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### **ANALYZING THE GROWTH PROCESS IN SOCIAL ENTERPRISES: AN HISTORICAL PERSPECTIVE**

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## **ABSTRACT**

The recent proliferation of social enterprises around the world has attracted considerable interest from the research community. However, while attention has understandably focused on important issues related to short-term performance, governance and accountability of social enterprises, much less attention has been paid to their longer-term growth process. In the paper we aim to address this research gap by setting out the conceptual underpinnings of a more historically-informed approach. The paper opens with a critical review of the recent growth literature, and a particular focus on the unfolding tension between social and economic imperatives. The argument is illustrated through a comparative case analysis of three social enterprises located in the United Kingdom. Cross-case comparison, structured around the preceding conceptual discussion, is used to identify common themes. The concluding section indicates how this approach might be further developed and sets out implications for social enterprise policy and practice.

**Key words:** Social enterprises, growth process, historical analysis, entrepreneurship,

## 1. INTRODUCTION

This paper examines how historical approaches can be used to study social entrepreneurship. In particular we explore the processes of growth and scaling up of social enterprises (Bloom and Smith, 2010) and show how a historical perspective can help explain how organisations evolve and respond to their complex environments shaped by individuals, teams, markets, policy, community of practices and changing norms.

This is explored by using three detailed case study social enterprises each of which have different ideas of growth, different concepts of what growth means, different means of achieving growth and different challenges of achieving growth. Successful entrepreneurial activity is traditionally associated with the identification and exploitation of economic opportunities, sparking an internal process of growth and an accumulation of economic value (Penrose [1959] (1995)). But how is this process modified where the core strategic aims of an organisation have been expanded to incorporate social and environmental imperatives?

Much has already been achieved in addressing important questions regarding the creation, management, governance and short- to medium-term performance of social enterprises, and in drawing out the implications for policy-makers (e.g. Paton 2003, Lyon and Ramsden, 2006, Spear *et al.* 2007, 2009). By contrast, little attention has been paid to longer-term organisational growth processes, either in terms of understanding their underlying dynamics or in assessing their wider implications for economic, social and environmental well-being. A central theme of the paper is that this represents a significant gap in our understanding, with important implications for academic research and policy-making.

The paper therefore aims to shed light on the growth processes of social enterprises. This is done by critically examining the meanings of growth in three case study organisations, the processes by which these organisations have grown, the drivers of growth over time and how these organisations have balanced the tensions between economic, social and environmental objectives. The paper examines organisations contrasting social enterprises, which are defined as organisations that have elements of trading, social aims and a distribution of any profit or surplus that is for social benefit rather than for any person gain. Within these organisations we recognise that there are elements of social entrepreneurial activity that we identify and examine.

The remainder of the paper is structured as follows. It opens with a short literature review, which provides a context and initial justification for the research and introduces the main conceptual frameworks. In the central section of the paper we present three brief case studies of social enterprises, located in their historical context. In each case, we look at how the organisational founders identified an initial 'social' opportunity (Corner and Ho 2010), then trace the subsequent development of the social enterprise over an extended period. In the analytical section we compare and contrast the growth processes with reference to relevant concepts. This is followed by a short concluding discussion, which draws out some of the main implications of the study and outlines a new research agenda.

## **2. LITERATURE CONTEXT**

### **2.1. Recent findings on the entrepreneurial growth process**

Despite the considerable attention paid to entrepreneurial growth by researchers, policy-makers and practitioners, our understanding of the entrepreneurial growth process remains surprisingly limited. In the last three decades, much of the academic literature on growth has consisted of variables-based research that has sought to isolate the antecedents of growth at different levels of analysis (e.g. personality characteristics of entrepreneurial founders, organization-level capabilities, socio-economic conditions, institutional contexts). Similar approaches have been adopted in search of discrete 'barriers to growth', with considerable attention focusing on particular factors, such as regulatory environments and access to finance. While studies of this kind have yielded a great deal of valuable information, researchers have found it difficult to develop a rigorous explanatory theory addressing the growth process. The authors of a recent review of the literature on entrepreneurial and business growth highlighted a lack of theoretically informed entrepreneurship research that addresses the growth process (Leitch et al. 2010).

The lack of conceptual development (Wiklund et al. 2009: 351) has important practical implications. For example, there is convincing evidence that a lack of consensus over the meaning of core concepts such as 'business growth' has impeded communication between researchers, policy-makers and practitioners. As a consequence, researchers are asking the 'wrong questions' about growth, while policy makers are working with the 'wrong assumptions' (Achenhagen *et al.* 2010: 289). While research on social enterprise is a less developed field in general, similar criticism could be held against research on growth processes in social enterprises.

### **2.2. The growth process in social enterprises**

The long-term growth process in social enterprises also remains under-researched. While some interesting new work is emerging in related areas, such as opportunity identification (Corner and Ho 2010) and social value creation (Haugh 2007, DiDomenico et al. 2010), there is a need for more critical attention to be paid to several aspects of the growth process, including the different patterns of growth emerging beyond the start-up phase, interactions underpinning these growth processes, including factors that may be specific to social enterprises, and the longer-term implications of adopting particular growth strategies and trajectories:

'[T]he more established, mature and successful social enterprises tend to be held up anecdotally as success stories, but are less often the subject of systematic and analytical research efforts. This leaves a number of unanswered questions regarding the organisational development process at work in mature and successful social enterprises and the types of risk and challenge that they may face.' (Peattie and Morley 2008: 30).

Research on the turnover of social enterprises has shed some light on growth with 56% of respondents of one large survey of over 900 social enterprises reporting that they experienced growth compared to only 28% of all businesses (SEC, 2009). However, there is considerable debate over what is defined as growth. As social enterprises have the combined objectives of both social value and financial sustainability, the growth of turn-over may be at the cost of social objectives.

Increasingly social enterprises are putting greater energy into measuring their social performance as well as the financial performance, although many consider the challenges of social reporting to be considerable (Mair and Marti, 2006). The approaches to social accounting require social enterprises to go beyond the recording of outputs and be able to assess actual outcomes (Paton, 2003; Nicholls, 2009; Mook et al, 2003). Investment in methods such as Social Return on Investment are seen as a way of demonstrating a wider definition of growth to a range of stakeholders both within and outside the organisation (Arvidson et al, 2011). While turnover uses the common language of financial value, measuring social value can use a wide range of indicators, limiting the ability to make comparisons between organisations. Lyon and Sepulveda (2009) also show how the definition of 'the social' is a contested term as one person's social aims may be perceived by others as unsocial or even anti-social.

Though there are few comprehensive studies of the growth process in social enterprises, some useful work has been produced that indicates potential lines of enquiry. For example, an exploratory study by Phillips (2006) includes some empirical evidence on growth constraints in social enterprises. Another recent empirical study appears to indicate some commonalities in the early development stages of three social enterprises, despite differences in their origins, history, markets and business structures (Bull et al. 2008). Two insightful, case-based studies of social enterprises in the environmental sector (Aiken 2006; Aiken and Slater 2007), examine how isomorphic pressures arising from network ties may influence the growth process. The researchers found that as these organisations engaged more actively with large public sector clients, there was evidence that they began to pursue broadly similar growth strategies. In a related article, the governance arrangements adopted by social enterprises have been related to several distinct patterns of development (Spear *et al.* 2009).

### **2.3. Applying historical research methods**

Woodin *et al.* (2010) recently noted the value of historical analysis with particular reference to social enterprises. In this research study, we are seeking to reinforce this argument by illustrating the insights that can be gained by applying historical research methods to study the growth of social enterprises. There is an extensive literature on the use of historical methods in entrepreneurship research (e.g. Cassis and Minglou 2005, Jones and Wadhwani 2008; Murphy 2009). A detailed review of this literature is beyond the scope of the present paper, but it is worth highlighting a few relevant points.

First, there is a long tradition of historical research on entrepreneurship. As Joseph Schumpeter recognised, in a seminal mid-20<sup>th</sup> century paper on entrepreneurial creativity, historical investigations are needed to identify distinctive mechanisms driving organisational growth, and not simply to chart the resulting patterns (i.e. the outcomes of the growth process):

'As a rule, no factor acts in a uniquely determined way and, whenever it does or not, the necessity arises of going into the details of its *modus operandi*, into the mechanisms through which it acts.' (Schumpeter 1947: 149)

Second, there are several strands of historical, and historically-informed research on entrepreneurship. Business historians have developed a tradition of entrepreneurial biographies (Corley 2006). Though some biographies lack objectivity and contextualisation, there are many scholarly works that locate the lives of individuals in a wider context, indicating how the subjects interact with other people and with the technologies, cultures, institutions and economic conditions in which they lived. Examples in the social enterprise community include Mawson (2008) and Yunus (2003). Organisational histories are also a useful approach that can be used

to address many aspects of entrepreneurial activity. As in the case of historical biographies, these questions can be linked to relevant theoretical frameworks and concepts, for example:

- How did people within an organisation identify or create entrepreneurial opportunities?
- How were the organisation's resources and capabilities re-configured in order to exploit these opportunities?
- What were the longer-term outcomes of an episode of corporate entrepreneurial (or 'intrapreneurial') activity?

Third, by introducing relevant theory, historical studies can also be used to make comparisons across time and between locations (Jones and Wadhvani 2008).

As with biographies, some of the most useful and interesting organisational histories extend beyond the administrative boundaries of the organisation, examining its interactions with other actors including its suppliers, customers, competitors, government agencies and local communities (e.g. Pettigrew 1985, Whipp and Clark 1991, Casson and Godley 2007). Fourthly, historical approaches can be used in order to take a more critical perspective on the nature and impacts of entrepreneurial activity. Notable examples include Ida Tarbell's ([1904] 2010) pioneering 'muck-raking' investigation into the early history of Standard Oil and more recent critiques of corporations including Starbucks and IBM (Clark 2008, Black 2001).

The final point to make from the literature on historical methods in entrepreneurship research is that while historical studies often span extended periods of time, even relatively short-term longitudinal studies can produce useful evidence concerning the growth process. For example, Mosey and Wright's (2007) examination of academic entrepreneurship provides insights into the structure, content, and governance of the social networks of some case study entrepreneurs. It also points to the influence of prior business experience and disciplinary affiliations in attracting funding and building relationships.

### **3. RESEARCH METHODS**

Case method research is an established approach to theory-building that has gained traction in small business and entrepreneurship studies (Eisenhardt 1989, Perren and Ram 2004, Eisenhardt and Grabner 2007). The research presented here is developed using an inductive research approach to construct a particular type of case, sometimes termed, 'analytically structured narratives'. In contrast to the more conventional chronological case study, these narratives reflect the researcher's efforts to probe the temporal and spatial complexities of unfolding events (Clark 2000). Exemplars include Whipp and Clark's (1986) analysis of product, process and organisational innovation in the Rover car manufacturing company and Kieser's (1998) reconstruction of the links between disciplinary practices at societal, organisational and individual levels in 18th century Germany. Narratives can be constructed using with evidence collected from various sources, including archival searches, semi-structured interviews, analysis of secondary data and participant observation.

The analysis is conducted in two related phases. Firstly, the narrative of each organisation is 'periodised', with reference to significant episodes, continuities and changes in strategic direction. Secondly, the evidence is analysed with reference to relevant concepts and frameworks. In this study, we have prepared three narratives and conducted a cross-case comparison to identify common themes and to explore differences in growth process over an extended period. The major challenge in constructing this kind of narrative is to combine, 'immersion into the history of the industry being studied' (Jones 2001: 918), with a high degree

of analytical clarity. The researcher needs to engage in a conscious effort to synthesise subjective and objective elements in the narrative in order to strike a balance between under-theorised 'commonsense' accounts that tend to exaggerate the agency entrepreneurial actors, and over-theorised analyses that exclude these actors in favour of tidier structural explanations (Clark and Rowlinson 2001, Sabel and Zeitlin 1997). As a recent study has indicated, it is also important to ensure that practitioners and researchers gain a shared understanding of what is meant by the term 'growth' as it applies to a particular organisation (Achtenhagen *et al.* 2010).

In the next section, we present initial drafts of the three analytically structured narratives, followed by a cross-case comparison. At the time of writing, empirical work on all three cases is ongoing. As a consequence, both the historical narratives and findings depicted in Table One should be treated as provisional and subject to further development. For similar reasons, the material in this paper should not be reproduced or cited without prior approval of the authors.

## **4. THE THREE CASE STUDIES IN HISTORICAL CONTEXT**

### **4.1. Introduction**

This section provides comparative case summaries of three social enterprises: the London Early Years Foundation (LEYF), Hill Holt Wood and Suma Wholefoods. Each organisation is distinctive in terms of its strategic intent, organisational structure, governance and historical development. At the time of writing LEYF is a social enterprise and charity, Hill Holt Wood is a community enterprise, and Suma Wholefoods is a cooperative. The narratives illustrate the value of the historical approach which have a particular focus on understanding aspects of the growth process, including the identification of social opportunities, the unfolding of dynamic capabilities and the ever-changing relationship between social enterprises and the context in which they operate. These areas are summarized in table one, and brief introductions to the case studies given.

**Table 1: Case study details**

<b>Influences on growth process</b>	<b>London Early Years Foundation</b>	<b>Suma Wholefoods</b>	<b>Hill Holt Wood</b>
<b>First established</b>	1903	1975	1995
<b>Organizational type</b>	Charity and social enterprise.	Wholesaling cooperative.	Community cooperative and social enterprise.
<b>Services</b>	Nurseries and other early years services	Wholefoods and organic foods	Training provider and conservation area
<b>Size- employees</b>	200 employees	150 employees	20 employees
<b>Awards &amp; recognition</b>	Awarded the contract to run the first nursery in the Houses of Parliament. Good food on the public plate award Social enterprise mark. Nursery World awards – highly commended	Specialist Wholesaler of the Year 2009 Huddersfield Examiner's Employer of the Year award 2010	Karen is a social enterprise ambassador. Nigel is a member of DEFRA's Ministerial Task Force for the Third Sector. Lord Stafford award for Innovation for Sustainability Green Apple awards for the built environment and Champions.
<b>Changing governance</b>	Some aspects became part of the NHS in 1948 while others remained so could be innovative. Adapted constitution again in 1977	Started as a small owner-managed enterprise, sold to core employees in 1977 and since managed as a worker co-operative	Started as a private enterprise, and brought in management committee then transferred ownership of most of asset to the community.

#### **4.2. London Early Years Foundation<sup>1</sup>**

The London Early Years Foundation's (LEYF) stated core purpose today is to build a better future for London's children, families and local communities through a commitment to excellence in Early Years education, training and research. It has 20 nurseries working in the more disadvantaged areas of London. Fees are charged according to ability to pay and there is a focus on quality of provision such as good training, quality food, working with parents and the local community. LEYF has a training element that aims to raise standards for all early years' provision in London.

<sup>1</sup> This case is developed from interviews with the senior management team members and a history of LEYF prepared by Chief Executive Officer June O'Sullivan. See [www.leyf.org.uk](http://www.leyf.org.uk)



The organization, which has responded innovatively to changing political and economic circumstances for over century, started out in the context of wide spread poverty and high infant mortality rates in inner cities. In the years prior to the 1911 Health Insurance Act, slum clearance and public health investment by local authorities, LEYF aimed in the start-up phase to help mothers to learn about better childcare, particularly in relation to health. The pioneering team developed a practical scheme of health education through home visits of trained volunteer health visitors, supported by the local council, which later took over some of the work. The organization developed to be an internationally recognized provider of health education.

The demand for childcare provision was increasing, and LEYF diversified into this area. In the 1930s this developed into nursery provision and training, as the need for childcare increased in line with changing working patterns. The provision of nursery care took off in 1943 supported by the council until the late 1950s, to support women taking up war work. Particularly important during this period was the establishment of the National Health Service in 1948 which took responsibility for many health services, reducing the need for charitable provision. LEYF continued to develop its childcare enterprise, with 'Toddler Clubs', including one mobile one on a bus. The organisation decided to continue with its voluntary status in order to continue to experiment and pioneer activities. The policy context also changed between the 1960s and 1970s with increased interest in nurseries. The 1990s saw LEYF moving to financial self sufficiency through further diversity in its operations. The organisation secured contracts to deliver for two civil service departments in 1991 and 1993, although in 2000 these became community nurseries. The diversification of income continued with other forms of nursery provision in 2005 and further income came from winning government contracts for new Children's Centres, and expanding geographically. Now, the different sources of income include mixed income nurseries; cash cow nurseries; a fully funded nursery; contract nurseries; a centre for research and learning development – offering training and learning services.

#### **4.3. Suma Wholefoods<sup>2</sup>**

*Suma Wholefoods* is a pioneering wholefoods and organic foods wholesaling cooperative. The market for organic food began to grow in Europe during the last quarter of the 20<sup>th</sup> century as consumers became more interested in purchasing food that was produced without using artificial fertilisers, herbicides and pesticides. Demand was fuelled by a combination of health and environmental concerns. The work of accreditation bodies, including Demeter, the Soil Association, Debio<sup>3</sup>, and KRAV<sup>4</sup>, facilitated the growth of the market. Suma continues to specialise in vegetarian, fairly traded, organic, ethical and wholefood products.

Though not initially organised as a cooperative, the organisation's core values can be traced to the ideas and actions of its founder Reg Tayler, who drew on previous experience in wholefoods in London, when he moved to Leeds and opened a retail shop, *Plain Grain*. In August 1975, at a meeting attended by all the wholefood shops in the north of England, he proposed they set up a wholefoods wholesaling co-operative in order to supply each other. Within a year they needed proper premises, and a retail shop called *Beano* was established which soon became an independent cooperative, separate from the wholesaling side of the enterprise. In 1977, Reg

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<sup>2</sup> This case is based on an interview with Bob Cannell of Suma, information provided by the organisation, media coverage and articles by Jones (2000) and Tavistock Institute for Human Relations (1988). See [www.suma.coop](http://www.suma.coop).

<sup>3</sup> [www.debio.no](http://www.debio.no)

<sup>4</sup> [www.krav.se](http://www.krav.se)

sold the *Suma* business to the then seven employees, who became the founder members of Triangle Wholefoods Collective, trading as Suma.'

In the late 1970s and early 1980s rapid expansion of the wholefood market meant that Suma had to move twice to a larger warehouse, finally moving to an 8,000 m<sup>2</sup> purpose built warehouse in 2001. There followed 15 years of steady growth, both of turnover and of the cooperative. Alongside the growth in size there was a corresponding increase in the complexity and sophistication of the business, and the structure of the coop went through many modifications to manage this change.

Recent innovations include Suma's ethically sourced and environmentally sensitive 'own brand' range of food and household products. They have a policy of working with other regional cooperatives, rather than competing to be the largest national distributor. Cooperative members and employees receive the same net hourly rate of pay, no matter what their job or responsibilities, and they encourage people to work in different areas of the business, which helps them get closer to their customers. *Suma's* distinctiveness as a social enterprise is reflected in its strong Ethical Policy, which sets standards for products, working practices, employment and environmental performance.

#### **4.4. Hill Holt Wood<sup>5</sup>**

Hill Holt Wood is a 34 acre site in rural Lincolnshire. Bought by Nigel and Karen Lowthrop in 1995, it has been transformed from a neglected and degraded woodland into a conservation area and vibrant social enterprise owned by the community. Their mission is, 'Proving the value of Ancient woodland in the 21st Century', and the organisation seeks to: maintain ancient woodland for use by the public; teach and develop young people to help them realise their potential; create products and services valuable to the community; and promote the cause of environmentalism and sustainability. In this way they balance the environmental aims of reducing their impact, their social aims of local community ownership and services for disadvantaged groups, and their economic aims of financial independence and sustainability.

Karen and Nigel Lowthrop bought Hill Holt Wood for £32,000 in 1995 after selling their fencing business. Karen was previously teacher, and Nigel a nature reserve warden. Their initial aims were to restore the wood that had been damaged by neglect and over exploitation and invasive rhododendron. They set about making the conservation viable through small-scale enterprises such as selling firewood and having support from government programmes, which they termed economic conservation. They did this in the form of a partnership called ECONS, living on site. It became clear that they needed the active support of the local community. They opened up paths, invited volunteers to weekend camps, established parking and information signs and ensured that one of them was always present to talk to any visitors. In 1997 the Hill Holt Wood Management Committee was formed with volunteers from the community and local government officials. In 2002 the Management Committee took control, forming a social enterprise, employing Karen and Nigel, with one of them as Chief Executive.

Moving beyond the focus on conservation of the woodland, in 1998, the local need to provide support for young people and give them work experience led to the opportunity to run training

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<sup>5</sup> This history is taken from interviews with Nigel and Karen Lowthrop as well as Frith, K, McElwee and Somerville (2009) and an Ofsted report on their education provision [www.ofsted.gov.uk](http://www.ofsted.gov.uk). See <http://hillholtwood.com/>

courses for young people on behalf of Groundwork Lincolnshire who had a contract from the UK Government programme New Deal for Young people. The training enterprise grew with the reputation of the project resulting in an increasing number of referrals of young offenders excluded from others forms of education. In 2004 Nigel and Karen handed over the wood and working buildings to the committee. It was now valued at £200,000, but they agreed a price of £150,000, while keeping a plot with a house.

After 2004, the social enterprise has grown with new contracts for developing training, contracts to provide countryside services for the local council and the acquisition of another area of woodland located nearby. In 2009 they branched into the neighbouring council area by drawing on their established reputation, to start a substantial £1.6m project training young people related to environmental activity. They are also involved in new plans related to Retrofitting and social housing in neighbouring councils.

## 5. Discussion

The three historically contextualised cases of the London Early Years Foundation, Hill Holt Wood and Suma Wholefoods offer the opportunity to explore the role played by a variety of factors in modifying the founding visions of each social enterprise. It is also possible to see how interactions between these factors have influenced the growth process in each organisation. One of the major analytical challenges, which is common to most historical research, is in abstracting from the detailed information available in order to provide a clear representation of events while also attempting to do justice to their inherent complexity. For the purposes of this analysis, we have concentrated on the following factors, which can be related to recent discussions in the entrepreneurial and organisational growth literatures:

- Opportunity recognition (e.g. Corner and Ho 2010)
- Capabilities, orientation and networks (e.g. Macpherson and Holt 2007)
- Economic, political and institutional context (e.g. Lyon and Ramsden 2006)

The cases show how the concept of growth can be conceived of in very different ways. In each of the cases the social enterprises can be seen to follow the conventional view of increasing turnover and employment over time. This may not be occurring in a steady period of change, but rather occurs following critical incidents such as the winning of a new contract or the development of a new market. However, the growth of social enterprises can also be seen in terms of their wider social and environmental objectives. So Hill Holt Wood may define its impact in terms of the areas of wood conserved, the number of visitors to its site, the number of young people trained or the reduction in unemployment. LEYF may record their impact in terms of the benefits to children going through their nurseries, the benefits to parents from having childcare and the benefits to staff from having training and employment.

In terms of the processes of the processes of growth, the case studies have shown the nature of opportunity recognition in social enterprises. This involves, not only an understanding of the financial or business case, but also the social and environmental opportunity recognition. This is shown in table two. A common feature of all three organizations is that they are strong networkers with their respective core stakeholders such as local communities, political parties and local government. Also noteworthy is the fact that they have all experienced a change in organizational form and associated governance structure. This has been an important factor in developing their legitimacy and relationship with a range of stakeholders. Other ways of building

their legitimacy has been through demonstrating their impact and in the case of LEYF renaming their organisation.

**Table 2: Opportunity recognition as a growth process**

	<b>London Early Years Foundation</b>	<b>Suma Wholefoods</b>	<b>Hill Holt Wood</b>
<b>Identification of social opportunities</b>	Original idea of health visitors or infant mortality, moved to training for nursery workers and provision of nurseries for disadvantaged, recent growth in contracts and new nurseries	Original idea of retailing wholefoods locally. Has developed as leading wholesaler of branded vegetarian, fairly traded, organic and ethical food and household products operating nationally	Original idea of conservation combined with training of excluded young people. Has moved into new areas, pursuing social opportunities such as ecohousing and retrofitting
<b>Identification of economic opportunities</b>	Combining fees and contracts from public sector with charitable donations.	Has developed brand, engaged in product innovation and pursued new market opportunities	Sourced contracts for training and delivering services for local authority

The drivers of growth can be divided into the internal and external factors. The key internal factors are those roles of the social entrepreneurs who were the founders or who have taken the organisation through periods of rapid growth. While there have been individuals, who have taken these entrepreneurial roles, the cases also show that these change over time and that organisations may be run as groups of entrepreneurs, or as in the case of the Hill Hot Wood a husband and wife team as 'co-preneurs'. These are shown in table three.

**Table 3: Founders experiences and resources**

	<b>London Early Years Foundation</b>	<b>Suma Wholefoods</b>	<b>Hill Holt Wood</b>
<b>Social entrepreneurs</b>	Initially Dr FJ Allan; Richard Saunderson; Margaret Horn; Mayor of Westminster. June O'Sullivan CEO since 2004	Reg Tayler	Nigel and Karen Lowthrop
<b>Prior experience and capabilities of founding individuals/groups</b>	Started by 'elites' of the area in 1902, with local activists working as a team. Recent growth led by a person with sector recognition and leadership skills	Previous knowledge of whole food retail and collaboration with distributors enabled growth.	Founders had knowledge of forestry, community engagement and training before they started the venture.
<b>Business (re)orientation and entrepreneurial resources</b>	Diversifying and innovating from the start in 1900s, realising they were a social enterprise recently as so much income from trading	Geographical growth, cooperative basis for development drawing on wide skills base.	Business skills from previous self-employment combined with sector skills
<b>External network actors and emerging relationships</b>	Constant relationships built up with councils over the years	Demand for wholefoods and organic foods based on increased health and environmental concerns and public support for independent suppliers	Excellent networking with local authority staff and elected members to open opportunities

In this paper, we pay particular attention to the initial vision of the organisational founders and how it is modified over time. In order to trace these interactions, we need to identify key developments in each of the social enterprises, including: entry into new fields of activity, the acquisition of new capabilities and the formation of new relationships. It is also necessary to examine their prior experience and the business resources and relationships that they can draw on. These are also changing over time.

It is also necessary to examine the broader changes affecting its sphere of operations, including changes in economic conditions, public policies and the regulatory environment. These can be classed as the external drivers affecting the growth processes and can come from the state, the market or from civil society. Increasingly, these divisions are increasingly blurred as there are quasi-markets for public services and civil society is affected by an increasingly competitive environment. However, for this analysis,

**Table 4: External factors affecting growth in social enterprises**

	<b>London Early Years Foundation</b>	<b>Suma Wholefoods</b>	<b>Hill Holt Wood</b>
<b>Civil Society</b>	Growth in interest in nursery care and women returning to work	Growth in interest in organic food ealthy eating, ethical sourcing and environmental responsibility	Interest in conservation and walking by surrounding community
<b>Market</b>	Willingness to pay for nursery places by parents , and demand for skills from early years professionals	Market niche and organizational independence reinforced by distinctive ethos and networks.	Local authorities create markets for services through outsourcing
<b>State</b>	Purchasing of nursery care, setting of standards that required training for staff, funding to parents for free nursery places.	Has contracts with public sector customers, but is not wholly reliant on this source.	Contracts available from local authorities and new programmes such as Future Jobs funds

Growth processes in the case study social enterprises differ from conventional enterprises in that they have to balance the multiple dimensions of economic, social and environmental factors. With these multiple objectives, questions can be raised as to whether maximising growth of one factor will be at the expense of the other factors or whether, these organisations can build their business models in such a way to maximise all three. The example of the fair-trade produce sold by the Suma Wholefoods shows how the social and environmental and social objectives of products that offer a fair price to poor producers in developing countries, provides a business case that creates the economic opportunity. Similarly, Hill Holt Wood are able to grow their enterprise through delivering training for young people out our work and education in environmental activity with business opportunities recognised from networking with local authorities.

## **6. Conclusion**

In common with the authors of a recent review of the literature (Leitch et al. 2010), we find a lack of theoretically informed entrepreneurship research addressing the growth process. There is scope to draw on the experiences of related research fields, including the work conducted on growth in small firms (Macpherson and Holt 2007). Existing research addressing the growth of social enterprises tends to address specific aspects, such as the pursuit of social opportunities (Corner and Ho 2010), social value creation (DiDomenico *et al.* 2010) and the role of support policies (Lyon and Ramsden 2006). However, there is considerable scope to adopt a more integrated and holistic view of the growth process in social enterprises.

The research identifies several themes require further exploration in other social enterprises. These include: the role of the founding entrepreneurs in shaping the subsequent growth process, either directly or by influencing core values and ways of organising; the significance of critical incidents in driving rapid change (e.g. legislative changes, large public and private sector contracts); the multiple roles of public sector bodies as customers, regulators and enablers (e.g. giving planning permission); and the need to understand the geographic location and temporal context in which social enterprises are operating (Porter and Lyon 2006).

This research is important because social enterprises have sometimes been treated by policy-makers as a contemporary phenomenon, with few historical precursors and a largely static organisational form. In this paper, we have attempted to challenge these assumptions. There have been very few attempts to consider social enterprises from a historical perspective, to explore their underlying growth dynamics, or to consider the implications for research, policy and practice. It is our hope that this paper goes some way to substantiating the case for a new research agenda on the longer-term growth processes in social enterprises. We have argued that there is a need to: (a) probe in greater detail the unfolding tensions between (broadly) 'economic' and 'social' imperatives; (b) incorporate into research designs an explicit recognition that entrepreneurial activity is inherently dynamic and relational; (c) extend the scope of the growth process studies beyond conventional organisational boundaries in order to probe the underlying causes and the broader consequences of growth; (d) collaborate across the disciplines to ensure that research studies are more historically-informed and contextually-grounded, recognising both the commonalities and the unique features that shape the growth of socially-responsible organisations.

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