putting the call on speaker to record was not an option. This challenge was overcome by producing detailed notes. One of these conversations was with the Licensee and the other with Laura Gaensly, ASC Board Member.

All recordings (10 interviews) were heard again, important passages were noted, and times recorded to enable the adequate tracking of data. All files have been stored and backed-up to avoid the risk of losing data.

2.4.2 Ethics in Data Collection

The research collected primary data directly from people via interviews. These people were recruited by a gatekeeper assigned to assist with the fieldwork. Voluntary informed consent forms were not used, because culturally it could have imposed a barrier of formality and mistrust between interviewer and interviewee. Nonetheless, authorization to record was asked before every meeting and everyone received an explanation on what the research is about, why their help is necessary and how data would be utilized. Additionally, research contributors were informed that they could withdraw their authorization at any time. For example, if something was said that the person did not want to go on record that would be removed.

On another note, the researcher is friends with the daughter of the founder of ASC and comes from a similar socio-economic and educational background. On the one hand these facts helped with communication and access, on the other hand they might impose some challenges to the unbiased analysis of the case. Aware of this, the researcher seeks to: a) acknowledge her positionality during the analysis to guarantee validity; and b) strive for neutrality in the implementation of methods and analysis to guarantee the reliability of research outputs.

Chapter 3 : Conceptual Framework

The objective of this chapter is to contextualize social innovation and social entrepreneurship as well as clarify what is scaling, the different strategies that can be pursued and how this relates to system change. In addition, the section on scaling provides frameworks and reflections used to analyse ASC's trajectory. These conceptual discussions serve as building blocks for the empirical analysis in Part II.

3.1 Social Innovation and Social Entrepreneurship

A single definition of social innovation (SI) does not exist. In fact, despite decades of debate, clarity has not been achieved regarding what SI means (Howaldt et al. 2014; Howaldt et al. 2016; Marques et al. 2018; Sabato et al. 2015; TEPSIE 2014). Nonetheless, it has become a ubiquitous term used to describe a wide range of endeavours (Howaldt et al. 2016: 142). Some consider it a practice-led field, indicating that definitions emerge from action rather than academic reflection (TEPSIE 2014). Others accept it as a “quasi-concept” flexible enough to be picked up by different actors (i.e. academia, policymakers, civil society, etc.) (Sabato et al. 2015; TEPSIE 2014). While others attribute the lack of clarity to the fact that SI is “at the centre of an ideological battle between neoliberalism and its opponents” (Montgomery 2016: 1981). Whichever it may be, the concept has been “used interchangeably with numerous other terms such as social economy, social enterprise, third sector and big society” (Montgomery 2016: 1981).

Dhondt and Oiej (2014: 122) state that “social innovation seems partly to be driven by a paradigm shift, caused by the obsolescence of technological and economic innovations to solve huge societal challenges related to the natural environment, demography, the globalizing economy and geographical human conflicts”. In this view SI is interpreted as a counter-reaction to the belief that economic growth and technology would be able to solve all of society’s problems. Other authors attribute this shift to the failure, or withdrawal, of welfare regimes (Montgomery 2016).

Social entrepreneurship (SE) is a central component of social innovation thinking (Davies: 2014: 74). The main proponents of SE come out of Europe and North America, namely from the UK and US (Özbağ et al. 2019). SE as a field of practice emerged in the 1990s in Europe in the context of social cooperatives (Davies 2014:63). In the United States it arose in association with the shift in the third sector towards commercial activities that would compensate for the loss of funds granted to non-profits by the government (Davies 2014:63).

During this process the US birthed two influential schools of thought with regards to SE. The first is based on ‘earned income’ while the second is identified as ‘social innovation’ school. ‘Earned income’ organizations are expressed as social enterprises, which are hybrid organizations encompassing “the logics of commerce and corporate success on the one hand and social purpose and democratic participation on the other” (Galaskiewicz and Barringer 2012 as cited in Davies 2014: 66). Conversely, for ‘social innovation’ organizations what matters most is the outcomes and social impact achieved by individuals rather than income flows (Davies 2014: 64). Furthermore, the ‘social innovation’ school acknowledges the role of actors outside the market which are not entrepreneurs in a commercial sense (Davies 2014: 74).

In this vein, it is worth mentioning the Ashoka movement, founded in the 1980s in the US. Ashoka has been one of the key influencers of the ‘social innovation’ school of social

entrepreneurship worldwide. Ashoka defines SE as “individuals with innovative solutions to society’s most pressing problems” (Seelos and Mair 2017: 3). They exalt the role of individuals as change-makers and innovators in a ‘Schumpeterian’ style⁵. For them the institutional model is not that relevant, what defines a social entrepreneur is their entrepreneurial qualities in tackling a relevant social problem (Davies 2014: 64).

The emergence of different schools of thought within the SE debate could explain why the terms social entrepreneurship and social innovation are often used interchangeably. In fact, as previously mentioned, social entrepreneurship is a prominent part of SI, being considered by many a subset of this field (Davies 2014). However, this conflation should be approached with caution as it can lead to the misguiding assumption that all social entrepreneurial initiatives are innovative and result in social impact (Davies 2014: 74). The term *innovation* describes “a process by which organizations create and develop ideas under conditions of uncertainty. Innovations generate uncertain futures. If successful, innovations create new products, services, or interventions that have potential for positive impact” (Seelos and Mair (2017: 2). However, in many cases what is considered innovative in SE is the hybrid institutional model that has emerged (i.e. blurring of boundaries between state, market and society) rather than the solutions promoted by them. This confusion emerges from the prevailing normative assumption that new forms of social relation will necessarily lead to innovation and positive societal impact (Ayob et al. 2016).

On the one hand the word *social* implies a mission focused on meeting social needs and on the other hand *entrepreneurship* indicates there is a market-like logic driving these organizations (Defourny and Nyssen 2017; Helmsing 2016; Peredo and McLean 2006; Zahra et al. 2009). Academic debate, especially in the fields of business and management, tends to look at SE as business ventures creating social value (Defourny and Nyssen 2017; Helmsing 2016; Peredo and McLean 2006; Zahra et al. 2009). This reflects the ‘earned income’ school of thought. However, as previously ascertained, this is not the full picture as it excludes initiatives falling within the ‘social innovation’ school which promote impact but are not operating in the market for profit.

Zahra et al. (2009) compile a comprehensive list of social entrepreneurship typologies put forward by different authors and organizations in both schools of thought. By examining this list, it is possible to perceive that regardless of contentions concerning definitions, the similarity between them is the reference to innovation, the blurring of boundaries between sectors and praise of liberal values for the achievement of social good.

This research paper adopts Afford et al.’s more open-ended definition in which social entrepreneurship “creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources and social arrangements required for social transformations” (Zahra et al. 2009). This definition echoes the ‘social innovation’ school of thought and is more elucidative than Ashoka’s perspective mentioned earlier. The former goes beyond the idea of the hero-entrepreneur to focus on key elements such as capacities and arrangements necessary to reach impact. Additionally, Afford et al.’s approach better defines ASC insofar as they have created an innovative methodology by mobilizing the aforementioned in the pursuit of social transformation.

⁵ Schumpeter inaugurated the notion that economic development within the capitalist system is driven by innovation brought about by entrepreneurs, individuals who see and grasp opportunity generating ‘creative destruction’ (Ayob et al.; Butzin et al. 2014; Cajaiba-Santana 2012; Montgomery 2016; Nicholls et al. 2012). His perspective has influenced the fields of innovation studies, as well as social innovation, which attribute a central role to entrepreneurs in driving change, usually assumed to be positive.

3.1.1 Market Encroachment

Despite the hype, several authors coming from a more sociological standpoint critique SE. These critiques are like those directed at social innovation. They argue that the encroachment of the market towards the social spheres of civil society and government gave birth to SE as a neoliberal social movement and field (Spicer et al. 2019: 195). Furthermore, they disparage it as being the “embodiment of neoliberal welfare logic” (Garrow and Hasenfeld 2014) which glorifies the individual’s agency in detriment of collective political processes (Cho 2006 as cited in Helmsing 2016). In fact, promoting enterprising citizens as the solution to social problems through “big society, not big government”, (Conservative Party 2010 in Adderley 2019) is common in liberal democracies and economies such as the UK and USA. Not surprisingly, organizations and universities in these countries have been driving the debate forward (Ozbag et al. 2019).

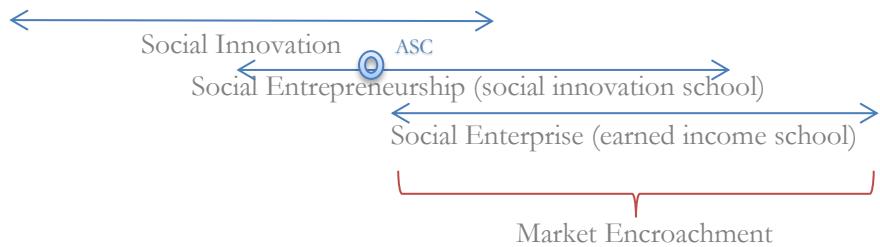
However, this study is not implying that mobilizing market forces to meet social needs is negative. The point is to illuminate how this pressures organizations functioning within this logic. In this sense, it is important to reflect on why SE emerged and what are the implications. SE did not appear in a vacuum. Coming from an institutional theory perspective, Battilana (2018: 1281) states that:

“existing studies on the founding of social enterprises show that their creation results from factors related both to the environment and to characteristics of entrepreneurs themselves (Fauchart & Gruber, 2011; Pache & Santos, 2013; Powell & Sandholtz, 2012; Tracey, Phillips & Jarvis, 2011). Previous research has focused on external influences that contribute to founding social enterprises, including a reduction in available philanthropic resources (Defourny & Nyssens, 2006; & Pollak, 2011; Young, 1998), which has prompted some charities to try to find new sources of revenue; the rise of market ideology, which has spread to all sectors of society (Eikenberry, 2009); and the professionalization and rationalization of the social sector (Hwang & Powell, 2009).”

Therefore, SE, the most commonly discussed form of SI (Ozbag et al. 2019), was born out of a tension between citizen’s drive to meet social needs, fiscal austerity and market encroachment on the social sphere. These factors indicate that diverse socio-political and economic contexts influence organizations to adopt market practices and/or blended goals. This can create tensions between social and economic competence as organization’s legitimacy becomes dependant on generating revenues and/or achieving financial sustainability while creating social value (Dacin et al. 2011: 1207). This is particularly evident for the ‘earned income’ organizations but is also true for ‘social innovation’ ones.

The figure below illustrates how the concepts of social innovation, social entrepreneurship, social enterprise and market encroachment relate to one another.

Figure 2 – Relation Between Concepts



Own reflection building upon Davies's (2014: 74) figure 9 on the relationship between concepts

This figure shows that social entrepreneurship is a significant part of social innovation. Furthermore, it demonstrates that not all social enterprises are innovative, in many cases the innovativeness is justified by the hybrid model. Moreover, the figure shows that market encroachment affects both schools of thought. ASC, that will be analysed in Part II, is sitting at the edge of the social innovation school of SE. Throughout the study it will be possible to note how the scaling methods reflect market encroachment and what are the implications of this with regards to the organization and system change.

3.2 Scaling

As discourses and practices of the business world encroach on the social sector, organizations are pushed to adopt market-based practices (Spicer et al. 2019). Following this trend, small-scale local non-profit organizations are deemed lesser with regards to their efficiency and productivity (Gibson-Graham, 2008 as cited in Gomez 2017). Consequently, scaling becomes a way to increase developmental impact and legitimacy.

But what does scaling mean? Scaling is a metaphor borrowed from manufacturing which implies the idea of growth (Murray et al. 2010). In social innovation literature scaling can mean an increase in impact through growing the organization or collaboration and diffusion of methodologies (Murray et al. 2010). From a developmental perspective, scaling means “expanding, adapting and sustaining successful policies, programs or projects in different places and over time to reach a greater number of people.” (Hartmann and Linn 2008a as cited in Agapitova and Linn 2016). Seelos and Mair (2017: 2) add that the objective of scaling is to serve more people better, generating foreseeable impact. Chandy et al. (2013: 6) say that scaling-up development impact should be understood in terms of transformative change. Which for them means effecting change in behaviour.

These different definitions provide key points of reflection. First, scaling developmental initiatives is not only about growth as is the case for normal enterprises. Second, scaling involves sustaining initiatives throughout the test of time and place. This leads to a third crucial point, scaling is also about quality and impact. Lastly, the outcome of scaling is transformative change.

In management literature scaling SE is often subdivided into different categories such as: scaling deep, scaling wide, scaling out and scaling up. Scaling deep means tackling a problem from different angles to provide a more rounded solution; scaling wide concerns increasing the number of direct beneficiaries (Bloom and Chatterji 2009 as cited in Heinecke and Mayer 2012: 193). Therefore, scaling deep is related to ameliorating the quality of an approach to increase impact, which makes it relevant from a developmental perspective. Scaling wide is related to the capacity to take on more direct beneficiaries, which does

not necessarily imply more quality or impact. Both scaling deep and wide are internal measures of growth.

Scaling out, on the other hand, “refers to the efforts to disseminate social innovation, so that its benefits can be felt by more communities and individuals. Scaling up, however, refers to efforts to connect the social innovation to opportunities (resources, policies, values) occurring in the broader economic, political, legal or cultural context” (Westley and Antadze 2013: 3). The latter implies that successfully scaling-up results in institutionalizing an innovative service, product or approach at a macro-level. Therefore, scaling-out and scaling-up are external measures adequate to discuss systemic or transformational change as intended in the present paper.

The matrix below helps visualize the differences between scaling categories.

Table 1 - Scaling Sub-Categories

Actor/Skills	Type of Scaling	Outcome
Social Entrepreneur	Deep	Internal; qualitative growth
Social Entrepreneur	Wide	Internal; quantitative growth
Social Entrepreneur	Out	External; aggregate growth
Systemic Entrepreneur	Up	External; System Change

Own table based on categories proposed by Bloom and Chatterji 2009 (as cited in Heinecke and Mayer) and Westley and Antadze 2013.

Westley and Antadze (2013: 3) argue that most SE operate at the scaling-out level because scaling-up requires a different set of skills related to systemic change. These points of reflection and categories shall be revisited in Chapters 5 and 6 when discussing ASC's scaling trajectory.

3.2.1 Scaling Strategies

Dees et al. (2004) offer a simple framework for scaling that is widely used in SE literature. This framework will be applied to analyse ASC's scaling trajectory in Part II. It proposes three levels of scaling (i.e. dissemination, affiliation and branching) where each phase requires more financial and human resources due to increasing complexity.

Dissemination makes the socially innovative approach available. It is usually done via “publications (e.g., brochures, manuals, and public speeches), training, consulting and definition of standards sometimes in conjunction with accreditations” (Heinecke and Mayer 2012: 194). In this way, those interested have access to information and/or technical assistance. This strategy is adequate for knowledge sharing, network creation and partnerships. The lower costs and efforts as well as the potential velocity of dissemination are positive aspects of this form of scaling (Heinecke and Mayer 2012: 194). Weber et al. (2012:11) argue that those who do not have enough resources to overcome barriers can “pass risks and

costs of scaling impact to the adapting social enterprise(s), organization(s) and institution(s)" through dissemination. However, since formal links to the original organization are loose, the quality of other's work is not guaranteed (Heinecke and Mayer 2012: 194).

The second, more complex, type of scaling is affiliation. Affiliation is characterized by the collaboration between the original organization and affiliates implementing the same approach (Heinecke and Mayer 2012: 195). This type of scaling involves a formal agreement with guidelines that must be followed regarding "brand name, program content, funding responsibilities, and reporting requirements (Dees, Anderson, and Wei-Skillern, 2004 as cited in Heinecke and Mayer 2012: 195). Which implies in more control over implementing organizations but requires more financial and human resources from the original organization to provide technical support (Dees et al. 2004).

Chapter 5 will look at two different forms of affiliation adopted by ASC. The first is licensing, where the link to the original organization is looser and the licensee has the right to use the intellectual property or original approach. This model is appropriate to scale an approach or methodology (Heinecke and Mayer 2012: 197). The second is social franchising, where the relationship with the original organization is tighter and control over processes and delivery is strong. This model is relatable to growth as affiliates replicate the original organization's model and maintain close ties (Heinecke and Mayer 2012: 197). Both are common strategies used by businesses when trying to grow through replication.

Branching is the third form of scaling proposed by Dees et al. (2004). It refers to opening new sites controlled by the original organization. This type of scaling provides the most control, but also requires more time, human and financial resources for coordination. In addition, it requires capacity to adapt to new contexts (Heinecke and Mayer 2012: 197). Branching is another way to scale impact through replication (European Union and OECD 2016).

Despite pressures for market-like performance, the core mission of social entrepreneurs is to meet social needs. For such, there is an assumption that they would be collaborative by nature to increase impact. This would mean they are inclined to participate in dissemination to mobilize ideas and resources in an open source⁶ way. Nonetheless, the adoption of brands, licenses and social franchises show that this is not always the case.

In effect, franchising could help achieve scale in aggregate by having other organizations imitate and replicate successful models (Chandy et al. 2013: 7). Licensing could also contribute to scale by increasing the aggregate outreach of an approach or methodology. However, these models based on control and intellectual property go against the open diffusion of innovative solutions. This can potentially decrease an organization's ability to promote system change, or at least creates tension in endeavours.

3.2.2 Enabling Factors: what is needed to scale?

Weber et al. (2012: 10) claim that "the range or spectrum of strategies that social enterprise can pursue is restricted from the outset by the characteristics of the organization". This means that strategies are contingent on the business models and organizational capacity. In

⁶ Open innovation is a form of co-creation commonly associated with SI. It is a practice borrowed from innovation studies in which cooperation among actors in networks enable innovation by pooling skills together and diluting threats (Butzin et al. 2014: 116).

this sense, hybrid organizations from the ‘earned income’ school will likely face different barriers to those who depend on donations. Typically, hybrid social enterprises get a significant percentage of their revenue from selling products or services, which potentially help them subsidize other activities leaned towards social goals. However, for organizations who operate mostly outside of the market and address complex social problems (i.e. not one time off solutions such as vaccination or selling a product) the strategies are likely to be different. Therefore, understanding organizational capacity and the complexity of their innovation is key when discussing the barriers and opportunities to scale.

Weber et al. (2012) produced a systematic literature review which identified seven critical steps towards successful scaling, namely:

1. *Commitment of individuals* towards scaling over a long period of time;
2. Management *competence* to guide the process without mission drifting;
3. *Reduction of operational complexity* which reflects on replicability of model;
4. Identification of where and how scale can result in *social impact maximization to meet social needs*;
5. *Ability to secure necessary resources* (financial and human) to surpass technical and economic barriers;
6. *Scaling Impact with others* by creating multi-stakeholder networks.
7. *Adaptability* of a model to different contexts.

Organizations can use these aspects to reflect on the scalability of a business model. This framework speaks to the notion that scaling involves sustaining initiatives through the test of time and place. For such, it stresses the importance of flexibility to identify what is core to an organization’s work and what can be adapted or discarded. Attaining the resources (human and financial) and skills necessary to carry out the scaling strategy is central. Furthermore, it alludes to the fact that scaling is about quality and increased social impact. Finally, it reflects the importance of joining networks to disseminate impact. These steps and aspects will be revisited whilst examining ASC’s trajectory.

3.3 System Change

As has been argued in chapter 1, transformative change is a goal of development. But transformative change may mean different things to different actors. In this study, transformative change is characterized as institutionally sustained results (UNDP 2011) which promote social justice by tackling the root causes of problems (UNRISD 2016). This means that promoting development involves sustainable and structural changes in society. Yet, transformative change is not a word commonly used in association with social entrepreneurship, the most common jargon is system change. System change is commonly defined as,

“changing the way a majority of relevant players solve a big social challenge, such that a critical mass of people affected by that problem substantially benefit.” Systems change involves altering the linkages and interactions that form a system’s architecture – the rules and standards that make a system work the way it does, as well as the goals, norms and beliefs that, if left unchallenged, can prevent systems from working more inclusively.” (World Economic Forum 2017: 47)

This means system change is correlated to altering the mindset (i.e. goals, norm and belief) of a big enough group of people to tip the balance towards a new paradigm of thought and action around an issue. Furthermore, it implies that system change looks at a web of interconnectedness, breaking down and tackling different parts that contribute to a problem.

Therefore, the term system change and transformative change are related, but should not be used interchangeably. SE as a field of practice does not aim at transformational change *per se*, but rather to work for system change.

In a liberal (utilitarian) perspective system change is achieved incrementally via aggregate targeted initiatives (Ayob et al. 2016). This might explain why scaling SE is commonly seen as a step towards system change. In this regard, Howaldt et al. (2016: 154) cautions that,

“the very idea of systemic change implies that multiple institutions, norms and practices will be involved, and that multiple kinds of complementary innovations would have to be introduced in order to cope with the high complexity of problems which require structural changes in society. Only then we will be able to fulfil the excessive expectations of ground-breaking systemic social innovations (or radical innovations in the common language of innovation theory and research), and transformative change.”

This warning should be kept in mind. Despite having the potential to change people’s behaviour and mindsets or serving more people better, the mere scaling of a successful initiative might not be enough to deliver the promise of systemic change, or transformative change for that matter. Systemic change should be approached as a multi-level and multi-stakeholder endeavour.

Recently this conclusion has been drawn by central actors in the SE field. After decades of linking scaling and system change, organizations such as Ashoka and Schwab Foundation are changing their discourse. Ashoka now speaks of *targeted system change* to make big visions actionable (Mühlenbein 2018). The idea behind this is that system change seemed daunting or unattainable to many social entrepreneurs but targeting minor changes that contribute to a system architecture is something doable. Schwab Foundation is moving towards an idea of *systemic entrepreneurship* where even small organizations may promote systemic change (World Economic Forum 2017).

The evolving understanding of system change can affect SE strategies on how to increase impact. If for many organizations the aggregate results of scaling through replication have become a self-defeating strategy due to lack of resources, then energy can be redirected to system change. In this sense, the focus shifts towards engaging in coalitions to disseminate innovative approaches and work to influence key aspects (i.e. political, legal, economic, etc.) of a given system’s architecture (Westley and Antadze 2013: 7). This requires *systemic entrepreneurs* with the ability to spot opportunity and to let go of direct control (*ibid*).

3.4 How does Scaling Social Entrepreneurship Relate to System Change?

The notion of scaling successful initiative to meet the magnitude of social challenges has been embraced in development as bottom-up initiatives have gained traction. Meanwhile, the phenomena of market encroachment on the social sector has influenced the strategies and models adopted to do so (i.e. licensing, social franchise, consultancy, etc). However, though scaling through market practices may lead to increased aggregate impact, this will unlikely lead to system change.

Based on the literature review, it could be argued that system change is relatable to scaling-up insofar as it implies working at different levels and spheres to disseminate and institutionalize change. Scaling-out, on the other hand, is relatable to replication in different geographies. Replication is an effective model for organizations that offer standardized

products and services. But it conflicts with the notion of working at different institutional levels, letting go of control to reach system change. Therefore, debates on scaling have been conflating scaling-out and scaling-up. However, the distinction between both should be clear as they entail different skills, strategies and outcomes.

Table 2 systematizes the points which stood out from the literature on scaling and system change. This scheme helps understand the different strategies and if they are conducive to scaling-out or up. It will be revisited at the end of the paper to reflect on ASC's choices and possible outcomes.

Table 2 - Summary of Scaling Debate

Strategies	Adequacy	Model	Method	Control & Resources	Potential
<i>Dissemination</i>	scaling of an approach or organization	Diverse	(in)direct knowledge sharing; training, consultancy	low resources; no control	Scaling out; scaling up
		Network	Social movement-building; Partnering; Replication	low resources; loose control	Scaling out; scaling up
<i>Affiliation</i>	scaling of an approach or organization	Licensing	Replication	medium resources; medium control	Scaling out
	scaling of an organization	Social Franchising	Replication	higher resources; tight control	Scaling out
<i>Branching</i>	scaling of organization		Replication: direct expansion through new units	higher resources; total control	Scaling out

Own table and analysis based on Davies 2014; Dees et al. 2004; Heinecke and Mayer 2012

PART II - A Study of Associação Saúde Criança

This empirical part of the research paper is based on the qualitative data collected during fieldwork. Below is a list of people whose voices are reflected in the next pages.

Table 3 - People Quoted

Name	Position
Vera Cordeiro	Founder & Board President
Cindy Lessa	Board Vice President & Co-Founder of Ashoka Brazil
Laura Gaensly	Board Member
Mirella Domenich	CEO & Former Ashoka Executive Director
Cristiana Velloso	Chief Operation Officer
Adriane Barreto	Chief Knowledge Officer – responsible for expansion strategy
Georgiana Esteves	Expansion Coordinator – responsible for implementation of expansion strategy
Gilda Bouch	Volunteer – volunteer coordinator on Mondays
Fatima Brandão	Licensee – <i>Ilha do Governador</i>

Chapter 4 : Understanding *Associação Saúde Criança*

This chapter provides background information on *Associação Saúde Criança* (ASC). An overview is given on the organization's history, profile (i.e. institutional, financial and managerial) and methodology. The objective is to elucidate how these factors shape scaling opportunities and barriers, examined in detail later in the study.

4.1 The Birth of *Associação Saúde Criança*

ASC was founded under the name of *Renascer*⁷ (Reborn) in 1991 in Rio de Janeiro by Dr. Vera Cordeiro. But the idea started when Cordeiro was transferred to the pediatric ward of the *Hospital de Lagoa* (federal public hospital) in 1988. Cordeiro used to treat children only to see them be re-admitted again and again. Many of which would ultimately die. As argued by Battilana et al. (2018: 2) in a recent article written on ASC, “this reflected a broader problem in Brazil: high mortality among children ages five and younger, with 61 deaths for every 100,000 births, more than five times the rate in the US and more than 20 times that of Sweden.”. Cordeiro, therefore, identified a need and was prompted to act.

Her first motivation was to support poor parents to treat children after they were discharged from the hospital, beneficiaries were referred to them by doctors and nurses (Battilana et al. 2018: 2). Cordeiro and her team of volunteers started by offering support meetings, food and medicine to encourage parents to come. At that time, the *Plano de Ação Familiar* (Family Action Plan – PAF) methodology was incipient. Cordeiro mentions that they began writing on cardboards to register reoccurring themes coming up in interviews with beneficiaries. This became a guide which evolved over time to become PAF.

The initial focus was to help poor families overcome the health shock brought about by a child's sickness. But after some time, it became clear that the sickness was merely a symptom of poverty. To make this point Cordeiro freely quotes Amartya Sen, “it is in health that poverty shows its most cruel and perverse face”. Her experience at the hospital and working at the association demonstrated that it was not enough to treat illness, their work needed to focus on poverty alleviation for the family to consolidate the cure. Therefore, they developed a multidimensional approach.

4.2 Overview of the Organization

4.2.1 How to Define it Institutionally

At first glance ASC might not fit the common understanding of social entrepreneurship since it operates mostly outside of the market. In fact, it is registered as an *associação* (i.e. association in Portuguese), which in Brazil means it is a non-profit organization legally constituted to operate meeting social needs. However, it fits Afford et al.'s definition as it “creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources and social arrangements required for social transformations” (Zahra et al. 2009). In this sense, the founder, Dr. Vera Cordeiro, and ASC embody the perfect example of the ‘social innovation’ school mentioned earlier in the study. The organization is constituted as

⁷ The name was later changed to *Associação Saúde Criança* due to a corruption scandal concerning an evangelical church with the same name, but which was completely unrelated to them.

a non-profit. However, the perception of innovativeness and its social impact positions them as *change-makers* in the entrepreneurial ecosystem.

In fact, Cordeiro is considered a prominent social entrepreneur. She became an Ashoka Fellow in 1993 and Schwab Fellow in 2001. These organizations, as well as Skoll Foundation and Avina, have been instrumental in shaping how ASC sees itself and how it has chosen to scale. When asked how Cordeiro saw ASC she explicitly said,

“we are not an NGO, we are social entrepreneurs. Not a company, nor government or NGO. This is something innovative, with its own culture. I do not like to define anything by what it is not, non-governmental”.

This implies the organization is embedded in practices and discourses of the field of SE and acts accordingly.

4.2.2 Managerial Profile

There used to be a vertical organizational structure, but recent managerial decisions opted to implement a circular model. This process of restructuration occurred in 2019. Due to the new strategic direction which focuses on challenges of financial sustainability and expansion, 11 staff members were made redundant recently. This decision was taken based on a diagnosis done by the new CEO regarding the organization’s strengths and weaknesses. Domenich is trying to promote more autonomy so that decision-making is less concentrated on the figure of Cordeiro. She claims that depending excessively on Cordeiro’s figure as a (hero) social entrepreneur is normal for Ashoka fellows, but this does not help with the sustainability of the organization.

Both Cordeiro and Laura Gaensly, Board Member, mentioned that taking the decision to fire employees was painful as many were cherished people. However, from a managerial perspective they claim it was necessary. Cordeiro says, “for the future of the organization we need a different profile of employees, top professional with higher salaries”. What is implied in this quote is that the challenges of sustaining the organization and scaling require a different set of skills of those needed in the past.

Currently ASC’s staff is composed of the following member:

- Top Management:
 - Founder/President of Board
 - Vice-President of Board
 - CEO
 - 2 COOS (Chief Operational Officer and Chief Knowledge Officer)
- Middle Management
 - 1 US Director
 - 2 Managers
 - 10 Coordinators
- Staff
 - 24 employees (technical areas, accounting, cleaning, etc.)
 - 140 regular volunteers

With regards to transparency, Deloitte has been externally auditing their work since 2008. Additionally, annual reports are available online from 2012-to present. Despite the ever-present challenges to obtain funding, in the past six years ASC has been recognized as the most innovative NGO in Latin America and is now ranked as the 21st best NGO in the world according to the NGO Advisor Award (criteria: innovation, social impact, transparency, governance).

4.2.3 Financial Profile

ASC has no political or religious affiliation and depends on individual and corporate donations for its financial sustainability. In 2017, donations comprised over 75% of the organization's revenue of 1,2 million dollars (Battilana et al. 2018: 7) of which over half came from overseas donations channelled via Brazil Child Health, a New York-based non-profit organization established in 2001 to raise funds (*ibid*). Financially this positions them as a philanthropic organization, not a hybrid.

Table 4 below shows the breakdown of revenues in the past two years.

Table 4 – Breakdown of Revenues in %

Revenues	2017	2018
Individuals	19%	19%
Corporations	71%	72%
Events	7%	1%
Financial Investments	3%	8%

Source: based on ASC internal documents

In 2006 Cordeiro was sponsored by Schwab Foundation to attend a course in Harvard on *How to Manage Non-Profits*. There she learned about endowment funds⁸. Consequently, in 2008 an endowment fund was established by ASC. In the past few years this fund has been instrumental as the organization has had to draw from it to keep afloat. This is represented in the table above as 'Financial Investments', which increased by 5%.

Recently the fund has also been used to finance higher-level employees, such as the new CEO (ex-Ashoka Brazil Executive Director), Mirella Domenich. She is seen as a vital resource in their quest to tackle the top two priorities: increasing fundraising capabilities and promoting expansion strategies (i.e. scaling). This resonates Weber et al.'s (2012) critical steps towards scaling, namely management competence and ability to secure necessary human resources to surpass barriers.

Table 5 below shows the breakdown of expenses. Franchising support is no longer visible because it was terminated in 2016. These funds together with a part of those allocated to awareness and fundraising activities were redirected to the rubric 'assistance to families'. This explains the 17% increase in this expense from one year to the next. However, the number of beneficiaries did not increase. ASC continues to cap at 250 families per month, which costs approximately 750 Reais per family (US \$188⁹). The support provided to licensees, (i.e. model substituting social franchise) is deducted from 'assistance to families'.

⁸ "An endowment fund is an investment fund established by a foundation that makes consistent withdrawals from invested capital. The capital in endowment funds, often used by universities, non-profit organizations, churches and hospitals, is generally utilized for specific needs or to further a company's operating process." (Investopedia 2019).

⁹ Calculation based on official exchange rate on 28 October, 2019.

Table 5 – Breakdown Expenses in %

Expenses	2017	2018
Assistance to Families (PAF)	52%	69%
Administrative	20%	21%
Awareness/Fundraising	14%	10%
Franchising Support	14%	-

Source: based on ASC internal documents

Besides the salary of the new CEO and expenses with licensees, no other investment in the expansion strategy is known at this time.

4.2.3.1 Projeto Anzol

Despite being philanthropic, earning some income has been part of ASC's history, as exemplified by *Projeto Anzol*. This project was created within the professionalization pillar of the Family Action Plan (i.e. vocational courses in areas such as: beauty, cooking, sewing and crafts). Cristiana Velloso, Chief Operating Officer, explains that "ASC saw that what beneficiaries learned could generate income for them and the institution. Therefore, over 20 years ago *Anzol* came into being". The project started slow, but today it has kiosks in two of Rio de Janeiro's largest shopping malls. Sales at headquarters, online and in bazaars have led to an annual turnover of over 600,000 Reais in the past. Velloso claims there were years in which profits reached about 20%. However, in the last two years there were losses because they opened a new kiosk. By closing it the expectation is that *Anzol* will break even by next year. In addition, ASC is partnering with *Magazine Luiza*¹⁰ for online sales. Therefore, Velloso is optimistic that *Anzol* will become a revenue stream again.

Domenich (CEO) is personally overseeing this project, which indicates strategic importance. Up to now it has been managed separately from the expansion strategy. However, as financial resources are a barrier to scale, if *Anzol* becomes a successful social business, revenue could potentially be channelled into scaling.

4.3 Explaining the Family Action Plan (PAF) Methodology: innovativeness and complexities

ASC's work is premised on the understanding that the causes of poverty and illness are multidimensional. To tackle these complex issues, they developed a multidisciplinary approach that focusses on five pillars, namely: health, housing, citizenship, income and education. These pillars have been identified as determinants of a family's well-being¹¹.

Cordeiro states, "I did not create the Family Action Plan methodology. It was created by 1,500 volunteers, Ashoka, Avina, Schwab, Skoll and over 100 employees. It was created from bottom-up, listening (to beneficiaries)". In this way, she highlights that PAF is the result of co-collaboration and evolution (scaling deep) along the 28 years of their existence.

Below is an overview of the Family Action Plan process:

¹⁰ Is one of the largest Brazilian retail companies with about 1000 stores around the country.

¹¹ Based on ASC internal document entitled *ASC Narrative*.

Step 1) Beneficiaries from poor communities in Rio de Janeiro are referred by two different hospitals, *Hospital da Lagoa* and *Maternidade Maria Amália Buarque de Hollanda*.

Step 2) The family goes through triage, consisting of a conversation with a social worker, where a diagnosis of the family is elaborated based on several indicators in each of the 5 pillars. If they meet the targeting criteria they are integrated into the program. A family can be defined as an emergency case, that needs support for specific time until the health shock is overcome; or a regular case which will be accompanied by the team for approximately two years.

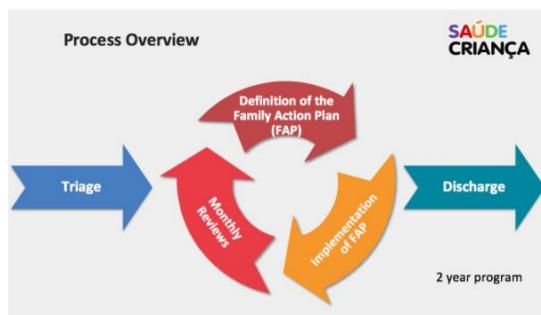
Step 3) When the targeting criteria are met the family is called for an in-take interview. In this meeting they sign a term, receive their *cardeneta* (i.e. identification booklet containing agenda with commitments) and meet personnel from the five technical areas. It is in the initial evaluation that each professional identifies the critical points that need to be addressed. This is when the Family Action Plan begins to be designed with the family.

Step 4) If, housing is diagnosed as a critical issue a visit is scheduled to the family's home to understand the physical conditions of the environment as well as what are the support networks available for the family in times of distress.

Steps 1-4 provide a snapshot of the family when they enter the program. After a year another thorough examination is done to determine how/if the family is evolving. If needed, PAF is adjusted accordingly. At the end of the second year another assessment is done. Most families graduate after two years. These three snapshots help ASC to evaluate the impact of their methodology.

See figure 3 below for an overview of PAF's life cycle.

Figure 3 – PAF Life Cycle



Source: ASC internal documents

Many families live far away, and time poverty can be an issue, therefore they come once a month for all services needed. Most receive milk and medicine; transport expenses are always reimbursed. In cases where the family needs more material support, donations of goods and a basic basket of food is also made available. When arriving for the monthly visit they first attend *Aconchego Familiar* (Family Comfort) where group therapies or lectures on relevant topics occur. After this moment the family is received by volunteers.

The contact between volunteers and beneficiaries from different socio-economic backgrounds is advocated by the staff as an important element of their work. According to Georgina Esteves, currently coordinating the expansion strategy, but who started as a nutritionist in Operations, volunteers represent “the movement of civil society to change society”. In fact, the methodology relies strongly on volunteers, in 2018 there was a total of 141. Gilda Bouch is a retired chemical engineer responsible for coordinating volunteership on

one of the days where families are assisted. She says, “many volunteers come because ASC has legitimacy in its work helping others, we work in a more structured way, it is not *as-sistentialist* (...) we help families to transform themselves and grow.”

After *Aconchego Familiar* approximately 40 volunteers receive the families. They use laptops to access the online system where the track-record of the family is stored. They visualize everything that has been done so far and note down the critical issues that arise from conversations with beneficiaries. The online system has specific windows for each pillar of the methodology where indicators are monitored based on what was defined as a priority for families (see annex 3 for a full list of projects offered by pillar). According to Esteves, health, housing, and income (work) are the areas where more support is needed.

Volunteers have been trained to use the system and to listen actively. If issues are identified the beneficiary is forwarded to a technical area for further support. There are five technical areas with professionals and volunteers. Professionals range from architects, to nutritionists and lawyers to name a few.

ASC is a 'one-stop-shop'. On the one side this has proven to be an effective model, on the other it makes the operation complex and expensive. This was mentioned by several staff members as a barrier to scale. Cordeiro seems to disagree. When asked about this topic she argues that 750 Reais per month per family (of around 4.3 members) is not much to deliver quality impact.

The methodology demands active participation from families. Besides coming once a month, families must recount how the steps agreed upon in PAF are being carried out (e.g. medical appointments kept, entitlements such as Bolsa Família or alimony attained). When asked if this conditionality bothered families, Esteves says that “some people feel strange about it at first, but they are open to participating, especially because of the material support.”. She argues that later they realize what is going on and begin to appreciate the different services that are offered.

In this regard, Velloso states,

“about half of mothers are average. What we offer they accept, the actions proposed are executed. They will not bolt and become entrepreneurs, get into college, but they will improve. They manage to get the benefits, the entitlements, they learn a trade in something that improves their income (...) This family goes from being dependent to a family that lives in dignity. It sustains itself. A quarter of families go beyond our expectations and the other quarter has a ‘welfare bias’. They come to receive the medication, food and milk their kids need. If they are not pushed to follow the plan after the two years, they will exit in the same conditions. This is why the (monthly) face to face monitoring is so important”.

This shows that the methodology has a strong component of changing people's behaviours, or what they can be or do, in a capability approach to human development. This echoes Chandy et al.'s (2013) definition of scaling impact.

Seelos and Mair (2017: 21) state that “impact creation refers to the benefits created for the people and communities that an organization serves”. In this sense, PAF's impact has been proven by a study published by Georgetown University in 2013. The study looked at how families were doing three to five years after graduating from the program. They found that there was a 92% increase in family income, 86% decrease in the hospitalization time of children as well as substantial improvements in well-being and housing conditions (Habyarimana et. al. 2013). This is what Cordeiro calls *proof of concept*. To her this shows that the *social technology* works and should be adopted as a new health paradigm.

The proven positive impact motivates ASC to scale. It is not only about impacting the lives of more people in need, but also working to shift the health paradigm. The latter is

what systemic change means to Cordeiro as well as to Domenich, the new CEO. However, Cindy Lessa, ASC Board Member and co-founder of Ashoka Brazil, says “serving more people is one thing, changing how people think about an issue is another”. To achieve the latter means tapping into *systemic entrepreneurship* which requires different skills than those needed to develop an innovation, operate and replicate.

Chapter 5 : Scaling Strategies

This chapter examines the strategies and models considered conducive to scaling, what and who influenced ASC to adopt them in different periods, as well as obstacles and opportunities presented by each model. To organize this, the chapter is divided into two sections. The first presents an overview of their pathway. The second breaks down each method and model adopted. Dees et al.'s (2004) scaling strategies, Weber et al.'s (2012) enabling factors and the conceptual sub-categories explored in chapter 3 are weaved into the narrative while recounting this story.

5.1 Overview

In their 2018 Annual Report ASC informs that 72 thousand people in 6 different Brazilian states have been PAF beneficiaries over 28 years. These figures comprise direct recipients as well as those reached via network members, social franchisees, licensees and public policy in the city of Belo Horizonte. This sustains that ASC has been able to develop its social innovation into a “mature program or product, disseminating it through social networks, and building a platform of trust and legitimacy.” (Westley and Antadze 2013: 7). The official ASC narrative is that it scaled-out via 24 organizations in Brazil and inspired 19 programs operating in Africa, Asia, Latin America and Europe¹².

Dissemination has been a constant scaling strategy. Cordeiro has been active in diffusing ASC's experience by giving public lectures and participating in events in Brazil and abroad. In fact, dissemination sparked the scaling-out process as many organizations were founded by actors inspired by their model. This gave rise to a network based on knowledge sharing and technical support that lasted until 2010. Later affiliation strategies (i.e. social franchise and licensing model) were adopted seeking more quality control. However, financial and managerial barriers curtailed this process.

Figure 4 bellow presents the (full) list of 24 organizations that composed ASC's network until 2010.

¹² Based on ASC internal document entitled *ASC Narrative*.

Figure 4 – ASC Network

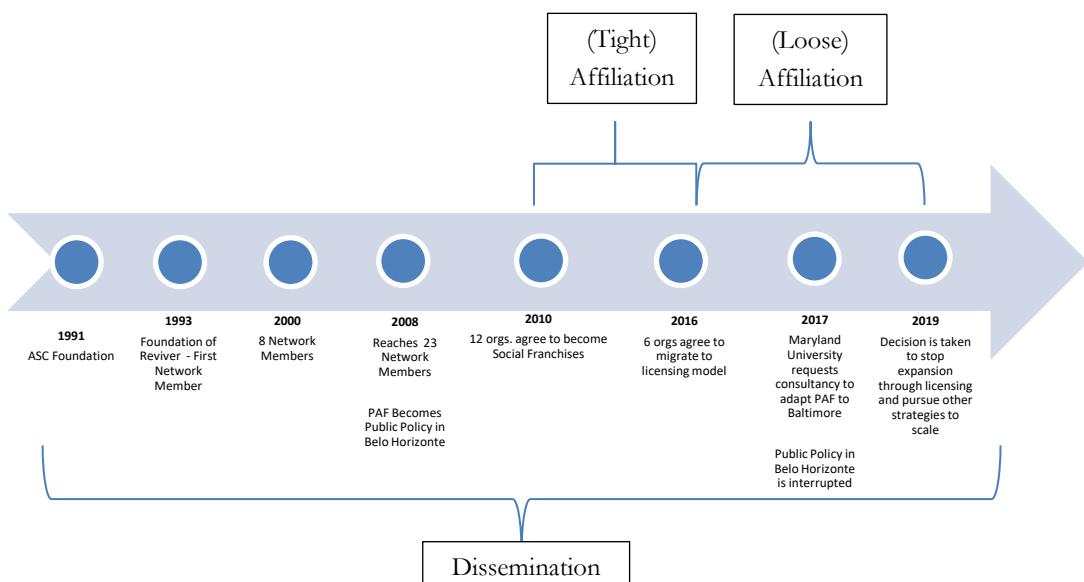
NOME ORGANIZAÇÃO	HOSPITAL	CIDADE	FUNDADA	STATUS
1 ASC	Hospital Municipal da Lagoa, Maternidade Maria Amélia Buarque de Holanda	RJ	1991	MATRIZ
2 REVIVER	Hospital dos Servidores do Estado	RJ	1993	LICENCIADA
3 RESSURGIR	Hospital Municipal Sales Neto	RJ	1995	ATIVA
4 REFAZER*	Instituto Fernandes Figueira	RJ	1995	ATIVA
5 REAGIR	Hospital da Piedade	RJ	1995	FECHADA
6 AAPHR	Associação dos Amigos da Pediatria do Hospital da Restauração	PE	1997	ATIVA
7 RECOMEÇAR	Hospital Universitário do Fundão	RJ	1997	FECHADA
8 RENOVAR - PET	Hospital Alcides Carneiro	RJ	1998	LICENCIADA
9 RECREAR	Hospital da Posse	RJ	2001	FECHADA
10 REPARTIR	Hospital Municipal Jesus	RJ	2002	ATIVA
11 RECONSTRUIR	Hospital Municipal Albert Schweitzer	RJ	2003	FECHADA
12 RETRIBUIR	Hospital Maternidade Carmela Dutra	RJ	2004	FECHADA
13 RESPONDER	Hospital Miguel Couto	RJ	2006	LICENCIADA
14 REACENDER	Hospital PAM de Santa Teresa	RJ	2006	ATIVA
15 REPENSAR - ILHA	Hospital Nossa Senhora do Loretto	RJ	2007	LICENCIADA
16 REFLORESCER - POA	Hospital da Criança Conceição	RS	2007	LICENCIADA
17 RECONQUISTAR	Hospital Estadual Rocha Faria	RJ	2007	FECHADA
18 REMAI	Rede Multidisciplinar de Atenção Infanto Juvenil – Hospital das Clínicas da Universidade Federal de Goiânia	GO	2007	FECHADA
19 REINTEGRAR	Hospital Santa Marcelina (SP) 2007	SP	2007	FECHADA
20 RESOLVER - RESPONDER	Hospital Estadual Aloysio de Castro	RJ	2008	LICENCIADA
21 REABILITAR	Centri Municipal de Reabilitação	RJ	2008	FECHADA
22 REUNIR	Hospital Antoninho de Marmo (SP) 2008	SP	2008	FECHADA
23 RECONTAR	Hospital Infantil Joana Gusmão (SC) 2008	SC	2008	FECHADA
24 INSTITUTO C	Santa Casa de São Paulo, São Luiz Gonzaga, ITACI, ICr e IPQ - HCFMUSP e a Secretaria de Educação do Estado	SP	2011	LICENCIADA

Source: Image shared by ASC

The organizations highlighted in green are currently licensees. Those in yellow opted not to migrate from the network or social franchise into the licensing model, which does not mean that they stopped implementing PAF. The organizations in white closed operations (i.e. 11 out of the original 24). According to Velloso, organizations closed for one of two reasons: inability to fundraise or to make successors. It is also worth noting that since 2015 Brazil has been undergoing one of the worst economic crises in history. This is bound to impact the social sector, especially those dependent on donations as is the case of ASC and replicant organizations.

Figure 5 provides a timeline of ASC's scaling trajectory over the years.

Figure 5 – Scaling Milestones



Own figure based on interviews and Dees et al. (2004) framework for scaling

Until recently energy was focused on finding the ideal replication model that would lead to aggregate impact, reaching more people. They have now taken the decision to prioritize the dissemination of PAF through knowledge sharing (i.e. networks, public speeches,

knowledge centre, consultancy, etc.) and advocacy with the government. The return to dissemination as the main strategy shows that organizational replication was not an efficient pathway to scale.

5.2 Methods and Models for Scaling

Each section analyses the different methods and models adopted to scale. They present a description of what occurred and what influenced them to choose these pathways. The story is divided into two overlapping phases: replication of organizational model and dissemination of methodology. The former is related to scaling-out, while the latter has scaling-up potential.

5.2.1 Replication of Organizational Model: Scaling-Out

5.2.1.1 Network Days (1993 – 2010)

Through the 1990s and 2000s several people were inspired by ASC's work. Cordeiro remanences on these times, “there was a perception in people that they needed to copy (...) in the first years we scaled because people came after us (...) it was not because I wanted to multiply”. Thus, the network of replicant organizations was born in 1993, reaching 24 members by 2010.

For seventeen years ASC scaled-out impact via its network. Scaling-out refers to efforts to disseminate an innovation so that it benefits communities and individuals in different geographies (Westley and Antadze 2013). During this time ASC operated as a kind of coordinator and mentor of the network. The support provided consisted of training, monthly calls, quarterly reports, operation manual, and periodic meetings to exchange lessons learned.

In 1998 Ashoka Brazil offers five thousand hours of *pro bono* consultancy by McKinsey¹³. This partnership was key to ASC's expansion for several reasons. First, McKinsey helped develop a database to track cases (Bornstein 2004), creating what is now their online platform for monitoring and evaluation of PAF. Second, consultants helped establish documentation systems and operational manuals that were instrumental for future replication. Among other things, this resulted in an increase in the number of network members and later helped in the standardization necessary for the social franchise model. According to Weber et al.'s (2012) framework the reduction of operational complexity is a key enabling factor for successful scaling.

These contributions by McKinsey led ASC towards better governance and organizational excellence which had positive consequences on external legitimacy, especially with donors. Their work was instrumental in developing a Strategic Plan which aimed to fundraise to expand operations by 30% (Bornstein 2004). The grant (\$250,000) was successfully attained with the Brazilian National Development Bank (BNDES). As a result, the number of direct beneficiaries increased. Therefore, in tandem to scaling-out through the network, during this period ASC scaled deep (quality) and wide (direct beneficiaries).

Fátima Brandão, an ex-president of *Repensar Ilha*¹⁴, has been connected to ASC since the network days. She says this period was rich in exchanges between members but recog-

¹³ Global business management consultancy company.

¹⁴ *Repensar*'s work focuses specifically on children with leporine lips and vulnerable families. It is currently one of the licensees.

nizes that there was a lack of uniformity and quality among them. When ASC proposed the social franchise model *Repensar* readily accepted because they believe in the methodology and wanted ASC's seal of quality attached.

5.2.1.2 Social Franchise: quality and control (2010- 2016)

Out of 23 network members only 12 organizations became social franchises in 2010. The shift towards a formal agreement was decided because Cordeiro was worried about the quality of the work and the weaker impacts achieved by other organizations. ASC wanted to avoid that PAF lost its DNA while scaling.

Social franchises, structured with support from McKinsey, instituted a tighter form of affiliation. This was found to be adequate because it gave ASC greater control over quality. Franchisees needed to grant access to all sorts of operational and financial information such as: annual auditing, monthly financial reporting and quarterly reporting. Quarterly meetings were held at headquarters. The software developed to implement and track PAF also needed to be adopted by organizations, for such they could use ASC's IT system. In addition, ASC would visit organizations to oversee quality. In turn, they offered franchisees training and support in areas such as finance, marketing and technology¹⁵.

The primary reason for adopting such a model was quality control, but a resulting benefit could be earned income. In theory the social franchisee would pay a fee based on how much they were able to fundraise. These funds would be reinvested in the Methodology Development Fund (i.e. directed at monitoring and evaluation of all organizations, management system, website, etc.)¹⁶. However, generating income was not successful as social franchises could not, or did not, pay their fees and ASC did not enforce it.

Velloso ponders that in 2010 Brazil was living a different scenario, funds were more abundant and ASC headquarters was able to fundraise for other franchises as well. However, when this reality changed the headquarter was not able to offer this anymore. They were then faced with a situation in which many organizations lacked the institutional capacity to comply with the rigid rules imposed by the franchising contract and lacked the ability to be autonomous. Meanwhile headquarters did not have the resources to keep them going or the manpower to oversee and enforce the terms. Weber et al.'s (2010), ASC got stuck in a critical step towards scaling which is securing resources to overcome technical and economic barriers.

Adriane Barreto, responsible for the expansion strategy, says "social franchise was a much talked about model at that time, it opened many doors. It was interesting for a while, but the intention was to find a model in which the expansion could happen in an organized way". Therefore, when they noticed social franchise was not viable ASC opted to migrate to licensing.

5.2.1.3 Licensees: what's the real gain? (2016 – ongoing)

Licensing was chosen because it requires fewer resources (financial and human) from ASC and allowed greater flexibility in the implementation of PAF. For example, licensees can implement the five pillars of the methodology without the use of the IT system, which previously was mandatory. In addition, they do not have to use the *Saúde Criança* name and gained more administrative independence, something many organizations preferred. Meanwhile ASC continues to support this network with ongoing online and on-site training to update the methodology.

¹⁵ Based on internal ASC document entitled *Saúde Criança_Expansão 2019*.

¹⁶ As mentioned in clause 7.2 of the *Social Franchise Contract* model shared by ASC during fieldwork.

There are currently six organizations working under this model (see table 6):

Table 6 – Number of Families per Licensee

Organization	Location	Number of Families
Instituto C	Sao Paulo	175
Responder	Rio de Janeiro	40
Repensar - Saude Crianca Ilha	Rio de Janeiro	45
Saude Crianca Porto Alegre	Rio Grande do Sul	40
Renovar	Rio de Janeiro	15
Reviver	Rio de Janeiro	45

Source: own table based on data shared by ASC

But Barreto argues that the number of beneficiaries brought by licensees is low (i.e. around 150% increase taking ASC's 250 families as a baseline). She wonders if it is worth the effort. So, in August 2019 the organization took the decision not to actively pursue licensing as an expansion model. In practice, this means that current organizations will remain, but future expansion will focus on different strategies with systemic change and income generation potential.

Both Velloso and Bouch, chief of volunteers, state that neither the social franchise nor the licensing models impacted the dynamic of support given to families at ASC headquarters. This indicates that mission-drifting did not occur. It is worth noting that management competence to guide the process without mission-drifting is an enabling factor in Weber et al.'s (2012) framework.

5.2.2 Dissemination of Methodology: Scaling-out and Scaling up

5.2.2.1 Public Policy: (2008 – 2017)

In the mid-2000s Avina, a Latin American Foundation, approached ASC proposing to turn PAF into public policy. With their support and finance PAF was adapted and in 2008 it became public policy in Belo Horizonte¹⁷ (BH). It was the first time for ASC that scaling was detached from the notion of replication. This created an opportunity to disseminate their innovation while reaching a wider scale of beneficiaries.

ASC trained the *Centro de Assistência Social* (Social Assistance Reference Centre - CRAS¹⁸) team for 2 years, resulting in the *Família Cidadã – Cidade Solidária* Program (Citizen Family - Solidary City). During this time the methodology was adapted so that public authorities could work on the social determinants of health in an integral way. Several training sessions, supervision and evaluations were conducted throughout the implementation and testing phases. Encouraging and strengthening integrated work between the Social Assistance, Education and Health departments was key¹⁹. For such, ASC worked closely with each department to adapt the methodology to the public policy context.

The program was targeted at beneficiaries from the cash transfer program *BH Cidadania* (i.e. BH Citizenship Program). The aim was to offer intersectoral public management to

¹⁷ Belo Horizonte is the third biggest city in Brazil.

¹⁸ CRAS is a gateway to social assistance policies.

¹⁹ Based on internal ASC document entitled *Saúde Criança_Expansão 2019*.

families living in socially vulnerable areas. *Família Cidadã* consisted of: selection of families, diagnosis, adhesion term, development of the PAF with the families, inclusion of families in local and regional networks of public services, systematic tracking of family development and monitoring by the Central Management Committee²⁰. This committee was led by the management of *BH Cidadania*. They were responsible for coordinating and liaising with the different departments involved.

The program lasted 9 years, reaching 18 thousand people, before it was interrupted in 2017. If one assumes the number of people per family is 4.3 (as is the case with ASC), then approximately 465 families were PAF recipients each year in BH. It would be useful to know why *Família Cidadã* reached this number of families per year. For the adaptability of the methodology it is important to understand if this reflects a limitation in governmental budget and/or other barriers in implementation.

The reasons for the interruption of the program are unknown. Barreto says they were only informed by the newly elected Mayor that the budget for the project had been withdrawn. One possible explanation is the economic crisis in Brazil, which has resulted in several budget cuts in past years. Another possible explanation could be that the new government is from a different political party, although Barreto did not seem to believe this is the case.

Gaensly and Esteves mentioned that implementing intersectoriality, responsible for PAF's deep developmental impact, and excessive bureaucracy had been the most challenging aspect. In analysing the adaptation of non-profit initiatives to government policy, Bold et al. (2013: 275) caution that "the institutional context is particularly salient when considering scaling-up". Furthermore, they argue that low capacity and lack of bureaucratic efficiency can be a result of vested interests (*ibid*). In other words, political economy responses can create barriers to scaling. One is left to wonder if this could be a reason for the interruption of the program.

As argued by Agapitova and Linn (2016), scaling developmental impact is also about the test of time and place. In this sense, the interruption of *Família Cidadã* sends warning signs with regards to the sustainability of PAF at governmental level. Therefore, it seems paramount that ASC investigates the reasons in order to plan for similar hurdles in the future. This would enable them to reflect on what are the conditions necessary for PAF to be successfully scaled-out as policy and scale-up for system change.

5.2.2.2 Consultancy: packaging expertise as a product (2017- present)

Domenich argues that the idea of developing consultancy services to disseminate PAF came from in-house. The notion originated from a question, "how to sell what we know? (Our) accumulated expertise". Several people point to Barreto, the Chief Knowledge Officer, as the source of this idea. Interestingly, Barreto comes from the market, having been an IT professional before joining ASC seven years ago.

Synchronistically, a consultancy opportunity emerged in 2017. The project, named *Family Social Inclusion*, entails adapting PAF as a tool to overcome the issue of social isolation in the context of Baltimore, United States. Again, the organization scaled reactively as the Global Health Department from the University of Maryland sought them out.

The consultancy is related to a research project that will last three years. The first year, 2019, focused on knowledge transfer and adaptation. The second year, 2020, will consist of

²⁰ Based on internal ASC document entitled *Saúde Criança_Expansão 2019*.

24 meetings with 40 vulnerable families selected for the research. The third year, 2021, will be dedicated to impact analysis.

As a consultant ASC is responsible for transferring the methodology, helping with cultural adaptation, training, supervising and auditing to ensure the PAF DNA is being followed²¹. Differently from the one-stop-shop model ASC offers, the families in Baltimore will be referred to near-by services. Donating milk and medicine is not necessary and there are no transport costs because the project will take place in the community where beneficiaries live. In addition, there will be two meetings per month where the five pillars shall be monitored. These are examples of adaptations that will be tested.

Esteves says this experience goes beyond a consultancy. She sees it as a partnership because both institutions are learning from the process. For ASC it has been especially useful because it helped reflect what is really core and what is adaptable in PAF. Adaptability to different contexts is a critical aspect in Weber et al.'s scalability framework.

These experiences have consolidated an understanding that scaling goes beyond organizational growth and replication. ASC discovered that PAF could be disseminated and adjusted to fit the needs of different contexts and actors. Furthermore, it showed them that the methodology can be used to solve other issues related to poverty, not only health shocks. This opened the door to selling and sharing their expertise to government, academia, social organizations, foundations, hospitals, schools, companies²².

²¹ Internal ASC document about expansion methods.

²² PowerPoint Presentation, named *Study About Expansion*, shared by ASC staff during fieldwork in August 2019.

Chapter 6 : Tensions & Cracks: learning from the past, looking towards the future

This chapter goes deeper into the tensions and learning processes identified in ASC's story. It is divided into four sections. The first discusses how moving away from organizational replication towards dissemination has involved a mentality shift that carries within system change potential. The second analyses the outlook and resulting expansion models. The third explores the tensions arising from different incentives to scale. Finally, the chapter ends by reviewing Weber et al.'s (2012) scalability framework to reflect on the enabling factors and learning trajectory. By doing so it will be possible to understand how scaling affected the organization and to what extent it has been conducive to system change.

6.1 Mentality Shift

In 2008 there was a breaking point that culminated in the creation of the social franchise and later licensing models. More control was attempted by ASC to keep the quality of the methodology within the network of replicant organizations. Interestingly, in tandem, ASC was approached by Avina to adapt and transfer its methodology to the city of Belo Horizonte (BH). This opened a new window of opportunity to work with government, something that Cordeiro had avoided until this point.

Domenich, currently ASC's CEO and former Ashoka Brazil Executive Director argues,

“the fact that associação had been resistant to getting involved with government reflects Ashoka. Vera (Cordeiro) is part of several networks, but Ashoka is the one she is closest to because it was the first to bet on her. During the first two decades of Brazil they (Ashoka) were of the position that social entrepreneurs were going to make social change. Government didn't have this capacity. Vera followed this discourse, which is why *associação* remained detached from public power”.

BH marks the beginning of a shift in mentality. Through the experience of adapting PAF to public policy, they saw the potential for scaling the methodology rather than the organizational model. Furthermore, ASC accepted that government is a viable and welcome actor to reach scale.

Speaking as the ex-Executive Director in Brazil, Domenich explains that Ashoka has also evolved regarding its position towards government. Today it acknowledges that government is an important channel to reach scale and promote system change. In fact, Domenich is convinced, “to achieve impact one must work with government through public policy”. However, she cautions, “when a social entrepreneur transfers (know-how) to government they need to know that it will suffer changes, maybe the quality will not be the same”. Cindy Lessa is more guarded. She is not convinced that working with government is an ideal solution for all organizations. Although she believes it has potential for ASC, Lessa states “it is not enough to focus only on government”.

Today the discourse within ASC revolves around scaling PAF, disseminating it through different means such as consultancy, policy advocacy, knowledge sharing, etc. On the one hand, this is due to positive experiences with BH and Baltimore. On the other, it is due to barriers found in replication via affiliation. Controlling quality became counter-

productive. Ultimately, ASC concluded that replication through affiliation imposed financial and managerial strains, yielding limited overall developmental impact.

PAF currently serves 250 families at headquarters and approximately 350 via licensees in three Brazilian states. However, there are 55 million people undergoing deprivation in Brazil, of which 15.2 million are living below the extreme poverty line²³ (IBGE 2018). Organizational growth or small-scale replication is unlikely to meet the magnitude of this challenge. So, reflecting Schwab Foundation's position on *systemic entrepreneurship* (World Economic Forum 2017), working to change how the interconnectedness of health and poverty is approached by key actors in a system architecture seems more actionable, albeit less tangible for the market.

6.2 Time for Proactive Scaling

Scaling has mostly happened reactively as different actors (i.e. replicant organizations, Ashoka, Avina, University of Maryland) sought ASC throughout the years. Only recently it has become a strategic objective. In this vein, Esteves states, “*Associação* has started (actively) looking into scaling in the past three years. We have been working on a mix of scaling-up, scaling-out and scaling deep”. Although she adds, “the distinction between scaling-up and scaling-out is not that clear to me”. This statement corroborates to the notion that there has been a conflation between both, when in fact the strategies and skills necessary for each are different.

ASC created the expansion area in 2017. Since then it started to explore approaches that go beyond organizational replication. Esteves explains, “the objectives of expansion are changing. It used to be (reaching more) direct beneficiaries and now it is moving towards the conceptual”. Moving towards the conceptual means dissemination of knowledge.

Interestingly, 2017 is also the year of the joint publication between Schwab Foundation and the World Economic Forum entitled *Beyond Organizational Scale: How Social Entrepreneurs Create Systems Change*. This study aimed to decouple the notion of organizational scaling from system change. It is worth remembering that Cordeiro is a Schwab fellow. Therefore, this publication and ASC's shift can indicate a saturation of the notions of organizational growth within the SE ecosystem. Nonetheless, the study highlights that making donors think beyond numbers is still a challenge. This is due to market encroachment on the social sector which progressively pushes organizations towards market-like performance.

In 2019 ASC stopped to reflect on why they wish to expand in the future. The top five reasons (objectives) are:

- 1) increase the number of (PAF) beneficiaries,
- 2) disseminate knowledge on social determinants of health and poverty eradication,
- 3) prove the methodology is efficient on a wider scale,
- 4) influence public policy
- 5) generate revenues²⁴.

²³ For countries classified as medium to high income, like Brazil, the poverty line is U\$ 5,50 per day. Extreme poverty line is U\$1,90 per day (IBGE 2018).

²⁴ Based on PowerPoint presentation, named *Study About Expansion*, shared by ASC staff.

These reasons reflect two kinds of incentives. The first relates to developmental motivations for transformative and systemic change. The second relates to market pressures for growth (i.e. scale and revenues) as a measure of efficiency.

Increasing the number of PAF beneficiaries was not the first priority when Barreto presented the *Study About Expansion* to top management. However, Cordeiro re-instated it as the first objective. As a social entrepreneur Cordeiro's work was prompted by the desire to meet the needs of poor families. Her intervention is a reminder of ASC's developmental objective: to reach more people better so that the magnitude of the problem can be solved. Which does not mean ASC will reach more beneficiaries directly, but rather that the aim of expanding is so more people in need are exposed to the transformative potential of PAF. Since the urge to scale might result in mission-drifting (Utting 2015; Battilana 2018), being clear about core values and aims is key.

Despite the philanthropic financial model and status as a 'social innovation' SE, the organization is moving towards blended goals (i.e. hybrid model). Battilana (2018: 1283) argues that an organization pursuing blended goals needs to "prove both its economic and social legitimacy to various partners and clients with different expectations". This seems to be the case as ASC's reasons to scale demonstrate different internal and external expectations related to developmental impact and market performance.

ASC plans to pursue different scaling avenues to achieve its objectives:

Figure 6 - Scaling Avenues

Scaling Avenues				
Knowledge Sharing: forums, public speeches, app* development, researches, Knowledge Centre, etc.	Consultancy*: ecosystem diagnostic, methodology adaptation, capacity building, monitoring, impact assessment, app, etc.	Government: advocacy, lobbying, adaptation consultancy, etc.	Licensing: continue to support the 6 licensees without seeking to increase this network.	Operation**: supporting new replication and operation of PAF by new organizations.

Source: own table based on ASC internal document entitled *Study About Expansion*. * consultancy and app development are a form of (closed source) dissemination. ** hiring ASC to train, or possibly operate, as a kind of outsourcing for other organizations interested in implementing PAF.

These approaches reflect the current understanding of where and how scale can result in social impact maximization, a critical decision-making step in Weber et al.'s (2012) framework. However, pursuing all five roads at once is not possible. Therefore, different levels of time and resources will be invested in each. Current licensees will continue to receive support, yet energy will not be dedicated to expanding this network. Those interested in replicating will be offered consultancy services but will no longer be connected to ASC through affiliation. Consultancy is the new bet towards earning income and scaling-out, while influencing public policy is an important element of the strategy towards scaling-up.

As argued by Weber et al. (2012), scalability requires commitment over a long period of time, competent management and appropriate technical skills. These new expansion avenues will require different skills than those used to run operations and replication up to now. Whereas scaling-out via market practices entail entrepreneurial acumen, activities related to scaling-up require *systemic entrepreneurial* qualities.

6.2.1 New Horizons

ASC has reached maturity as an organization. However, limitations to scale and fundraise have led them to explore alternative avenues and organizational models. Davies (2014: 61) states that a SE with only one product is likely to fail. Resilience entails innovating continuously (i.e. new products, services, etc.) to respond to changing circumstances. Therefore, in November 2019 ASC will change its name²⁵ once again. Esteves explains “it is an opportunity to change our positioning. New narratives, new frontiers of expansion and knowledge”. This means ASC is going through an adaptive cycle (Davies 2014). The adoption of diversified avenues for scaling and the new positioning demonstrates their search for resilience in a new context.

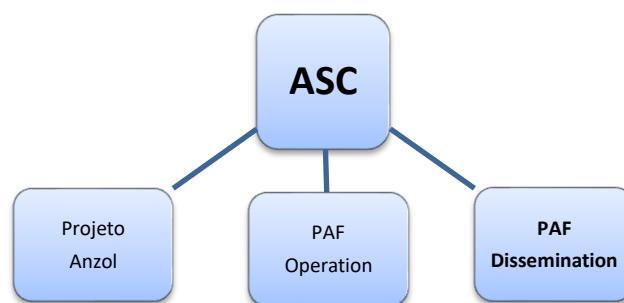
This is another turning point in ASC’s trajectory. It will likely institutionalize the dichotomy that is by now felt within the organization. According to Esteves,

“there are two completely different worlds here. One deals with businessmen, governments, etc. while the other, downstairs, deals with people that are hungry, need medications. These are two different worlds in the same organization. It seems we are drifting towards consultancy, which distances (these worlds) even more. This path (consultancy) is very interesting. We need to have a lab where we serve families, because the methodology evolves over time. We practice here, but we can take PAF anywhere in the world. (...) Today we can explore other things because we have replicated. We feel secure to say we know how to adapt, train, measure (impact). We can provide all of this, for a price. What will be done with it is their responsibility”

This quote is emblematic as it embodies ASC’s current position. First, the work done at headquarters remains central to showcase PAF (proof of concept) and as a laboratory for continuous improvement (scaling deep). Second, selling know-how is a desirable way to increase developmental impact and financial sustainability. Third, it implies the organization does not wish to control quality and that direct growth is not the focus anymore.

Esteves sees the organisation walking towards three distinct areas: one which manages *Projeto Anzol*, with earned income; the second focuses on PAF operations, continuously scaling deep; the third is the knowledge hub under which various services, products and partnerships would be managed to disseminate. The third area is the focus of the expansion strategy in its quest to earn income, scale-out and up.

Figure 7 – Focus Areas



²⁵ The new name was not disclosed during interviews, but several people mentioned that notion of ‘human development’ is at the core of their repositioning.

Seelos and Mair (2017: 56) argue that dissemination is productive “particularly when resource scarcity prevents scaling through replication”. To ASC this strategy is also adequate to generate revenue, because it is elastic enough to embrace open and closed sourced practices. However, the developmental effects of dissemination are not guaranteed because they depend on the capacity of adopting organizations (Seelos and Mair 2017: 56). Hence the importance of identifying and proactively reaching out to different levels and multiple stakeholders with capacity for impact. If the priority becomes creating revenue rather than impact, then the re-vamped organization may risk mission drifting.

6.3 Between the Need to Scale-out and Desire to Scale-Up

When discussing the future, Domenich, Cordeiro and Gaensly speak of working with government and creating coalitions for knowledge sharing. Which according to Weber et al.’s (2012) framework is a critical step towards scaling impact. Meanwhile Barreto and Esteves are focused on packaging PAF as a product that can be sold to scale-out and create revenue. This is because, despite the disenchantment with replication through affiliation, scaling-out is still necessary. Scaling-out is quantifiable, while scaling-up for system change is harder for investors to grasp (World Economic Forum 2017). This means the market measures success through the level of replication, numbers, aggregate results and returns of investments.

Barreto explains that many donors explicitly want to know where the methodology is being implemented. It is not enough to prove the concept has a deep impact on beneficiaries’ lives, donors want to see how transferable PAF is and how many people are directly impacted. Therefore, scale in numbers (wide) and places (out) matters for legitimacy. Since ASC is dependent on donations, attracting donors is relevant for their financial sustainability.

Herein lies a conundrum. The number of replicant organizations has decreased despite the energy and resources invested by ASC. As previously discussed, there are various reasons for this decrease. Some members rejected tighter control during the transition to affiliation models. Others lacked managerial competence to fundraise and create successors. In addition, aggravated by the macro-economic context, resources are being diverted from philanthropic organizations towards social businesses. Barreto explains that “most donations come from companies, but today we (social sector) compete (resources) with impact businesses”. This reinforces claims that achieving financial sustainability while creating social value gives legitimacy to organizations (Battilana 2018; Dacin et al. 2011).

As a result, ASC is seeking market-driven solutions that can generate income and help them scale-out. Hence the consultancy services and other PAF spinoff products such as ‘apps. The need to do so seems to have been internalized by staff members. No one who was interviewed argued against scaling through strategies that resonate with the business sector. They see this as a desirable pathway to keep the organization alive and create impact. However, in taking this step towards a hybrid model (earned income), other tensions arise between competition (closed source) and cooperation (open source). The first is aligned with market practices and the second with system change.

The degree to which knowledge will be open source is still a point of debate within the organization. Some people in top management seem more willing than others to operate as open source. Battilana (2018: 1283) argues that the existence of duality may create tensions among members. This does not seem to be the case now, but it may arise as ASC advances in the path towards blended goals.

6.4 Revisiting the Enabling Factors

Throughout PART II of this research it was possible to reflect on the enabling factors proposed by Weber et al.'s (2012) scalability framework proposed in Chapter 3, namely:

1. *Commitment of individuals* towards scaling over a long period of time
2. Management *competence* to guide the process without mission drifting;
3. *Reduction of operational complexity* which reflects on replicability of model;
4. Identification of where and how scale can result in *social impact maximization to meet social needs*;
5. *Ability to secure necessary resources* (financial and human) to surpass technical and economic barriers;
6. *Scaling Impact with others* by creating multi-stakeholder networks.
7. *Adaptability* of a model to different contexts.

ASC's scaling experience has not been a linear process. They had accomplished steps 1-4 which resulted in growing the number of replicant organisations. However, bottlenecks, especially in step 5, demonstrated that the method and business model were not viable. This has pushed them back to adaptation which implies rethinking the expansion strategies and organizational model.

The organization has learned that scaling involves sustaining initiatives in different place. For such, they had to become more flexible, identifying what is core and what could be adapted or discarded. They have learned that attaining the necessary resources (human and financial) and skills are a crucial aspect of scaling. This explains why they have reverted to dissemination as the viable alternative and why they have taken managerial decisions to hire a different profile of employees. Furthermore, ASC has always been aware that scaling is about quality and increased social impact. As an internal measure of growth, scaling deep is not something market forces value. However, from a developmental perspective quality is a key aspect to transforming people's lives for the better. In this respect, scaling deep has been a constant in ASC's organizational culture and trajectory. This has equipped them with expertise they are now trying to leverage through a new positioning. As a result, more energy will potentially be directed at forming networks and coalitions to share knowledge and scale-up. If this will result in system change remains to be seen as ASC will likely encounter tensions along the way due to competing logics existing in blended goals.

Chapter 7 : Conclusion: Scaling is Non-Linear

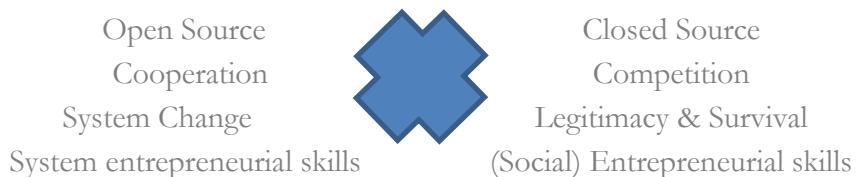
Social entrepreneurial narratives offer a seemingly simple pathway to transformation which involves: developing a solution, scaling and via scaling achieving system change. However, there is little empirical work to substantiate this normative claim. By analysing *Associação Saúde Criança's* (ASC) case this research sought to *unravel in what ways scaling social entrepreneurial initiatives lead to system change*. The paper set out to examine the methods and models used to scale; what influenced ASC to adopt them and what were the obstacles and benefits encountered. Building on this, it was possible to reflect on whether scaling influenced overall developmental impact and to what extent it was conducive to system change. Most importantly, this intra-organizational study investigated the tensions arising from the process.

ASC has been expanding, gaining quality and disseminating its work since the beginning. They have been successful in scaling deep and to a certain extent in scaling-out. Through headquarters, affiliates and via public policy PAF has reached 72 thousand people over 28 years. There is no doubt of the transformative nature of the methodology at a small scale and that much can be learned about this multidimensional approach to poverty alleviation. Nevertheless, ASC is still searching for a sustainable scaling pathway.

Their story shows that scaling has not been a linear process, but several vital lessons were learned along the way. In the past years ASC has accepted that organizational growth and affiliation are not appropriate models for their organizational capacity. This realization comes at a time when Schwab Foundation reached a similar conclusion: system change and large scale impact require thinking beyond organizational growth.

ASC seems to realize that, with the resources available, a wider impact can only be achieved by scaling-up. However, market forces drive them towards scaling-out and income generation. This sustains the literature which argues that diverse socio-political and economic contexts influence the adoption of market practices and/or blended goals. In this vein, despite being a SE within the 'social innovation' school, the adoption of licenses, social franchises and consultancy are not only related to increasing developmental impact, but also to the encroachment of market practices on the social sphere. This creates tensions (illustrated in figure 8) that may affect their ability to promote system change.

Figure 8 - Tensions



ASC has employed several models within the dissemination and affiliation strategies proposed by Dees et al. (2004) (see quadrants highlighted in blue in Table 7). These approaches were adopted because of the benefits and barriers encountered over time, namely: control and resources.

Table 7 – Scaling Debate Revisited

Strategies	Adequacy	Model	Method	Control & Resources	Potential
<i>Dissemination</i>	scaling of an approach or organization	Diverse	(in)direct knowledge sharing; training, consultancy	low resources; no control	Scaling out; scaling up
		Network	Social movement-building; Partnering; Replication	low resources; loose control	Scaling out; scaling up
<i>Affiliation</i>	scaling of an approach or organization	Licensing	Replication	medium resources; medium control	Scaling out
	scaling of an organization	Social Franchising	Replication	higher resources; tight control	Scaling out
<i>Branching</i>	scaling of organization		Replication: direct expansion through new units	higher resources; total control	Scaling out

Own table and analysis based on Davies 2014; Dees et al. 2004; Heinecke and Mayer 2012

As can be noted, some strategies and models are conducive to scaling-up and out, while others favor only scaling-out. Organizational replication, the primary method employed until recently, helped ASC scale-out but was not conducive system change.

Dissemination has now been adopted as the main strategy because it offers the highest potential for social impact, requiring fewer resources and offering less control over implementation (Dees et al. 2004). As shown in Table 7, depending on the method (i.e. consultancy, knowledge sharing, etc.), dissemination has the potential to scale-out, scale-up (i.e. system change) or both. The outcome will depend on the resources dedicated to open or closed source methods and the degree of *systemic entrepreneurial* skills.

Westley and Antadze (2013) argue that most organizations focus on scaling-out, because scaling-up requires a different set of skills. This study indicates two additional reasons. First, the prevailing assumption that aggregate growth will lead to system change without having to engage with broader political, legal and cultural contexts. Second, most donors channel resources towards scaling-out because it is quantifiable. Consequently, it has become a measure of efficiency and legitimacy for SE in both schools of thought. In this sense, scaling-up for system change may be desirable, but it is not vital to an organization's survival.

System change relates to altering goals, norm and beliefs towards new paradigms of thought and action around an issue. Cordeiro believes ASC has been successful in changing mindsets. She argues “the traditional doctor already knows that there is a methodology that consolidates the cure”. This shows that ASC is working in the direction of system change,

but there is still work to be done before claiming that the health paradigm in Brazil has been transformed.

Cindy Lessa provided an interesting metaphor to explain system change. She says, “by touching several points of a system, like in acupuncture, in a network, you create a new culture or mentality”. In this sense, scaling-up can lead to system change insofar as it connects social innovation to opportunities at multiple levels, resulting in the institutionalization of an innovative service, product or approach. ASC has taken steps in this direction via experiences with Baltimore and public policy in BH. The learning process of adapting PAF has taught essential skills needed to influence different actors and contexts in the system architecture. Moreover, the re-vamped ASC (new name, diversified services, and positioning) may offer an opportunity to approach system change in a more coordinated and proactive way.

The general conclusion of this research is that social entrepreneurs are not able to promote system change by merely replicating or scaling-out innovations (unless the solution to the need is incremental, such as vaccination). The notion that aggregate impact automatically leads to social change is a misleading liberal construct potentialized by market encroachment on the social sphere. System change requires engagement with multiple institutions and complementary initiatives. It is a collective process.

Appendices

Appendix 1 - List of Interviews

List of Interviews by order in which they took place:

1. Mirella Domenich – ASC CEO; Former Executive Director of Ashoka Brazil until March 2019
2. Georgiana Esteves – Expansion Coordinator
3. Georgiana Esteves (Expansion Coordinator) & Adriane Barreto (Chief Knowledge Officer - CKO)
4. Gilda B. – Volunteer Coordinator on Mondays
5. Fatima – Licensee Ilha do Governador
6. Cristiana Velloso – Chief Operating Officer
7. Laura Cordeiro Gaensly – ASC Board Member
8. Vera Cordeiro – ASC Founder
9. Ligia – Beneficiary
10. Adriane Barreto – CKO
11. Cindy Lessa - ASC Board Vice President & Ashoka Brazil Co-founder; Currently Interim Director at Ashoka
12. Georgiana Esteves – Expansion Coordinator

Observations:

- 1) *Aconchego Familiar* (i.e. Family Comfort) – beneficiary group therapy
- 2) Meeting on the future of Licensing attended by CEO, COO, CKO, Expansion Coordinator and ASC Lawyer
- 3) *Atendimento Familiar* – Accompanied Michelle's mid-term evaluation; spoke to volunteers and technical areas.

Appendix 2 – Interview Objectives

List of objectives for each interview.

Interviews		
Title	Name	Objectives
Founder; President of ASC Board	Vera Cordeiro	<ul style="list-style-type: none"> * reasons for scaling-up * why the different strategies used up to now * why didn't they work so far * what are the barriers * is control over the process and methodologies central to her. * who/what were the main drivers * what are the next steps and why * what is the importance of scaling-up for legitimacy (i.e. donors, etc.) * what was the impact of these strategies within the organization (i.e. staff, operations, beneficiaries) * what is system change for her.
ASC CEO & former Executive Director of Ashoka Brazil	Mirella Domenich	<ul style="list-style-type: none"> * how does Ashoka promote scaling-up * why does Ashoka promote it * what are the common barriers in Brazil * how are they overcome * what is the impact of scaling-up on organizations (i.e. Mission drifting, etc.) * what are the success stories from other organizations * what did they do differently * how can scaling-up lead to positive change, does it happen in aggregate form, is impact viewed from a targeted or systemic perspective * how is ASC planning to scale-up now, * is it growth or dissemination that is more important * why was this strategy chosen * what is the objective * what are the perceived barriers, how do they plan to overcome them * what is the role of other actors in the ecosystem in driving this process * what is the importance of scaling-up for legitimacy (i.e. donors, etc.)
ASC Board Member	Laura Gaensly Cordeiro	<ul style="list-style-type: none"> * how is ASC planning to scale-up now, is it growth or dissemination that is more important * what is the objective * how is ASC engaging with government and why
ASC Board Member & Founder of Ashoka Brazil	Cindy Lessa	<ul style="list-style-type: none"> * how does Ashoka promote scaling-up * why does Ashoka promote it * what are the common barriers in Brazil * how are they overcome * how can scaling-up lead to positive change, does it happen in aggregate form, is impact viewed from a targeted or systemic perspective * how is ASC planning to scale-up now, is it growth or dissemination that is more important * why was this strategy chosen * what is the objective * what are the perceived barriers, how do they plan to overcome them * what is the role of other actors in the ecosystem in driving this process * what is the importance of scaling-up for legitimacy (i.e. donors, etc.)

CKO	Adriane Mena Barreto (manages expansion - my focal point)	<ul style="list-style-type: none"> * how is ASC planning to scale-up now, what is the objective: is it growth or dissemination that is more important * why were strategies chosen * what are the perceived barriers, how do they plan to overcome them * what is the role of other actors in the ecosystem in driving this process * what is the importance of scaling-up for legitimacy (i.e. donors, etc.) * what was the impact of these strategies within the organization (i.e. staff, operations, beneficiaries) * what are the preferred strategies now and why
COO	Cristiana Velloso	<ul style="list-style-type: none"> * how is ASC planning to scale-up now, what is the objective: is it growth or dissemination that is more important * why were strategies chosen * what are the perceived barriers, how do they plan to overcome them * what is the role of other actors in the ecosystem in driving this process * what is the importance of scaling-up for legitimacy (i.e. donors, etc.) * what was the impact of these strategies within the organization (i.e. staff, operations, beneficiaries)
Expansion Coordinator	Georgiana Esteves (in charge of scaling)	<ul style="list-style-type: none"> * how is ASC planning to scale-up now, what is the objective: is it growth or dissemination that is more important * why were strategies chosen * what are the perceived barriers, how do they plan to overcome them * what is the role of other actors in the ecosystem in driving this process * what is the importance of scaling-up for legitimacy (i.e. donors, etc.) * what was the impact of these strategies within the organization (i.e. staff, operations, beneficiaries)
Volunteers	n/a	<ul style="list-style-type: none"> * how is scaling-up perceived * how does it affect their work * why do they collaborate with the organization, what gives them legitimacy, are they perceived as social enterprises or regular NGOs
Beneficiary	n/a	<ul style="list-style-type: none"> * how is ASC perceived * how did they become beneficiaries * what gives them legitimacy, * would growing ASC be a good thing in their perspective

Appendix 3 – Programs Within PAF



Source: ASC internal documents

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