

How growth strategies and models support achieving both social and financial goals of a company?

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Starting points for the study

Perspectives from small firm growth research:

- SMEs are crucial for the dynamics of economies. However, in some cases growth is known to cause tensions and run counter to entrepreneurs goals (Davidsson et al., 2009; Wiklund and Shepherd, 2003).
- More information on modes of growth is needed; definitions and evidence of sequencing and parallel use of them (Davidsson et al., 2010; McKelvie and Wiklund, 2010).

Social enterprises offer an useful reference point for two reasons:

- By definition, they should be able to balance and foster both financial and social goals (Austin et al., 2006; Bloom and Chatterji, 2009; Dees et al., 2004; Wei-Skillern et al., 2007). Lessons to be learn from their successes and failures.
- Modes of growth are widely studied within the research field (Dees et al., 2004; Lyon and Fernandez, 2012; Müller, 2012).

Focus of the study is set on growth strategies and models. Also since they are at the important intersection connecting aims and outcomes of growth.

Research design

Work is in progress, but the aim is to collect longitudinal qualitative data ranging from 2013-2016. Most part of the last data collection round is unfinished.

The sample is consisted of seven Finnish social enterprises. The sample was selected based on three criteria:

- holder of the Finnish Social Enterprise Mark
- growth oriented
- heterogeneity of the sample in terms of industry ownership, organizational form, size and age of the firm, among others

For the analysis, two analytical tools were developed.

YEAR	2013	2014	2015	2016
Case G			T1	T2*
Case F			T1	T2*
Case E			T1	T2
Case D			T1	T2*
Case C	T1		T2	T3*
Case B			T1	T2*
Case A	T1		T2	T3*

Analytic framework

Strategy matrix for social enterprise growth

		Beneficiaries			
		Existing		New	
		Customers		Customers	
		Existing	New	Existing	New
Solution	Existing	Incremental impact (Market penetration)		Expansionary impact (Market development)	
	New	Evolutionary impact (Product development)		Diversified impact (Diversification)	

Source: Adapted from Ansoff (1957) and Walker et al. (2002)

Analytic framework

Summary of social enterprise growth models

STUDY	MODEL
Dees et al., 2004; Lyon and Fernandez, 2012; Müller, 2012	Organic growth
Lyon and Fernandez, 2012	Acquisitions
	Hybrid, formalized relationship
Lyon and Fernandez, 2012	Spin out organizations
Müller, 2012	Joint venture
Lyon and Fernandez, 2012; Westley and Antadze, 2009; Tracey and Jarvis, 2007	Social franchising
Müller, 2012; Westley and Antadze, 2009	Licensing
Lyon and Fernandez, 2012	Kite marks and quality standards
	Hybrid, structured open source methods
Lyon and Fernandez, 2012; Westley and Antadze, 2009	Training, technical assistance, accredited courses
Lyon and Fernandez, 2012; Westley and Antadze, 2009	Networks to share good practices
	Open dissemination
Lyon and Fernandez, 2012	Providing open source material
Westley and Antadze, 2009	Advocacy and persuasion
Westley and Antadze, 2009	Diffusion like a weed

Tentative findings

- Firstly, a wide range of strategies and models are employed across and within firms.
- Expansionary impact -strategies are used by almost all, relates with minimising risks and capturing value.
- Evolutionary impact and Diversified impact -strategies also popular. They are typically pursued with pilots and iterative processes in order to manage the risks involved in diversifying into new areas.
- Problem: The strategy matrix captures the end product, but not the process.

The strategy matrix of the Case B

		Beneficiaries			
		Existing		New	
		Customers		Customers	
		Existing	New	Existing	New
Solution	Existing			Expansionary impact	
	New	Evolutionary impact		Diversified impact	

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Tentative findings

- At the first sight, hybrid growth models are not so emphasised as the literature suggest.
- However, also organic growth encompasses, in come cases requires, collaboration with networks.
- Parallel and sequenced use of strategies and models is evident, pattern still not discovered.

A part of strategy-model -table

COMPANY	IMPACT SOUGHT	MODEL 1	MODEL 2
Case B	Evolutionary	Organic	
Case D	Evolutionary	Acquisition	Networks
Case E	Evolutionary	Organic	
Case G	Evolutionary	Organic	
Case B	Expansionary	Joint Venture	
Case C	Expansionary	Organic	Joint Venture
Case D	Expansionary	Organic	Joint Venture
Case E	Expansionary	Organic	Joint Venture
Case F	Expansionary	Organic	Franchising
Case G	Expansionary	Organic	Open material

Steps forward – any insights?

Modification of the analytic framework

- Strategy processes seem interesting, but not integrated within the matrix
- Typology of models should reflect the cooperation and alliances better: integral also in organic growth
- Business activities or solutions should be coherently used as a analytical lense, as a unit of analysis.

OPINIONS, EXPERIENCES and LESSONS LEARNED?

- How to a get grip on the significance of networks – is it really something featuring social enterprises?
- Do you buy the manner in which strategies and models are separated?



**THANK YOU!
KIITOS!**

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