International Institute of Social Studies

Erasmus

Working Paper
No. 668

Social entrepreneurship: pathways to scale

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December 2020

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Abstract

Creating positive and transformational change by meeting social needs is a goal of development organisations. Social entrepreneurship, characterized by the blurring of boundaries between sectors, offers innovative solutions to meet social needs and has emerged as a new developmental actor that does not centre on the state or international aid. However, the limited scope of impact of these initiatives makes reaching scale a central concern but the pathways of scaling are still poorly understood. By analyzing the case of *Associação Saúde Criança* this study provides insights into the tensions created by market encroachment on the social sector and the feasibility of scaling complex developmental initiatives. Findings show that scaling is not a linear process, it involves adaptation and resilience. Furthermore, market encroachment pressures organizations towards finding a balance between staying financially sustainable and socially relevant.

Keywords

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Acronyms

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

Social entrepreneurship: pathways to scale[1]

1   Introduction

Since the 1990s bottom-up initiatives to solve social and development problems have become a common object of study going by the terms of social innovations, grassroots' innovations, social enterprises, social ventures, and other similar concepts that centre on ways in which citizens become agents of development. That is, to take more active roles in pursuing social needs where governments and markets have failed (Davies 2014; Seelos and Mair 2017).

These social initiatives are generally small and local and, when successful, the question on their scaling to increase impact immediately follows (Agapitova and Linn 2016; Murray 2010; Lunenburg 2020). In their recent book, Seelos and Mair (2017: 2) define scaling in broad terms, as "actions that use established products, services, or interventions to serve more people better". Instead, within the UN system scaling is related to outcomes and in 2016 UNDP joined forces with Impact Hub[2] to create the *Accelerator 2030 – Scaling Impact Globally* project, an initiative that aims at scaling impact. Furthermore, in early 2019 the World Economic Forum formed a global alliance to support the growth of social innovations in view of the achievement of the Sustainable Development Goals.

These international development initiatives follow the views of social innovations and social enterprises as "agents of development" and signal the attention paid to their scaling. However, impact at a national or general level is a characteristic of the actions of the state, with larger resources and infrastructure than those in the hands of small local organisations implementing strictly contextualised social innovations. Furthermore, it has become evident that scaling is not a simple process and despite some successful examples of scaling, 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). Still, enthusiasts in government, private and third sectors, continue claiming that social innovations should scale to produce positive transformation in society. The difference between the expectations that social innovations should grow and their realistic chances to do so hence requires further scrutiny.

This article aims at better understanding the scaling process of local innovations. In another article the authors examine critically the reasons and prospects for the pressures to scale and the ways in which they affect the

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[1] A previous version of this paper was submitted as part of the Master of Arts in Development Studies at the International Institute of Social Studies, EUR, with the title *Social Entrepreneurship and Development. The Arduous Pursuit of Scale.*
[2] Allegedly "the world's largest network focused on building entrepreneurial communities for impact at scale" (Impact Hub 2019).

choices of social innovations (Bastos and Gómez, forthcoming). This research explored why the various strategies, methods and models of scaling are chosen in a growth pathway and with what consequences. What are the cracks and tensions caused by social innovations' efforts to scale and why do these occur? The enquiry was grounded on a case study of a *best practice* because this method enables the tracing of processes employed over time and the achievement of a deep empirical understanding of the phenomenon within its context, as explained by Yin (2014) and Gerring (2007).

For reasons of affinity, the authors wanted to work on a Latin American organisation. After a broad search within the management, development studies and environmental literatures on social innovation the enquiry settled on the case of *Associação Saúde Criança* (ASC) in Rio de Janeiro, Brazil. ASC has been recognized as the most innovative NGO in Latin America[3], despite its ever-present challenges to obtain funding. ASC is now ranked as the 21st best NGO in the world according to the NGO Advisor Award on the criteria of innovation, social impact, transparency, and governance[4]. ASC is a well-structured organization with a long history of positive developmental impact, according to the key international organisations Ashoka and Schwab Foundation[5], and it is considered a success story by academics alike (Habyarimana et al. 2013). Since the 1990s ASC has reactively and proactively made efforts to scale its impact in Brazil and abroad with varying results. The organization has experimented with different growth models such as networks, social franchises, licensing, public policy, consultancy, and knowledge sharing. Moreover, the history of the organisation is well documented, since 2008 it has worked to improve management standards with the support of McKinsey & Company. It is audited by internationally recognised companies, such as PricewaterhouseCoopers or Ernest & Young, since 2012 and annual reports are online from 2012-to present.

Once access was arranged, the study took the shape of an intra-organizational investigation. 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. Secondary data and grey literature were collected to analyse the narratives, context, mechanisms, and challenges faced. Data collection through fieldwork included semi-structured interviews (online, phone and face-to-face) with ASC staff and Ashoka Brazil representatives. The interviews with Ashoka representatives related to their influence and strong ties to ASC.

Fieldwork took place with ASC 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*

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[3] ASC website https://dara.org.br/conheca/quem-somos/reconhecimento/ (accessed in December 2020).
[4] NGO Advisor Award website https://www.ngoadvisor.net/ong/saude-crianca (accessed in December 2020)
[5] Skoll Foundation Biography https://skoll.org/contributor/vera-cordeiro/ (accessed in December 2020)

Familiar (Family Comfort) group session. The top management team, including the founder, as well as employees from middle management, staff, volunteers and beneficiaries were heard in several interviews. In addition, one licensee, two ASC Board Members and two people who work, or previously worked, for Ashoka Brazil were also interviewed to obtain their perspectives on scaling and system change. Some of the interviewees were identified by the organisation itself and others were chosen by the researchers on the basis of snowballing. ASC gave consent to the use of the materials in this article. Individual 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 every participant in the research received an explanation on what the research was about, why their help was necessary and how data would be utilized. No names were mentioned, and no part of the recordings or research notes were shared with ASC, as it was agreed, but the positions of the various sources are stated. Complete non-disclosure of their identities was unfeasible in such a small organisation, but research contributors were informed that they could withdraw their authorization at any time. When interviewees received the final draft, none addressed the issue of anonymity or other issues discussed in the paper because these are matters often discussed openly in ASC, they noted.

In the next chapter the research discusses the current literature on social innovations and scaling and chapter 3 briefly introduces ASC. Chapter 4 recounts the scaling pathway of ASC following theoretical models found in the literature on social innovation, while chapter 5 shows how the organisation eventually set to find its own scaling strategy to balance their possibilities and desires.

2   Social innovations and scaling

In social innovation literature, scaling refers to an increase in impact through growing the organization or collaboration and diffusion of methodologies (Murray et al. 2010). This section will tease out a definition of social innovation and will then delve into modalities of scaling presented in the management and development studies literature.

A single definition of social innovation does not exist and 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 social innovation is "at the centre of an ideological battle between neoliberalism and its opponents" (Montgomery 2016: 1981).

The concept of social innovation has been "used interchangeably with numerous other terms such as social economy, social enterprise, third sector and big society" (Montgomery 2016: 1981), associated to the failure or withdrawal of welfare regimes. Social enterprises are only one of the various phenomena identified as social innovation (Davies 2014). Social entrepreneurship as a field of practice emerged in the 1990s in Europe within a contemporary perspective of cooperatives (Davies 2014:63). Not all social entrepreneurial initiatives are innovative and result in social impact. I*nnovation* specifically describes "a process by which organizations create and develop ideas under conditions of uncertainty... If successful, innovations create new products, services, or interventions that have potential for positive impact" (Seelos and Mair, 2017: 2).

In the United States studies of social entrepreneurship 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 social enterprises 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' style[6]. 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).

Zahra et al. (2009) compile a comprehensive list of social entrepreneurship typologies in which it stands out that regardless of contentions concerning definitions, the similarity between them is the reference to innovation, the blurring of boundaries between sectors and the praise of liberal values for the achievement of social good. This paper follows Zahra et al. (2009: 520) in adopting an 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".

2.1   Scaling directions

Scaling is a metaphor borrowed from manufacturing which implies the idea of growth (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) argue that scaling-up development impact should be understood in terms of "transformative change", which is defined as effecting change in behaviour. This implies that scaling developmental initiatives is not only about growth, as is the case for normal enterprises, but also about quality and impact.

Figure 1 below shows a well disseminated version of the scaling pathway of social innovation (Murray et al. 2010). It reflects a common narrative found in social innovation and social entrepreneurial literature describing their life cycle. It offers a seemingly simple pathway 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. However, few initiatives can effectively scale because of barriers encountered along this trajectory.

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[6] 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.

FIGURE 1
The Process of Social Innovation
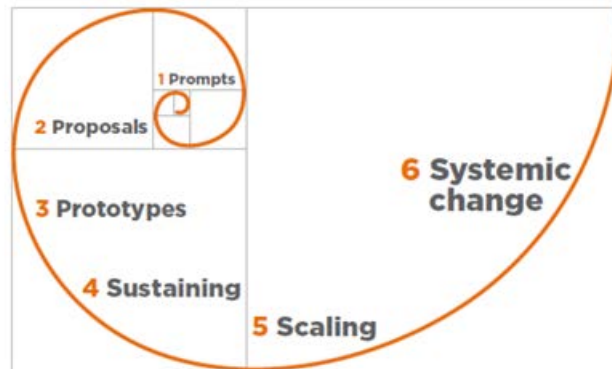
Source: Murray et al. 2010: 11

Weber et al. (2012) produced a systematic literature review which identified the enabling factors for successful scaling. 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. It reflects the importance of joining networks to disseminate impact. In sum, they argue that scalability requires commitment over a long period of time, competent management and appropriate technical skills. Organizations can use these factors to reflect on the scalability of a business model. These aspects will be revisited whilst examining ASC's trajectory.

In the management literature, scaling is often subdivided into different categories such as: scaling deep, scaling wide, scaling out and scaling up. Following Bloom and Chatterji (2009), s**caling deep** means tackling a problem from different angles to provide a more rounded solution. It is related to ameliorating the quality of an approach to increase impact and gain relevance from this developmental perspective. **Scaling wide** concerns increasing the number of direct beneficiaries, which does not necessarily imply more quality or impact. (Heinecke and Mayer 2012: 193). Both scaling deep and wide are internal measures of growth. **Scaling out** "refers to the efforts to disseminate social innovation, so that its benefits can be felt by more communities and individuals. **Scaling up** 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), implying that successfully scaling-up results in institutionalizing an innovative service, product or approach at a larger level.

Westley and Antadze (2013: 3) argue that most social innovations operate at the scaling-out level because scaling-up requires a different set of skills related to systemic change. Scaling-out is mostly related to replication strategies, management best practices and entrepreneurial acumen. While

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activities related to scaling-up require *systemic entrepreneurial* qualities. 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*).

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

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

2.2 Scaling strategies

Following the directions of scaling, Dees et al. (2004) offer a framework for scaling strategies that is widely used in the literature. 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 to others. 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. It 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). It implies more control over implementing organizations but requires more financial and human resources from the original organization to provide technical support (Dees et al. 2004).

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).

This paper will look at two different forms of affiliation, the second modality, 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 form 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.

The core mission of social innovators is to meet social needs, so 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 source[7] 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 create tension in endeavours to increase impact and promote system change.

2.3   Market encroachment

As indicated, most studies of social innovation and social entrepreneurship have adopted the terminology of business. Several authors critique the discourses of social innovation and social enterprises precisely on that basis. They underline the encroachment of the market towards the social spheres of civil society and government as a neoliberal understanding of social

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[7] 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).

movements 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 either positive or negative. Coming from an institutional theory perspective, Battilana (2018: 1281) argues that social innovation and social enterprises were born out of a tension between citizen's drive to meet social needs, fiscal austerity and market encroachment on the social sphere. Market encroachment entails revenue seeking and the professionalization of the social sector to mirror management practices from the private sector. These factors influence organizations to adopt market practices and/or blended goals.

TABLE 2
Summary of Scaling Debate

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

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

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 goal in itself and evidence of developmental impact and legitimacy. However, though scaling through market practices may lead to increased aggregate impact, this will unlikely lead to system change. Furthermore, gaining scale in numbers does not guarantee quality and impact.

Based on the literature review, 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. Although debates on scaling have conflated scaling-out and scaling-up, the distinction between both should be clear as they entail different skills, strategies and outcomes.

The scheme in table 2 helps understand the different strategies, modalities 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.

3   Understanding Associação Saúde Criança

This chapter provides an overview of 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. ASC was founded under the name of *Renascer*[8] (Reborn) in 1991 in Rio de Janeiro by Dr. Vera Cordeiro. But the idea started when Cordeiro was transferred to the paediatric 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, and many would ultimately die. As argued by Battilana et al. (2018: 2), "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.

3.1   What does ASC do?

ASC's work is premised on the understanding that the causes of poverty and illness are multidimensional. 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-being, as appears in the organisation's website.

Cordeiro states in a fieldwork interview, "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,

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[8] 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.

listening (to beneficiaries)". In this way, she highlights that PAF is the result of co-collaboration and evolution along the 28 years of their existence.

Below is an overview of the Family Action Plan process:

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

Step 2) The family goes through triage, 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 the support networks available for the family in times of distress are.

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.

FIGURE 2
PAF Life Cycle
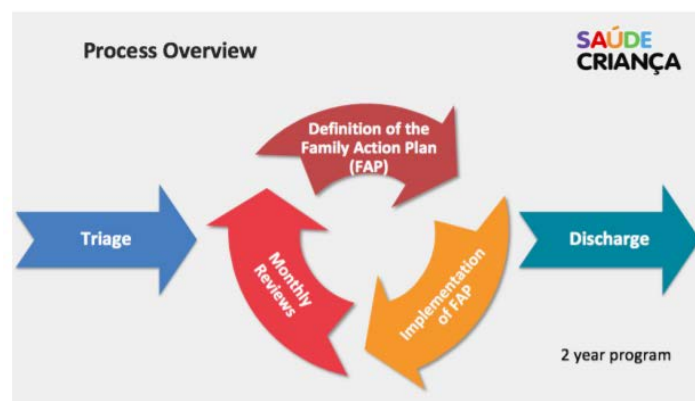
Source: ASC internal documents.

Many families live far away, and time poverty can be an issue, therefore they come to ASC once a month for all services needed. Most receive milk and medicine, and 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 the Expansion Coordinator, 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.

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. According to the Expansion Coordinator, 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', a place that centralizes all professionals and projects needed **to** assist families. 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 to ASC's headquarters in Botafogo, Rio de Janeiro, 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 Familia or alimony attained). When asked if this conditionality bothered families, the Expansion Coordinator 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. 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 is assessed by the benefits that the communities they serve effectively get. 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*.

3.2   Formal structure and funding

ASC 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. It fits Afford et al.'s definition of social entrepreneurship 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 and ASC embody the perfect example of a 'social innovation', because the organization is constituted as a non-profit by a *change-maker*. 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.

ASC was originally organized vertically, but recent managerial decisions opted to implement a circular organisational model. This process of restructuration occurred in 2019. The new strategic direction responds to challenges to financial sustainability and expansion and resulted in 11 redundancies. Currently ASC's structure is composed of the following positions:

- 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

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*).

Table 3 below shows the breakdown of revenues in the past two years.

TABLE 3
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 funds, which are investment funds "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). In the case of ASC, one was established in 2008 and the organization has had to draw from it to keep afloat in recent years. This is represented in the table above as 'Financial Investments', which increased by 5%. The fund has also been used recently 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 4 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 $188).[9] The support provided to

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[9] Calculation based on official exchange rate on 28 October 2019.

licensees (i.e. model substituting social franchise) is deducted from 'assistance to families'.

TABLE 4
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

Despite being philanthropic, earning some income has been part of ASC's history, as exemplified by Projeto Anzol, in which some women learn a craft and make objects that are then sold. They get a small percentage of the earnings and ASC uses the rest to reinvest. This crafts 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). The Chief Operating Officer (COO) 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 slowly, 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. The COO 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 that was not profitable. By closing it the expectation is that *Anzol* will break even again. In addition, ASC is partnering with *Magazine Luiza*[10] for online sales. Therefore, they are optimistic that *Anzol* will become a revenue stream again. The CEO is personally overseeing this project now, 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.

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

4   Scaling strategies

In their 2018 Annual Report ASC informs that 72.000 people in six 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. They substantiate 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).

Figure 3 provides a timeline of ASC's scaling trajectory vis a vis the strategies adopted over the years.

FIGURE 3
Scaling Milestones
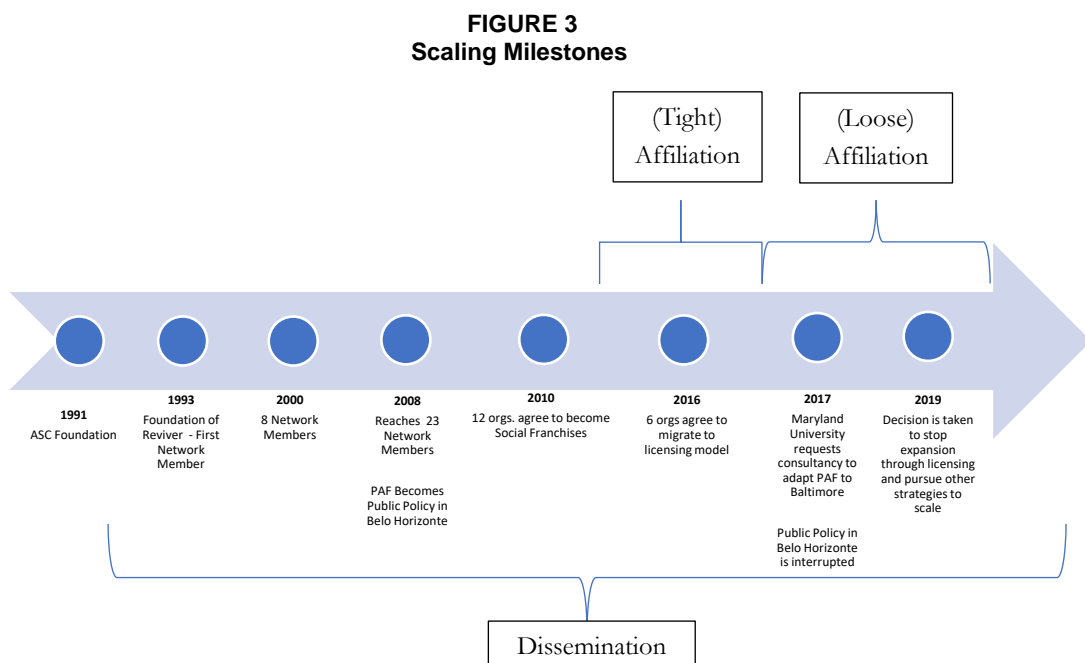
Source: Own figure based on interviews and Dees et al. (2004) framework for scaling.

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.

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

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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 affiliation and organizational replication was not an efficient pathway to scale.

4.1   Replication of organizational model: Scaling-Out

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. 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 Europe.[11]

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

FIGURE 4
ASC Network

	NOME ORGANIZAÇÃO	HOSPITAL	CIDADE	FUNDAÇÃO	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 Salles 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	RECRIAR	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 Loreto	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	Centro 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.

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

According to the COO, 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.

The scaling-out strategy of expanding impact via its network lasted seventeen years between 1993 and 2010. 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 of the mentioned 24 members. The support provided consisted of training, monthly calls, quarterly reports, operation manual, and periodic meetings to exchange lessons learned.

In 1998 Ashoka Brazil offered five thousand hours of *probono* support by global consultancy firm McKinsey. 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).

However, network members presented varying degrees of impact and management abilities. Influenced by McKinsey and by Cordeiro's desire for more control over quality, ASC adopted the social franchising model as a tighter form of affiliation. Fátima Brandão, an ex-president of *Repensar Ilha,*[12] has been connected to ASC since the network days. She says this period was rich in exchanges between members but recognizes that there was a lack of uniformity and quality among them.

Out of 23 network members only 12 organizations became social franchises in 2010. The shift towards a formal agreement was a way to guarantee that PAF maintained its DNA while scaling. The primary reason for adopting such a model was quality control, but a resulting benefit could be

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[12] *Repensar´*s work focuses specifically on children with leporine lips and vulnerable families. It is currently one of the licensees.

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.)[13]. However. generating income was not successful as social franchises could not, or did not, pay their fees and ASC did not enforce it.

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 technology.[14]

The COO 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. According to Weber et al.'s (2010) framework, ASC got stuck in a critical step towards scaling which is securing resources to overcome technical and economic barriers.

The Chief Knowledge Officer (CKO), 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.

The licencing model was introduced in 2016. 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.

There are currently six organizations working under this model (see table 5).

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[13] As mentioned in clause 7.2 of the *Social Franchise Contract* model shared by ASC during fieldwork.
[14] Based on internal ASC document entitled *Saúde Criança_Expansão 2019*.

TABLE 5
Number of Families per Licensee

Organization	Location	Number of Families
Instituto C	Sao Paulo	175
Responder	Rio de Janeiro	40
Respensar-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.

The CKO 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. Therefore, 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 the COO and the 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.

4.2   Dissemination by scaling-out and scaling up with partners

Public Policy

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 Horizonte[15] (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 - CRAS)[16] 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

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[15] Belo Horizonte is the third biggest city in Brazil.
[16] CRAS is a gateway to social assistance policies.

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 key[17]. For such, ASC worked closely with each department to adapt the methodology to the public policy context.

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 recipients each year in Belo Horizonte. 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. The CKO 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.

A Board Member and the Expansion Coordinator 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 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.

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

The CEO 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 the CKO, as the source of this idea. Interestingly, she comes from the

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[17] Based on internal ASC document entitled *Saúde Criança_Expansão 2019*.

private sector, having been an IT professional before joining ASC seven years ago.

Coincidentally, 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 focused on knowledge transfer and adaptation. The second year will consist of 24 meetings with 40 vulnerable families selected for the research. The third year 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 followed[18]. 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.

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[18] Internal ASC document about expansion methods.

5   Mix of scaling modalities

ASC created the Expansion Area in 2017, the department responsible for managing their scaling strategies. Besides managing the relationship with licensees, this area is responsible for scaling PAF through dissemination strategies in diverse modalities such as knowledge sharing, training, and consultancy services. Since its creation, it has been exploring approaches that go beyond organizational replication. This means the solidification of the understanding that affiliation and tight control is not possible for ASC because it requires higher levels of resources and control, which proved to be a barrier, as yielded low overall impact.

In 2019 the organization 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 revenues.[19]

These reasons reflect two kinds of incentives. The first relates to developmental motivations while the second relates to market pressures for growth (i.e. scale and revenues) as a measure of efficiency. Despite the philanthropic financial model and status as a social innovation, the organization is moving towards blended goals (i.e. hybrid model) and that move, according to Battilana (2018: 1283) creates pressures on organisations 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. It also represents a new source of tensions. Increasing the number of PAF beneficiaries was not the priority when the CKO presented the *Study About Expansion* to top management in 2019. 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 and to match her intervention to the magnitude of the problem. Since the urge to scale might result in mission-drifting (Utting 2015; Battilana 2018), being clear about core values and aims is key.

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

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[19] Based on PowerPoint presentation, named Study About Expansion, shared by ASC staff.

FIGURE 5
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.*

These approaches reflect ASC's current understanding of where and how scale can result in social impact maximization. Pursuing all five roads at once is not possible, so different levels of time and resources will be invested in each initiative. 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. The Expansion Coordinator 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.

This move represents critical implications in relation to Weber et al.'s (2012) framework. On the one hand, the core social innovation, not scaling, remains the priority of the organisation. On the other hand, the success of social innovations depends greatly on their match with the context in which they emerge, and these contexts similarly condition the choice of scaling strategies and the chances of succeeding.

ASC hence debates itself between the need to scale-out to create revenue and the desire to scale-up to increase impact. When discussing the future, the CEO and Board Members 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 the Expansion Department is 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, as has been underscored generally for social innovations (for example, World Economic Forum 2017).

The market measures success through the level of replication, numbers, aggregate results and returns of investments. The CKO 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. 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), tensions arise between competition (closed source) and cooperation (open source). The first is aligned with market practices and the second with system change.

6   The complexity of scaling social innovation

By analysing the case of *Associação Saúde Criança's* (ASC) this paper set out to examine the scaling process of local innovations, the different strategies and models adopted and especially the cracks and tensions found along the way. By so doing, it has contributed to the debate on social entrepreneurship and the feasibility of scaling developmental initiatives.

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. ASC is still searching for a sustainable scaling pathway after 20 years of efforts to do so. The organization employed several models within the dissemination and affiliation strategies proposed by Dees et al. (2004). These approaches were adopted because of the benefits and barriers encountered over time, namely: control and resources.

The adoption of licenses, social franchises and consultancy were not only related to increasing developmental impact, but also to the encroachment of market practices on the social sphere. Despite having recognized that these affiliation strategies are not appropriate for their organizational capacity, and that scaling goes beyond organizational growth and replication, the pressure to demonstrate scale in numbers and generate revenue still exists. In this vein, ASC discovery that PAF could be disseminated and adjusted to fit the needs of different contexts and actors have opened the door to selling and sharing their expertise to government, academia, social organizations, foundations, hospitals, schools, companies.[20]

ASC has learned that scaling involves sustaining initiatives in different places. 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 is a crucial aspect of scaling. All these reasons explain 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. Indeed, dissemination offers the highest potential for social impact, requiring

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

fewer resources and offering less control over implementation (Dees et al. 2004).

ASC's scaling experience has not been a linear process. The findings in this empirical study contradict normative approaches to social innovation that offer a seemingly simple pathway to transformation. It points to the tensions existing within a social enterprise while it attempts to find the equilibrium between scaling social impact and market encroachment. The adoption of licenses, social franchises and consultancy are not only related to increasing developmental impact, but to legitimacy and survival in an ecosystem that requires and encourages the adoption of market practices. These findings underline that diverse socio-political and economic contexts influence the success of social innovations, as they also condition the pathways of scaling of social innovations.

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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.