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## A MULTIDIMENSIONAL PERSPECTIVE ON SOCIAL ENTERPRISE GROWTH (INTERACTIVE PAPER)

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## ≈ INTERACTIVE PAPER ≈

**A MULTIDIMENSIONAL PERSPECTIVE ON  
SOCIAL ENTERPRISE GROWTH**

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**Principal Topic**

Social enterprises are recognized for their potential to contribute innovative solutions for intractable social problems, yet little is known about conditions that enable their growth. By following a cohort of social entrepreneurs over a period of 2-3 years, this paper unpacks drivers of social enterprise growth and impact. Based on existing research, we propose that social enterprises in resource-poor environments lack the financial and human capital to scale up their ventures (DiDomenico et al. 2010). We also propose that, similar to mainstream commercial firms, leadership skills positively influence the growth of social enterprises.

**Method & Data**

We use a unique dataset provided by a UK-based social enterprise support organisation containing longitudinal data on 300 individuals running a social enterprise in the UK who have received an award from this organisation. We use regression analysis to analyse how variables at the individual-level (age, gender, ethnicity, education and entrepreneur's employment status), organisational-level (venture size) and neighbourhood-level (level of deprivation of local area) affect their growth in terms of 1) revenues and 2) increase in the number of beneficiaries reached.

**Results & Implications**

Contrary to our expectations we find that social enterprises in more deprived areas grow more in terms of income compared to those in less deprived areas. This is partly explained by their success in obtaining grants. We do not find a similar effect of location on growth in beneficiaries. This could indicate that these organisations are focused on improving the quality of services (scaling deep) instead of expanding to other locations (scaling up) (Smith and Stevens 2010). On the downside, it also indicates that grants get allocated to organisations that fail to deliver social value to a growing number of beneficiaries. We find that education and employment status are positively related to growth in terms of income and beneficiaries. This echoes earlier findings on the importance of management skills of the social entrepreneur to attract financing and talent for the organisation (Zahra et al. 2009; Dees et al. 2004). Our results indicate an interplay of individual and contextual variables that matter for social enterprise growth.

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