

Scaling Social Impact of Circular Community Enterprises: The Influence of Social Capital, Leadership, Organizational Capacity & Government Support on Scaling Strategies

Research Question

How do social capital, organizational capacity, leadership styles and government support influence the scaling strategies for scaling social impact of CCEs operating as circular building and (re)manufacturing hubs in the Hoeksche Waard (Samen Circulair HW) and Wageningen (Easy Housing Concepts BV) in the Netherlands?

Circular Community Entrepreneurship

Based on the work of Buratti et al., 2022; Gurău and Dana 2018; Ratten & Welpel, 2011; Summerville & McElwee, 2011; Van Meerkerk et al., 2018; Zucchella & Urban, 2019, circular community enterprises can be understood as **organizations that aim to stimulate community development through the use of commercial activities that combat environmental challenges by closing, slowing, or narrowing the loop of (natural, human, and intangible) resources and/or regenerating natural capital**

Generally circular community enterprises are:

1. founded by people residing or working in geographically bounded communities;
2. autonomous, not focussed on private gains, but rather managed and controlled by (sometimes even all) members of the community;
3. established for creating local social impact for the people in the bounded community through the provision of particular goods and/or services;
4. (at least partially) generating revenues through the adoption of a successful business model, where profits are reinvested in the organization or the community;
5. held accountable locally and ambitious in including local people and partners in their ventures, by the adoption of participatory or democratic decision-making processes.
6. are internalizing their customers as personas in the business model through (1) their relationship with the product or service, as they are expected to use, reuse, recycle and thus extend the life cycle of their purchases; and (2) the expectation to act in accordance with the venture's ethical principles, being engaged as both users and citizens and thus play an active role in the circular ecosystem

Drivers for scaling social impact in circular community enterprises

This study considered four driving factors for scaling social impact based on both social entrepreneurial (Bloom & Chatterji, 2009) as well as community entrepreneurial literature (van Meerkerk et al., 2018; Igalla et al., 2020). These factors all had subcategories that will be explained below, and were researched by conducting oral surveys with 12 interviewees 6 of both companies.

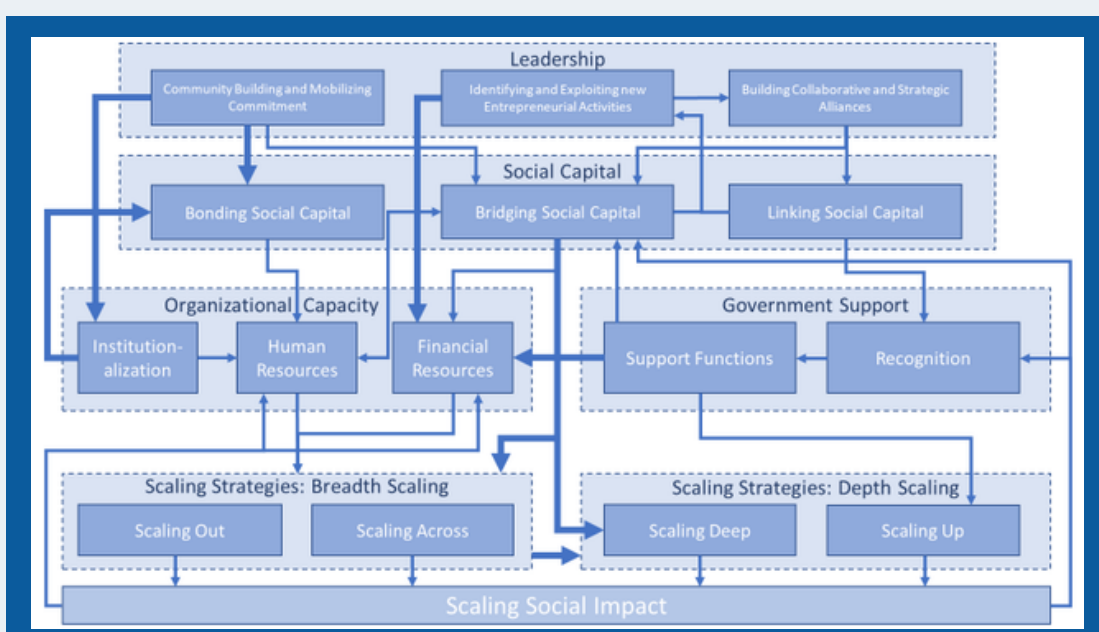
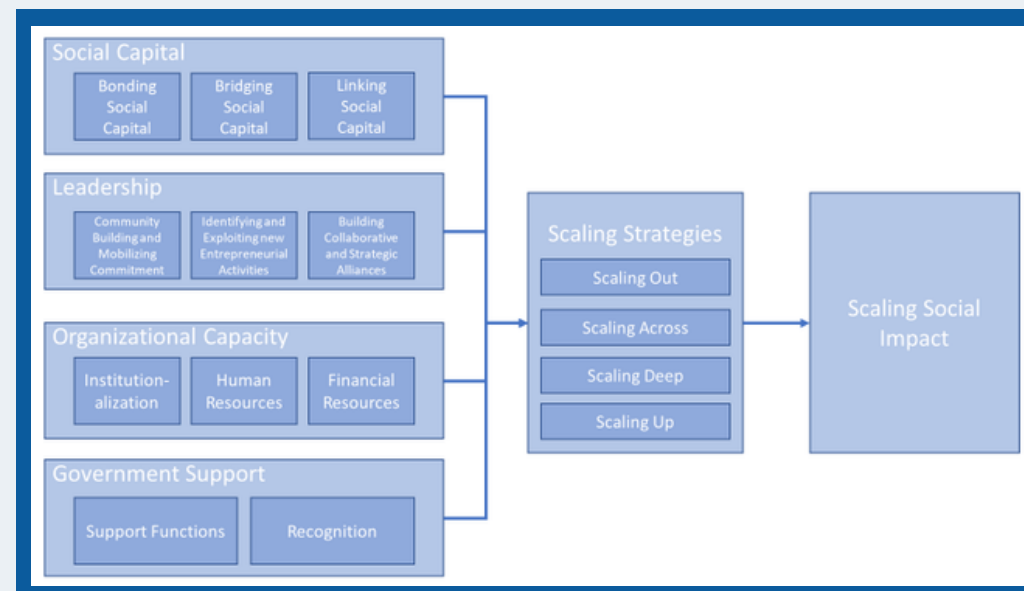
- **Organizational capacity:** the ability of an organization to realize its mission
 - **Institutionalization:** organizations that are looking forward through strategic planning, and aim to improve their performance, are also more likely to organize themselves more effectively
 - **Human resources:** Employees and volunteers provide resources like time and energy for increasing the enterprise's capacity and achieving their desired objectives
 - **Financial resources:** the commercial activities that the social enterprise undertakes for safeguarding income flows and thus ensuring financial sustainability
- **Governmental support:** the trust, recognition and support that governments show towards the venture
 - **Recognition:** the meta-governing techniques that governments demonstrate
 - **Support functions:** allowance, counseling and stimulation (e.g., start-up grants), to intensive collaboration and co-production, being more active forms of support phase" (Van Meerkerk et al., 2018, p. 655)

- **Leadership:** the specific goals, skills, knowledge and experience that the community entrepreneurs supply, which they apply for recognizing and unlocking opportunities in an innovative way
 - **Community building and mobilizing commitment:** applying transformational leadership by directing and inspiring others by formulating a clear vision and raising awareness about the importance of enterprises mission, vision and values
 - **Identifying and exploiting new entrepreneurial activities:** being flexible, creative, innovative, risk-taking, adaptable, and becoming old rule breakers and new rule creators by "leveraging motivation, expertise and personal (or communal) resources to create and enhance social wealth" (Zahra et al., 2009, p. 524)
 - **Building collaborative and strategic alliances:** reaching across organizational borders to build relationships, interconnections, and interdependencies with institutional actors
- **Social capital:** "features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit" (Putnam, 1993, p.2)
 - **Bonding social capital:** "trusting and cooperative relations between members of a network who see themselves as being similar, in terms of their shared social identity" (Igalla et al., 2020, p. 5)
 - **Bridging social capital:** the organizations connections with the wider neighborhood, other networks and other community enterprises
 - **Linking social capital:** the unequal relationships that a CE can have with institutional actors that have more power and/or access to resources

Scaling strategies for circular community enterprises

Besides studying how the four drivers were manifested in the two circular community enterprises researched, this thesis examined the scaling strategies adopted by the ventures, as well as the influence of the drivers on the scaling strategies. The scaling strategies studied were based on previous social entrepreneurial studies by André & Pache, 2016, Bauwens et al., 2020; Dees et al., 2004; Islam, 2020; Moore et al., 2015). The four strategies are distinguished into two types:

- **Breadth scaling:** the quantitative expansion of the social impact which involves the surge and rise of the number of beneficiaries that are helped by social innovations
 - **Scaling out:** maximizing the social impact by reaching new beneficiaries in (other) geographical locations
 - **Scaling across:** social entrepreneurs share their social innovations with other actors to enhance their impact
- **Depth scaling:** "a qualitative improvement in terms of development of product/services scope in serving the needs of the target community" (Kickul et al., 2018, p.410)
 - **Scaling deep:** the improvement and enrichment of the quality of current processes in the enterprise that enlarge the social impact created
 - **Scaling up:** shifting the impact from the niche level to the regime level. In this sense, the impact is about affecting the institutional level, altering policies and laws



Findings & Implications

The findings of this thesis are presented in the figure on the left. These have implications for community entrepreneurs, government officials and policy-makers.

Community entrepreneurs

1. It is important that a strategic plan is made, so that a clear vision can be articulated to the community and other stakeholders.
2. A horizontal organizational structure should be created that fosters an open and welcoming atmosphere and favors creative and innovative input from staff members, which allows for identifying and exploiting new activities better
3. The mixed embeddedness of the organization should be recognized, and therefore should actively engage in networking efforts with both potential partners as well as institutional players, as an integrative approach by the entire ecosystem is required for transitioning to a circular economy

Government officials and policy-makers

1. Appoint a boundary spanner that guides community entrepreneurs through the bureaucratic maze that is the government and overcome departmentalization through open and clear communication between all governmental departments involved.
2. Develop policies and regulations that allow entrepreneurs to experiment, take risks, and innovate. This can help altering the norms and values of their community and move to a circular economy. Lower levels of government can be more flexible, which can bridge the gap between the willingness and ability of government employees to support CCEs.