

# Different Roads Lead to the Same Goal?

## Research on Growth Path of Social Enterprises in China

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**Abstract:** This paper selects three typical social enterprises to conduct exploratory case studies on their growth paths based on grounded theory. The findings show that different types of organizations are different in paths to grow into social enterprises, that is, non-profit organizations to carry out market-oriented practice, independent creation of social enterprises and commercial enterprises of public innovation. Meanwhile, In the process of social enterprise growth, similarities and differences of social enterprises growth coexist due to the effects of various combinations of factors. Business model innovation and management control are both used, but growth motivation and resource bricolage are different in the process of growth. On the basis of single case analysis and cross case comparison, this paper further deconstructs the relevant concepts, and proposes an integrated framework for the growth path of social enterprises, which provides enlightenment for the follow-up research.

**Key Words:** social enterprise; growthpath; motivation; strategies; economic and social performance;integrated framework; grounded theory

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### 1. Introduction

Social enterprises, originating in the 1980s, advocate to solve social problems based on market mechanisms, and with dual nature of economy and society, they can achieve social goals while maintaining their own sustainable development. After more than 30 years of development, social enterprises have become a kind of innovative thinking and practice to break through the dilemma of social development across the world. Moreover, they play a significant role in stimulating economic development, reducing the gap between the rich and the poor and creating jobs. However, at present, social enterprises in China are in their initial development stage and not clearly defined, or strictly speaking, there are few social enterprises at a certain scale. Most social enterprises are established late and have a short history of growth, a small scale and weak strength. According to statistics, in the social enterprises certificated by China Charity Fair from 2015 to 2018, 75.81% of them were founded in the past six years, and only 7.91% have developed for more than 10 years. Furthermore, golden

social enterprises only account for 11.26%, while general social enterprises occupy 40.69% of the certified enterprises. Generally, social enterprises in China are faced with the problems, such as shortage of funds, lack of talents, outdated organizational forms and low competitiveness, so that they are struggling and growing slowly. The dilemma in the reality inevitably leads to the theoretical exploration. It is an interesting and challenging theoretical puzzle why social enterprises develop, how they grow and sustain, and what their functions are in the context of transitional China. Although the studies provide references for understanding of social enterprises, these enterprises established and developed in China are bound to carry a bright Chinese characteristic in the process of their growth. In view of this, there is an urgent need for developing theories of social enterprise development in accordance with Chinese situations to guide practices. Social enterprises are not defined uniformly and the research mainly focuses on connotation and characteristics, influential effects, performance evaluation, *etc.* Although the factors influencing growth of social enterprises are discussed, it is not enough to understand what driving factors and strategies are involved in their growth, and there is a lack of systematic explanation on growth paths and evolution mechanisms of social enterprises.

On this basis, this study attempted to perform exploratory case study on different social enterprises and outline growth paths for social enterprises. This research revealed the reasons why social enterprises take diversified growth paths, and expounded the mediating conditions and key action strategies for growth of various types of social enterprises. Furthermore, by analyzing similarities and differences of different growth paths, the growth laws and characteristics of different types of social enterprises were summarized, providing more practical countermeasures and suggestions for healthy development of social enterprises in China.

## 2. Literature review

### 2.1 Connotation and classification of social enterprises

So far, the academic community has not been able to uniformly define the concept of social enterprises. Some regard them as not-for-profit organizations (NFOs) or a new organizational form of enterprises<sup>[1-3]</sup>, while others consider them as a mixed organization type somewhere between for-profit and not-for-profit organizations<sup>[4, 5]</sup>. In spite of this, scholars have a consistent understanding on the nature of social enterprises. They agree that social enterprises are a new form of social innovation driven by social missions by means of commercial operation. On the premise of achieving economic performance, social enterprises can realize social values and solve social problems by reinvesting incomes from operation into social undertakings<sup>[6-10]</sup>.

Due to differences in economic development, political institution, management policy and social supports in different regions, scholars have different understandings on the specific organizational forms of social enterprises. According to organizational motivation and orientation, Dees<sup>[11]</sup> classified enterprises into mission-centric enterprises, mission-related enterprises and enterprises unrelated to missions. In addition, from the perspective of cross subsidization, enterprises are classified into five forms, *i.e.* fully commercialized, fully charitable, partially self-sufficient, self-sufficient in capital flow and self-sufficient in operating expenses. Based on different levels of commercial and social integration, David A. Sherman<sup>[12]</sup> classified the operation of social enterprises into seven modes, including support, market intermediary, employment, fee-for service, service subsidization, organizational supports and market linkage. In accordance with the level of integration between social programs and business activities, Alter<sup>[13]</sup> classified social enterprises into embedded, integrated and external ones. After surveying social enterprises in countries and regions in East Asia, Defourny *et al.*<sup>[14]</sup> classified social enterprises into commercialized not-for-profit social enterprises, work integration social enterprises, social co-operatives, enterprises with cooperation between NFOs and for-profit organizations and community-developed enterprises.

Chinese scholars have carried out different classifications based on development stages and functional characteristics of Chinese social enterprises. Shi Lirong<sup>[4]</sup> held that the social enterprises in China are classified into enterprises evolved to deal with unemployment, extended from profit-making enterprises, developed from NFOs and reconstructed from government-sponsored institutions. In accordance with legal attributes of organizations, Yu Keping<sup>[1]</sup> considered social organizations including private non-enterprise organizations, social welfare enterprises, organizations with mutual aid and cooperation and community service centers as social enterprises. In addition, Wang Ming and Zhu Xiaohong<sup>[5]</sup> classified social enterprises into market practices, policy support, public welfare innovation and idealized value-oriented ones. Yu Xiaomin<sup>[8]</sup> conducted classification on the social enterprises from five dimensions. Based on differences in social missions, they are classified into five types, *i.e.* social enterprises for promoting employment, providing social care, alleviating poverty, providing medical services and developing education. According to heterogeneity of growth of social enterprises, Liu Zhen<sup>[7]</sup> classified them into main three types, namely enterprises with a platform emphasizing social values, enterprises taking economic and social values into consideration and enterprises for breaking the routine to improving economic values. Zhao Meng<sup>[15]</sup> classified social enterprises into public welfare-oriented and market-oriented ones from the point of view of combination of elements.

Based on the above research results, social enterprises in China are classified into three types: market practices, public welfare innovation and social entrepreneurship-oriented ones by combining with their origins. (1) To solve the financial and labor dilemmas and promote the long-term sustainable development of organizations, some NFOs made an attempt to transform to new types of organizations. Social enterprises are selected because they take into account both public welfare and business objectives. A NFO is transformed into a social enterprise mainly through the following two methods. One is separation. To be specific, the original NFO remains unchanged, while an independent social enterprise is set up, both of which are independent legal entities and are separated from each other without interference. The other one is combination, that is, the original NFO no longer exists and has completely transformed into a social enterprise, which, created after transformation, has independent legal status. Therefore, social enterprises, which are transformed from NFOs, are called market practice oriented ones. (2) With the strengthening sense of social responsibility, commercial enterprises actively contribute to solving social problems while pursuing corporate profits. Many founders of enterprises, either out of empathy or a sense of responsibility, start to transform social enterprises to create both economic and social values. The social enterprises transformed from commercial enterprises are known as public welfare innovation oriented ones. (3) With the deepening of China's economic reform, many social problems have become increasingly prominent. Social enterprises, with an important progress made in the fields of employment, poverty alleviation, environmental protection, provision for the aged and sustainable development, have attracted much attention from the government, public, media and entrepreneurs. Moreover, they have gradually developed into important power for social and economic transformations. Different from the traditional NFOs and commercial enterprises, such a new form of organizations integrates the thinking of solving social problems thereinto at the beginning of its establishment. Furthermore, it achieves the goal of organizations always starting from the creation of social values by using commercial operation as a means of sustainable development. Such social enterprises are described as social entrepreneurship oriented.

## 2.2 Growth of social enterprises and its influencing factors

Definition and measurement of growth of social enterprises are more complex than those of commercial enterprises. Under the dual logics of achieving goals of social enterprises, the studies on performance of social enterprises in their growth in the global academic circles are basically consistent. It is believed that the growth of social enterprises can be evaluated at economic and social levels, but there are differences in the selection and

measurement of specific characteristic indicators. As Hynes<sup>[16]</sup> said, the creation of social values and economic profits is not mutually exclusive in social enterprises, but the problem lies in how to take measures to ensure reflecting multiple achievements of social enterprises. In summary, growth indicators at the economic level include the rise of product supply, expansion of market size, development of new customers, return on net assets, rate of return on social investment, growth rate of sales revenue and financial autonomy<sup>[16, 17]</sup>. At the social level, growth indicators, which are evaluated by subjective judgment of external stakeholders, include perceptible new social values, such as the newly employed population, gap narrowed between the rich and the poor, environment protection, and increase in social welfare. Moreover, they cover subjectively evaluated social impacts, like improvement of the living quality of vulnerable members and ecological environment, raising of social status and health conditions, and promotion of social harmony<sup>[15, 17]</sup>. It can be seen that the growth of social enterprises at the economic level is usually quantitatively measured based on economic indicators, while that at the social level can only be subjectively evaluated at present, lacking of objectivity and credibility<sup>[18]</sup>.

Growth of social enterprises is driven by multiple factors inside and outside enterprises. Although there are few studies on factors influencing growth of social enterprises, these explorations still extend the boundaries of institutional theory, resource dependence theory, social network theory and theory of entrepreneurial opportunity to some extent. The explorations are mainly conducted from the following three aspects: Firstly, personal factors are very important. Some scholars consider that social entrepreneurs play an important role in the growth of organizations. By surveying 15 social entrepreneurs, Sherman<sup>[12]</sup> found that successful social entrepreneurs can build and utilize social and business networks to obtain resources, such as capital and manpower for their growth. Austin *et al.*<sup>[19]</sup> revealed that social enterprises establish a diversified social network with NPOs, enterprises and government departments, which makes it easier to obtain key resources. Sharir and Lerner<sup>[20]</sup> summarized eight factors for the success of social enterprises by studying 33 social enterprises in Israel. The factors are social networks of social entrepreneurs, dedication to the success of enterprises, capital base at the establishment stage, entrepreneurial thinking, entrepreneurial teams and proportion of volunteers and salaried employees, long-term cooperative relationship with the government and non-profit sectors, service ability that can withstand market tests, and previous management experience of social entrepreneurs. Of them, the most important factor is the social network of social entrepreneurs. Shaw and Carter<sup>[21]</sup> compared the network embeddedness, financial risks, return and profit, and roles, creativities and innovations of individuals in managing and organizing social enterprises of social and commercial enterprises in the United Kingdom in their entrepreneurial process. The research illustrates that successful social enterprises are good at discovering unmet social needs, adopting novel solutions to difficult social problems, maximizing the embeddedness of local networks and using networks to establish credibility and provide supports for the enterprises. They do not pursue the maximization of personal interests and profits, and share the fruits of success with volunteers. Secondly, some studies show that the growth of social enterprises depends on opportunity recognition and co-creation behaviors. Liu Zhen<sup>[7]</sup> held that opportunity cognition and identification are the key factors for entrepreneurial activities of social enterprises, and the growth of social enterprises is based on the availability of key economic resources that sustainable, such as talent, technology, position and brand. Based on large sample data, Liu Xiaoyuan<sup>[22]</sup> verified that opportunity co-creation behaviors of social enterprises and customers play a positive role in their growth. Thirdly, from the perspective of institutional logics, exploring growth mechanisms of social enterprises from the perspective of legitimacy has gradually attracted attention. Based on an exploratory case study, Liu Zhen<sup>[23]</sup> classified institutional logics into market, public welfare and rationality. Furthermore, it was proposed that social enterprises grow at the economic and social levels by obtaining legitimacy of markets, alliances and relationships under the common influences of the three

institutional logics. Peng Wei <sup>[2]</sup> divided organizational legitimacy into market and social ones and pointed out that different types of resource bricolage can help social start-up enterprises obtain different organizational legitimacy, thus promoting their growth at economic or social levels. In addition, in different growth stages of the start-up social enterprises, there are differences in the ways of resource bricolage to promote the acquisition of legitimacy, so the degree of growth of enterprises is different.

Generally speaking, the theoretical development of social enterprises still cannot meet huge practical needs <sup>[25]</sup>. On the one hand, in most existing studies, key factors affecting the growth of social enterprises are discussed from a single dimension, while the establishment and development process of social enterprises are not comprehensively and effectively revealed based on multiple dimensions. On the other hand, social enterprises are rarely quantitatively studied, while instead focuses are mainly paid on the phenomenon-driven descriptive and inductive research, and there are few relatively normative qualitative studies. Therefore, it is difficult to clearly present stage characteristics and path choice during the growth of social enterprises, and explain the internal mechanisms of the growth and development of social enterprises. On this basis, with the focus on social enterprises in China, this study attempted to explore the key factors and path differences for different types of organizations growing into social enterprises. Moreover, this research summarized regular characteristics in the process of their growth, so as to clearly outline the growth paths for social enterprises in Chinese context.

### 3. Research design and methods

#### 3.1 Method selection

Grounded theory, originating in the 1960s and developing for decades, has been regarded as an important qualitative research method, which focuses on discovery logic rather than logic of justification <sup>[26]</sup>. The main reasons why this study investigated diversified evolution paths for growth of social enterprises by combining grounded theory with multi-case study method are shown as follows: firstly, case study is suitable for answering “why” and “how” problems, so it is more appropriate to study why social enterprises start and how they grow through case study. Secondly, abiding by the logic of replication and the idea of comparative analysis, multi-case study can make more robust conclusions than the single-case study, which is conducive to improving the validity of research conclusions. Thirdly, exploring the growth paths and development process of different types of social enterprises based on grounded theory can obtain sufficient and accurate data, which can be traced to ensure theoretical saturation <sup>[27]</sup>.

#### 3.2 Case selection

Aiming at evolution of growth paths of social enterprises, the case selection in this study should meet the following criteria: (1) The three selected social enterprises should have been established for more than three years and possess stage characteristics of growth, so as to meet the requirements of the research objects. (2) The three enterprises must be representative, have high business performance and social influence in relevant industries, and can reflect growth paths and processes of different types of social enterprises. (3) The data of the enterprises can be obtained through interviews, official websites, and previous research materials, showing availability. According to the above criteria, three representative social enterprises, namely, Chengdu Longlive Pension Industry Development Co., Ltd., Daddylab Technology Co., Ltd. and Chengdu Tianjie Organic Farming Development Co., Ltd. (hereinafter shorted as Longlive, Daddylab, and Tianjie, respectively) were selected as the research samples, as shown in Table 1.

Table 1 Overview of the typical enterprises

	Longlive (A)	Daddylab (B)	Tianjie (C)
Establishment time	2011	2015	2000
Location	Chengdu	Hangzhou	Chengdu
Industry	Health care for the elderly	Science and technology	Agriculture
Main business	Community nursing service, social work service and elderly-oriented transformation	Testing service and product sale	Agricultural technical service and product
Customer	Government department and public customer	Public customer	Public customer
Development status	Ongoing	Ongoing	Ongoing
Type	Market practice	Social entrepreneurship	Public welfare innovation

### 3.3 Data collection

The analysis on growth paths of social enterprises not only involves members in social enterprises including entrepreneurs and employees, but also is related to stakeholders outside the enterprises, such as customers, volunteers, suppliers, competitors and funders<sup>[28]</sup>. Therefore, the organizations are mainly analyzed in this study. The collected data are classified into primary data and secondary data. The former mainly comes from semi-structured interviews and observation records, while the latter is from public data, site information, and news reports of enterprises, research on industry information, etc.<sup>[29]</sup>. To further ensure reliability of data, on the one hand, through the comprehensive interpretation of the case data, the researchers can understand the growth of social enterprises more accurately; on the other hand, a cross-comparison is made on sample data from different paths through verification method of triangles, so as to eliminate the data that do not conform to the specification<sup>[30]</sup>. In addition, in order to ensure the consistency of the structure and quality of the case analysis, the researchers review the sample data of enterprises repeatedly in the whole process.

### 3.4 Data coding

Based on the grounded theory, this study carried out data coding of cases by using Nvivo software to gradually summarize various categories by downsizing a large amount of literal data to further extract main categories for demonstration and supplement. The specific steps are shown as follows: (1) open coding. Strictly following the process of defining phenomena, developing concepts and exploring categories, open coding of data of the studied enterprises is performed. Firstly, the statements in the database that may be related to the growth of social enterprises are tagged, which are then preliminarily extracted to define the phenomena. The defined phenomena are relatively general, so they need to be further generalized, refined and reclassified, thus developing the concepts. Finally, similar concepts are summarized and generalized with more professional terms, so as to explore the categories. (2) Axial coding. By using a paradigm-based model including causal conditions, phenomena, contexts, mediating conditions, action/interactive strategies and results, the categories obtained through open coding are further classified. Through a logical link, they form a chain of evidence to further explore the potential logical relationship between categories. (3) Selective coding stage. The results obtained through open coding and axial coding are integrated, deeply explored and sorted out to form a story line of growth of the studied enterprises. On the basis of analysis and generalization logics of Yin<sup>[31]</sup>, the causal relationships and mechanisms of a single case are illustrated in depth at first<sup>[32]</sup>. Furthermore, through further comparison among cases, the characteristics, similarities and differences of different growth paths of social enterprises are explored.

## 3.5 Reliability and validity

(1) Reliability and validity of research design. Firstly, single cases are deeply analyzed from the longitudinal perspective to explore underlying laws behind phenomena. On this basis, according to the replication logic of multi-case studies, the conclusions of single-case studies are compared and verified to enhance the persuasiveness. (2) Reliability and validity of case selection. The selected three social enterprises are from different industries, which is conducive to ensuring comprehensive coverage of case information and scope of theory to some extent. (3) Reliability and validity of data collection. It is ensured that at least four researchers participate in an interview survey, who are responsible for interview, information recording, sorting out tapescripts and triangulation, respectively. After that, secondary data are checked and added in accordance with interview effects, followed by triangulation again, so as to form an accurate and complete data chain.

## 4. Research findings

## 4.1 Longlive: market practices of NFOs

Table 2 Partial open coding of Longlive

Open coding					
Data	Tagging	Conceptualization	Categorization		
The center carried out special investigations on more than 300 elderly persons and went to Japan for many times to learn and exchange experience.	aa01	Conducting special investigation	a01	Investigation	
The center publicized relevant knowledge for the children of the elderly.	aa04	Publicity targeted at the young people	a02	Publicity and promotion	A01 Enterprise capability
Assessors for elderly-oriented transformation carried the toolkits for elderly-oriented assessment specially designed and matched by Longlive to conduct Q&A and technical test on site.	aa11	Specialization of assessment	a04	Service profession	
Zhu Qinghai started business and after more than ten years of hard work in the fields of material import, hotel industry and engineering, he began to investigate and look for the future investment direction of the enterprise.	aa12	The founder has business experience	a05	Business experience	
For the later development and coordination, a commercial enterprise, namely Chengdu Longlive Pension Service Information Consulting Co., Ltd. was registered.	aa14	Considering later development and coordination	a06	Thinking about business prospects	A02 Business acumen
To solve the dilemmas in operation generally faced by institutions sticking to provide high-quality services in the pension industry in China, it was necessary to find the real rigid demands of the elderly. If these demands could not be found, the problems faced by the elderly were unable to be effectively solved and the core competitiveness could not be truly formed in the enterprise.	aa16	Thinking about core competitiveness	a07	Thinking about sustainable development	A03 Dilemmas in operation
After progressive development from providing services to forming a platform, Longlive has developed new business, that is, formed big data of pension services, which are the highest value of the elderly-oriented information platform management system.	aa18	Changing main business of the company	a08	Market operation	A04 Market practice
The company gives full play to the marketing experience in the previous business operations, and carries out a large number of	aa20	Utilizing business			

publicity and promotion in the governments and communities.		experience			
In addition to considering local resources or capabilities (such as local social resources, influences on service objects, etc.) of the applicants complementary with Longlive, the most important is to investigate franchisees.	aa21	Requirements for franchisees / partners	a09	Partner management	
Franchisees are authorized to operate in a certain area, and they could develop other pension services according to their own resources. Longlive does not charge any commissions on product sales and service incomes of franchisees.	aa23	Rights of franchisees and partners			A05 Management control
Good emergency plans and intensive training and testing often make employees accomplish a task with ease in routine work and be confident in solving problems.	aa24	Employee training			
Employees can get timely encouragement and material rewards for their suggestions and improvements.	aa25	Encouraging employees to participate in enterprise management	a11	Employee management	
The first round of financing through angel investment was realized in June, 2018.	aa33	Financing	a11	Capital support	A06 Social support
...		...		...	

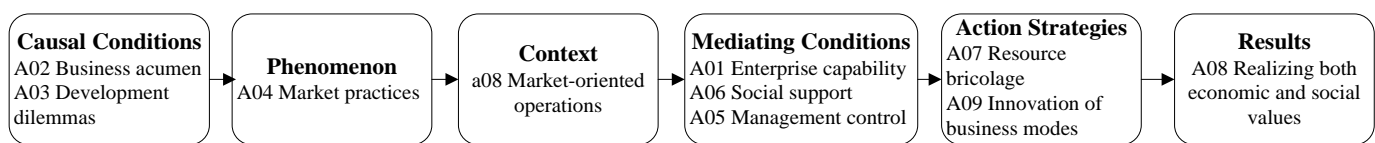


Fig. 1 The paradigm-based model for growth of Longlive

In 2009, the founding team of Longlive was deeply touched when investigating the pension systems in other countries, and decided to take a different way of pension services in China. To this end, the team was dedicated to developing towards providing community-oriented pension services for ordinary people and gradually build a chain of small multi-functional community-based pension service centers. In 2011, Longlive established a community-oriented nursing center (called community-oriented pension service center now). Moreover, for the later development and coordination, a commercial enterprise, that is Chengdu Longlive Pension Service Information Consulting Co., Ltd. (known as Longlive Pension Industry Development Co. Ltd. now) was registered. To provide comprehensive and professional services, in 2013, Longlive established a social work center on the basis of the original volunteers and carried out a lot of public welfare activities. At the end of 2014, it basically realized the service mode driven by pension and social work, but the capital and labor problems that hinder its development had not been solved well. In the meanwhile, the fact that an old man who had been paralyzed for many years refused to accept door-to-door services made Longlive rethink the real needs of the elderly, and began to promote elderly-oriented transformation for the families to help the elderly regain their dignity of life. Since 2016, based on resource bricolage strategies including material, manpower and customer bricolage, Longlive copped with resource shortage. Based on the previous experience accumulated in the operation of public service organizations, Longlive gave full play to the core competence of the enterprise, attached importance to the cultivation of employees' values and developed products relating to Internet of things (IoT). Furthermore, it built a service platform for elderly-oriented transformation, selected

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partners with high standards and built a management system for franchisees and a quantitative service subsystem of government procurement. After four years of construction, Longlive had formed a management system for the platform of elderly-oriented transformation with a cloud data platform, seven evaluation systems and seven transformation systems and had progressively developed from providing services to forming the platform. Large-scale operation and vigorous promotion allowed it to achieve sustainable growth. In addition, by actively expanding the cooperation with the government, commercial enterprises and other public service organizations, Longlive obtained more sustained and stable external supports, enabling it to continuously expand market and business scopes. At present, three major sectors of Longlive operate independently while also support each other in business, which brings better economic benefits while creating greater social values for the enterprise. The partial coding results of the case are shown in Table 2.

From the market practice based growth path of Longlive, it can be seen that the NFOs have developed a relatively mature mode to participate in social public affairs. However, the bottlenecks, like capital and labor problems have hindered its healthy development for a long time, forcing some NFOs to transform into social enterprises through market practices. The transformation into such social enterprises is either to achieve the goal of public welfare through commercial operations, or to take into account the dual goals by cancellation of the original public service organizations and re-registering a new enterprise. Or, the two organizations coexist but have independent accounting. No matter what kind of transformation modes is taken, the main goal is to make up for the lack of capacity for sustainable development of the original public service organizations. Therefore, the transformed social enterprises often need to make more efforts in business modes, manpower resources and corporate governance, and constantly test and revise them in practices, so as to seek a sustainable operation mode that is most aligned with its social goal [33]. The typical model of its growth is demonstrated in Fig. 1.

4.2 Daddylab: the road of indigenous social entrepreneurship

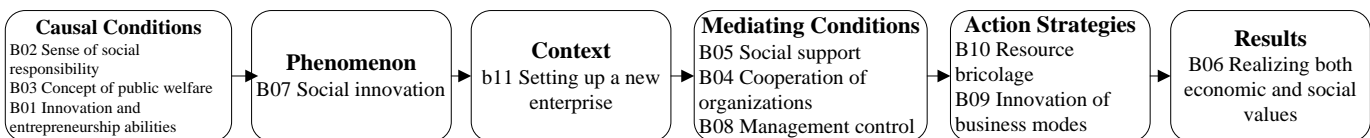
Table 3 Partial open coding of Daddylab

Open coding				
Data (excerpted)	Tagging	Conceptualization	Categorization	
Alarmed by the pungent smell from the plastic book wrappers when wrapping a book, Wei Wenfeng randomly collected seven similar book wrappers from shops at the gate of the school and sent them to a quality inspection center for testing.	bb01	Generating professional alertness	B01	
Wei Wenfeng, graduating from the Physics Department of Zhejiang University (Hangzhou City, Zhejiang Province, China), served in Zhejiang Entry-Exit Inspection and Quarantine Bureau and engaged in electrical and chemical inspection.	bb02	Engaged in quality inspection for many years		
Feeling constrained in the work, Wei Wenfeng determined to leave the Inspection and Quarantine Bureau and started his own business out of his innovative spirits.	bb03	Innovative spirit		
Around 2008, Wei Wenfeng resigned from the Inspection and Quarantine Bureau and became a businessman. In this entrepreneurial process, he showed outstanding entrepreneurial spirits and business capabilities.	bb04	Starting business		
Driven by paternal love and sense of social responsibility, he decided to rely on his own strength to expose hidden dangers of book wrappers.	bb05	Driven by paternal love and sense of social responsibility		
		b01	Professional experience	Innovation and entrepreneurial abilities
		b02	Innovation consciousness	
		b03	Entrepreneurship experience	
		b04	Driven by sense of social responsibility	B02
				Sense of social responsibility

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Wei Wenfeng, as a representative of parents to safeguard rights and interests of groups, made parents realize that there were many hidden dangers in Children’s life, but many parents were unable to solve the problems.	bb06	Deeply touched			
When Daddylab was just established, it was committed to building a platform for public welfare. Part of the cost for commodity inspection was obtained through crowdfunding, and the other part was borne by himself.	bb07	Building a platform for public welfare	b05	Original intention of public welfare	B03 Concept of public welfare
Three high-precision formaldehyde detectors were purchased by crowdfunding 50,000 yuan from 487 parents.	bb08	Crowdfunding	b06	Customer support	B04 Social support
In 2017, Daddylab found that the skin contact carcinogen “PAHs” was contained in the straps of children’s smart watches. On March 15, 2018, PAHs was included in the inspection scope and its limit was set in the Standard Technical Document of Smart Watches for Children in Shenzhen City.	bb09	Promoting improvement of industry standards	b07	Creating social values	B05 Realizing both economic and social values
The large number of followers and purchases indicate that it is accepted by parents.	bb17	High customer satisfaction	b08	Gaining economic benefits	
...		...			

Fig. 2 The paradigm-based model of growth of Daddylab



Awareness of toxicity of book wrappersaroused strong paternal love of the founder of Daddylab, Wei Wenfeng, and the sense of social responsibility of keeping children away from toxic and harmful products became the original intention of Daddylab. Testing tools of varying qualities and backward testing standards in stationery industry brought market opportunities for setting up the company. The company, which emerged under proper time and conditions in this context, had a broad market foundation and a good concept of public welfare, but it did not develop smoothly. The immature operation mode and requirement for huge inspection investment made the company encounter serious capital bottlenecks in the first year of its establishment, and was even difficult to maintain for a time. At the critical moment, thanks to the help of more than 100 parents, the company managed to go through the difficulties by crowdfunding. Therefore, Daddylab had to think about how the enterprise can develop independently, healthily and sustainably, and thus began to explore the way to self-sufficiency. It tried to change the business from simple inspection to supporting services of inspection through We-media and e-commerce platform sales, and summarized it as a business mode combining quality inspection of popular online products and e-commerce sales. The operation of the new business model not only realized social values of environmental detection, but also brought sustainable profits to the enterprise. Daddylab had realized self-financing in the second year of its establishment, and has reached the stage of steady upward development now. In this process, strict control mechanisms, such as strict requirements for product quality, high standards of supplier selection and refined team management were implemented by Daddylab. In the meanwhile, through resource bricolage strategies, such as manpower bricolage (for example, customers provide voluntary services, like trademark registration and legal consultation

for Daddylab) and institutional bricolage (creating a program of taking turns to use formaldehyde detectors in different areas), it reduced operation costs, improved service efficiency and integrated resources to optimize experience of paid users. In addition, Daddylab established a follower foundation and actively cooperated with government departments and research institutions to promote technology research and development (R&D) and to increase credibility of products, so as to obtain more sustainable and stable external supports. At present, Daddylab has realized self-development and steady growth of business performance. Furthermore, the exposure of a lot of information about false, inferior and toxic products promotes constant upgrade of industry and national standards for products, which realizes social values of the enterprise. Partial coding results of the case are listed in Table 3.

It can be seen from road of indigenous social entrepreneurship of Daddylab that such social enterprises have set clear social and economic goals and effective action strategies at beginning of their establishment [34]. Most founders are highly educated and some have business start-up experience. They build social enterprises generally out of their strong empathy or sense of social responsibility and most adopt more innovative business modes and more strategic actions to realize enterprise values. In addition, they are good at allocating all kinds of resources, such as funds, materials, manpower and social relations and strive to break their own resource constraints, which ensures stable and long-term development and achieves organizational goals. The typical model of its growth is shown in Fig. 2.

#### 4.3 Tianjie: public welfare innovation of commercial enterprise

Table 4 Partial open coding of Tianjie

Data (excerpted)	Open coding					
	Tagging	Conceptualization	Categorization			
At the sight of destruction of farmers' harvest by disasters, Zhang Xiaochuan, the founder of Tianjie, was lost in reflection.	cc01	The impacts of natural disasters on farmers provoked thought of the founder.	c01	Being touched	C01	Empathy
He hoped to help farmers in the most direct and convenient way to promote the sustainable development of agriculture.	cc02	Hoping to help farmers and promote development of agriculture	c02	Expecting to solving social problems	C02	Sense of social responsibility
The Chinese government has always attached great importance to agriculture, rural areas and farmers, and implemented a series of direct and effective policies and measures.	cc03	Policy support	c03	Policy opportunity		
In 2016, the resident population in rural areas was $5.9 \times 10^8$ , and it is estimated that the resident population in the rural areas will stabilize at $6 \times 10^8$ by 2020.	cc04	Huge market potential				
The agricultural technical service system formed in the era of planned economy could not meet the needs of current agricultural production, and there was no specialized technical service system of agricultural production.	cc05	Market vacancy in the traditional agricultural service system	c04	Market opportunity	C03	Development opportunity
The increasing popularity of high-quality agricultural products led to the loss of competitiveness of a large number of low-quality agricultural products.	cc06	Disaccord between agricultural products and market demand				
The supply mode of agricultural inputs was still in the traditional way popular in the 1980s, which needed to go through the provincial, municipal, county-level, and township-level agent distribution.	cc07	Unreasonable supply mode of agricultural inputs	c05	Agricultural development problem		

He began to pay attention to spreading knowledge of agricultural planting technologies to farmers and improving service inputs in consciousness of scientific farming of farmers.	cc10	Focusing on the problems in agricultural production	c06	Transfer of development focus	C04	Public welfare innovation
After nearly 20 years of development, a large number of agricultural inputs and technical talents have been gathered, and the advantages of technical teams in technology and product R&D in improving crop quality and improving and restoring soil environment have been formed.	cc11	Gathering technical talents and R&D teams	c07	Advantages of technology R&D	C05	Enterprise capability
With a strong technical service system and a product R&D center, the problems in the planting process have been scientifically solved in the factory, and then the innovative technologies and products are transformed into commodities.	cc12	R&D and innovation of new products	c08	R&D and innovation		
Agricultural technologies, warehousing of agricultural inputs and trading of agricultural products are combined together and products, technologies, talents and social resources are integrated on a platform for joint development.	cc13	Integrating all kinds of resources	c09	Improving trade efficiency/ut ilization	C06	Innovation of business mode
Agricultural inputs are directly applied to the fields, and agricultural products are sent from factories to service centers in rural areas and directly distributed to farmers by the service centers.	Cc14	Innovation of supply side		efficiency of resources		
Tianjie has developed eight series of products registered by the Ministry of Agriculture of the People's Republic of China, with nearly 90 specifications.	cc15	Product diversification	c10	Innovating trade mechanisms / providing new products		
A team of experts has been set up to develop a variety of special fertilizers based on factors, such as soil, climate and crop habits.	cc16	Developing new products				
...						

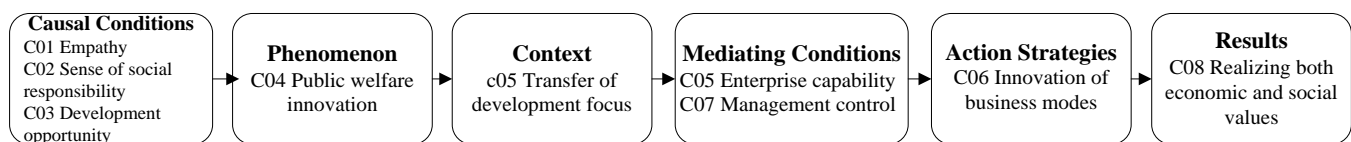


Fig. 3 The paradigm-based model of growth of Tianjie

Tianjie was a pure commercial enterprise committed to the R&D of agricultural inputs at the beginning. A few years ago, a sudden weather disaster destroyed farmers' harvest, leaving heartbroken farmers. Seeing this, Zhang Xiaochuan, the founder of Tianjie, believed that this was only a microcosm of the current agricultural development, and the underlying reason was various restrictions in the current agricultural development. This would make mountain farming that depended on weather increasingly vulnerable. The empathy and sense of social responsibility of the founder were the initial driving force for Tianjie to start public welfare innovation. Then, financial investments in agriculture, rural areas and farmers from the central government were increased, and a series of supporting policies were issued, so it was the right time to develop the agricultural science and technology industry. In addition, there were massive users of agricultural inputs in rural areas, indicative of a huge market potential. All these created opportunities for the development of Tianjie. Therefore, the enterprise strived to seek transformation into public welfare, transferred focuses on problems, such as the lack of agricultural technical personnel, backward service mode for agricultural technologies and deterioration of agricultural ecological environment. In addition, it began to innovate methods to apply research results of agricultural planting technologies to the field. Over the years, the R&D team has constantly overcoming a

number of difficulties in technical services, so that the enterprise gradually realizes the innovation in the mode from the product end to the technology and product supply side. Furthermore, the management control of risks, teams and internal governance provides strong supports for its sustainable development. Business accumulation of Tianjie in the early stage has solved the problem of resource shortage faced by most social enterprises. Therefore, the resource bricolage strategy does not play a very important role in the growth of the social enterprise developing through public welfare transformation. There is no doubt that innovation of a business mode is the key action strategy to success of Tianjie. Starting from agricultural development, the company integrates the paid service mode, entrepreneurship support mode and convenient service mode of social enterprises to create Tianjie mode. Compared with the traditional distribution mode, Tianjie mode has advantages in efficiency, costs and services. On the one hand, it focuses on well solving the problems that there is land but no farmers to manage or there are farmers but no technology to use in the implementation of rural revitalization plans and obtains development impetus from innovation in technologies, modes and products. On the other hand, the enterprise introduces operation philosophy of supporting public welfare undertakings by business and gives back to farmers. Moreover, it teaches farmers technologies and trains them for free. This protects land and agricultural ecological environment, improves the quality of agricultural products and increases farmers' income and efficiency. With the rise of the Internet, Tianjie spreads products and technologies to farmers based on practical experience accumulated for many years and hardware and software resources by establishing a comprehensive rural service system. Moreover, it provides paid services to farmers in a way benefiting the public with low charges, which creates economic benefits, serves farmers and promotes development of rural economy. Partial open coding of the case is displayed in Table 4.

As a model of transformation from a commercial enterprises into a social enterprise through public welfare innovation, the growth path of Tianjie is worth learning from. Compared with social enterprises transformed from NFOs and indigenous social entrepreneurship, commercial enterprises have accumulated a lot of resources before transformation, with strong economic strength and sufficient operation experience. Therefore, how to transform from the business philosophy of maximizing profits to the pursuit of public welfare value, and how to transform the simple business operation into a business model developing both public welfare and business are the problems that should be particularly concerned and urgently solved after transformation of such organizations into social enterprises. On the one hand, enterprises can actively encourage employees to think and solve social problems and participate in social activities, so as to cultivate same values. On the other hand, enterprises should actively develop new products, services and modes that can realize economic benefits and solve social problems. In this way, commercial enterprises can be smoothly transformed into social enterprises and realize sustainable development. The typical model of its growth is demonstrated in Fig. 3.

#### 4.4 Cross-case comparison and analysis

Through in-depth analysis of the cases, this study outlined three different growth paths for social enterprises based on driving factors of their growth, action strategies, operation modes and support conditions. By backtracking data, it was found that there were similarities and differences in growth paths of the three types of social enterprises, and thus further cross-case horizontal comparison was made.

##### (1) Similarities in grow paths of the studied social enterprises

Although different factors have different influences on the growth of social enterprises, as the common choice for different types of organizations, social enterprises definitely share common characteristics and development logics in their growth and evolution paths.

Firstly, an action strategy that utilizes innovation of business modes. No matter what type of social

enterprises, the innovation strategy of business modes is used at different degrees in their growth to build core competitiveness and promote organizational development. These enterprises either provide new products or services according to demands of customers <sup>[35]</sup>; or provide new services for partners to create new trade mechanisms <sup>[36]</sup>; or integrate resources to build a data platform and improve operation efficiency <sup>[37]</sup>.

After the establishment of a number of chain-type community-based pension service centers, Longlive follows the trend and establishes the social work center based on the original volunteers, realizing the driving mode by community-based pension and social work center. Furthermore, to further meet the dietary requirements of the elderly at home, the community kitchen, *i.e.* Longlive food workshop is launched, providing many categories of food at high quality and low price, so that the consumer groups rapidly expand to all residents around. However, it is difficult to meet the real needs of the elderly within a limited time because it undertakes the comfort services of government procurement. Therefore, Longlive begins to explore such a new business model, namely elderly-oriented transformation. Based on years of experience in pension services, participation of front-line staff in design and many times of investigations and learning, Longlive has created a series of elderly-oriented IoT products. Moreover, an operation system for elderly-oriented transformation including a cloud data platform, seven evaluation systems and seven transformation systems has been formed by combining with the elderly-oriented sectors. The integrated, new business mode greatly promotes elderly-oriented transformation, which improves service efficiency of transformation at home and strengthens selection and management of partners. Therefore, with the expansion of enterprise scale, the business performance is also improved. In other words, it is an important strategy for transformation of Longlive to constantly innovatively provide pension services and explore new operation modes according to market demands and the strength of enterprises.

As an independent social enterprise, Daddylab has a broad market foundation and a good philosophy for public welfare, but it has been faced with the double dilemmas of high inspection costs and immature business modes since its establishment. At the critical moment, it managed to survive by relying on the crowdfunding of micro-shareholders. Since then, Daddylab has transformed the business into the mode of inspection through crowdfunding, trying to maintain inspection business through crowdfunding. However, with the increase of inspection and labor costs, the enterprise gradually cannot make ends meet. With the suggestions and promotion of parents and followers, Daddylab chosen to cooperate with e-commerce platforms to establish an online mall to specialize in detecting qualified products. Instead of making money through price difference, micro e-commerce relies on the crowdfunding mode for operation, which only recovers the product cost, packaging box and labor costs. Such an initiative is fully trusted by parents and the enterprise can get thousands of orders a month. In the meanwhile, Daddylab expands social media and We-media platforms and continuously expands its influence and thus could be self-financing in the next year. The business model combining inspection of popular online products and e-commerce sales independently explored and successfully practiced has smoothly realized the self-sufficiency of Daddylab.

Tianjie was initially a commercial enterprise engaged in the research and development of agricultural inputs as established. It began to rethink the enterprise value from seeing the difficulties of farmers. Driven by a strong sense of social responsibility, it turns its attention to agricultural technical services, agricultural production environment and farmers' living conditions. Since then, the enterprise has implemented public welfare innovation, committed to solving a series of problems in agricultural production environment, such as backward planting technologies, weak awareness of environmental protection and land pollutions. With the talents and technologies accumulated by years of commercial operations, Tianjie continues to develop new products to solve the problem of soil pollution. In addition, it constantly improves technical service modes and

goes to the field to establish a comprehensive service system for rural areas and agriculture, which ensures that the agricultural services, technologies and agricultural inputs (pesticides, fertilizers, seeds, etc.) are directly distributed to the farmers. Moreover, it customizes the planting schemes for agricultural production and realizes the new business mode of providing technologies and services to the field and supporting materials to farmers, which solves the most difficult problem in agricultural production. At present, the company has launched pilot projects in surrounding districts and counties. Relying on the existing comprehensive agricultural technical service centers, a smart rural integrated system is created by integrating government resources and social capitals. Therefore, the future development map of the enterprise is gradually improved and clarified.

Secondly, implementing strict management control. For social enterprises that need to take economic and social values into account, strict management control is an important guarantee for their sustainable development.

① Longlive gradually improves the management control over partners in the process of expanding its scale. While providing partners with multi-directional training and sharing management experience, the company has strict requirements. Therefore, Longlive has gathered a number of core management teams with the same values, strong executive power, enough patience and willingness to pay for public welfare. In addition, all-round management of employees is carried out, and enterprise values are deeply rooted in each link, such as employment, training, personnel selection, performance assessment and cultural construction.

② Since the establishment of Daddylab, it has always adhered to the original intention of public welfare and wins the trust of consumers and the public, which is inseparable from the strict management of product quality and manpower resources of the company. Daddylab carries out regular training for employees to strengthen their professional ability and various sports activities and pays attention to the cultivation of team spirits. To ensure quality of products, it has developed a strict quality inspection system, according to which all links, from the selection of new products to the random inspection of existing products, are carried out according to the highest standards. For instance, batch inspection should be performed for contact materials newly used, while annual sampling inspection should be conducted for non-contact products. Once problems are found, all products in this batch should be recalled immediately to ensure the safety and reliability of products as far as possible.

③ Tianjie mainly guarantees its healthy growth from three aspects: team management, risk control and internal governance. Firstly, it cultivates employees to have values with identification of mission and being needed and expects employees to adhere to the value orientation of agriculture-related social enterprises to taking the accomplishment of social missions as the goal. The company also improves employee benefits through employee stock ownership and employee development funds, and helps employees improve their professional skills and personal skills. Secondly, it pays attention to strict control of the financial risks, so as to ensure good overall financial conditions and a stable capital chain in the company; it establishes an evaluation system to strictly evaluate suppliers, in order to eliminate unqualified suppliers. Moreover, it introduces professional talents to solve the management problems of business sectors and improve operation efficiency. In addition, it has set up a sound governance structure, involving shareholders' meeting, a board of directors and an executive president. The directors of various departments are in charge of different fields, and a board of supervisors is also set up for supervision, which not only improves the efficiency but also effectively avoids the occurrence of work mistakes and violation of disciplines.

(2) Difference in growth paths of the studied social enterprises

Firstly, difference in driving factors for their growth.

The main reasons for market practices of Longlive are shown as follows: firstly, business acumen of the founder. Zhu Qinghai, the founder of the company, had been doing business in many fields for more than ten years, accumulated rich business experience and had a keen insight into business dynamics. Therefore, when setting up the pension center, considering the coordinated development in the later stage, he also established a pension service consulting company. Secondly, development dilemmas. Although the development driven by two factors, namely pension and social work has been realized, the problems of capital, personnel and business modes that have plagued sustainable development of Longlive have not been well solved. The incident that a paralyzed old man refused to accept door-to-door services finally made Longlive rethink the real needs of the elderly, thus exploring the elderly-oriented transformation in families.

The reasons for indigenous social entrepreneurship of Daddylab are presented as follows: (1) Innovation and entrepreneurship abilities. Due to the entrepreneurial consciousness and innovative spirits, Wei Wenfeng, the founder of Daddylab, had left the government agency to start business in 2008 and showed outstanding entrepreneurial spirits and business capabilities. Furthermore, he has been engaged in quality inspection for many years and possessed rich inspection experience. Because of the original occupational sensitivity, he quickly discovered the unqualified book wrappers. Secondly, driven by sense of social responsibility. After exposure of unqualified book wrappers, he realized that for hidden dangers in their children's lives, many parents have the intention but cannot solve them. The strong sense of social responsibility prompted him to make his mind to embark on this thorny road of social entrepreneurship. Thirdly, the philosophy for public welfare. Since start-up, Wei Wenfeng has always maintained his original intention of public welfare. Whether it is the platform of public welfare initially established or the subsequent innovation of business modes, he has always adhered to the philosophy for public welfare.

There are three starting points for Tianjie to embark on the road to transformation of public welfare. Firstly, empathy. Zhang Xiaochuan, the founder, was deeply touched by the impacts of natural disasters on farmers, and began to think about the development of agriculture. Secondly, the sense of social responsibility. In view of all kinds of restrictions in agricultural development, he hopes to help farmers improve the level of planting technologies and change the traditional farming methods in the most direct and convenient way. The aim is to protect the agricultural ecology and promote sustainable development of agriculture. Thirdly, policy environment and market opportunities. China has always attached great importance to agriculture, rural areas and farmers. A series of supporting measures have provided a good policy environment for development of Tianjie. In addition, there are a large number of users of agricultural inputs in rural areas, so the market potential is great, which creates market opportunities for its development.

Secondly, difference in resource bricolage modes.

Social enterprises in China are in the early stage of development, and most of them have a short history, small scale of organization and resource shortage, which are the main bottlenecks limiting their development. How to utilize resource bricolage strategies, such as manpower bricolage, material bricolage and customer bricolage, to integrate external resources of the enterprises and create advantages of business modes is the key to growth of social enterprises. There is a little difference in modes of resource bricolage strategies of different types of social enterprises. Among the three enterprises studied, Longlive and Daddylab actively implement resource bricolage strategies during their growth, which provides strong impetus for their development in the early and middle stages.

Due to developing from a public welfare institution, Longlive has received a lot of supports from the government, such as undertaking most government purchase projects, and the government provides part of the land for community-based pension service centers free of charge. With the deepening of market practices,

Longlive now mainly takes the way of low-cost land lease from the government or leasing based on market rules to obtain land. Furthermore, Longlive also includes the middle- and high-income groups with purchasing power and the low-income groups relying on the government's support in its target customers, continuously develops business, and undertakes the procurement services of the government and individual residents. Moreover, it provides almost all kinds of home-based pension services, such as providing on-site catering, medical rehabilitation, sanitation and cleaning for the elderly in communities. During this period, it actively organizes volunteers to provide services and carry out compulsory training. In order to meet the personalized needs, the products are customized and differentiated. On the premise of being approved by the government, procurement services can be replaced with elderly-oriented facilities with the same price, which are then installed. These customer and institutional bricolages and investment bricolage in manpower and sites alleviate the financial problems faced during its growth, expand the business scale and increase the service types.

Successful social entrepreneurs generally adopt the resource bricolage strategy to break through the resource constraints, indicating the importance of resource bricolage to the growth of social enterprises [38]. During the growth of Daddylab, investment and institutional bricolage strategies are mainly used. For Daddylab established based on the sense of social responsibility, the target groups are mainly parents in the first- and second-tier cities. Daddylab provides safe and guaranteed products and services for these consumers in the mode of inspecting popular online products and e-commerce sales. As consumers, parents help the enterprise to register trademarks, or provide legal consultation for free and some send their children to the enterprise as volunteers. By participating in enterprise activities, consumers, on the one hand, improve their sense of identity for the enterprise and on the other hand, increase their own abilities and become loyal followers to support Daddylab. The resulting word-of-mouth effects have positive effects on social and economic performances of Daddylab. In addition, the company makes use of its own advantages to develop new business and launch activities of taking turns to use formaldehyde detectors in different areas. It strives to create industry standards in terms of inspection products, procedures, principles and standpoints, so as to maintain the credibility of the enterprise and promote the management of industry standards for inspection more standard and complete.

Tianjie has been developed for a long time and accumulated a lot of capital, customers and institutional advantages as a commercial enterprise in the early stage. During the transformation into the social enterprise, it can continue to show its original resource advantages, and thus the business mode is reshaped to make innovations in public welfare undertakings. Therefore, the resource bricolage strategy is hardly used in the process of its growth and evolution; even if it is sparingly used, the strategy only plays a marginal role in enterprise growth, just making a little contribution.

#### 4.5 The integrated framework for growth paths of social enterprises

Through the coding analysis of the growing process of social enterprises, the research clarifies three different growth paths: market practices of NFOs, indigenous social entrepreneurship, and public welfare innovation of commercial enterprises. Based on the interpretation of relevant constructs that influence growth paths of different types of social enterprises, an integrated framework of growth paths of these enterprises is analyzed intensively and described in detail. (1) The motivation of social enterprises for organizing and carrying out the practice is, on the one hand, founders' personability, including empathy, social responsibility, and previous experience and, on the other hand, the evaluation and understanding of organizations for resource dilemma, market competition, and policy environment. Therefore, the layer of driving factors is composed of two constructs, *i.e.* founders' personability and developmental opportunities. (2) Social enterprises use different action strategies for growth, or solve resource dilemmas by leveraging various resource

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bricolage strategies, such as labor, costumer, and institutional bricolage to different extents. Social enterprises can also provide new products or services in response to customers' demand, as well as re-set business processes and innovate business modes by resource integration. Therefore, the layer is formed by two constructs, namely, resource bricolage and business mode innovation. (3) The mediation layer contains structural conditions that promote or constrain actions happening in specific scenarios and corresponds to three constructs, *i.e.* enterprise competence, management control, and social support. During the growth, social enterprises need to keep developing new technologies and products, ensuring product quality, and performing marketing, so as to enhance the core capability thereof. At the same time, strict internal governance, team training, careful selection of cooperative partners, and control over financial risks are also important guarantees for the sustainable development of social enterprises. Besides, social enterprises also need to actively cooperate with the government, R&D institutions, and public welfare organizations intensively in a wide scope. In this way, they are expected to stick to cooperative technological development, extend the scope of business, and increase product credibility, so as to gain more sustained and stable social support. (4) The result layer is summarized as the growth performance, mainly reflected in two aspects, *i.e.* obtaining economic benefits and creating social values. Details of the integrated framework are shown in Fig. 4.

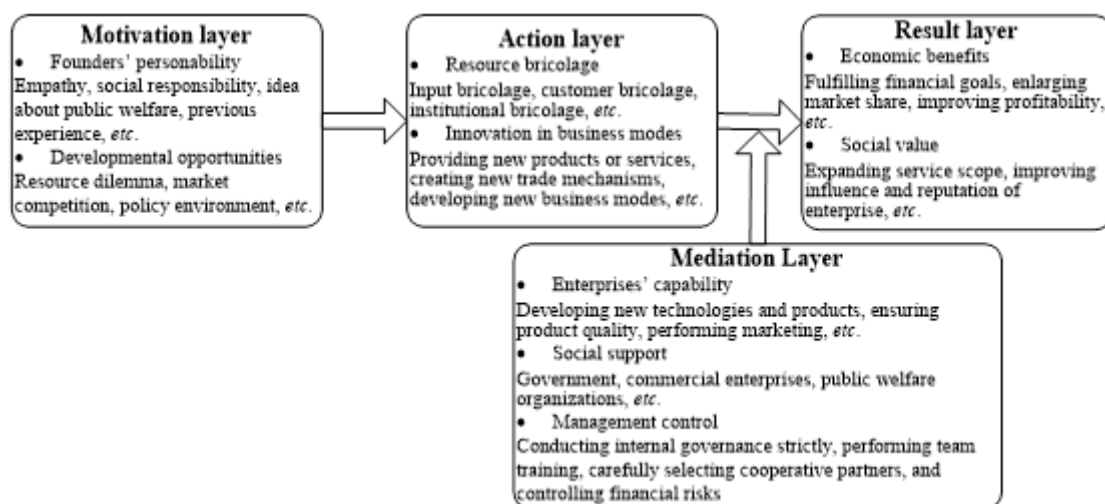


Fig. 4 The integrated framework of growth paths of social enterprises

## 5. Conclusions and discussion

### 5.1 Conclusions

By selecting three typical social enterprises as the research samples, exploratory research was conducted on the growth paths of social enterprises in Chinese context using the grounded theory. The conclusions are made as follows:

1) Three different evolution paths in the growth of social enterprises are outlined. ① The first path is the market practice of NFOs which carry out marketization in various ways, basically aiming to compensate for the insufficient self-sustaining ability of original public welfare organizations. Therefore, transformed social enterprises generally need to make more efforts in operating modes, labor resources, and corporate governance, and constantly examine and modify them in the practice, to search for sustainable operating modes most conforming to their social objectives. ② The second is indigenous social entrepreneurship. The entrepreneurial founders or core teams commonly take innovative business modes and effective action strategies out of their strong empathy and social responsibility, to realize the value of their enterprises. For

examples, they tend to take the measure of resource bricolage to sufficiently mobilize and reasonably allocate resources, break their resource constraints, and provide sustaining power for long-term development of enterprises, so as to promote fulfillment of dual goals of organizations. ③ The third path is the public welfare innovation of commercial enterprises. Commercial enterprises have accumulated lots of resources before transformation, so they have strong economic strength and sufficient operating experience. Therefore, on the one hand, these enterprises can actively encourage employees to come up with measures for solving social problems and take part in social activities, so as to cultivate their recognition of the public welfare value; on the other hand, they should actively develop new products, services, and modes that not only can gain economic benefits but also can solve social problems, to guarantee their smooth transformation to social enterprises and realize sustainable growth.

2) The similarities and differences of the three paths are analyzed. ① For either kind of social enterprises, they all take innovation strategies in business modes during their growth. For example, they may offer new products or services according to customers' demands, create new trade mechanisms, integrate resources, and build platforms. Additionally, for social enterprises pursuing both for economic benefits and social values, strict internal governance, team training, careful selection of cooperative partners, and control over financial risks are all important guarantees for their sustainable development. ② Social enterprises growing in different paths show differences in driving factors of growth and resource bricolage modes. The driving factors of growth can probably be founders' business acumen or organizations' development dilemma, completely depend on founders' personality, including original intention of public welfare, innovation and entrepreneurial capability, or combination of founders' empathy and organizations' development opportunities. In terms of the resource bricolage, although solving resource dilemmas is the key to growth of social enterprises, different types of social enterprises still differ in the strategies and modes of resource bricolage. To be specific, NFOs undergoing marketization transformation and social entrepreneurship remit the resource dilemma by using multiple resource bricolage modes actively; while commercial enterprises seldom or hardly use the strategy, attributable to the fact that they already have accumulated abundant resources to fulfill public welfare innovations.

3) The general model for the evolution of growth paths of social enterprises is established. The model includes four layers, nine dimensions, and several key elements. The four layers are layers of driving factors (founders' personality and developmental opportunities), action strategies (resource bricolage and business mode innovation), mediating conditions (enterprises' capability, management control, and social support), and growth results (economic performance and social goals). The evolution mechanism of growth paths of social enterprises in Chinese context was revealed by analyzing inherent relations among these layers and dimensions.

## 5.2 Theoretical contributions

The theoretical contributions of the research include: 1) The research categorized social enterprises in accordance with the mixture of different types, and heterogeneity of origins, of social enterprises. The classification accords with the national conditions and social institutions of China. More importantly, it not only favors the reexamination of relationships of existing conclusions of research into social enterprises but also helps more accurately ascertain samples for future research, so as to obtain more detailed and accurate conclusions. 2) Social enterprises in western countries have become mature gradually. Whereas, it will face great challenges if Chinese social enterprises that just develop in their early stage refer to and learn experience from other countries in their practices, due to being confined to differences in national conditions, institutions, and public cognition. For this reason, evolution paths for the growth of different types of social enterprises should be teased out by considering the reality of social development in China according to heterogeneity of

origins thereof. By doing so, it is expected to provide important theoretical guidance for the growth direction and development strategies of Chinese social enterprises still in their exploratory stage. 3) By deconstructing the development process of different types of social enterprises, the general model for evolution of growth paths of social enterprises is constructed. It not only integrates key elements influencing growth of social enterprises but also can be used to discuss the mechanism and principle for realizing goals of social enterprises. Based on the model, exploratory research is conducted on the following logic chains: why social enterprises start and how social enterprises grow and sustain. By conducting the multi-case study using the grounded theory, the research conclusions are of more theoretical and practical significance, enriching and broadening research findings pertaining to social enterprises.

### 5.3 Shortcomings and prospects

The theoretical sampling was based on the origins of social enterprises in China and the authors collected, organized, and encoded data as comprehensively, objectively, and rigorously as possible. Despite this, it is impossible to include all types of social enterprises due to the limitations of case studies themselves. In the future, other types of social enterprises, or different enterprises in the same industry and serving the same type of customers can be taken as research samples, to further compare and verify the suitability of the research framework proposed.

Only exploratory research on the evolution process of growth paths of social enterprises was carried out, without in-depth analysis of inherent mechanisms by which elements at different levels exert effects on the growth performance of social enterprises. Future research can discuss relationships between key elements and growth performance of social enterprises from perspectives of individuals, organizations, and institutions. It is supposed to reveal the transformation mechanism of growth performance of social enterprises through analysis of large sample data, and deepen systematic interpretation of growth drivers, processes, and performance of social enterprises. In this way, it is expected to provide more theoretical and practical reference for optimizing social enterprises' living environments from multiple aspects and promote sustainable development of social enterprises.

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