Dual Logic Integration by Social Enterprises: Exploring the Challenges & Strategies of Scaling in Pakistan.

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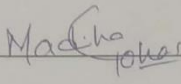
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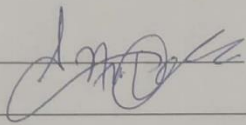
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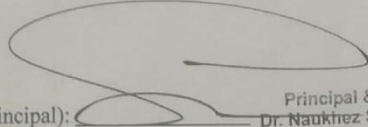Programme Head Signature with stamp: _____

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This thesis is dedicated to my dearest mother Aneela Ali.

ABSTRACT

Social Enterprise is a type of business venture with a hybrid business model that operates both as a nonprofit and as a for-profit entity. Social Enterprises face specific challenges on the verge to integrate dual logic i.e. social and commercial and it is particularly evident in the scaling process. By considering Scaling as a tool for enhancing the social impact rather than the mere generation of financial returns, this study explores the challenges social enterprises in Pakistan face in terms of scaling social impact in the context of hybrid organizations. How they design and implement scaling strategies to address these challenges. The study is classified as exploratory qualitative research since it analyzes and problematizes the startup to scale up the transition of social enterprises and it aims to look into it through the lens of institutional logic across a range of internal and external factors to better understand the scaling challenges and strategies of social enterprises' considering the local realities and context of Pakistan into account. It tends to enrich the understanding of theoretical concepts with experiences from practice. The findings reveal that social enterprises face additional challenges than their counter-commercial enterprises while scaling up in Pakistan as the ecosystem here isn't very sophisticated such as in terms of the regulatory framework, securing funding, getting investments, etc. Nevertheless, this study has shown how social mission and commercial sustainability can be successfully integrated by social enterprises in a challenging environment and how these hybrid firms can take advantage of competing logic strategically.

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CHAPTER 1- BACKGROUND & INTRODUCTION

1.1 Background & Introduction

Social enterprise (SE) is a budding model of business, famed by an entrepreneurial approach in carrying out endeavors that align with a clearly defined social objective. Davies and Doherty (2018) are of the view that there is no collectively accepted explanation of a social enterprise, it is commonly understood as an organization that combines commercial operations with a purpose to enhance the welfare of individuals associated with an explicit social or environmental concern (Davies & Chambers, 2018). A social enterprise involves the identification and application of practical solutions to social problems, through a combination of prospect, resourcefulness and innovation. It innovates by looking for a unique service, a novel product or overall an exclusive move towards a society based dilemma. It could be avowed that a social enterprise is a hybrid type of organization which practices an environmental or social mission while running profit-oriented operations simultaneously (Gerholm et al., 2020). Furthermore, a social enterprise is also supposed to have an innovative model of business as well as plans of profit making along with the betterment of the society (Matzembacher et al., 2020; Tykkyläinen & Ritala, 2021).

Most of the social enterprises look forward to reinvesting their profits into their environmental or social missions as well as give assurance to assign a specific fraction of their resources solely for the environmental or social betterment. Conversely, social enterprises do not determine their accomplishment exclusively on the basis of monetary gains, since the achievement of a social enterprise is based on their role in humanizing mankind. The principal focus remains on the creation of social welfare, even when there is a need to strike a balance between financial fertility and social welfare. In accordance with the findings of Alter (2007, p. 14), a social enterprise is known as a hybrid type of organization which is placed between a conventional nonprofit organization and a commercial organization. As a result, social enterprises function surrounded by the interaction of differing commercial principles and the principles of social wellbeing, which can be a cause of challenge throughout the efforts of their scaling.

Scaling is to increase the magnitude of something (Cannatelli, 2017; Desa and Koch, 2014). Within the territory of developmental research, scaling is generally considered as a premeditated activity related to the strategic interventions that result in particular communal outcomes. These outcomes include varied intentions, including, but not limited to, protection of public health, guaranteeing the sustainability of food, adherence to the limits of environmental protection, creating employment and growth in the economy, and provision of equal opportunities for all (Smith et al., 2016). It is clearly understood that the pathway to achieve scaling is complicated and requires facets just like experimentation, occasional setbacks and feedback loops. Scaling is not considered as a linear progression rather it involves adjustments based on adaptation during the whole process. Within the framework of social enterprises, scaling is known as the most favorable and well-organized advancement in strengthening its impact (Tykkyläinen & Ritala, 2021). For instance, researchers like Dees et al. (2004, p. 30) defined scaling as a societal impact with reference to "serving more people" and "serving them well". The increased focus is on creation and continuation of societal value with the help of uninterrupted innovation, learning and adaptation instead of merely having financial growth because merely increased quantity of something 9e.g. profit) does not guarantee a better life provision for the beneficiaries (Bloom & Smith, 2010; Weber, Kroger & Lambrich, 2012). By having a focus on quality rather than quantity, there could be many challenges faced by social enterprises which require relevant strategies to cope with those challenges.

Several research studies (e.g. Bhatt et al., 2016; Bacq & Eddleston, 2018; Dobson et al., 2018; Desa & Koch, 2014; Alshawaaf & Lee, 2020) found out that social enterprises who are seeking to solve a social problem look forward to set up the strategies that aspire to develop the wellbeing by the creation of novel products, activities, services and programs, and escalating the numbers of beneficiaries by reaching out in various geographical locations. Just like the traditional entrepreneurs, social entrepreneurs look for the opportunities to gratify the unsatisfied needs, and create new services and products. Nevertheless, contrasting to the traditional enterprises, social enterprises seldom reach their objectives by just looking into their basic operations, because their success relies on scaling up their mission which is based on the social benefits (Dees et al., 2004). While there is evidence that social enterprises have the ambitions to nurture, their leading apprehension is to scale up their societal impact and formulate the strategies for meeting up the scaling up challenges being faced by them (Dahles et al., 2020).

When comparing scaling with growth, scaling includes the objectives to achieve "economies of scale" (Reuber et al., 2021; Coviello, 2020). Scaling also characterizes high-growth organizations placed between the startups and grown-up stages in the overall life cycle of an organization. Scale-ups are hovering for a swift expansion because they have progressed beyond the preliminary exploratory phase and established a practicable business model (DeSantola & Gulati, 2017). For social enterprises, the transition from a pilot phase to scaling occurs when evidence substantiates the model's aptitude to constantly create value as well as reduction of costs. Development of a scaling strategy becomes an essential characteristic of scale-up firms, aligning with their stage of organizational development within the life cycle (Duruflé et al., 2018).

Throughout the journey to scale, social enterprises encounter various obstacles, which can delay their progress or call for different ways. However, different plans can be developed and utilized to steer and conquer these issues. Scaling the journey of each social enterprise entails critical decision points: continuing with the selected strategy, with or without modifications, or looking forward to discovering unconventional corridors.

In recent times, there has been a growing trend among businesses to look for money-making scenarios as well as attending to the pressing environmental and social challenges. The advent of the United Nations' 17 Sustainable Development Goals (SDGs) in 2016 has provoked a noteworthy amplification in investments which are heading towards "impact tech" startups aiming to contribute to one or more of the Sustainable Development Goals. Butcher (2020) found that in the major global technology hubs, investments in such startups have increased by 280%. Since the mid 2000's the entrepreneurial landscape in Pakistan has changed dramatically. Incubators and accelerators have increased in number and investors from within as well as from abroad are investing in Pakistani startups. The word "startup" has gained familiarity amongst the youth as entrepreneurship has been fairly acknowledged by the government as a critical tool for economic development.

Due to a rapid technological growth in Pakistan, there are several opportunities and startups are increasingly becoming a norm these days. There are opportunities at the base of the pyramid which are largely unexplored hence serves as a viable commercial market for social enterprises. Since there is a lack of policies and definitions around different types of entrepreneurial activities within Pakistan, the conceptualization of social enterprises differs immensely.

There is a misconception in Pakistan and on the basis of that misconception, the registration system only allows for the registering of only two types of businesses, for profit and not for profit. There is no concept for the registering of social enterprise in Pakistan resultantly, businesses having access to international funding, register themselves as not for profit organizations and call themselves as a "social enterprise" (Nazir, et al., 2021). Since a social enterprise can also seek profit, which many times lead to a tilted perception by local and foreign investors and other stakeholders that enterprises referring to them as "social enterprises" are in fact donation based and mostly connected with NGOs and charities. Therefore, from a Pakistani perspective, a very small number of companies working with a social mission formally call them as "social enterprises". This shows a critical dilemma for the social enterprises working in Pakistan.

1.2 Research Gap

Studies regarding entrepreneurship usually consider the challenges and pitfalls involved in the startup phase of a business. Considering a relevant portion of these businesses fail and do not grow to the next steps of development, this study focuses on the scale-up phase of social enterprises. According to the study by Schou, (2023), ventures can "come apart" while scaling up as they try to combine dual, seemingly conflicting logics. While very few existing research studies (e.g., Hota et al., 2019; Guha, 2019; Alshawaaf & Lee, 2020) show that how social enterprises follow diverse strategies for the scaling of their commercial and social impact, there is still need of more work to explore in this field of studies. Literature urges future research to investigate what could be the strategies for social enterprises which may help in facing the integration of social and commercial objectives (Reuber et al., 2021; Schou, 2023).

Considering the exceptional characteristics and hurdles coupled with the scaling process, it is vital to differentiate the scale-ups from both start-ups and mature firms, as well as based on the size of the organization (e.g. small-to-medium-sized enterprises), when examining their strategies of scaling. It has become essential to take into account the firm's stage of development because of the extensive variety of expansion approaches adopted by different organizations (McKelvie & Wiklund, 2010). In this sense, this study aims to study strategies and business best practices for companies in the scale up phase.

In comparison to the commercial enterprises, social enterprises regularly undertake deeply-rooted problems that require partnership among various sectors and make use of various corridors for scaling for effective addressing, demonstrating, or sustaining their initiatives. As noted by Martin and Osberg (2020, p. 207), "Scale, even when defined explicitly as scale of impact rather than scale of organization, is hard to achieve. It is helpful to look at social entrepreneurs who have succeeded in scaling impact, to explore just how they did it". There is a need for more research to help in developing and sharing lessons learned about the impact of scaling across several more ecosystems and organizations.

There is a very delicate equilibrium between economic and social objectives of social entrepreneurship. There are cases where the endurance of a business requires the objective reprioritization, causing social entrepreneurs to turn away from their major societal values in the quest of monetary growth. Conversely, few recent studies by Giones et al. (2020) and Lee (2014) suggested that social enterprises may also be enthusiastic to give up profitability in order to accomplish their preferred societal impacts. In spite of the importance of this balancing-act for the sustainability of the business, the specific dynamics of this process within social enterprises remain mostly unexplored and require further exploration. The question arises here that "how can organizations then balance the creation of social impacts and profitability at the same time?" As these hybrid organizations (looking for a balance in their commercial and social objectives) seek to scale up, how they avoid diverging into monetarily more profitable prospects, which might not be associated with the original mission of sustainability, and create a balance by giving importance to both social and commercial objectives (Cornforth, 2014). According to Chatterjee et al. (2020), little is known about how the commercial benefits interact with the social benefits which identify the key operations of a social enterprise.

Prior research studies conducted by Saebi, Foss and Linder (2019) underscore the significance of identifying the twofold task of social entrepreneurship, which engages the formation of both economic and social value. Social entrepreneurship has been extensively documented as a powerful force in attending to poverty and driving the transformation of institutions. Consequently, future research study must reflect on this twofold mission and its repercussions for understanding the impact of social entrepreneurship in bringing up an optimistic change in society. Very little is known on how these hybrid organizations, aiming to scale up, organize and prioritize for their

social and financial goals (Giones, Ungerer & Baltes, 2020). It is also recommended that the configuration of financial and social objectives of a social enterprise, and their strategies to achieve positive social change, needed to be explored (Gupta, Chauhan, Paul & Jaiswal, 2020).

The study is classified as exploratory qualitative research, since it analyzes and problematizes the startup to scale up transition of social enterprises. The study aims to look into the problem through the lens of institutional logics across a range of organizational activities to better comprehend the scaling challenges and fundamental reason of selection of scaling strategies and developmental pathways of social enterprises' scaling process considering the local realities and contexts into account. This study explores how social enterprises devise strategies to overcome the challenges faced during the scaling up phase of social enterprises.

It takes the local (Pakistani) context and realities into account since focus of past studies was into different contexts (Saebi, Foss, & Linder, 2019; Gupta et al., 2020; Reuber et al., 2021; Schou, 2023). There have been relatively few studies on social enterprise activity in Pakistan (Ali, B., & Darko, E., 2015). It is a tailored approach to extract the maximum insights out of the idiosyncratic circumstances an enterprise has been through in a holistic manner. Through the lens of institutional logics, this study hence explores the strategies through which social enterprises resolve the challenges faced in the scaling phase while overcoming the conflicting logics.

To answer this, it starts with the investigation of challenges social enterprises face during integration of commercial and social objectives while scaling up and then explores the strategies they deploy to overcome the challenges despite the competing logics on the verge to thrive in pluralistic institutional environments. Aim of this study is to contribute to the literature streams on the dynamics of institutional logics in scaling up phase of social ventures. By providing an in-depth insight into the efforts of scaling of social missions, such research endeavors can contribute to the development of detailed knowledge and contextual understanding.

1.3 Objectives of the Study

The objectives of the study are as follows:

1) To unpack the challenges created when social enterprises attempt to integrate dual logic (social and commercial) while scaling up.

2) To explore the strategies they design and implement to overcome those challenges to achieve impact at scale.

1.4 Research Questions:

The research questions of the study are as follows:

RQ1. What challenges do social enterprises face in the scaling phase due to their dual mission?

RQ2. How do they address these challenges through scaling strategies to reconcile the conflicting logic?

1.5 Significance & Scope of the Study:

The study shall act as a guide for nascent startups for monitoring the design and implementation of scaling strategies and aid in overcoming challenges in terms of scaling. It shall make suggestions on how to adjust and adopt scaling for successfully achieving an enhanced social and commercial impact and provide valuable insights to overcome the barriers (fading the misconception that social enterprises can only be a not-for-profit organization).

Since this study seeks to look into the Pakistani context, it would also provide insights for policy makers to help create an entrepreneurial culture and improve the overall social enterprise landscape for scale at impact as well as create checks and balances in terms of impact assessment should also be considered for the future of this country. As scaling of social enterprises is a complex phenomenon that requires deep understanding, this study shall also be adding to the existing literature by looking into the challenges social enterprises face in scaling up impact in Pakistani context and can be incorporated into the entrepreneurship education and training allowing for a better grasp on how we can steer social innovations to enhance social impact.

Researchers like Piaskowska, Tippmann and Monaghan (2021) emphasized on the complicated and demanding character of scaling, considering that a lot of capable scale-ups found it hard to attain considerable growth and continued productivity. Being familiar with the paucity of managerial insights accessible for leaders of the firms involved in scaling, the aim of this study is to shed some light on various modes of scaling and the particular activities that add to the successful growth. While each firm tailors its resource distribution and activities in an exceptional approach, the probable results of this study can help organizational leaders in prioritizing growth-enabling activities and making well-informed decisions regarding trade-offs.

In addition, the outcomes of this research have repercussions for the entrepreneurship policy by providing a base for customized support measures for scale-ups, different from those designed for startups or established firms. In sequence with the significance of capacity-building schemes (Autio, 2016), the findings of this study may also expose that the importance of growth-enabling activities keeps on changing depending on the mode of scale-up. This insight can also direct the policymakers in directing support measures towards the most applicable activities based on a firm's exact mode of scale-up.

1.6 Structure of the Thesis

This study consists of five main chapters where Chapter 1 is about introduction and background, chapter 2 provides review of related literature, chapter 3 talks about research methodology, chapter 4 analyses the data and offers findings and chapter 5 is about discussion and conclusion of the study. To more details, chapter 1 presents the context of the study, including the selected area of research, identification of the research gap, development of research objectives and research questions and sheds light on the overall significance of the study. In Chapter 2, related research studies will be utilized as references which show the extensive range of variables explored in this research study, along with the relationships between these variables. Chapter 3 will offer insights into the research approach employed in this study, including the theoretical framework, design of the study, research methodology, techniques of sampling, total size of sample, and the process of data collection. In Chapter 4, the researcher will analyze the collected data by using different analysis techniques. Finally, Chapter 5 will present the findings of the study, accompanied by

discussion on the results of the study, limitations of the study and suggestions for future researchers.

CHAPTER 2- LITERATURE REVIEW

This chapter consists of a detailed review of the literature and figures out what existing studies point to the proposed objectives of this research and its different dimensions. The chapter offers details of existing literature on social entrepreneurship, social enterprise, scaling of social enterprises, challenges faced by social enterprises while scaling up and the strategies to mitigate those challenges. Lastly a detailed review of the theory of institutional logics and how it relates with the scaling of social enterprises.

2.1 Social Entrepreneurship

Social entrepreneurship has evolved as a distant field and is different from conventional/ commercial entrepreneurship based on its mission where purpose and creation of social value for the beneficiaries come first (Hota, 2023) while other matters are considered secondary (Silva, Rodrigues, Franco, Oliveira, & Sousa, 2023). The mission is to take a social problem as an opportunity and solve it through innovation within the available resources to create social value. The fundamental aim of social entrepreneurship is to create social value for the improvements in the social fabric, while commercial enterprises focus on developing money-making operations that capitulate private gains (Silva et al., 2023). Furthermore, social entrepreneurship endeavors to create novel solutions to social problems in the non-profit domain, with a strong sense of community and societal regeneration (Yáñez-Valdés, Guerrero, Barros-Celume, & Ibáñez, 2023).

Social entrepreneurship is gaining importance and the reason is the existence of too many social problems, increasing rapidly and becoming complicated to solve with each passing day (Enthoven & Thelken, 2023). In the face of these complicated confronts, traditional solutions time and again prove insufficient, prompting different individuals and institutions to make use of novel approaches to address these concerns (Westley & Antadze, 2010; Tracey & Stott, 2016). Social entrepreneurs hold the capability to look for novel explanations for multifaceted societal problems, utilizing a business-oriented mindset that emphasizes effectiveness (Phillips et al., 2015; Bacq & Janssen, 2011). At the same time, social entrepreneurs are driven by an aspiration to bring about

innovation for the improvements in the society, rather than exclusively chasing profit (Santos, 2012; Shaw & Carter, 2007).

Social entrepreneurs always start with the mission to change their backyards. A noteworthy number of social enterprises prefer to reinvest their profits into their environmental or social endeavors, or set aside a part of their assets solely for the betterment of the environment or society (Hota, 2023). However, their description of accomplishment expands ahead of monetary profit, as social enterprises calculate their attainments by the positive impact they have on the society (Yáñez-Valdés et al., 2023). The focus remains on purpose and social value creation in the verge of making profit as well as serving the society (Ciambotti, Zaccone & Pedrini, 2023).

Social entrepreneurs create an impact on society and its individuals. Mirza, J. (1999) defined impact as "significant or lasting changes in people's lives, brought about by a given action or series of actions." While any business has the potential to create social impact, non-profit organizations and social enterprises are overtly designed with the desire to create social value and addressing societal challenges. As a result, they are supposed to actively contribute to the social impact. Through an analysis of academic literature and existing laws and policies, numerous important characteristics of social entrepreneurs who establish social enterprises for the betterment of society have been acknowledged (Enthoven & Thelken, 2023; Qureshi et al., 2023; Abou Chakra & Al Jardali, 2023). However, it is noteworthy that generating social impact is just one of those conditions (although an important one) for an organization to be formally identified as a social enterprise.

2.2 Social Enterprise

Social enterprises are established with the overarching plan of helping the society as a whole (Hota, Bhatt, & Qureshi, 2023) by merging entrepreneurship with a social intention with the help of innovative approaches (Hagedoorn et al., 2023). These enterprises are exemplified as the entities that make use of business ventures to address social issues (Aiken, 2006; Gidron & Hasenfeld, 2012; Smith et al., 2013). Social enterprises, as entrepreneurial organizations, mainly focus on novel problem-solving (Alter, 2006; Gidron & Hasenfeld, 2012). Contrasting to the nonprofit ones that focus on the grants and donations, social enterprises struggle for self-sustainability through

the implementation of a viable business model (Hahn & Ince, 2016; Doherty et al., 2014). Social enterprises include both nonprofit and for-profit ventures, amalgamating financial and social benefit. While they come in a variety of forms, they all face an essential question: Can they produce adequate returns and magnetize sufficient investment to cover their costs and inflate their social endeavors?

One of the definitions of social enterprise states that "social enterprises combine the efficiency, innovation, and resources of a traditional for-profit firm with the passion, values, and mission of a not-for-profit organization" (Smith et al., 2013). Furthermore, Rivera-Santos et al., (2015) defined social enterprises as "organizations that run commercial operations with the goal of addressing a societal problem, thus adopting a social mission". Social enterprises demonstrate the notion of hybrid organizations as they look for fulfilling a social purpose through the means of commercial operations (Drencheva & Au, 2023; Qureshi et al., 2023).

Hybrid organizations are "organizations that incorporate elements from different institutional logics" (Battilana, J., & Dorado, S., 2010). A hybrid organization is characterized by the amalgamation of numerous sectoral paradigms (such as public, private, and non-profit sectors), logics (including social, market, and business logic), and value systems (such as social impact or profit generation) (Battilana, 2018; Battilana & Dorado, 2017). Social enterprises, in turn, symbolize an explicit subcategory of hybrid organizations (Tippmann et al., 2023). The distinctive characteristic of a hybrid organization lies in the coexistence of various logics, with no single logic dominating (Battilana & Dorado, 2017). As one of the key examples of hybrid organizations, social enterprises are known as a suitable organizational form for addressing social problems by putting together both commercial and social activities (Drencheva & Au, 2023).

The idea of hybrids, starting off from the progeny of two diverse species, has been adopted in the management and organizational literature to explain organizations that rise above the institutional limits (Pache & Santos, 2012; Smith, 2010; Brandsen & Karré, 2011; Jay, 2013) and function across several purposeful domains (Ruef, 2000). As stated previously, hybrid type of organizations encompass at least two separate sectoral paradigms, logics, and value systems, challenging conventional notions of economic organization (Wilson & Post, 2013). Social enterprises, widely recognized as a well-known example of hybrid organizational forms (Pache & Santos, 2012), link

the private, public, and non-profit sectors, thus bridging institutional fields (Tracey et al., 2011) and navigating conflicting institutional logics (Pache & Santos, 2012).

One definition of a social enterprise is "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" (Drencheva & Au, 2023, p. 13). Social enterprises aspire to attain both social and financial objectives, and these contradictory precedence are obvious in different aspects such as collaboration with market participants (Ullah et al., 2006), management style (Apostu, 2013; Clark, 1991), and strategic planning (Carroll & Stater, 2009; Raisiene & Urmanaviciene, 2017).

In contrast with traditional commercial enterprises, the most important purpose of social enterprises is not exclusively focused on capitalizing on the shareholders' wealth. Instead, they endeavor for a financially sustainable business model that creates income to maintain their social objectives (Qureshi et al., 2023). Resultantly, social enterprises demonstrate the coexistence of diverse institutional logics inside the same organization. This configuration of logics can give rise to vagueness and conflicts, mainly when the market logic begins to persuade areas formerly dominated by the social logic (Wry & York, 2017). To steer these reservations, social enterprises strategically control their scaling efforts, enabling them to effectively address these vague situations.

2.3 Scaling in Social Enterprises

Enterprises from their setting up go through an evolutionary process from one stage to another as they grow, from start-up to scale-up to a mature enterprise (Kimakwa, Gonzalez, & Kaynak, 2023). Scaling is basically "the totality of the steps taken to improve productivity and program efficiency through financial and operational actions" (Muriel, 2023). Scaling means different things to different enterprises i.e. for a traditional business, scaling has a different meaning while for a social enterprise it may be similar or different depending upon the mission (Dacin, Dacin, & Tracey, 2011; Vurro, &Dacin, 2022). Scaling in a traditional for-profit business refers to the process of boosting revenue at a faster pace than expenses (Mihailova, 2023). There are various approaches

that traditional businesses employ to achieve this objective, such as incorporating innovative technologies or identifying and simplifying inefficient operational areas etc.

Scaling for a social enterprise slightly differs from a traditional business as the major focus is on social needs and problems. Scaling is defined as "the process of expanding or adapting an organization's output to better match the magnitude of the social need or problem being tackled" (Desa, G., & Koch, J. L., 2014). They further emphasized on the impact a social enterprise should create as a result of scaling. Impact is to create a long lasting difference in the lives of the beneficiaries. Impact also has levels and the basic or minimum for a social enterprise is to ensure that they are working towards the unmet needs of the audience and their intentions reflect this notion (Islam, 2020).

In the dominion of social enterprise and social entrepreneurship, scaling social impact is extensively documented as the most important gauge of success (Bretos, Diaz-Foncea, & Marcuello, 2020). To ease the procedure of scaling social impact, social enterprises utilize a variety of scaling paths. These paths include the expansion of novel products/services to address unsatisfied needs of the society (Ometto et al., 2019), increasing geographic exposure to reach a larger number of recipients (Zhao & Han, 2019), setting up networks to trade best practices in addressing particular social troubles (Montgomery et al., 2012), providing training and consultative support to other social enterprises to facilitate their valuable growth (Ebrahim & Rangan, 2014), and appealing in advocacy work to drive changes in public policy for the social betterment (Bloom & Chatterji, 2009).

Another view is also presented by the researchers where according to Islam (2020) and Kim and Kim (2022), scaling in social enterprises can be defined as the procedure of enhancing the scope of beneficial social transformations for individuals and communities by tackling critical social issues, while simultaneously ensuring financial sustainability by generating commercial revenues. Despite several studies on scaling in social enterprises, there are conflicting views in the literature regarding its definition and the essential procedures for achieving the dual mission (Shepherd & Patzelt, 2022; Islam, 2020; Chatterjee et al., 2022).

2.4 Scaling in Social Enterprises versus Organizational Growth

Some scholars have associated scaling in social enterprises with expanding the customer base to achieve organizational growth (Ometto et al., 2019) while also making a more significant impact on communities and societies (Gordon et al., 2018). Some researchers have highlighted the importance of spreading or duplicating a social innovation product, service, or organizational model in various geographical areas and contexts to increase the number of individuals who can benefit from it (Busch & Barkema, 2021).

Scholars have gathered knowledge about scaling in social enterprises by primarily focusing on two growth pathways: depth and breadth (Kim & Kim, 2022). The deep scaling strategy aims to increase the impact on beneficiaries by improving and enriching existing processes (Andre & Pache, 2016, p. 665). In contrast, wide scaling involves replicating the social enterprise model and diffusing related social innovations to diverse geographical areas (Chatterjee et al., 2022). Bocken et al. (2016) explained how social enterprises can scale by applying Ansoff's famous strategies to extend customer targets or further develop products and services.

However, the current body of knowledge about scaling impact mainly focuses on the overlap between customers and beneficiaries, commercial scaling, and managing financial and human resources (Lall & Park, 2022). As a result, there is still limited understanding of scaling challenges being faced by social enterprises that have different customers and beneficiaries, and require specific mechanisms to scale the social impact towards beneficiaries (Shepherd & Patzelt, 2022).

2.5 Challenges being faced by Social Enterprises during Scaling

Hybrid organizations, including social enterprises, repeatedly symbolize institutional logics that are intrinsically mismatched (Greenwood, R. et al., 2011). The greater the degree of incongruity between these logics, the more challenges hybrid organizations face (Besharov, M. L., & Smith, W. K., 2012). These issues take place from the need to slot in conflicting practices that may not effortlessly coexist. Long-term institutional pluralism further intensifies these challenges for hybrid organizations, as they must constantly settle the competing logics rather than treating them as provisional phenomena. Balancing objectives becomes multifaceted, particularly when faced

with varied demands from strategic and institutional investors. Social enterprises, in particular, are vulnerable to this issue due to the environmental pressures such as amplified competition, growth, and resource demands, which require efficiency (Chatterjee, Subramanian, & Hota, 2020). Notably, there is ample proof of social enterprises experiencing "mission drift" as they become overly involved in activities unrelated to their social purpose (Arroyo Andonaire, G. E., & Dobraj, K., 2020). The tensions that arise from integrating commercial and social guals are particularly pronounced during the scaling process for social enterprises (Ciambotti, Pedrini, Doherty, & Molteni, 2023).

Recent studies focused on the tensions that arise due to the hybrid nature of social enterprises (Wolf & Mair, 2019; Shepherd & Patzelt, 2022; Chatterjee et al., 2022). According to Islam (2020) if challenges are not managed carefully, social enterprises may become excessively focused on one of the logics and lose the hybrid nature. Woodside (2018) studied hybrid organizations in the form of work-integration social enterprises (WISEs) and found that these entities embody both the social-mission and the market logics, which potentially contradict one another. The complexity of social enterprises as hybrid forms of social organizations expressing different identities and goals, as well as a different logics and practice of action, creates particular difficulties for the leaders of these organizations (Shepherd & Patzelt, 2022).

One of the main challenges faced by social enterprises stalks from the twofold pursuit of financial sustainability and the accomplishment of social objectives (Hota, 2023). Silva et al. (2023) argue that these challenges take place due to nervousness happening from organizations trying to settle different or even opposing goals while meeting the contradictory requirements of various stakeholders. The goals connected with a social mission engage addressing the varied needs and impacts on stakeholders such as employees, families, communities and other stakeholders including business partners (Jäger & Schröer, 2014). Adding up to these social mission goals, social enterprises must also attend to their commercial goals. Literature suggests that the commercial logic deployed by hybrid organizations, resulting from the marketization of social organizations, can lead to distortion in achieving their social mission.

According to Muñoz & Kimmitt (2019) the merging of social value creation as the most important mission of social enterprises with the market orientation towards commercial outcomes can bring in complications and inconsistencies to the novel positioning of social enterprises. Frequently,

social enterprises do not allocate equivalent weight to their twofold intentions and may risk deviating from their hybrid nature by prioritizing either commercial or social welfare objectives, leading to one aspect dominating over the other (Young, D. R., 2012). This exit from the preliminary dual mission is frequently referred to as "mission drift." The challenge of adhering to the twofold mission is accompanied by the need for social enterprises to steer potential trade-offs while at the same time responding to manifold institutional logics. Furthermore, social enterprises may face financial losses if they become excessively focused on their social objectives (Yáñez-Valdés et al., 2023). The varied demands of stakeholders additionally add to the complication of establishing suitable governance structures for social enterprises (Hota, 2023).

The motives and mission of social enterprises are frequently discussed as "impure" because of their position at the intersection of social/philanthropic and financial/market-oriented models (Bacq, S., & Eddleston, K. A., 2018). This steady quest of legality for both apparently mismatched logics, along with the contradictions in the indulgence of economic and social value creation can augment the risk of mission stoppage (Dacin et al., 2011). Mission stoppage in hybrid organizations, including social enterprises, is frequently known as "mission drift" in the literature. "Mission drift" happens when hybrids diverge from their focal point in favor of the other, thereby endangering the legality of the social logic or compromising the commercial feasibility essential for the sustainability of the social enterprise (Ramus, T., & Vaccaro, A., 2017). The challenge of deviating from the original twofold mission is additionally obscured by the need for social enterprises to steer probable trade-offs while responding to dual logics. These include broader cultural factors, government influences and regulations, network dynamics, and continuing pressures from private and public with varied market logics.

2.6 Strategies to Mitigate Scaling Challenges in Social Enterprises

Social enterprises do not follow a linear path to scale (Rangan, V. K., & Gregg, T., 2019). It is not something that is planned but is emergent in nature. Scholars have identified many strategic postures that social enterprises can prescribe to address competing logics against sources of conflict to protect their original essence (Pache, A. C., & Santos, F., 2013). In general, competing logics (social and commercial) can be separated or integrated. Literature suggests different

combinations like compartmentalization or decoupling strategy that social enterprises adopt when "symbolically endorsing practices prescribed by one logic while actually implementing practices promoted by another logic" (Pache, A. C., & Santos, F., 2013).

Social enterprises utilize amalgamation strategies, such as combining and compromising opposing logics, to administer the challenges created by the opposing logics. Compromising involves aligning least standards of one of the logics while still maintaining a dual nature, but there is a risk of compromising the core uniqueness of the organization over the long term (de Souza & Granados, 2023). On the other hand, combining competing logics entails falsifying a new uniqueness that facilitates social enterprises to successfully stick to both logics at the same time (Miller, Grimes, McMullen, & Vogus, 2012; Yu & Bi, 2023).

Selective coupling is an approach engaged by organizations to assume intense strategic postures, either solely commercial or solely social, in reaction to different sources of divergences (Yu & Bi, 2023). On the other hand, given the multifaceted nature of institutional pluralism and paradoxes within which social enterprises function (Greenwood et al., 2011), it becomes challenging to forecast and generalize the strategies social enterprises utilize to address opposing logics and alleviate causes of conflict. As a result, there is a pressing need to better understand how social enterprises position themselves and which combinations of strategies are more effective in keeping away from the mission drift by navigating sources of conflict (Mathibe et al., 2023; Yosun & Kozanoglu, 2023).

As the challenge is to create a link between scale and impact for the benefit of beneficiaries as well as sustainability of enterprise, there is a constant "see-saw" (zigzag) between reaching for scale and extending for impact (Rangan, V. K., & Gregg, T., 2019). This can be seen from the strategies to cover the dual-goals of trying to gain scale as well as impact which motivate social enterprises to pursue activities in a complementary direction in addition to pure scaling (Mathibe et al., 2023). This process of co-evolving in strategy is one of the unique features of the social sector.

There is a need to change trajectory and iterations as on ground things seem different. Hence, the social enterprises zigzag their way to achieve that impact at scale. It is a strategic process, hence evolutionary and complex, so it is difficult to plan and predict everything in advance (Yosun & Kozanoglu, 2023). Resultantly, it is considered as a non-linear path and evolves as the process unveils. There exist many unknowns in the cause and effect chain considered as the strategies by

the social entrepreneurs. But this is not as easy and transparent as it looks considering the hybrid environment social enterprises are working in and the competition between social change and financial sustainability (Muñoz & Kimmitt, 2019; Enthoven, &Thelken, 2023).

It is a messy process based on emergent actions and decisions taken by the entrepreneur. Hence the purpose of this study is to bring to light the decision making process in terms of strategies to overcome the challenges of scaling of social enterprises.

2.7 Theoretical Background

2.7.1 Institutional Logics

Institutional logic theory is a framework that explains how organizations and their actors create and maintain institutions through their shared beliefs, values, and practices (Bruton, & Sheng, 2023). On the other hand, scaling of social enterprise refers to the process of increasing the impact and scope of a social enterprise's activities. According to definition, institutional logics are "the socially constructed, historical pattern of material practices, assumptions, values, beliefs and rules by which individuals and organizations produce and reproduce their material subsistence, organize time and space and provide meaning to their social reality" (Thornton, P. H., & Ocasio, W. (2008).

Logics include both informal and formal rules that oversee the actions, connections, and elucidations within an organization. They play the role of guides and constraints for decision-makers as they steer the organization's tasks and endeavor to attain social status, gratitude, and acknowledgements. A logic is characterized as a collection of material practices and representational constructions that shape the primary organizing principles accessible to the organizations and individuals for development and amplification (Friedland & Alford, 1991, p. 248).

Institutional logics offer an agenda for understanding complexity, pluralism, and opposing demands by highlighting the system of values and beliefs that form behavior (Quero & Mele, 2023). The coexistence of different institutional logics can give rise to institutional complications, where these logics offer varied and sometimes contradictory prescriptions, leading to vagueness

and conflicts. Logics play a critical role in developing connections and cultivating an intellect of common intention and unity within the organizational field.

2.7.2 Institutional Logics & Scaling of SEs

The link between institutional logic theory and scaling of social enterprise lies in the fact that institutional logics can either enable or constrain the scaling of social enterprises. According to institutional logic theory, organizations and their actors are influenced by the dominant institutional logics in their environment. These logics provide a set of norms and values that guide the behavior of organizations and their actors (Cotrim, &Ryngelblum, 2023).

According to the study by Schou (2018) institutional logics play an important role in the working of company as they support decision makers in solving various types of problems which may be classified according to the dominant logic. They enable managers to prioritize their most urgent tasks. For social enterprises, the dominant institutional logics in their environment can affect their ability to scale. For example, if the dominant institutional logic in a given context is focused on maximizing profits, social enterprises that prioritize social impact over financial returns may find it challenging to attract investors or generate revenue. Alternatively, if the dominant institutional logic is focused on social and environmental goals, social enterprises may find it easier to access resources and support for scaling their activities.

When studying the impact of various institutional demands on organizations, researchers mostly make use of the notion of institutional logics (Besharov, M. L., & Smith, W. K., 2014). Institutional logics are cognitive frameworks that outline behavior with the provision of reference points and reasons for the assessment for both individuals and organizations (Herrera, 2016). They guide actors in determining what goals are deemed justifiable and the suitable means to attain those goals (Haveman & Gualtieri, 2017). These logics are influenced not only by the historical, geographic and cultural backgrounds within which organizations function but also by the dependencies organizations have on external institutional references (Besharov, M. L., & Smith, W. K. (2014).

Institutional logics can also influence the strategies employed by social enterprises use to scale up activities. For example, social enterprises that adopt the logics of traditional businesses may use

strategies such as mergers and acquisitions to scale their operations, while those that adopt the logics of social movements may use strategies such as coalition-building and advocacy to achieve scale.

Social enterprises seeking to maintain quality services and sustain themselves on their own through revenue generation and commercialization often face contradicting institutional logics. While the impact investors appreciate the social good and social mission gives social enterprises an edge in winning grants but at the same time social enterprises shy away from asking the beneficiaries for money as they mostly belong to the base of the pyramid population (Hota, 2023). Also people associate the social cause with charity and hence question their integrity time and again; this puts further pressure on them (Silva et al., 2023). To separate themselves from non-profit firms, social enterprises have to adapt their business model to include the commercial logic. This poses a challenge especially when the enterprise is at scaling stage and the social logic is at a threat of getting compromised and overshadowed.

 In summary, institutional logic theory provides insights into the social, cultural, and historical contexts that shape the scaling of social enterprises. By understanding the dominant institutional logics in their environment, social enterprises can better navigate the challenges and opportunities of scaling their activities.

CHAPTER 3- RESEARCH DESIGN & METHODOLOGY

3.1 Research Approach

A complete picture of the dual logic integration through scaling by Social Enterprises is provided by this study. It is a tailored approach to extract the maximum insights out of the idiosyncratic circumstances an enterprise has been through in a very personalized manner. To discover all of these, this study follows a subjectivist ontological approach and an interpretive epistemological stance. It also adopts an inductive approach and follows an interpretive paradigm. The research strategy adopted for this study is qualitative and data is gathered through semi-structured interviews. A qualitative study is an appropriate research method as it provides an opportunity to explore and interpret the challenges and strategies in-depth. It provides a detailed description of how social enterprises that are trying to incorporate dual logic while scaling devise and implement strategies to overcome the challenges.

3.2 Data Collection

Interviews tend to give unique, in-depth, exploratory, and rich data. It is preferable as it aids in understanding the interviewee's subjective perspective of a phenomenon rather than generating generalizable understandings of large groups of people (McGrath, C., Palmgren, P. J., & Liljedahl, M., 2019). The purpose of the interview was to gain insights into the unique challenges and strategies faced by enterprises. Keeping the interviews open-ended provided flexibility and gave a chance to explore in-depth the idiosyncratic business context. Smith (2004), noted that such analysis is an interpretative process driven by an interaction between the interpreter and the material being interpreted. So other interpreters with a different personal or theoretical background can come up with a different analysis. Hence, the analysis should be judged in terms of the

persuasiveness of the interpretations offered, the transparency of the analytical process, and the extent to which the analysis generates new and valuable insights (Tong, A., et al., 2012).

3.2.1. Interview Guide

For the semi-structured nature of the interview, an interview guide was developed in advance. The interview guide was developed by defining the research goals and objectives. Specific research questions and topics were created after a thorough review of the literature and keeping the aims and objectives in mind. The interview schedule addressed topics including the mission and growth plan of startup challenges faced during the scaling phase, effective strategies used to address problems, and impact creation. The start of the interview had opening questions like an introduction of their enterprise's mission and vision and origin story etc. The interviewees were asked about their understanding and definition of a social enterprise, its impact, challenges, and strategies followed by a recollection of the challenges faced in their enterprise's journey through the scaling-up phase and then depth-seeking brainstorming questions regarding the strategies deployed to overcome those challenges. We sought to understand the interplay between challenges that arise during scaling while incorporating competing logic and the choice of strategies as a response to address them. Lastly, they were asked about the subsequent effect of those strategies on the intended impact. And the interview was closed on suggestions from the respondent for aspiring scale-ups (social enterprises).

Pilot testing was conducted on an enterprise, questions of the same nature were asked in multiple different ways to observe which one is the best understood and responded to by the interviewee and that interview was transcribed and thoroughly assessed. Adjustments were then made to the guide to make sure the questions make the same sense to respondents in the way that we require them to be perceived, hence they are self-explanatory and the meaning is easily grasped by the respondent. The language used for the questions is deliberately kept simple and layman terms are

used so people from non-business backgrounds could easily understand as well. (Attached in Appendix).

3.2.2. Interview Procedure

Open-ended questions create an atmosphere that invites deeper insights into the matter as it is difficult to dig deeper into thoughts through yes and no answers alone. Structured interviews with pre-determined questions rather than unstructured ones provided a guide and set the sequence of the questions so nothing important gets missed out and the responses follow a similar pattern. The questions were aligned with the research questions and objectives of the study.

But these questions were not fixed; rather the interview was an iterative process in which the sequence of the questions would be altered in response to the flow of the talk. The questions were adjusted to the responses of the interviewee and to probe the responses further follow-up questions were also included. For example, if they couldn't come up with challenges then opportunities were sought. To help the interviewee recall more probing questions were also added. The interviewer deployed active listening skills and let the interviewee speak their hearts out by maintaining an interest in the responses. Because I wanted to extract the important information and for that I wanted them to reflect on the events that took place in a sequence preferably. I also wanted to make sure the questions were being understood

A brief of the research was already shared in the consent form to build rapport and brief them about the purpose of the study so they give rich and useful information and know what to expect in the interview in advance. Both the author and the interviewees spoke the same native language belonging to Pakistan and this facilitated rapport building (Stiles, W. B., 1993).

The start of the interview was with questions about their enterprise. It gave a good start to a conversation and made the interviewee see the flow of the interview followed by their meaning of a social enterprise. A few examples are; tell me the origin story of your startup, how the enterprise's business model works, describe in detail the growth of the enterprise so far, what impact does the enterprise want to create, and for whom.

Interviews were approximately 60 and 90 minutes long. They were conducted directly with on-site visits for the start-ups based in Rawalpindi/Islamabad and through Zoom calls for the enterprises based in Lahore & Karachi and for founders who were out of the country at the time of the interview with follow-up via WhatsApp and email. Remote interviews have the advantage of providing extended access to participants, compared to face-to-face interviewing (Khan, M. S., 2022). It was made sure that the environment was comfortable and without distractions and at A convenient time for the interviewees. The consent form was shared before the interview and a recording device was used for the interviewer's note-taking after seeking permission. All data was recorded and transcribed.

3.3. Mechanism to ensure the quality of research

Guba and Lincoln's framework, often referred to as the "Guba and Lincoln criteria," is a well-known framework in qualitative research for assessing the trustworthiness of research findings. The framework focuses on evaluating the credibility, transferability, dependability, and confirmability of qualitative research. While Guba and Lincoln's framework does not directly address reliability, it offers alternative criteria to ensure the rigor and quality of qualitative research. Here's an overview of each criterion:

1. Credibility:

Credibility shows how truly representative the findings are of the actual instances of the respondents under study. Just like internal validity is checked in quantitative research for qualitative study credibility is essential. It is established such that it can be used to inform meaningful decisions. To enhance the credibility the transcriptions and translations were thoroughly gone through several times to ensure their validity (Clark, 2017). It was made sure that the analysis was supported by both interview data and the existing literature on the challenges and strategies of Social enterprises.

2. Transferability:

Transferability is akin to external validity in quantitative studies and shows how much the results can be applied or generalized to other contexts or research settings. Information regarding the

research context, the respondents and methods for data collection should be included in the research to allow readers to make judgments about transferability. All the enterprises under study originated and are based in Pakistan. This means that data cannot be extrapolated over other contexts such as developed countries as they didn't come from a large enough sample to be statistically significant. This was ensured to contextualize the findings based on Pakistan's social enterprise landscape so the data is accurate, representative, and specific as well as detailed and rich.

3. Dependability:

Dependability is comparable to reliability in quantitative research and depicts the stability and consistency of the research findings over different time and researchers. Establishing dependability involves ensuring that the research procedures are documented, replicable, and consistent. To enhance the dependability of the study, the interviews were conducted in an open-ended manner, transcribed word-by-word, and analyzed in real time. The questions were adjusted and redirected based on the real-time responses of informants. The same interview guide was used for all interviews as a stable measure to attain similar results and achieve a higher degree of reliability.

4. Confirmability:

Confirmability is unique to qualitative studies and is representative of the objectivity and neutrality of the study's results. It relates to the extent to which the findings are shaped by the participants' perspectives rather than the biases or preconceptions of the researchers. Researchers should thus possess an awareness of cultural factors that can influence both the data they gather and the data they can access. Being a researcher I have acknowledged that information being sought can be influenced by my perspectives due to preconceived notions about the topic under study. Hence I actively sought methods to minimize personal biases and interpretations while striving to comprehend the emic viewpoint in the choice of questions posed to participants, how they are asked, interpreted and analyzed during data collection. To uphold credibility, I tried to avoid asking leading questions that could have potentially steered the participants' responses and aligned with my views or goals instead. This ensured that the respondents may not unintentionally echo the researcher's wording or develop deeper into subjects that elicit a reaction, assuming their importance for the study.

3.4. Sample

'Criterion purposive sampling' is the sampling technique used for this study as the focus had to be on social enterprises so the sample consisted of them only. Criteria for respondent selection are set based on the social enterprise's working definition for the study i.e. a type of business venture with a hybrid business model that operates both as a nonprofit and as a for-profit entity. As the mission of the social enterprises comes first, the mission of enterprises was researched based on their information online i.e. Google, websites, and social media pages, and further clarification was sought through contact to make sure they fit the inclusion criteria for the sample. Also, enterprises that were of scaleup level i.e. *"A company that has identified its product-market fit and reached notable proofs of market fraction, is growth oriented and has already tested a scalable business model."* (Piaskowska, D., Tippmann, E., & Monaghan, S., 2021). This meant that they have been through the scaling phase and so are familiar with the challenges faced along the way and also applied the strategies in practice (Mentioned in the literature review). Thus enterprises that had less than 3 years since their establishment weren't made part of the study as we didn't consider them worthy of providing the required data. These necessary conditions made sure that all the startups shared similar characteristics, yet at the same time provided diversity in terms of complexity and context, which is beneficial for the results of the study and extracts a lot of information out of the data.

Thirteen SEs are included in this study. Due to the separate status of Social enterprises in Pakistan, it was difficult to track them as only a few businesses that are purpose driven for-profts refer to them as 'social enterprises'. This is why not enough SEs could be tracked within Rawalpindi/Islamabad so other cities were approached. Hence the enterprises under study originated and based in different prominent cities of Pakistan i.e. Islamabad, Rawalpindi, Karachi, Lahore & Peshawar. The data is thus representative of the overall startup ecosystem in Pakistan. Also, the enterprises are working to solve different social problems such as financial inclusion of women, better access to healthcare facilities, better education, inclusion of disabled persons, and others. This diversity paves the way to extracting the most number of challenges and also increasing the generalizability aspect of the study. It captures a good number of challenges as well as strategies as a different sector has a different set of them and so they can be compared and contrasted as well. Thus it makes it quite a diversity-rich study with results that can be generalized

over a wider range. Semi-structured interviews were held with the CEOs of participating SEs. The reason for this was to gain valid and reliable data. As startups are smaller in size so they involve comparatively few people and the CEO is looking at most tasks themselves especially the strategy component so they have the best grip over the business model and future growth plans (Miller, D., & Toulouse, J. M., 1986). All CEOs were founding members of the SE themself. Although getting access to them wasn't easy as they were extremely occupied with their work. Hence it took more than the expected time for data collection but at the end of the day only they could provide the complete picture. Some of them were reached through contact numbers and emails mentioned on the websites and social media pages. Some were approached through Incubation centers (the ones that had been a part of the incubation center) their contact details were extracted from there. Others through snowballing from interviewers who knew other players in the same space. And some more through a reference. Business management, engineering, computer sciences, and marketing are the common academic skills of startup founders and it's their first-time startup experience with these enterprises.

To ensure anonymity, the enterprise's names have been given pseudonyms (see Table)

Table: *Pseudonyms and demographic characteristics of Social Enterprises under study.*

No.	Enterprise	Registered as	CEO's Gender	Sector	Year of Est.
1	Enterprise-1 (AK)	Pvt Ltd	Female	Disability	2018
2	Enterprise-2 (BH)	Pvt Ltd	Male	Disability	2019
3	Enterprise-3 (CH)	Pvt Ltd	Female	Disability	2017
4	Enterprise-4 (DT)	Pvt Ltd	Male	Disability	2018
5	Enterprise-5 (GI)	Pvt Ltd	Male	Green-tech	2019
6	Enterprise-6 (MO)	Pvt Ltd	Male	Domestic Helpers	2017
7	Enterprise-7 (MF)	Pvt Ltd	Female	Career Counseling	2019
8	Enterprise-8 (ON)	Pvt Ltd	Female	Green-tech	2019
9	Enterprise-9 (OT)	Pvt Ltd	Female	Fin-tech	2018
10	Enterprise-10 (S9)	Pvt Ltd	Male	Health	2018
11	Enterprise-11 (SK)	Pvt Ltd	Female	Health	2017
12	Enterprise-12 (SA)	Sole Proprietorship	Female	Health	2019
13	Enterprise-13 (TD)	Pvt Ltd	Male	Education	2016

After around 12 interviews the data became repetitive as responses became recurring and failed to uncover more themes. Also, the interviews were sufficiently detailed, and archival data were also utilized. Hence after 13 interviews, I stopped aiming for more enterprises, and this number was considered enough based on the concept of data saturation. Almost half of them are women-led and the other half have men as their founders and depict both sides equally.

3.5 Analytic Approach

The predominant method of analyzing the data collected with the help of semi structured interviews is thematic analysis. The effectiveness of thematic analysis in qualitative research as a technique to pick out, analyze and formulate themes from the data collected through semi structured interviews has been declared by Braun and Clark (2006). Interviews were recorded and transcribed. Entire transcription, although lengthy and time-consuming, was done by the interviewer herself to avoid any impartiality. All the content was sifted thoroughly and data was then coded and major themes and sub-themes were identified. It was an iterative process of similarities between the data points sought for repeating themes (Byrne, D., 2022). Then they were further combined into emergent themes (Nag et al., 2007). All of them were then compared and contrasted with the literature studied.

The patterns and themes that emerge as a result of thematic analysis are generated by the identification of the recurrent written or spoken words, ideas, views, etc. of the research participant (Aronson, 1995). Grbitch (2007) also states that themes or patterns can be inferred through an explanation of the collected data by the researcher. Thematic analysis gives a voice to the respondents. The purpose here is to bring out the recurrent themes in the data which reveals a common theme pertinent in the data and effectively answers the research questions of the study (Karim, 2010). This technique makes sure that the subjective views of respondents remain the center of attention. Thematic analysis ensures the authenticity, validity, and integrity of the data. Validity not only signifies the construction of the data but it also signifies the degree to which the voices of the interviewees are represented (Alam et al., 2006).

According to Braun and Clark (2006), provision of flexibility is the best feature about thematic analysis. Other benefits are as follows:

1. It is prompt and easy to grasp and apply.
2. The results of the thematic analysis can be easily accessed and comprehended by non-researchers as well.
3. The key features of a large amount of data can be summarized and contextual description of the data can be obtained.
4. Thematic analysis can highlight the similarities and differences across the data.
5. Has the potential to generate unexpected results.
6. The qualitative analysis generated through thematic analysis facilitates effective policy development.

The interviewers were transcribed side by side simultaneously. Each and every spoken word from the data was typed into written form for its analysis. According to McGrath et al., (2019), "the most common form of transcription in qualitative interviews is verbatim transcription, which refers to the word-for-word reproduction of verbal data, where the written words are an exact replication of the audio-recorded words". Mostly the responses were in English so they were written as it is while for words in Urdu translation was done. Alongside the spoken words, other unspoken cues were also noted such as repetitions and emphasis on certain things as they hint to important information.

Braun & Clarke's (2006) procedure was followed while employing thematic analysis for this study which is as follows:

1. All of the data obtained from every interview was transcribed.
2. The transcripts of the interviews were read repeatedly.
3. Detailed accounts of the data were produced.
4. Different paragraphs of the interview translations were categorized and sorted into sub themes through coding.
5. Excerpts, patterns, and themes were explored and compared which eased the identification of similarities and differences of the themes that were included and refined.
6. Recognizing the theme to the main category.
7. Findings and discussion chapter was written that described and explained the identified themes.

The coding process began with the stage of initial coding in which precedent was given to informant terms without filtering the codes. Then a matrix of these initial codes and merged codes were produced and further refined. Then the similarities and differences among the many codes were sought which reduced the codes into a feasible number and sub themes were formed. Lastly selective coding was performed in which the sub-themes were further integrated into themes. Labels for all codes, sub themes and themes are selected to be representative of the data. Analysis is researcher driven and is based on the logic that data is not coded in a vacuum and a researcher cannot free himself of their theoretical and epistemological stance (Braun, V., & Clarke, V., 2006). This provides not only a rich description of the data overall but a more detailed analysis of some aspects of the data.

3.6. Ethical considerations

Ethics is the branch of philosophy that sheds light on how people should behave, their judgment about those behaviors, and what rules they should follow to justify those behaviors. In the context of research, it provides a framework for researchers to review and evaluate their work. Ethical considerations in qualitative and quantitative research are similar.   Ethical considerations include rules and guidelines regarding privacy and confidentiality, reproducibility, and quality of the study. As the data and its interpretation are subjective in qualitative research so due consideration should be given to potential ethical issues. This can make the reproducibility of the data more difficult to uphold.

Quantitative research is quite often restricted to limited responses of "yes or no ", a Likert scale, and several predetermined options that participants can choose while qualitative research provides detailed insights and understandings of the phenomena being researched. Qualitative research data is contextual and the context in which the data was collected is connected to the context in which it was collected. Reflexivity ensures that the context in which the data is being collected is considered and also takes into consideration the role of the researcher through the lifespan of the research project. This gives the researcher permission to question their presumptions, holds the researcher accountable, enhances the clarity of the data, and increases the trust of the public in the research being conducted. Inductive understanding refers to the process of conducting inductive research, which entails observing patterns and formulating theories or explanations based on those

patterns through a series of hypotheses. This approach enables researchers to gain knowledge from the data they collect in real-time, allowing them to derive meaningful insights, identify patterns, and establish relationships to develop theories. Ultimately, inductive understanding involves learning from experience by analyzing collected data to construct theoretical frameworks.

Prior to data collection the ethics of the research were shared with the subjects through email. All the subjects voluntarily participated without the provision of any reward for their participation. They were enlightened about the objectives and the reason behind the study. Right to privacy and anonymity was maintained. It was discussed that enterprise's names won't be mentioned but pseudo names shall be given to them for reference. Right to withdraw from becoming part of the study at any point was also given to them. Participants knew that the information being sought shall be used for academic research only. A written report of the interview was provided to those who asked for it.

CHAPTER 4 – ANALYSIS AND FINDINGS

This chapter includes the analysis and detailed findings extracted from interview data conducted with CEOs of social enterprises. The major focus of the interviews was based on the challenges being faced by social enterprises which are comparatively new and what could be the possible associated strategies to mitigate those challenges.

4.1 Development of Themes and Sub-Themes

To look into the data collected through 13 in-depth interviews, themes, and some themes are developed which are mainly categorized about the challenges being faced by social enterprises during scaling and strategies that can help them. Table XXX provides details of themes and sub-themes.

Table XXX: Themes and Sub-Themes

Challenges for Social Enterprises in Terms of Scaling		
	Themes	Sub-Themes
1	Lack of Conceptual Clarity	a) Poor understanding of the concept b) Lack of Status in terms of registration c) Relevance to NGOs
2	Landscape Challenges	a) Consideration of Impact as a foreign concept b) Cultural Resistance c) Infrastructural Issues
3	Operational Challenges	a) Talent Acquisition b) Digital Literacy non-existent c) Employee turnover
4	Marketing Challenges	a) Product promotion b) Pricing

5	Lack of external environment enablers	a) Insufficient Government support b) Political Instability c) Laid-back work culture d) Issues in Regulatory Framework
6	Funding Challenges	a) Budget Constraints b) Fixed VC mindset c) Grant money restrictions d) Market turnaround
	Strategies for Social Enterprises in terms of Scaling	
1	Human Resource Strategies	a) Emphasize Team Building b) Employee Retention & Motivation c) Train them to Learn and Innovate
2	Strategies to help sustain the enterprise	a) Managing Finances b) Pricing Models c) Diversification of revenue streams d) Optimizing resources and Technology Deployment e) key Marketing Tactics
3	Strategies for Growth	a) Networks & Partnerships b) Become a part of Policy-making c) Tackle Mindset
4	Strong Business Plan	a) Market Research & understanding of the customer b) Strategic agility and resilience
5	"Impact" as Strategy for Scaling	Mission Impact

The literature mentioned in this study has provided knowledge regarding how the scaling-up phase is challenging for enterprises (Haigh & Hoffman, 2012), and the respondents of the study are also of the same view that scaling is challenging on its own. Challenges could be related to various dimensions and for each challenge, strategies are existing which could help in the eradication of challenges.

Figure 1 Dual Logic Integration through Scaling by SEs

Challenges

Strategies

DUAL LOGIC INTEGRATION THROUGH SCALING BY SEs

Social Logic

+

Commercial Logic

Create
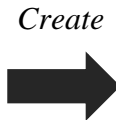
Address

| Lack of conceptual Clarity | Poor Understanding for the concept
Lack of status in terms of registration
Relevance to NGOs |

| Landscape Challenges | Considering Impact as a foreign concept
Cultural Resistance
Infrastructural Issues |

| Operational Challenges | Talent Acquisition
Digital literacy non-existent
Employee Turnover |

| Marketing Challenges | Product Promotion
Price |

| Lack of external env. enablers | Insufficient Government Support
Political Instability
Laid back work culture |

| Funding Challenges | Budget Constraints
Fixed VC mindset
Grant Money Restriction
Market Turnaround |

| Human Resource Strategies | Emphasize on team Building
Employee Retention & Motivation
Training them to learn and innovate |

| Strategies to help sustain the enterprise | Managing finances
Pricing Models
Diversifying revenue streams
Optimizing resources
Leveraging technology
Key marketing tactics |

| Strategies for Growth | Networks & Partnerships
Become a part of policy making
Tackle mindset |

| Strong Business Plan | Market Research
Understanding the customer
Strategic agility & resilience |

| Impact as Strategy | Mission Impact |
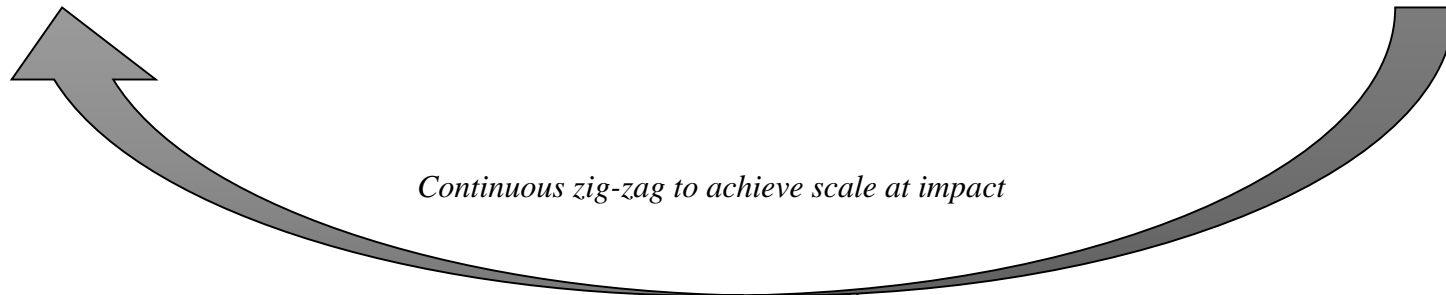
Continuous zig-zag to achieve scale at impact

4.2 Challenges for Social Enterprises in Terms of Scaling

4.2.1. Lack of Conceptual Clarity

Conceptual clarity is the most prominent challenge social enterprises come across in Pakistan based on interview data. Unfortunately, SECP (Regulatory Authority in Pakistan), allows for two types of businesses only i.e. profit and nonprofit. Hence social enterprises working for a social mission register themselves as either one of them but call themselves social. (Nazir et al, 2021). But social enterprises require a standing of their own as they don't fall under either one of the categories completely and have mixed yet distinct features. This challenge creates trouble regarding the conceptual clarity of the social and commercial mission of a social enterprise. This is misleading, especially for the investors. They associate them with typical for-profit or nonprofit and questions regarding their integrity are raised. Not being able to get registered in their true essence is a problem for SEs in Pakistan.

As mentioned by one of the respondents, it seems to be a big issue for social enterprises.

> *"We have faced a lot of challenges concerning our existence since there isn't any clarity about our existence and registration, whether we are for profit or not for profit, it is one of the biggest questions which we face when we get involved in the registration phase of registration...."* (Respondent 5)

In this category, all relevant data regarding identity ambiguity for social enterprises has been included. The sub-themes merged to formulate this theme are explained next.

(a) Poor understanding of the concept

Interaction during interview sessions with respondents shows that the concept of social enterprises is relatively new in Pakistan as it's a hybrid kind of model that involves combination work. Although the main focus remains, impact is not something that gets easily digested by the people and they confuse the terms due to the lack of know-how. One of the respondents mentioned:

> *"Even my customers get confused that we are a social enterprise then how we*
> *can also look for profit, assuming that we are a non-for-profit organization…"*
> (Respondent 7)

This shows a poor understanding of the concept of a social enterprise among customers and investors. People keep on juggling between a for-profit business and an NGO. This fusion of the two isn't something their mind can grasp and make sense of as a lot of business can come under the umbrella of social enterprises. This creates an additional challenge for these enterprises trying to create their position and explain the idea to people.

<p align="center">"VCs need to learn more about social enterprises."</p>

A respondent mentioned that some progress has been seen but still there is a long way to go.

<p align="center">"…for example when sehat kahani and other companies who have a hybrid business model came up the idea got a bit popularized."</p>

Concerning difficulties to start a social enterprise, the conceptual challenge is manifold in comparison to a traditional business. Social enterprises have to endure all the stresses that a regular startup/business goes through, be that of finance, human capital, marketing, product and service sustainability, profit and revenue generation, etc. However, the lack of understanding regarding the concept is an additional challenge for them. One of the respondents endorsed this view:

> *"The challenges a social enterprise faces are more or less the same as other*
> *businesses but the difference is a lack of understanding regarding the concept".*
> (Respondent 11)

This statement shows that in a country like Pakistan, starting and scaling a social enterprise is a lot more challenging as compared to starting a traditional business since giving understanding to the masses about the basic conceptualization is a lot more challenging. Even the entrepreneurs themselves don't fully understand the nature of their business and hence can't reap the utmost benefits as they are confused because of the dual logic. One of the respondents when asked whether the enterprise was a social enterprise, replied,

<p align="center">"We are mission-driven and are working towards a social cause, but we are for-profit, to be honest".</p>

This shows the way they perceive themselves as if being able to generate revenue wasn't something to be proud of. This is because they are not aware of these concepts as there isn't much emphasis placed on social problem solving like in foreign countries and shy away from calling their enterprise a social enterprise.

Also on the contrary, some social entrepreneurs who refer to their ventures as social and highlight the cause are found to show more concern regarding the commercial aspect. For example according to a respondent,

"We wanted to operate as a for-profit and it wasn't our intention to only scale impact like NGOs."

Adding to the confusion is the challenge of explaining the idea to people. Hence despite their initial clarity about the purpose and business model, when entrepreneurs involve themselves in real business on the ground, they face unexpected behavior from the public which in many cases even confuses their initial understanding of their business model.

A respondent was of the following views in this regard:

> *"Social enterprise is a new concept, hence it's challenging when you are raising investment (locally). When you have started a social impact business and when you tell them we are also earning money then people are like, but you are making money how you even social in the first place."* (Respondent 1)

They have to come across various statements from different stakeholders resulting in more confusion and sometimes extremely low motivation to continue with the startup. As mentioned by a respondent,

"The ecosystem is very friendly as people in authority are not mature enough to understand these concepts."

(b) Lack of Status in Terms of Registration

As mentioned previously, in Pakistan one can either register a business as a not-for-profit. There isn't yet any registration for social enterprises like there is in other countries. This is a prominent

reason people are not aware of the basic conceptualization of social enterprises. All the enterprises whose founders/co-founders/CEOs were interviewed for this study, despite being social enterprises by definition and nature, have registered themselves as for-profit private limited companies. This was evident from the comments of one of the interviewees:

> *"We are registered as a Pvt. Limited company. As we do not have a status for social enterprises in Pakistan so we have to go for it...."* (Respondent 3)

When even the existence of social enterprises is not acknowledged and there is no option for them to prove themselves as a separate legal entity, how will they be able to survive and perform in society? If a society/country is not giving the option to a social enterprise to be registered as a different legal entity, other than a for-profit and not-for-profit organization, how can one expect that a social enterprise will be able to bring in any positive change in that society/country? It shows a lack of legislation by the SECP in this regard. Respondents emphasized that in Pakistan, there should be a provision for the registration of a social enterprise as a separate entity other than for-profit and nonprofit just like there are rules in the US and Singapore where social enterprises are registered as a different entity i.e. other than for-profit and not-for-profit organizations.

> *"In America, there is section 501(c)(3) that allows for tax exemption for non-profit companies. We have applied for its equivalence for our enterprise so we have access to unrestricted grants at the same time being a for-profit."*

(c) Relevance to NGOs

Another major hurdle for social enterprises is that they are confused with NGOs and non-profit organizations as they are working for a cause on the verge of eliminating a social problem. But the issue is NGOs have a bad image in the country and so people look at social enterprises with the same lens and judge them as bad and doubt their intentions. Thus it gets very difficult to prove to people that they aren't doing something wrong. How you getting a grant if you are a for-profit business

> *"One challenge is that people have two psychological categories in their brain: either you are a for-profit company or an NGO."* (Respondent 4)

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Since the NGOs are not considered a credible platform in the Pakistani community, people have some negative connotations about the NGOs and how they work. It results in a negative perception also about social enterprises since people perceive them as an NGO as well. One of the respondents was of the view that:

> *"And confusion hence, you have to explain the context. So that people understand that we are not doing some shady business just like they have a misconception about NGOs."* (Respondent 5)

It was also observed that there had been bad cases in the past in which people used the tag of an NGO but instead used it for money laundering and so now the time to get an organization registered as a non-profit organization is very long and frustrating. It puts all activities to hold and hence dissuades the entrepreneur. This was evident from the views of Respondent 13:

> *"Previously there had been cases in which people registered NGOs for money laundering so now the process is complicated and time-consuming to register a non-profit." (Respondent 13)*

This shows one of the major challenges since a social enterprise, in its earlier years, not only faces financial issues but also faces identity crises which contributes to the low motivation of a budding entrepreneur.

4.2.2. Landscape Challenges

(a) Consideration of "Impact" as a Foreign Concept

Following the respondents of this study, unfortunately, a landscape that provides nourishment to social enterprises is lacking in Pakistan at the present moment. Materialism is deeply rooted in our culture. Business means only money to people. Social enterprises are supposed to not just track their success in terms of monetary gains but also the aspect of intangible gains which is "impact", based on the impact metrics set by them and investors which is difficult to quantify. But as the understanding of these concepts doesn't exist there isn't much importance given to them as well. One of the respondents identified the implication of the impact concept in social enterprises:

"… the actual purpose of social enterprise (would reinvest the money into the business and their growth would not only be in terms of financial but also impact based." (Respondent 3)

In terms of impact, creating a fit between investor values and community needs is the main concern. Today's world is rooting for impact but, although revenue is important but judging only based on numbers is not going to do any good. Respondents expressed that Pakistani investors need to catch up and learn more about social enterprises and impact metrics. Hence social enterprises in Pakistan can't play efficiently on impact grounds as the investors don't value social impact and their metrics are based on high returns and ROIs rather than impact.

"The case with Pakistani VCs has always been a challenge because they are still on a very conventional mindset and they invest in businesses that have tangible returns."

It was also observed that investors from Pakistan consider impact as a foreign concept and they do not understand what it is. Resultantly, the majority of investments are made by foreign investors who are well-versed in the basic conceptualization of social enterprises and the impact they create for society. Most of the respondents mentioned that impact is valued abroad as the concept is popularized there, for example, respondents mentioned Columbia and Harvard business school as well as Georgetown University in Qatar that they have centers for social enterprises and give funding to ideas based on impact as they understand these concepts. They also mentioned international grants like UKAID, USAID, Mulago Foundation, and GSMA. But not here in Pakistan so no one cares about impact but revenue alone. One respondent mentioned that there was no such thing as impact investment in Pakistan until "acumen" came.

"All grants we got are from International Companies. They are giving funding to social impact companies now for 'real impact'. There are no such grants in Pakistan for social enterprises". (Respondent 11)

Social enterprises hence take a backseat and don't get funding as compared to those businesses that guarantee high returns on investment and the investors prefer them over impact-based businesses. It was found during the interview sessions that in terms of Pakistani investors we are at an extremely nascent stage and social entrepreneurship is at a much back seat from the lens of

respondents as they believe the targeted startups are mostly those who show unbelievable kind of returns while SEs can't do that as it would mean compromising on their core social logic.

"Most of the companies that get funding don't work well as it's all about accounting and market dynamics and no real work because not done from the heart."

As mentioned there was confusion regarding the concept of SE among the entrepreneurs themselves. Is the same the case with impact too? Like most respondents mentioned above, given due importance to impact metrics some were seen not resonating in the same way about it and impact is just an added thing for them. They are mission-driven and care about it but revenue matters, to a greater extent, to them. The narrative behind impact metrics is to feel good about themselves and in the eyes of others, while actually, they strive to achieve scale alone like their counter-commercial enterprises.

"We didn't do any robust impact measurement as we looked at ourselves as for-profit which was in the service of creating a bigger business, so the impact was only a consequence of creating that."

Even most of the social entrepreneurs themselves do not understand this concept well and hence they can't create sustainable impact and will easily stray away from the mission causing mission drift. They also think that impact is just an added advantage and take it as a sideline thing and not the core despite being a mission-driven Social enterprise. In this scenario, there are problems in the business model as well. Cracking the business model is a challenge, especially for social enterprises (Samar Hasan-founder Epiphany). This confusion in the mind of the Social entrepreneur can cause challenges in scaling up. According to one respondent, profit is dominant and core.

"Being a Social enterprise is a double-edged sword. In the local Pakistani context I feel it just might prove a hindrance and might rightly so as if you pitch to the VCs they want to see the bottom line and impact is just added garnish on top." (SE 9, interview)

Impact metrics can be relatively tricky as the measures are not quantifiable due to being intangible so this makes the evaluation more challenging for social enterprises (Austin, J., Stevenson, H., & Wei–Skillern, J., 2006). Also, there is a lack of effective tools for evaluating impact (Bugg-Levine, A., Kogut, B., & Kulatilaka, N., 2012). This is the reason why social

enterprises despite doing good quality work don't receive desired funding and investor attention. Impact is difficult to quantify and measure but also it's a matter of time, as change doesn't happen suddenly. So it gets more challenging to convince an investor based on the grounds of impact and proving your worth. According to a respondent whose enterprise is working on the financial empowerment of women,

"Product market fit comes when the customer is ready to buy and they come back to buy your product. With our retail business model, the tenure for that change to happen and to evaluate the impact is slightly longer."

(b) Cultural Resistance

Social enterprises whose mission is to rather empower the people and facilitate them are perceived as a threat to the existing systems and they don't cooperate because they have an underlying fear of getting replaced. An innovative solution means an out of box way to cater to the problem and hence put an end to the existing ways. As new ones are more efficient and sustainable and better solve the problem with the existing resources yet at a low cost. This mindset and behavioral challenge is a tough one for social enterprises and hence creates unnecessary complications for the business. One of the respondents whose enterprise is working on empowering students for better employment opportunities is of the following view:

"The counselors already in school feel threatened by our presence." (Respondent 11)

Cultural mindset plays a key role in the acceptance of new solutions and develops people's willingness to find it worth giving a try. People remain in denial regarding the importance of innovations. It acts as a hindrance when social problems are resolved through new innovative ideas as people tend to resist them and it becomes a challenge to change the mindset. Also, people are just inclined to a conservative approach to doing things and don't want to chase the world; rather they are content with their situations and shy away from putting some extra effort into actually trying new things. Examples from interviews include, 'women riding on bikes was unheard of', 'consultation without admission waste of money', 'women driving ambulance frowned upon', 'Why women need bank account', 'online doctor isn't reliable like a physical one', 'hospitals not willing to give data despite us following patient compliance' etc. The core values of the population

need to remain intact and they are not willing to oppose the obsolete cultural limitations. It was observed that:

> *"If we offer something innovative to our customers, they always have doubts and insist on an old traditional way of service provision. They are afraid of innovation since they don't want to go out of their comfort zone which might be due to their cultural restrictions…"* (Respondent 10)

It feels like it is their (customers') moral duty to stick to the traditional way of doing work otherwise they will end up alienating themselves and society would point fingers at them. It was observed during the interview with a respondent that people are resistant to having new ways of doing things and they don't believe in new ideas. They may have seen things being done before but not maintained and sustained and hence don't comply much when introduced to new things due to the lack of faith they have in them and impatience for results. Respondents mentioned that people do not regard environmental-friendly and organic products the way they are given importance in developed countries. They have a fixed mentality and brand loyalties towards commercial products that are actually poor in quality as they don't even allow new products available to them on shelves. Especially people who are uneducated and deprived of the facilities, these are the ones social enterprises want to empower so it is challenging. Convincing people to online payment was one of the biggest challenges for one of the social enterprises included in our sample. The respondent was of the view that:

> *"Another challenge was making online payments. People are reluctant to make a bank transfer as they are having trust issues with online transactions. This is something missing in the digital space."* (Respondent 13)

This shows the struggle being faced by social enterprises.

(c) Infrastructural Issues

In Pakistan, unfortunately, there exists a lot of gap between the urban and rural areas like access to the internet is still something only the privileged cities have. A respondent mentioned the internet quality in low-income communities was poor.

"When you are talking about social impact you are targeting the bottom of the pyramid and people who live below a certain level below the poverty line are having a lack of resources." (Respondent 7)

This gap disenfranchises a whole bunch of the population and tech-based social enterprises that mostly work for the bottom of the pyramid people (for example deaf people- for enterprises working on disability) it gets challenging while working on a solution at the same time working on the infrastructural issues.

Social enterprises on the one hand have a great opportunity as they can come up with solutions to the many social problems that are prevailing. But the remote access gets in the way of achieving the desired goals as the solutions are innovative and involve the use of technology. This becomes a hurdle in scaling and requires strategic interventions. Being online requires fewer resources so it's cost-effective but when there is poor internet the facility has to be shifted to physical which requires more resources and incurs more cost. For example, one enterprise had to make physical booklets for aptitude testing because online wasn't possible due to poor internet. Respondents mentioned that people cannot pay through debit/credit cards and so online transactions couldn't be done. Another problem was teacher training as their teachers had no access to laptops/computers since they were working at these low-fee schools in rural areas. One of the respondents mentioned this issue in the following words which show the challenges being faced by them about the lack of proper infrastructure availability:

"As for a tech startup, the external environment matters a lot. For it to reach them the infrastructure in that region must be built reasonably well so those people can get access, many companies want to scale up but they cannot expand to rural areas as it's mostly web-based and there is no acceptance of it." (Respondent 10)

4.2.3. HR Challenges

As social enterprises transition to scale up phase and increase the size of their operations they need to hire talent and are also increasingly likely to face the influence of the conflict in logics. Literature provides insights into the challenges that social enterprises come across in keeping up the social mission intact while they invest in human resources because with more people the

existing logic which guides the employers gets challenged by the introduction of new logic as they persons aren't free from attachment to either logic (Pache, A. C., & Santos, F., 2013).

(a) Talent Acquisition

Internal challenges, for example, a social enterprise that is technology based, like the limited supply of tech talent there though generally tech is evolving in Pakistan and the demand is getting high but still to procure an efficient team who are innovative and passionate is difficult. For one enterprise the challenge was to find skilled interpreters to serve deaf/disabled communities as today the knowledge has become obsolete due to advances in technology. For better quality services interpreters with a valid license were also scarce. Also, there are too many different sign languages so they required more people which was challenging to source. Similarly for another enterprise that required domestic workers the supply side was difficult to fulfill. For another enterprise, it was a challenge to onboard doctors that can manage online consultations. For growth and scaling up, digital skills and tech expertise are essential to keep ahead of the competition and conquer the market. For example, respondent 7, who was struggling to find relevant talent for his start-up, was of the view that:

> *"To scale the company, very specific talent and human resources need to be acquired so that one can grow and scale the business. And to find that as a smaller company, with limited budgets in Pakistan, it's absolutely difficult. Finding a CTO is so difficult in Pakistan who can take your application to the next level and make you compete with other global applications."* (Respondent 7)

Furthermore, social enterprises that are small to medium scale have to remain within their budget to cut costs so the cause remains a priority, the incentives such as salary are low and the work is more to fight the social problem. Respondents mentioned that the graduates who apply for jobs lack experience and require a ton of support staff which is difficult for a small enterprise.

> *"Startups have a 'jugaar' culture so one person has to multitask and people are not willing to take up such roles."* (Respondent 5)

But then scaling a social enterprise requires extremely dedicated and motivated people who resonate with the cause and are so passionate to solve the social problem that are ready to make

the required compromises. This is a big challenge as a respondent mentioned that pressure lies from families on the people to earn a good income in return for the work.

(b) Digital Literacy non-existent

It was observed during the interviews that being innovative means coming up with new and improved ways of doing things and such efficiency both in terms of problem-solving as well as cost-cutting requires updated technology. But it is a task in itself to make people realize it is the need of the hour as there is an inherent resistance to change and adopting new technology especially when dealing with people from low-income communities and that's mostly the target population of social enterprises. One of the respondents mentioned that:

> *"Our target audience, they're very apprehensive of technology, they even lacked the basic digital literacy and information."* (Respondent 2)

They lack awareness regarding how the world is evolving and adapting to new ways of doing things. For one enterprise which is working on healthcare facilities for underprivileged people, they had to employ nurses who shall be running the computers/smartphones to connect patients with an online doctor through a video call. But teaching them how to use the technology was a big challenge for them. Also, such behavior change requires a lot of time and resources which puts a strain on social enterprises' performance and outcome. Challenges being faced by social enterprises about employee training were rated very high. One of the respondents mentioned:

> *"Then training the domestic helpers to work in a new work culture as these are those people who haven't worked professionally by being a part of an organization so we had to work both on their soft and hard skills."* (Respondent 2)

(c) Employee Turnover

It is also a challenge as with time employees realize this isn't something that they want to do for the long term or they seek better opportunities elsewhere once equipped with skills. Below is a statement mentioning this challenge from a respondent whose enterprise is working to empower deaf/people with disabilities:

> *"First I used to wonder why there is focus on team management at incubator center, but as we grew it is a challenge to retain the employee as we had to put a lot of time*

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and energy to train a deaf staff and when he leaves it's a big loss, though we are
providing competitive salary equal to what McDonald's and KFC pay…"
(Respondent 12)

Another respondent (Respondent 13) mentioned that most of the employees are concerned with money for their services. They don't care about the impact, especially in our case the laborers. This in turn de-motivates the employees as well as they are ambiguous about the purpose behind the initiative. In terms of mission based on logic, when one is being followed, like either social or commercial, then the employees of the enterprise are all on the same page as well and the conflict gets reduced (Jhangiani, R., & Tarry, H., 2022). But in the case of social enterprises, as two logics are at play the level of conflict is likely to increase resulting in issues concerning employee retention and motivation.

4.2.4. Marketing Challenges

(a) Product Promotion

During the interview sessions with respondents, several challenges were discussed by the respondents about the promotion of the product manufactured or services offered by the social enterprises. Limited budget for marketing, creating a brand, lack of content creators and influencers who produce good quality content, dynamic customer personas, and confusion regarding the marketing language are a few of the many challenges the respondents mentioned. One of the respondents mentioned that:

"Due to less budget we used free online social media platforms but an issue that
arises again is that paid content gets more viewership than the free one."
(Respondent 6)

Another respondent was more concerned about the quality perception of products offered by social enterprises. He was of the view that people perceive products manufactured by social enterprises as low quality in comparison to the products manufactured by traditional corporate giants. He was of the view that:

"No matter how good the quality of our product, people consider it of mediocre to low quality when it is labeled with a startup or labeled as something like social wellbeing…" (Respondent 4)

This poses a big challenge for social enterprises. No matter how good quality a product has, it is all about perception and that is the point where marketing of the products manufactured or services offered by social enterprises gets challenging.

(b) Pricing

According to a respondent, social enterprises shy away from asking money from their beneficiaries and beneficiaries also don't value their time. On the contrary, the notion of being for-profit pushes these enterprises to price their items to cover the cost and generate revenue so the money can be invested in the business. But most people associate their social cause with charity and hence question their integrity time and again which puts further pressure on social enterprises on the verge to generate revenue and sustain themselves. As previously mentioned regarding the confusion entrepreneurs themselves have, enterprises focusing more on impact think making money is an added thing. One of the respondents (Respondent 4) when asked whether the enterprise was a social enterprise, replied, "*Well yes, but we are for-profit, to be honest*". This shows the way they perceive themselves, as if making money was a bad thing. Hence there lies a clear divide when these entrepreneurs are compared to their commercial counterparts.

People expect that the product manufactured by social enterprises should be free of cost since they resemble something like charity. Respondent 6 had also similar thoughts about the pricing of the offerings by the social enterprises.

"People say why not for free, we tell them we do have free content online but have to sustain the business as well. Otherwise quality shall be compromised." (Respondent 6)

Also as mentioned earlier the beneficiaries of social enterprises are people with low income and they can't pay high prices. This affects the overall financial model of social enterprises and causes them to struggle with the consequences. Below is a statement from an enterprise that is working for the empowerment of the deaf community.

"Deaf people couldn't pay even the low cost for interpretation services, the deaf community in Pakistan is economically poor." (Respondent 8)

Also due to fewer resources people prefer cheap products and services over improved quality products and services. Social enterprises that have the logic of environmental sustainability as a social mission face additional challenges while scaling up because of the affordability issue. For example, two respondents had very interesting observations about this issue:

"We wanted to bring in industry experts to provide specific mentorship but then the service gets expensive unfortunately and students are no longer convinced to take it." (Respondent 8)

"People here do not have much regard for environment-friendly products as they are organic and a bit costly." (Respondent 5)

Hence setting a price becomes a challenge when you want to scale, especially in terms of adding more beneficiaries and becoming a self-sustainable enterprise.

4.2.5. Lack of External Environment Enablers

"Sometimes I believe a startup needs an enabling environment rather than only money." (SE 1, interview)

(a) Insufficient Government Support

According to the majority of the respondents of this study, the Government doesn't support social enterprises in terms of grants provision as well as funding; a few of them mentioned *that "we do not expect any help from the government"*. It was also evident from the interviews that they don't even support and incentivize the investors that are concerned with impact just to encourage them and more investors to become part of the pool, which is already not enough. Respondents mentioned that the private sector doesn't support startups but the government can play a huge role in uplifting them and improving the overall social enterprise landscape in the country through the creation of economic stability. Sadly for that, even though they need to be aware of what is lacking they don't even understand these concepts themselves. One of the respondents mentioned that:

> *"...this can solve the problem of investment and cash flow for impact-based startups to a certain extent. So there should be some sort of infrastructure to instill the growth of social enterprises for the betterment of Pakistan's economy."*
> (Respondent 7)

Another challenge faced by social enterprises regarding Governmental support is the lack of support for the ease of doing business. The ease of doing business isn't there as per the respondents of this study, especially when they compare it with countries like the US and Singapore hence the environment isn't enabling for the businesses to bloom. Respondents mentioned that the government only verbally appreciates and acknowledges their impact-based ideas which aren't enough to support them. Also, the government has set up incubation centers and some of the respondents really appreciated them (mentioned in the strategies part of this chapter) but few of them have reservations regarding their utility and the efficiency of the coaches there and more importantly, there is a lack of privacy. A respondent showed his emotions as follows:

> *"Government has set up incubators however it can come at the expense of lack of privacy or one's ideas vulnerable to being copied."* (Respondent 9)

According to them, in Incubator centers, the coaches are the ones who haven't run a startup themselves and they teach different stuff but the ground realities are totally different. So there is still a long way to go.

(b) Political Instability

Political unrest in Pakistan is affecting businesses in the worst way possible and is the prime reason for not having sound policies, a respondent expressed. People in authority can't do much about it as they worry that the present government is in favor of these policies but what if a sudden change in government will the next party do with them? Respondent 2 mentioned that:

> *"The political instability in Pakistan is the major reason people usually do not focus on the policy. It isn't that they do not want to work they are just reluctant what if it is done today what will happen when the next political party takes over, 'Ehsas' program by the previous government is the biggest example in front of you."* (Respondent 2)

As respondent (Respondent 11) mentioned that each political party sets some priority areas and sectors towards which they are more inclined. So for the previous one climate change was very important so startups related to it got funding and attention. Also, the new government introduces new policies, for example, "import ban" etc due to which enterprises suffer. Hence such changes make it difficult to forecast things and demotivate enterprises. Respondent 11 further added that

> *"It further worsens the case and makes more investors wary of investing due to bad image."* (Respondent 11)

All of this in turn creates a bad image in front of international investors as they can see not much importance is given to these aspects and so nothing much of value can be created, it discourages them in turn and they stay away from investing in Pakistan.

(c) Laid-back Work Culture

Respondents 5 and 7 were of the view that the 'system' here is still running on the traditional mindset. There is a prevailing culture of hierarchy and laid-back work ethics that won't let the power dynamics blur for the sake of improvement of work but rather assist the lethargy and do-nothing-more-than-the-required mindset of the officials in authority. Nepotism and bureaucracy are the norm. One of the respondents mentioned:

> *"Mindset in Pakistan, Bureaucracy, 'Akhar', that when you do not have political references nobody cooperates. These kinds of challenges we had to face with people, banks and government every day."* (Respondent 7)

For social enterprises particularly it gets even more challenging as there is no guidance for them. People in authority don't know the by-laws and are of no help when it comes to assisting. There isn't a culture of checking emails and they don't even pick the official numbers. Meeting with concerned authorities is nearly impossible in many cases, as mentioned by one of the respondents during an interview.

> *"...the people in authority are very hard to approach and we can't talk to them to discuss our problems, 'sahab se mil nahi sakte' mentality is still prevailing."* (Respondent 13)

One has to figure out everything on his own and the fear that they may end up doing something wrong despite good intentions, as there is no distinction between right and wrong stresses out the entrepreneurs to the core. They want to follow rules but laws don't exist or in cases when they do the people in authority aren't aware of the bylaws themselves. There is no guidance for startups on where to go and there aren't any dedicated platforms to reach out to when things get difficult. Due to the lack of a dedicated platform, there isn't any clear avenue for social enterprises as well as investors, and in this case, the scale-ups who are transitioning towards growth face the most challenges.

(d) Issues in Regulatory Framework

The regulatory environment in Pakistan is one of the hardest places not only for startups but also for investors. The government bodies that are responsible for registration, investments & finance don't work in sync. A respondent mentioned that our country is regulated by a State bank, a financial regulator which is not agile and receptive to business needs, and according to him, it should be rather PTA, a telecom regulator, just like in other countries like Bangladesh and Kenya. Hence financial institutions are not attuned to serving startups. One of the respondents mentioned, "*If I have to deal with the tax issues, FBR is not responding properly*". Startups are put in the same category as SMEs and other corporate sector firms and go through the same procedures. Despite having a huge difference in structure they have less strength to pay huge fees to lawyers and outsource putting further strain on resources. Paperwork is never ending in the offices, approvals take a ton of time and all of this reduces the pace of innovation. One of the respondents added. She further mentioned that:

> *"There exist no such policies, too many complications in getting paperwork through, and what it does is that certain investors that are there, they back out as well because they get frustrated by it all. And that's the reason they don't want to invest in the first place."* (Respondent 12)

Also in other countries social enterprises due to having a standing get perks like tax exemptions and rebates as they are working for a cause and doing good for the country. Also, big firms have their separate legal departments but for startups, there are only a few cofounders, and have to manage business development, marketing, finance, operations, and legalities all by themselves which is extremely challenging.

"It is just not possible for young companies to pay those taxes and still grow" (Respondent 10).

The respondents also expressed that the legal framework doesn't reinforce the idea of trust. The investors are afraid that someone might run away with their money so the way that they might behave is influenced by that. According to the respondents, it's really sad as despite being able to bring the investment (money) into Pakistan they can't because of the hurdles. The case of extracting money back from Pakistan is challenging and hence keeps the investors away from funding here. Because no proper channel investors prefer some hold co outside Pakistan in a country whose economic model they can trust as mentioned by a respondent. Because of this, the enterprises have to create legal entities themselves which is an additional task for them. So much time and effort is wasted because of this major loophole in the policy side of things which causes frustration and reduces the pace of activities of SEs.

"Legal work with SCCP is complicated. There is renewed scrutiny of international NGOs in Pakistan. Funds flowing from NGOs need to have approval from the Economic Affairs Division (EAD). We were a for-profit organization, and it raised eyebrows with the EAD and the SBP. The funds were therefore stuck in red tape and never released." (SE 2, interview)

Overall the policy situation is not good and bringing about a change in policy is yet a struggle in itself despite working with the government you have to go to the Senate for that which is too much time-consuming and daunting. Respondents mentioned that they feel pressure and are scared they would end up shutting the business as the policies aren't there. Constant threat, fear of shutting down and so it's difficult to convince investors due to lack of confidence. For one enterprise, they mentioned there isn't any policy for food trucks so no rules as to where you can park, etc, and hence lack of freedom to operate with ease and operate full time despite knowing the idea has the power to scale big time hands remain tied to entrepreneurs. For other enterprises, policies for disabilities like financial inclusion for people with disabilities are lacking. When policies are not there then people don't take such social initiatives seriously and don't incentivize them like the respondent mentioned disability act in the US which really pushes for this purpose. Due to the lack of policies and no metrics regarding quality standards, some businesses take advantage as they know they can get away easily which results in an overall bad image of players in the same domain. Respondents stressed the fact that it was high time these policies are established.

"...startups progress 'despite' the policies not in favor in Pakistan."

4.2.6. Funding Challenges

(a) Budget Constraints

During conversations/interviews with respondents of this study, it was found that different kinds of funding are needed at different stages of a startup which can be hard to find in the current ecosystem. Respondents stated that social enterprises at their startup phase require money to reach a certain stage but they need to be injected with an extra amount for scaling activities such as heavy marketing, product improvement & testing, scaling up human resources, and investing in technology, etc. Social enterprises need to generate sufficient revenue and raise funding to fulfill the social mission (Bugg-Levine, A., Kogut, B., & Kulatilaka, N., 2012). One of the respondents was of the view:

> *"Scaling requires extensive technology to manage operations across multiple satellite offices across the country and also cross-country branches. And that requires funding to set up these operations in multiple areas and set up a tech team for others."* (Respondent 1)

In doing so, social enterprises are dealing with contrasting institutional logic and commercial logic is essential for the financial sustainability of the enterprise (Gleißner, W., Günther, T., & Walkshäusl, C., 2022). Social enterprises that already shy away from asking for money, as they are more inclined towards the social good logic and feel selfish doing so, suffer even more in this case.

> *"There are some aspects of your product's development that you can't carry out with your normal operations, only the burn rate is being carried out and the daily tasks are being taken care of but new investment requires something concrete on the ground…"* (Respondent 6)

Another issue with regard to funding is because of the poor understanding of the social enterprise model. Discussion with the respondents further show that this was a glaring issue for startups that were struggling to have seed capital. One of the respondents expressed it in the following words:

"While we were starting out a few years back, the idea of a social enterprise was new and hence it acted as a major tension while pitching to incubators and seeking funding became a challenge". (Respondent 12)

(b) Fixed Venture Capital Mindset

It was observed during the interview sessions that the scope of the investors in the funding space is very limited. They follow the trends and invest in the businesses that they know would be profitable because right now they seem promising and they have been proven successful somewhere else already. According to Huber, J., Palan, S., & Zeisberger, S. (2019), as the investors have seen these models already proved successful in other markets their perceptions of the risks involved gets reduced. But then they don't give a chance to the ones that are new and working towards their final idea and don't want to invest bigger amounts. They can't see beyond the fixed mindset. One of the respondents mentioned that:

"We always lack funding if we have to start in Pakistan. We have to showcase to investors that it can work and grow if we inject a bigger amount but here in Pakistan we cannot gain their trust that way, so we have to set an example elsewhere in the world and once they look at the business model and then if we come back to Pakistan maybe people will take us more seriously. This is a prevailing mindset we have majorly I am sorry to say." (Respondent 12)

Hence it is added pressure on the entrepreneur to first create a market and awareness for the idea and prove its worth to the people when they come up with out-of-the-box solutions to existing problems.

Another point from investors' perspective is the excessive focus on looking for innovation to seed venture capital. Just because one thing worked somewhere doesn't mean the same idea implemented in Pakistan would also prove to be successful and vice versa. As the world saw the success of technology-based startups from Silicon Valley so technology became the new trend but following trends alone is not smart. Because of the limited and fixed thinking of our investors and judges of startup competitions only give opportunity to those ideas that have already been proven to be a success somewhere else in the world and not the ones that deflect from the set criteria. Respondent 10 was of the following view:

"…I think that VC financing is also incredibly short-sighted like the major obsession right now is that what happened in India should be done here as well. But the fact is what happened in India can't be replicated in Pakistan…" (Respondent 10)

It was also noticed that the scope of the people in the funding space is very limited. New ideas need to be given a chance so they can prove their worth rather than fixating one's brain on already tried and tested ideas. So now if a startup fulfills all criteria of a startup but isn't tech-based then it doesn't mean it is not a business and won't do any good. Technology is the most popular industry among investors in Pakistan (Social Innovation Lab report, 2018) but merely obsessing over technology is not a wise criterion

"I come across many investors who are only looking forward to tech-based startups and not welcoming other ideas as their mentality has forced them to think that true startups are only tech-based…maybe." (Respondent 3)

Other areas could also be tested under the umbrella of social enterprises but investors' mindset is stuck with the tech-based startups and they only consider those startups worthy of investment that have dominantly focused on technology.

(c) Grant money comes with Restrictions

As most social enterprises run on grants they are dependent on others for financial resources hence it's an additional challenge as it creates economic uncertainty. Social enterprises have to follow the guidelines set by the investor and fulfill all that they ask from you as you are accountable to them. Respondents mentioned that mostly they don't want returns in money but they want something like impact achieved and so you have to prove to them that the funding they gave you didn't go in vain. One of the respondents said:

"Investing comes with a lot of restrictions as you are subject to the wills and wimps of the investor." (Respondent 5)

Also, grant money comes with a timeline. In some cases, there is a high chance of going away from the initial mission just to please the investor and convince them to pay more and their fundraising efforts consume time and energy that could be spent on their social missions. Social

enterprises sometimes compromise on their basic principles just for the sake of securing financial resources. One of the respondents said:

> *"We were approached by organizations whose KPIs for funding were somewhat against our values and could potentially drag us away from the impact we want to achieve to a degree we were not comfortable with."* (Respondent 4)

Also in the case of corporations giving money for the sake of social good or CSR, they expect that in return for the money they give as charity, they will also get something in return. But when they back off when this expectation isn't met.

(d) Market Turnaround

Global economic recession is affecting every business and social enterprises take an even back seat in such times as the investor pool shortens out. As a consequence, ventures have to cut down on growth which is a major way to increase revenue towards sustainability to avoid risks as the cash burn rate is limited. One of the respondents mentioned that:

> *"Startups rely on VC money to subsidize the activities but when that funding stops the real economics of the model come through."* (SE 10, interview)

Dollar price fluctuations resulting in rupee value depreciating causes people to pay more for the same raw materials (imported ones) and in turn finished products. Due to the rupee's continued downward momentum venture capitals vary as the returns aren't worth much to them hence they tend to re-assess their stakes in startups. Also, a respondent mentioned that their venture which lies in the domain of health tech suffers a lot as it is considered a risky business to invest in from an investor's point of view.

> *"We had almost completed a funding round but then one of the investors pulled back from his commitments. The reason being the shift in the capital market was due to the global recession. The investors are varied in investing in risky countries and there is a further shift from growth-oriented towards earning's potential and hence an even worse scenario for social enterprises."*

Respondents also mentioned how COVID brought these businesses to a standstill.

These are a few of the challenges which were highlighted by the respondents of this study. These challenges vary from the basic conceptualization of social enterprises to financial problems and lack of regulations about social enterprises. In the next section of this chapter, to mitigate these challenges, strategies are analyzed based on the interviews with the respondents of this study.

4.3 Strategies for Social Enterprises in Terms of Scaling

According to Lafley et al., (2012), strategy is not just about making choices but in reality it's an art to make tactical decisions as well as getting things done by transforming the choices into real business impact. Meanwhile, businesses have to navigate external pressures which makes the process difficult.

Following are the strategies, derived from the data collected during interview sessions with respondents of this study, which were deployed by the enterprises under study on the verge to overcome the challenges identified and analyzed in the previous section.

4.3.1. Human Resource Strategies

(a) Employee Retention & Motivation

Data collected through interviews suggests that social enterprises creatively deploy strategies to attract, hire, retain, and motivate employees by baking the mission into the organizational culture. they try to compensate for the lack of financial rewards with nonfinancial ones due to budget constraints. Social enterprises do not run like nonprofits and to them, financial sustainability is a priority along with the social mission. So this helps them to align the goal with employee expectations. One of the participants who track their impact through SDGs makes sure their employee knows that their cause is bigger than themselves i.e. sustainable environment. One of the respondents mentioned:

> *"Mostly the employees are concerned with money for their services, especially factory workers, but we are trying to align the company goals with employee goals through involvement in social events where they get to know they are doing something good for their internal satisfaction."* (Respondent 4)

Another respondent shared his view in this regard:

> *"We are a Pvt. limited company that also works for its shareholders as well as its employees in order to make sure that there's a bigger impact."* (Respondent 9)

Social mission is given priority over everything and to make sure that it gets reflected in every activity and dialogue, employee motivation is important. Employees get motivated by the message that they are not working for a business but also serving a bigger purpose and they should be proud of their work and keep putting in the effort. This mission resonates with them and makes them work harder and they become ambassadors of the cause. It increases impact in turn in the form of increased motivation and high retention rates.

As mentioned in the study by Binns et al. (2015), employees should have a purpose that motivates them to come to work each day and look forward to the work they are doing. Also, the incentive is attached to their purpose being fulfilled emotionally hence motivation is intrinsic and the relationship is built on trust. Another respondent added in this regard:

> *"When we informed our employees that we are not here just to earn profit, but to give back to society, they were more committed to the work and even went for extra hours than they were expected…"* (Respondent 2)

Also in terms of rewards, one can think of other things like recognitions based on performance and certifications rather than only focusing on financial rewards which could be categorized as intrinsic motivation and does not put pressure on the budget of the social enterprise but have huge impact. The provision of training to the employees also gives them a sense of responsibility and positively forces them to remain part of the enterprise which is investing in them by developing their skills. One of the respondents, whose enterprise is heavily involved in employee pieces of training by having global partnerships, expressed his views:

> *"Also we incentivized the pieces of training, we partnered with the Global education system of Finland so when you complete the training module you get an international certification and the Finnish education model is considered to be the best in the world. Now we have seen through data analytics that 90% of teachers complete the pieces of training within 60 minutes after launch as they are that much interested."* (Respondent 13)

The data show that this type of strategy works heavily for increasing employee retention rate as well as motivating employees of social enterprises.

(b) Train them to Learn and Innovate

Most of the respondents mentioned that when they started, digital literacy was very nascent; they really had to conduct training to train the employees and start from scratch, like how they'll be using a laptop and then move on to using software/an app (Respondent 1, 4, 7, 9). Also, they had to encourage them that it is not just for us but for the whole society. So if you know how to use the cell phone and use the features in a better way, then it's going to help you and you can use it for your own purposes too. To solve the problem, what they did was conduct focus groups to research the underlying problems. For example, one respondent stated,

> *"Teachers wanted the training to be time sensitive as they have to take classes as well as manage their families. We have made things super easy for them like our LMS tool and exam generator which they find extremely useful for themselves and they are convinced to give it a try. Also, 88% of teachers that we surveyed responded that their teaching methods have been made very easy and efficient after using our adopting app."* (Respondent 9)

This has boosted the confidence of employees and motivated them to learn new things and be part of the innovation which most enterprises are looking forward to. Employees once are convinced to learn and adapt, then things become easier. Furthermore, counseling also helped enterprises to motivate the stakeholders and earn their commitment and trust. One of the respondents mentioned:

> *"We really worked on the counseling of a doctor so that it is very interactive and just like what's in a physical space. So it doesn't look like it's, they're just talking over the phone, but it gives them a realistic kind of a feeling. So people at the end of the day are really satisfied with the interaction."* (Respondent 1)

This strategy helped most enterprises to overcome the issue of low performance and non-learning attitudes of employees at social enterprises. When they made sure the learning will also update their personal skills, employees were more interested in adopting new ways of doing work.

(c) Emphasize Team Building

One has to see what the next person is bringing to the table and how self-driven and motivated they are for working towards the goal. The team members should be efficient, they should know how to multitask and work with minimum resources. Also, team members from diverse backgrounds like business and engineering fields can really complement each other according to a few respondents as it improves their skill set. It really depends on the team, and how strong are the founders, you have to take from zero to a hundred. If you have the right team and talent then you are able to tackle the challenges and address the social issues in a better way. Every employee should be given trust that they can perform better in a team and learn from their fellow members of the team. One of the respondents mentioned:

> *"Each member in a startup is an entrepreneur in itself and has the autonomy to make decisions, experiment and take responsibility. Thus when great minds come together innovation happens."* (Respondent 1)

One respondent also highlighted the significance of the international exposure of the founder. It depends upon the ability of the leader in how he/she takes both the logics ahead simultaneously without compromising on any one of them. The Founder/leader of the enterprise should also be a good team player and must have an idea about the importance of teams. One respondent said:

> *"First I used to wonder why they are teaching us team management at the incubator center but then I realized that team management, when done effectively, can do wonders…"* (Respondent 10)

This is the reason why team management is emphasized at incubation centers as it is an essential feature for a business's success and scaling up of social enterprises. A startup is at first a small team so with time one realizes gradually that you need an HR dept. and talent is essential for scaling otherwise you will be stuck in the same place wherever you are today rather than going big. With scaling comes exponential growth of the enterprise and it requires an influx of professional talent. Hence enterprises should be investing in the human resource and the training and development of their people.

4.3.2. Strategies to help sustain the enterprise

Social enterprises deploy a dual-scalability logic in order i.e. they tend to balance the social and commercial mission. A respondent who worked in an NGO prior to starting their own venture was of the view that the not-for-profit model isn't sustainable anymore and believed in the idea of a for-profit social business. As a respondent mentioned that money is required at each stage otherwise the enterprise won't be able to impact at scale. Another mentioned not to focus on impact alone as that can be diverging. For scaling up a self-sustainable social enterprise, enterprises need capital and it's about how well they can manage the existing resources effectively along with capturing more.

> *"For a social enterprise wanting to scale up while being sustainable, it's extremely important that it can invest in itself for its growth and that is why we have chosen to be an organization that is for-profit while working for our mission at the same time."* (Respondent 8)

(a) Managing Finances

Respondents mentioned that for the sake of scaling up, social enterprises raise investments from multiple sources to build the business, cover the cost, help sustain the business activities and move forward and scale. Respondents (1, 6, and 20) mentioned techniques like bootstrapping, Government funding, angel investments, grants and impact investments, money prizes from winning startup competitions, bank loans as well as VC funding. According to them, the most crucial thing is to know one's investors. So one should find out what it is that they need. Understand what sort of business they are doing. If one is able to get that then they understand what type of funding is going to come to them. It shall make it easy to decide that one goal shall be fulfilled through a VC fund or an impact investment, they further added. To secure finances one has to be proactively involved in various activities which could be converted into financing opportunities. The CEO/founder has to have credentials that may strengthen his/her case for investment, as mentioned by a respondent.

As mentioned in the literature there is pressure on social enterprises to be financially sustainable. But startups must look inwards and formulate a clear-cut financial plan right from the start. How

much investment is required, for what purpose is the investment needed, and how will that investment be consumed and translated into growth for your business? How soon will your Return on Investment be? And how do you re-invest it back into the business? Finding answers to these questions and strategizing based on a clear-cut financial plan accordingly will pave the way to sort out the clash arising from deploying commercial logic. In this regard, one of the respondents added that:

> *"We bootstrapped initially. The money has to come from some source, we found entities and angel investors, and we always had some sort of investment put in. We received grants; I won standard chartered women in tech competition, Hashoo Foundation's best social impact award and a few more. We made our budget around them. They only helped us at each stage to sustain the business, move forward and build."* (Respondent 1)

According to another respondent, the approach for scaling a social enterprise is to involve a venture capitalist and give certain equity, but as the profit margins in a social enterprise are not as high as other profit-making enterprises so payback is low, and investors are not very much interested. Hence either government or non-profit organizations are approached. The government in this case acts as an angel investor. No equity in return but non-financial return.

With the right financial plan and good choice of funding social enterprises are able to access a much deeper pool of capital than was previously available to them (Bugg-Levine, 2012). Enterprises need to very carefully access and analyze the investment options they have and decide accordingly whether they go to an actual VC that takes equity and scales them up or apply for a grant from impact investors etc. as different fundings have different advantages and disadvantages. One of the most important things is the right kind of capital, at the right stage, as mentioned by respondents.

"The grant capital is on one side and the VC capital is on the other side and in the middle of them there exists one more also which is the Impact capital. They will take equity and push you heavily towards profitability but they won't demand you open a physical tuition center (because that seems more money-making)." (SE 10, interview)

Another respondent showed an inclination towards VC capital especially at the scaling stage.

"Yeah, I think the first thing we need to do is to rethink. VC capital is great. I think you go to it not because you're in desperate need of money and want to survive but you go to it when you want to lift off."

A few respondents also mentioned how grants helped them in stressful times especially COVID when business activities came to a standstill. One more strategy mentioned is about looking abroad for relevant work and generating a bigger revenue which can be helpful. Respondents added further that, once we have secured investment from any source, financial management is very much important so that we can reap the maximum benefit of that investment both commercially and socially. One of the respondents added:

> *"After securing investment, the next big challenge is how to manage those finances, a better financial management strategy must be intact so that investment could be utilized in a better way and doors could be opened for more investment".*
> (Respondent 12)

Based on the above statement it could be seen that better financial management not only secures the current investment for the scaling of social enterprises but also help in securing more investment from other sources. Because once the investor sees that the existing investment is being utilized properly, he/she will be attracted to invest more.

(b) Pricing Models

The idea is to price the product in a way that can keep into account the willingness to pay for the customers while also meeting the costs as well as the sustainability goals of the enterprise. To do this social enterprises need to experiment with different pricing models including tiered pricing, discriminatory pricing, subscription model, and revenue sharing. Respondents mentioned to mitigate the pricing challenge; they made tiers to break down costs and increase audience coverage and other monetization strategies. One respondent added:

> *"The flat monthly subscription fee not only makes it easy for the customers to pay but also fits perfectly into what they are willing to pay while giving us a fair commercial pathway to sustainability."* (Respondent 12)

Pricing strategy may also keep on changing depending upon the services rendered and who is looking for services. It may also help in boosting the total profit of a social enterprise ultimately helping the scaling of social enterprise. One of the respondents whose enterprise is involved in services provision mentioned:

> *"We raised some prices with customers for different kinds of services like babysitters were charged more, chefs were charged more than regular cleaners. We introduced some packages that locked customers in for a longer term with us…"*
> (Respondent 11)

Similarly, for interpretation services, A grade interpreter with a license was charged more than an interpreter without a license. Another enterprise was providing services to a company abroad on higher margins and generating bigger revenue than that from local companies. Others were generating larger cash back on content interpretation services to big companies like UNDP and VU etc.

This shows that for the sake of scaling, social enterprises may adopt different strategies with regard to the pricing of their products and services. The goal must be scaling social enterprise and sustaining in the competitive market as well as doing well for society so that the life of people around could be improved.

(c) Diversifying Revenue Streams

Enterprises have more than one product and create more revenue streams until the major stream becomes a cash cow so they do not wait for a grant or VC funding but keep on sustaining the business on their own two feet alongside raising investments. They also experiment with different business models like B2B & B2B2C to see from where they can get the most benefit. One of the respondents added:

> *"Meanwhile, the multiple verticals that we have our content productions, sign language classes; these are the revenue heads that we have because one thing that social enterprises do is that it relies on more than one revenue stream."* (Respondent 9)

Similarly, another respondent also added:

"You know some of the best companies have been built when they've achieved
sustainability on their own without VC financing." (Respondent 6)

This shows that to mitigate the financing challenges and lack of interest from investors sometime, scaling of social enterprises could also be done through internal sources. Because sometimes it becomes disastrous to simply rely on a single source of finances rather social enterprises may diversify their revenue streams.

One enterprise mentioned they also sell digital Quran for blind people as well as creating forms for banks that the blind people can also read alongside their major product i.e. books into braille. Another enterprise was doing a massive project with USIP for profit. Another sold LPG to hotels for added revenue. Yet another provided career counseling services and exam prep to students and many more. These enterprises compared the various options of acquiring money in return for services and chose the ones with bigger returns to keep the processes running and overcome the burn rate.

Furthermore, to look legitimate in front of commercially-oriented stakeholders, these ventures have to depict the commercial side of the business (Vergne et al., 2014). As one respondent mentioned, to raise investments and to prove credibility to the investors they had to change the narrative and show their B2B side as well that they can generate more revenue this way and is commercially viable (Respondent 12). This relates to manipulating the templates provided by multiple logics. Respondent further added:

"You then tell them that you are not just working for the low-income segments but
you have a corporate side as well." (Respondent 12)

(d) Optimizing Resources and Leveraging Digital Technology

For scaling of social enterprises, few enterprises cut their unnecessary costs by utilizing shared working spaces and utilizing free platforms for marketing like social media. Social enterprises involved themselves in cost-cutting by themselves and without the need for outsourcing any of these activities. Social enterprises, keeping in view their size, are most of the time involved in

multitasking. One person is doing multiple jobs which may also help them in the optimization of precious resources. One responder shared her views in this regard:

"The legal paperwork is difficult for people to grasp. I myself studied all the procedures and drafted my own patents as I couldn't afford a lawyer and startups have a limited budget." (Respondent 1)

This is one of the examples where social enterprises involved themselves in the optimization of resources and cut their cost by using simple but applicable strategies. Another respondent mentioned that labor costs are cheaper in Pakistan comparatively so they took advantage of it. One enterprise was using already built clinics and only upgrading them with technology for themselves hence saving a ton of money and resources. And almost all the enterprises had deployed lean methodology principles and started off with "humble beginnings" and were staying persistent on them in the scaling-up stage as well. Incubators proved helpful in this regard for many.

"Our incubators provide a lot of facilities like mentors, networking, internet, shared office spaces that are on par with the international standards." (SE 13, interview)

Furthermore, for efficient operations, managing satellite offices, and differentiating themselves from the competition, social enterprises also deployed technology. Covid made businesses realize the need for secure and flexible technical infrastructure and deployment of technology (Santos et al., 2023). Respondent 2 was very vocal about it as they have applied it perfectly in their enterprise for the sake of scaling:

"We also aggressively pursued tech improvements to automate operations and cost-cutting to reduce burn through optimizing operations with technology use." (Respondent 2)

Another respondent how they are investing and moving towards human-less interpretations through AI and this will unleash impact at scale for them as sign languages are too many and there is a shortage of interpreters and this gap shall be filled through technology. This shows the importance of technology. Most of the respondents were of the view that we have our own POS system, it's inclusive for our team and we do not use any third-party app. This is one of those elements which gave these social enterprises recognition in front of the investors because they

look at it as one the scalable businesses as there is a cloud kitchen base and up front it was a unique opportunity for them otherwise without tech it was perceived as one of the common food business.

(e) Key Marketing Tactics

During marketing, you target to highlight the unique points of the business. Some respondents clearly mentioned how making noise about the "impact" got them investment as well as helped in the creation of a long-term relationship with customers based on mutual satisfaction (Respondent 5). It's the little steps and impact creation that leave a mark and this way you make sure the social logic isn't compromised (Respondent 11).

"Because of the impact we created we have been able to grow organically and rapidly through word of mouth from satisfied customers." (SE 7, interview)

But as impact scope is very limited one has to create awareness and invest in enlightening customers and making them realize they need this thing but they actually don't realize it yet. For this purpose, social enterprises should search for reliable resources to create awareness and credibility for the product and leave a mark. For example, one enterprise working on career counseling took schools on board as schools are a credible source in the eyes of parents so they started taking them more seriously. Two other enterprises mentioned they got recognition once they were featured in Forbes people noticed them and took them seriously (Respondents 1 and 7).

"We secured a grant and made a documentary for that and it was, it came on BBC and after that, and a lot of doctors, they approached us and they were willing to work for us."

Few other respondents mentioned that the storytelling technique was also a very powerful way to do that and spread it through social media (Respondents 1, 3, 4, and 12). As it highlighted the pain point and people could relate better to the mission. One of the respondents mentioned:

"It's a story of a family in which everybody has hearing loss so we know there is a pain point in our community and have ourselves been living a struggling journey so people can relate with it." (Respondent 12)

All the enterprises under study were utilizing social media platforms for marketing as it's free of cost. To efficiently utilize it, respondents mentioned that one should know which platform their audience uses and what content they watch, also who they follow/look up to. For example, for

students, the most common is influencer marketing these days. So the strategy is to do platform segmentation in terms of audiences and post content and ads in that way on YouTube, Facebook, Instagram, etc. you create different content for different platforms which is age appropriate for whoever is landing on it (Respondent 11). One respondent mentioned putting paid ads on their video to increase viewership and this way the target can go see it without being associated with that influencer (Respondent 13). Keeping customer personas in mind while creating content for marketing and choosing a common language to highlight the unique points, was another strategy mentioned by Respondent 12 as you want to cater to a larger audience in creating content for marketing.

Another respondent added that being sure about the brand identity and making use of Patents and certifications as a marketing strategy, gives the brand recognition and credibility.

> *"As a social enterprise and working in a niche the best strategy was to create a brand identity really helped us to get into people's minds and associate it with deaf inclusivity…"*(SE 8, interview)

Through marketing one can target and strive to change the mindset of people with regard to cultural values because of which they are resistant to change by really working on the messages being conveyed. One can convert the weaknesses into strengths by changing the narrative for example for one enterprise which is working on better health provision for low-income communities. They were criticized for their team being mostly women and people didn't take them seriously then. So instead they worked harder to match up to the expectations and used it as a strategy like by showing that women are more empathetic. That's a valuable trait for a doctor and is good for patient care. Respondent further added:

> *"Our target audience is majority women. Being women-led we are able to understand and to make that trust around them."* (Respondent 1)

4.3.3 Strategies for Growth

(a) Networks & Partnerships

"Build your network as soon as you start building your startup and understand how to build a business beforehand." (Respondent 11)

"While social entrepreneurs are seeking to attract resources for the social good, rather than for financial returns, they rely just as much, if not more so, on a robust network of contacts that will provide them with access to funding, board members, and management and staff, among other resources" (Austin et al., 2012). Such partnerships could potentially provide value for more than just money. A respondent mentioned investors' involvement in the business being very insightful as they know the ecosystem well and are experienced. This again stresses the importance of choosing one's investor wisely as mentioned above.

"It is very important to realize that impact investors specially and VCs to a certain extent are not only there to provide you money but also have a deep experience in that specific sector and its development so listening to their advice & implementing it is equally important as it creates a deeper connection with the network and increases credibility." (SE 10, interview).

According to a respondent, connect with others and learn from them. Enterprises should also put in a lot of effort in making sure that the connections that they make know how valuable they are for the company and their impact. Networking and investor relations are one of the main things to prioritize as not just them but the investors themselves are invested in creating a change as well. Continuing the ties is hence very important so you remain in touch with those people who are passionate towards the same mission through touch base communication and being part of events and keeping them in the loop by updating whatsoever progress is happening at your end. One of the respondents recalled his experience in this regard:

"Connect with the same industry people (networking) you get a clear idea of direction as well as help on the runway, save fuel and money. Analyze other startups' dos and don'ts for fewer failures." (Respondent 3)

Some of the enterprises under study partnered with the government while some with private entities based on their needs and agendas but each of them did make some sort of collaboration. Respondents mentioned that you have to have more than one institutional investor. The government can help in the start but then you need to engage NGOs, local and international organizations, and private bodies to give a boost in the longer run. So different partners for

funding depend upon their area of interest such as technology, education sector, or even some who are interested in CSR purposes both based locally or abroad.

"For us, the government got involved as their problem was also being solved, hence a joint venture with water and sanitation services in Peshawar was the most suitable strategy. They are covering the financial costs and providing legal support hence it is a win-win scenario." (SE 4, interview)

A respondent spoke highly of their partnership with Careem as according to him they would have lost focus if they didn't outsource transport. Another respondent mentioned partnerships are beneficial as the risk gets reduced when a specialist entity is doing it and the potential for big returns is ensured. For others, partnership help with earning potential as they can scale up in more cities quickly and otherwise be stuck in only one city. A respondent mentioned that they partnered with MNCs like Telenor and Jazz as they supported the cause and started hiring people with disabilities. This way it created awareness and inspired others to follow, unleashing more impact.

One should have the attitude and willingness to learn and know who to reach for support at the right time. *Incubators and accelerators* provide excellent opportunities in this regard as mentioned by respondents in regards to providing tech experts and mentors who possess those skills which entrepreneurs lack for example a non-business background. One enterprise had their startup incubated in not one but two cities i.e. Lahore and Karachi just for this purpose.

(b) Become a part of Policy-making

Social enterprises aren't going to realize the dream without allies and collaborators. It has to be a collective action. Sometimes there is already a movement to join; sometimes you need to spearhead one. It's about constantly working and looking forward to any opportunities that are there not only for them but for other aspiring social initiatives because at the end of the day impact creation is at the core of and betterment of the community so even if not for the but any organization gets benefited from it, it in turn increases the impact. When one is involved in policy-making at higher-ups, it helps not only the whole community but also helps the social enterprise itself as well. One of the respondents recalled:

"We worked with the government in the Ehsas program to highlight that the deaf community isn't financially strong as they can't even afford interpretation. They need support for communication and interpretation should be at a subsidized rate because interpreters aren't free." (Respondent 9)

The right kind of policies not only incentivizes the businesses that are doing good quality work by providing them with ease in legal matters but also keep a check on the ones, not up to the mark. Policies in place show the importance of these social initiatives and create awareness which can be helpful in convincing investors abroad as well and it creates a good image of the country. To change the landscape everybody has to work together, no one player can do that all alone. And one needs to be liaising with the government to make sure those changes are put in place and suggest ways that the Government can do to make things easier for social impact an enterprise can create through its scaling.

(c) Tackle Mindset

Existing traditional businesses perceive social enterprises as a threat as discussed under the challenges so social enterprises need to convince people against this notion and urge them to be cooperative instead by playing strategically and changing the narrative instead through convincing messaging. Social enterprises must show them through their actions that they are facilitators not replacers, sell it to the people that it's for their own good and create awareness and involve them in the process and celebrate their input as mentioned by the respondents. Build a rapport amongst the society, this one respondent mentioned that they dressed up in their traditional dress to look and feel like they are one of them, not here to impose anything on them and it's rather a potential relationship to co-create for various interventions (Respondent 5). Respondent further added:

"We have to enlighten them that we are here to provide you with aid rather than replacing you. We give them access to the student's report so they can make better decisions based on detailed objective data." (Respondent 11)

Another respondent said that for the sake of scaling, we need to give trust to the community so that we can survive. To build trust enterprises took onboard the highly reputable people in that community who people really trust and look up to like elders of the community, maulvis and

bishops etc,. and conducted mohala meetings. And they worked on awareness sessions a lot. One enterprise working on deaf inclusion conducted a concert with interpretation services to demonstrate to people how it can be made inclusive for the deaf community. Another enterprise worked on the patient-doctor interaction and created mechanisms through which they can provide a realistic feel to it so people accept this new space and go back satisfied. Another enterprise took schools on board so their endorsement would build credibility. Founders of social enterprises under study did interviews on TV and social media platforms to enlighten people. They also tried to change the narrative to earn trust for example being a women-led enterprise working around women's financial inclusion in a better way as we understand their pain points. Also, a respondent mentioned one should try to persuade people through the mission and provision of a better future as change takes time but start having conversations and make them feel the difference.

Based on the interview data, it was also observed that there is no need to create unnecessary hype but to strive for a relationship that builds trust. Change has to come from both sides so you make customers part of the process. To overcome the apprehension people have to demonstrate their worth in order to scale big. Give emphasis to details that ensure long-term effects for them. For example one enterprise working on health tech ensured radiologists that their technology will improve the diagnosis and in turn ensure better health provision. Lastly, figure out the things they know needed to change but couldn't figure out the how behind and help them. In this way one shall be able to convince them in a better way, they further added.

One respondent shared his experience:

> *"We learned that start with zero hype and build a lot of trust with local stakeholders and build relationships with them so they understand what you are doing, then the controversy get reduced."* (Respondent 6)

As mentioned in the challenges there exists a fixed mentality to adopt only those solutions that have been proven successful somewhere else in the world and hence the threshold to try new things is very low. But what proved to be successful somewhere doesn't necessarily mean that it will in a different context too. According to the respondents, this is a reason why even extremely innovative ideas fail when executed without giving attention to details. This problem can be solved by keeping empathy and local context in mind when it comes to social innovation. Enterprises

shouldn't try to implement a one-fit-for-all strategy locally. Infrastructure and landscape matter a lot and it should be kept in mind when trying to solve social problems at the grass-root level. One respondent added:

"These are the key tips for the successful provision of communal ownership, sustainability, and scalability of impact. You not just provide aid but also create awareness and prove that this is the right way to do things differently by combining innovative technology with empathetic entrepreneurship and community mobilization."

4.3.4. Strong Business Plan

Sometimes startups are invested in a solution that is not actually needed in the respective market or a problem that isn't vital in it. They create hype and focus more on attracting investors than focusing on the improvement of the business model. This way of thinking is fundamentally wrong and can be solved through a thorough analysis of the market and the needs of the indigenous people. People run after creating innovative solutions rather than realistic ones. If you have an outstanding idea but its application isn't possible in your society, or your business model doesn't support it, or your target population isn't ready for it then what's the benefit? When enough time is not spent on the product then whatever solution you bring will not have an effect. This was endorsed by one of the respondents:

"Take your time and refine your model. Spend a few years doing it and make sure you have something very promising which will outlast you." (Respondent 1)

Having detailed market research and a clear understanding of the customers may help social enterprises with their scaling process and may become a great helping hand in the future.

(a) Market Research & Understanding the Customer

Respondents mentioned that enterprises need to go crazy overindulging to find what the customer needs because a solution to solve that problem will bring returns, and build customer loyalty and trust. They should research rigorously to make it customer-centric, easily accessible, a one-stop solution, and most importantly user-friendly. Hence should invest heavily in R&D to understand the market and figure out where the opportunity is and how much the solution is needed in the

market and what the acceptance for it is. According to the respondents, it is very important that social enterprises must find the specific niche that they are working for which sets them apart from the rest. What are the unique features of their solution on the basis of which they have an edge over the competition? Also, the identified area should have a good future in terms of prospects for scaling. Scale-ups must focus their energies to create something valuable for the end user, it is to figure out how to take a hyper-local product/financial tool and build around it. They should be able to differentiate themselves and really work hard on the key feature. It is a good thing for startups to explore different products but dwelling on it for too long and failing to develop an in-depth focus is an important thing that could lead to failure. Different respondents responded with regard to the creation of a niche:

> *"Enterprises should know their key feature so that they can convince the shareholders as well as customers that choosing them is a win-win situation for all."* (Respondent 12)

According to a respondent, they started in the form of a small push cart then they had a brick and mortar, but the real innovation they brought was their food truck model which was low cost- high impact. Also, they had data regarding the food trucking market which was huge with attached streams like food delivery, etc. hence good prospects for scaling up. For another enterprise, they found the problem was that there was no content in Urdu for blind people. Another enterprise facilitated schools through their digital solution for better quality education. And all enterprises came up with out-of-the-box solutions to social problems. For yet another enterprise they found that women were very much in committees so they figured out a way to take it up a level through digital innovation and work towards their financial inclusion.

> *"Committees are running like a social norm, that's the whole idea behind, how can we take this Hyper-local product/financial tool and build around it by providing it with better capabilities and methodology so that more people can access it in an advanced way in a better up to date environment. It is similar to what Uber did. Taxis were there but how to give it a bigger reach with the involvement of technology and digital means."*

With this, their direction shall be very clear and their efforts shall be in-line with their goals. They must find their niche and many at times interact with the target market, to help you find it. Startups need to learn when to stop trying to make a wrong into right and look for another solution to save

resources and time. Customer service is the key so know your customers well, as mentioned by respondents. Research and understand who your customers are and what they want, why they want it, what they are willing to pay, and how they will grow with you. These were the general observations during the interviews. To keep the customers hooked to the product/service and make sure they keep coming back to buy and avail the products and services again and again and also build a rapport amongst them. One respondent added that:

> *"You are always struggling to find that missing piece to prove to the customer so they pay money."* (Respondent 12)

It was also mentioned by the respondents that change has to come from both sides and this has to be done two ways so you make customers part of the process and take feedback early and iterate accordingly. Respondent 12 further added that while doing it, they follow *Lean Methodology* principles to shorten the runway as much as possible to save time and resources as it's equally important for them to gain knowledge, improve and iterate continuously through customer's input. Respondent 3 further added that for successfully scaling a social enterprise one has to be flexible and keep on experimenting. It was further added that:

> *"Strategy is equal to test and trial. Whatever we create, we bring it out in the market. We are very close to the deaf community so it helps us to improve our products and building up case studies has always been very helpful."* (Respondent 3)

Whatever you want to start you should be quick at testing and adapting it to make sure the users are better served and your connection is built with them. So the strategy department should keep on going over it again and again to make it a user-friendly, quick fix, and low-cost solution and it keeps the foundation of growth strong. Do not look at any strategy in a static way but keep on learning and you instill the concept of experimenting in the team as well and be open to it with them. How can we scale better and quicker with a deeper foundation to it with the same resources that we have one respondent mentioned 'the ten X growth what Google does' as reference. One should think of growth in terms of multiples and not percentages, added by respondent 10.

(b) Strategic Agility and Resilience

Enterprises need to constantly reassess their strategy and execution plan based on whatever is happening on the ground. They need to be responsive to the required changes, focus and be flexible. There is a need to switch from crisis response to a holistic resilience strategy. Enterprises should have a long-term sustainable vision and build businesses that last beyond the hype phases. This requires a realistic approach towards market turnarounds, realizing and availing an opportunity on time, forecasting risks on real-time data, and formulating required adjustments as some enterprises in the study took advantage of the Covid situation at the right time. Respondent 11 added:

> *"It proves that but it's the actual recognition of an opportunity, preparedness, and fast execution of plans that set the businesses apart from others… businesses who proved themselves to be 'covid-proof' caught the attention of investors."*
> (Respondent 11)

It is always best to learn the strategy as it is a time of global recession and hence a challenge for startups as well as investors so the best thing should be to manage resources strategically, mentioned by respondents. Unavoidable situations like Covid may arise suddenly. Some enterprises under study completely shut down during the pandemic like the ones providing domestic help and career counseling as schools were closed and helpers couldn't enter houses. But few benefitted from online healthcare as they took advantage of the situation at hand. To meet these challenges, social enterprises should scale up themselves as an agile company, that is problem-solving in a way that they analyze any problem that comes their way, find a solution and further optimize it, added by respondent 3.

As mentioned in the infrastructural challenges there is poor internet access in low-income communities but does that mean that the enterprises should lose hope and shop till then, do nothing, no. what they should do is they must start thinking out of the box solutions and other ways to tackle the situation and improvise accordingly. For example, one of the respondents shared the experience:

> *"What we did is that we partnered with GSMA (mobile for development fund) and Telenor and with that we adapted the app as well as the content that we have so it could be run in kaiOS phones that basically are very low-end smartphones and it utilizes very less storage and also low downloading bandwidth."* (Respondent 11)

Another respondent mentioned that there wasn't much acceptance of their product here so they looked for other markets and found better opportunities in the US as they value environment-friendly products.

Respondents mentioned that during scaling up they at times realized something else needs to be prioritized, so one should be prepared for such unanticipated situations, be quick to access them, and make required changes accordingly. One respondent mentioned they perceived creating a demand would be a challenge but instead, it turned out that signing up enough domestic helpers-the supply side to fulfill the demand required improvement. Another enterprise saw that in the current scenario, the B2B solution worked better and was most scalable so they shifted their model to B2B. So realistic forecasting based on real-time data really helps.

They further added that since scaling takes a lot of piloting one should have an idea that they implement and see if it is working the way they want it or not and then they can make the required revisions. So it really helps to not scale up abruptly, added respondent 13. And stay persistent instead of scaling for the mere sake of scale if they want to survive in these tough times.

"It's a long journey once you get into it so be prepared. It's a lot of highs and lows, and many failures don't be scared of them. Scaling is a challenge in itself and requires learning over time. Experience beforehand to be future-ready." (SE 1, interview)

4.3.5. "Impact" as a Strategy for Scaling

(a) Mission Impact

As mentioned in the literature review, social enterprises strive hard to avoid mission drift in the verge of balancing conflicting logic, especially during the scaling-up phase. It requires extra capital to keep the enterprise sustaining and striving during this period of rapid growth. The urge to scale up faster can somewhat potentially drag the enterprise against its values, or even the investors' KPIs could be distracting at times as mentioned by respondents. In such scenarios, a conscious decision has to be made so that the enterprise can have a commercial pathway but at the same time not stray away from its social mission. According to a respondent,

"We have also tried many out-of-the-box solutions towards our growth but one of the most important metrics that we have for growth and in terms of social impact is that per dollar we are spending on any activity to make sure that any decision we are making on growth is in line with our mission and vision." (SE 11, interview)

This shows that focusing on impact shall keep the enterprise grounded and help in avoiding mission drift, as one respondent mentioned *"Our social mission is baked into the business plan".* Fundamentals should be strong enough to prevent straying away from the mission. One should ask themselves the reason behind any decision whether it is going to enhance the impact and then how that shall be achieved. Also staying persistent in what one is doing and the best way to do that is to see the impact created and measuring it. "Social impact measurement can help social enterprises set realistic objectives, monitor and improve performance, prioritize decisions, and access capital markets more competitively" (Nichols, 2007).

The social impact could be utilized for the provision of better funding as well. It is important to deploy suitable impact metrics as it's a win-win situation for both the enterprise and the investor. The metrics help in the alignment of the expectations of investors and the mission of SEs. Also one needs to be fair and transparent to earn trust in the eyes of investors as well as provide data based on impact, as mentioned by a respondent. And also, for the investments and grants you utilize them efficiently as you are focused.

"Last but most important thing is that when people see the impact we are creating and targets being met then automatically the connection remains as everything is transparent." (Respondent 4)

Some of the impact metrics deployed by enterprises under study include the number of disabled employees enrolled, the number of braille pages printed, SDGs fully filled, the number of lives saved, the number of systems created, etc. The enterprises who made noise about this impact, their voices were heard, they got to ease in legal matters, earned credibility as people could relate with the cause, and won grants based on the mission and also brand recognition and differentiation.

A lot of time startups think that when they have made 100-200 thousand this is what they want to do, how they re-invest it back into the business, and how it contributes they should have an understanding of this, as mentioned by the respondents. The enterprises that remain passionate

regarding the mission and strive to create a change end up improving lives as well as attaining an edge over competitors due to no compromise on the quality of work. Respondent 10 recalled:

> *"We don't want to ruin the trust of customers so we made sure during lockdown that we ourselves are producing all content in-house so the quality is ensured and didn't decentralize anything."* (Respondent 10)

Scaling should be organic and slow-paced not just for the sake of growing bigger but organic growth which is trust built so that the impact remains intact and the social logic doesn't get compromised in the desire to seek commercial gains. As when an enterprise reaches economies of scale the next instance is exponential growth. But actually, this is the time when you have to be patient and look at the bigger picture so that long-lasting value is created that will help sustain the business in the longer run, as mentioned by the respondents. As a respondent shared the case of an ed-tech startup in India that wanted to grow too fast and desperately monetize the solution but ended up getting lawsuits, blackmailing, and all of the dirty stuff that comes with it. On the contrary, another respondent said that doing all the impact working in rural communities created a lot of work portfolio and allowed them to open a space into consulting, and at the same time there was a lot of brand recognition because they happened to work on the ground and that was seen by everyone, so it about working on little steps towards impact that leave your mark and differentiates you from the crowd. Respondent 12 added:

> *"Scaling for the sake of just scaling is a recipe for disaster. Look at creating impact and sustainability, make it inclusive, and with time Scaling will happen."* (Respondent 12)

CHAPTER 5- DISCUSSION

The literature mentioned in this study has provided knowledge regarding how the scaling-up phase is challenging for enterprises (Haigh & Hoffman, 2012). Social enterprises deploy a Dual-scalability logic in order i.e. they try to integrate social and commercial logic. In line with this, this study also notes that the respondents of the study are of the same view that scaling is challenging on its own and especially for social enterprises. Social enterprises (SEs), which are hybrid in nature, face challenges while integrating financial and social missions right from the very beginning but these challenges are "particularly evident in the scaling process" (G. Ciambotti et al., 2023). Building upon that, his study aimed at (1) identifying the challenges that Social Enterprises face while focusing specifically on the scaling stage and (2) exploring the response strategies implemented by SEs to navigate the challenges. The findings reveal that social enterprises face additional challenges than their counter-commercial enterprises while scaling up in the context of Pakistan. Challenges identified include lack of clarity around the concept of a social enterprise, landscape challenges, operational challenges, marketing challenges, lack of external environment enablers as well as funding challenges. While the strategies are regarding human resources, sustaining the enterprise, strategies for growth, strong business plan, and using impact itself as a strategy.

By continuing to successfully scale up, these enterprises have shown that social mission and economic sustainability can actually go hand in hand. This result corresponds to what had been mentioned by (Panche, 2012) that competing logic is a challenge but hybrids can take advantage of this instead if cleverly used. There isn't such a thing as 'pure' commercial and 'pure' social logic, in reality, things are pretty messy and rely on emergent strategies and constant evolution. Hence there exists no one right or wrong. Hence each enterprise according to its own needs devise strategies that suit them best. All these enterprises are running successfully to date despite the hurdles which proves the point. One very important phenomenon to be noted here is the entrepreneur's ability to combine logic to the enterprise's utmost interest and become proactive about multiple logic from the very beginning. As all enterprises have been seen to manipulate the templates provided by multiple logics in their strategies. The contrast in approaches to scale can be traced back to the origin stories of these enterprises as the motivation to start their ventures is different from each other. Some started with the desire to solve a problem as they themselves

were facing the issue and wanted to bring about change for people in the same shoes for example deaf inclusivity. Others who were business students got attracted to grants for social business plans so pursued them. Some had a previous passion. Some had worked in the NGO sector and found that to be an unsustainable way to solve problems so went for SE being social as well as for-profit. Some just found a good market opportunity while testing out different ideas that were related to a cause. Thus the secret to success lies in the effective combination of strategies at the end of the day and that is only possible if one is equipped with the right knowledge of underlying logics.

SEs seek to provide ease from the social problems and the more SEs are able to scale the dual mission, the more beneficial it gets for the society (G. Ciambotti et al., 2023). This is relevant, especially in the context of Pakistan i.e. a developing country whose institutions are rotten and the social problems are becoming wicked day by day (Chatterjee et al., 2022). These enterprises are doing a lot of work which is very good for the economy as well the beneficiaries and overall wellbeing of people and country. Such as inclusion and work opportunities for disabled people, women hence empowering people, investing in capacity building of people who are less privileged in getting the opportunities, giving back to the community, bringing money into Pakistan, better health and environmental friendly products, low cost solutions which are pocket friendly, creating awareness and mind set change to make people more conscious regarding their surroundings. This makes the study of scaling in SEs in Pakistan more important. Only if the right incentives are given to these SEs they can become a big pillar of the state and bridge the gaps that couldn't be fulfilled by the state.

CHAPTER 6- CONCLUSION & RECOMMENDATIONS

6.1 Conclusion

This study shares key insights on how social enterprises navigate their way through challenges in the scaling-up phase and puts forward a set of recommendations for startups and various ecosystem players to collaborate and help sustain the nascent, yet evolving ecosystem in Pakistan. This paper reflects on experiences with scaling a social enterprise. It gives an on-ground perspective of local challenges in Pakistan and tends to enrich the understanding of theoretical concepts of challenges faced during scaling and strategies deployed to overcome those with experiences from practice. From the findings it is seen that the ecosystem isn't very sophisticated such as in terms of the regulatory framework, securing funding and getting investments through, etc. hence not favorable for social enterprises. However, it is progressing for the better.

A dearth of previous research shows that the challenges remain mostly the same and we have not seen the required improvement. The pace of change is too slow to make a visible impact and hence it needs to be hastened if we want the ecosystem to evolve and reach maximum potential. We should try to address the challenges identified in this study and create an understanding and awareness of social enterprises among the general public. All of this required opportunities open to all in this new wave of economic development across the globe. If we don't take any steps towards the achievement of these goals today then we shall have to face economic stagnation tomorrow. With these efforts, it would be a significant step toward a better world.

6.2 Recommendations

This study shows that by utilizing the social mission strategically to generate economic sustainability, the dual objectives' integration is indeed achievable. For this purpose all stakeholders have to come together to bring about the required change.

1. **Social Entrepreneurs:**

Founders of social enterprises should work on skills such as financial management, marketing, and resilience and should have aspiration for growth. They should focus on building a strong and dynamic team. Attain international exposure if possible and get the know-how of investor space and opportunities along with customers' needs and markets. Should build a strong network and keep an eye on partnership opportunities. Also, they should focus on collective action. They should reflect on strategies in challenging times and come up with improved alternatives and work towards enrichment of the overall ecosystem. Scaling up a business model to achieve dual logics requires collaboration among various stakeholders and bold policy actions to change the incentives for beneficiaries (Veleva, V., 2021). Lastly, they should maintain integrity and honesty to prove their worth and intent and focus on the measurement of impact and social outcomes and keep striving for a better future for everyone.

2. Government, Incubators, and Policy-makers:

Government should make sure the national incubators are working efficiently, have experienced mentors, and provide every possible facility including investment opportunities to the startups and should be linked to universities. They should provide that hands-on support tailored to the requirements of each startup according to the domain, sector, and individual needs. not only train them but practically guide how to do it e.g. help them make financial statements, figure out regulatory matters in preparing documentation, get ready for investment, etc. it should help them cover any business loopholes they have and most importantly instill that growth mindset and trust in them that is required to push them to scale big time. The quality and longevity of the enterprises should be emphasized rather than surviving the moment.

 They should have a dedicated portal for startups and should provide prompt responses acting as a one-stop solution for people. They should conduct evidence-based research involving the feedback of people in the industry, a bottom-up approach, to get insights into the grass root problems as well as how they can provide support. Tax exemptions should be given to the startups and policies that support hybrid enterprises (for-profit + donations) should be in place to support them. SECP should provide recognition for social enterprises in terms of registration based on the current demands and global changes. They should conduct public campaigns and awards and competitions to raise awareness regarding social entrepreneurship. Impact investors should also be incentivized. Channels should be made effective so investment coming in and out

to Pakistan isn't a problem as well as a better image should be sought for Pakistan so it's considered a trustworthy place from the investors' side.

3. Investors:

Investors in Pakistan need to upgrade their scope and become more informed just like the forward-thinking impact investors have realized that the social enterprises concept is here to stay. They need to broaden their perspective and realize the larger picture rather than focusing on quick returns and short-term thinking regarding the financial as well as non-financial returns as a social enterprise can actually deliver blended returns and that is a win-win situation for all. They should reconsider their metrics to measure the success of a startup and invest responsibly with a display of patience without micromanaging the startup. They should be open to investment at all stages of a startup as each stage comes with its own demands. Lastly, they should be ready to offer smart money investment that comes with additional mentoring and networking for SEs who are not sure which path to follow to empower the startups and open doors for innovation by guiding and giving a chance to new ideas rather than only investing in a few domains.

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CONSENT FORM

Dear Participant,

I am a postgraduate student at the National University of Science and Technology. I am working on my research thesis titled, "Challenges Faced by Social Enterprises in Pakistan face scaling ". For this research, I am collecting data from Social Enterprises of Pakistan. Therefore, I want to invite you to participate in this research interview.

The interview will take approximately 30 mins to complete. I assure you that your information will be kept confidential and shall be used for research purposes only. If you choose to participate in the study, kindly answer all the questions as honestly as possible and provide detailed responses to all the questions. Your participation is strictly voluntary, and you may refuse to participate at any time.

Thank you for taking the time to help in this research. I am highly grateful to you. The data collected will provide useful insights regarding the challenges Social Enterprises face during an extremely important part of their journey.

Consent[1] for the interview indicates your willingness to be a part of the research. If you have any queries or need any additional information please feel free to email me at my below mentioned

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[1]I have read, understood the provided information, and had the opportunity to ask questions. I understand that my participation is voluntary which I am free to withdraw at any time, without giving a reason and without any cost. I have agreed to take part in this study.

Participant's initials _____

email address.

Sincerely,

Amna Ali

amna.ali94@live.com

MS- I & E, Batch 2k19

Nust Business School, National University of Science and Technology, Islamabad.

_____

Demographic Sheet

Name: _____

Age: _____

Gender: _____

Ethnicity: _____

Education: _____

Past work experience: _____

Company Name: _____

Year of establishment: _____

Designation in Company: _____

INTERVIEW GUIDE

Introduction of Interviewee and company

• What are your responsibilities /activities at the enterprise?

• Tell me the origin story of your startup.

• Can you tell me about your enterprise as an organization?

       How does the enterprise's business model work?

       Describe in detail the growth of the enterprise so far.

       What impact does the enterprise want to create and for whom?

       What success in creating impact has the enterprise been able to achieve so far?

       What is the scale ambition of the enterprise?

R1 What challenges do Social Enterprises in Pakistan face as they are scaling up for impact?

• Describe in detail the challenges for scaling the enterprise's business model.

    Government policy, Financing, Institutional Infrastructure & Process of Scaling (Technology & Data)

R2 How do they address them in designing and executing Scaling Strategies?

• What interventions enterprise has made to overcome those challenges?

    Can you describe in more detail what the plan looked like in practice?

R3 How do they make sure Scaling shall yield the intended social impact?

- How does the enterprise measure and track the impact achieved?
- What tools/methods are supported in this?

End of the interview

• Would you like to give any recommendations to aspiring scale-ups?

• Thanking the participant for the time taken and closing.