

Resourcing Social Enterprises: The Role of Socially Oriented Bootstrapping

Abstract

Resource constraints are a challenge for social enterprises, prompting interest in innovative approaches to address these deficiencies. In this study, we contribute to the literature on resourcing practices in small, early stage, social enterprises by examining the role of socially-oriented bootstrapping for resource access. We use data from eight UK social enterprises to reveal organisational practices – building credibility, leveraging persuasion, and creating resource communities – that shape a diverse set of bootstrapping mechanisms to facilitate exchange relationships and to enable resource acquisition and mobilization. We argue that the unique position of social enterprises allows them to benefit from socially-orientated bootstrapping and they display a complex approach that is shaped by a creative interplay of practices to support value creation through resource exchange.

Key Words: Social Enterprises, Bootstrapping, Resources, Social Exchange

Introduction

When entrepreneurs are unable to master tasks associated with resource accumulation, this threatens the survival of new ventures (Ciabuschi et al.,2012). Social enterprises (SEs) face similar problems as they must compete with other businesses for scarce resources (Chell, 2007; Haugh, 2007; Vestrum, et al.,2016). SEs are also typically embedded within communities where resources are limited (Peredo and McLean, 2006; Miller et al.,2012), which further hinders access. To serve their social mission, social entrepreneurs are required to make innovative use of existing resources (Kwong et al.,2017; Di Domenico et al.,2010) and devise new strategies for accessing external resources (Miller and Wesley, 2010; Bacq and Eddleston, 2016; Combs et al.,2011).

Bootstrapping, the ways in which firms share resources at minimal financial cost, has received scholarly attention as an alternative resource acquisition strategy for small firms (Winborg and Landstrom, 2001; Ozdemir et al.,2016) and new ventures (Jones and Jayawarna, 2010). This literature suggests bootstrapping is a key organizational capability that influences how firms respond to their resource needs in efficient and cost-effective ways. Bootstrapping practices such as the purchase of used

equipment, renting premises on favourable terms, and delaying payment to free-up working capital are discussed in the literature (Rutherford *et al.*,2017; Thorne, 1989). Although scholars have begun to study the resource access process in SEs (Miller and Wesley, 2010; Miller *et al.*,2012), there is a lack of in-depth analyses of bootstrapping practices in SEs. Concerns with financial motives in traditional business settings means that the existing bootstrapping literature has failed to capture the non-economic drivers that are of concern to SEs (Wry and York, 2017; Ozdemir *et al.*,2016). It is important that a more nuanced conceptualisation of bootstrapping is developed that is specifically relevant to the context of SEs.

This paper adopts the notion of ‘socially oriented bootstrapping’ (Winborg and Landstrom, 2001:p.249) to study the resource access process in small, early stage, partially self-sustainable hybrid SEs¹. Although a few scholars consider the relevance of business and social relationships to SE existence (Zahra *et al.*,2009; Ruskin *et al.*,2016), and resource acquisition (Meyskens *et al.*,2010), it is not clear how this happens, nor the organisational practices that promote such behaviours. We need to address more comprehensively two important issues. First, research has yet to provide an empirically-grounded understanding of the various bootstrapping mechanisms that create resource opportunities as well as the conditions and actions that enable entrepreneurs to acquire and mobilise these resources. Second, there is a limited theoretical rationale for how social and economic imperatives influence social entrepreneurs’ resourcing efforts. This paper investigates how bootstrapping practices enable the creation, sharing and transferring of resources otherwise unavailable to SEs. The following questions inform this research: what bootstrapping mechanisms do SEs use? How do social entrepreneurs shape these mechanisms? By adopting an in-depth phenomenological approach, we explain the distinctive, but inter-related, practices of multiple UK SEs and present a thematic articulation of the managerial actions and enabling conditions that favour social entrepreneurs’ bootstrapping potential. Our data suggests that although the dual mission of financial sustainability and social purpose presents hybrid form of SEs with obvious resource tensions and trade-offs, fulfilling social responsibilities, particularly aiming at the localised community, is the key underlying motive for hybrid form of SEs when accessing

and sharing bootstrap resources. This resourcing behaviour is in contrast to the traditional conception of economic transactions often discussed in the existing bootstrapping literature (Winborg and Landstrom, 2001; Ebben, 2009).

Theoretically, a social embeddedness perspective, as explained by social exchange theory (SET), offers a better conceptualization of resource access and mobilization practices employed by social entrepreneurs. Community relationships are necessary to develop the resource pooling and sharing activities that sustain several SEs rather than individual organizations. This insight offers support to Santos's (2012) 'positive theory of social entrepreneurship', in which proposes value creation, rather than value capture, as the distinguishing feature of SEs. Furthermore, Santos (2012) notes that value creation is a concept best understood at the system level, since this is how sustainable solutions are maintained. Our unified framework of SEs bootstrapping firm-level practices shows how communities regulate resource access through norms of reciprocity that enable successful SEs to shape their exchange relationships and both access, and provide, bootstrap resources from, and to, their community. In doing so, the bootstrapping practices help sustain the community not just individual organizations.

Bootstrapping: A resourcing mechanism for SEs

SEs have attracted the attention of academic scholars, policy-makers and practitioners as a distinct category of organisations to address complex and underserved societal needs by creatively reconciling conflicting goals of public service and private enterprise (Doherty et al., 2014; Vickers et al., 2017). The entrepreneurial process of identifying opportunities to obtain resources is key to understanding how a social business model operates in SEs (Battilana et al., 2015; Austin et al., 2006). Despite growing recognition of a significant decline in philanthropic capital, we do not know enough about the role played by SEs in facilitating access to necessary resources from external providers. Previous work has focused on resources that are readily available to SEs (Meyskens et al., 2010), or decisions to manage internally available resources using bricolage (Kwong et al., 2017; Di Domenico et al., 2010) or

effectuation logics (Fisher, 2012). However, important implications arise from considering practices that facilitate the *external resource acquisition process* and the conditions that shape these practices.

In rejecting the traditional economic model of entrepreneurship, Fisher (2012) argues that effective entrepreneurs refuse to accept limitations dictated by their environments and incorporate innovative means to access resources in their business model at an early stage to ensure that scarce resources are provided in a sustainable manner (Grichnik et al.,2014; Hanlon and Saunders, 2007). Bootstrapping is regarded as an ‘innovative, imaginative and parsimonious strategy’ that compensates for lack of resources for firms in their early stage of development (Winborg and Landstrom, 2001; Jones and Jayawarna, 2010). Although Ebben (2009:p.349) contends that firms bootstrap in response to the environment and, are therefore, likely to do so ‘when financially constrained’, Winborg (2009) found that bootstrap behaviour changes from an initial focus on cost-saving strategies to proactive strategies aimed at reducing business risks.

SEs offer an important and a different theoretical perspective to explore bootstrapping practice. They operate in communities characterised by limited resources (Vestrum et al.,2016; Bacq and Eddleston, 2016), they lack competencies or economically viable business models (Fujimoto et al.,2014; Borch et al.,2008), and their client base is poor and vulnerable (Corner and Ho, 2010). All these problems demand creative approaches to access resources (Miller et al.,2012; Khaire, 2010). Since these conditions do not support formal institutional funding (e.g. bank finance), existing theories of entrepreneurial resources have limited relevance to SEs. New and small SEs compound the problems further. In contrast to established SEs, where legitimated behaviours guide resourcing capabilities, early-stage SEs have little power to influence providers who set conditions for the quality and amount of resources on offer. Hence, accessing alternative resources at no or subsidised rates seems to be a valid proposition for early-stage SEs. Although the discussion around the relevance of alternative approaches to resource access in SEs is in its embryonic stage, literature on NGOs in developing countries presents several rationales for its use. Recent research indicates that NGOs look for prospects of collaboration and

donations (Suárez and Hwang 2012) local embeddedness (Mitchell 2012) and less restraint revenues (Kheing and Dahles, 2015) to avoid resource dependence. These diversification-resourcing strategies offer a better understanding of development practices and can contribute to the resource literature on SEs.

Understanding approaches taken by socially-motivated firms to acquire resources through non-financial transactions, at least in a developed country perspective, requires a nuanced theoretical exploration of the meaning ascribed to bootstrapping. Much of the work on small firm bootstrapping practice has taken a resource dependency perspective (Ebben, 2009; Jones and Jayawarna, 2010) and builds on the notion that successful access to resources is conditional on a firm's ability to manage their dependency with external providers (Pfeffer and Salancik, 1978). As resource dependence adds an element of control, the distribution of resources is uneven and often create negative externalities (Santos, 2012). In the context of SEs, resources are embedded in relationships between mutually dependent social actors and, therefore, these resources have multiple uses and common ownership (Grichnik et al., 2014; Fang et al., 2015). SEs work on the principle of helping others rather than seeking options for achieving sustainable advantages for private gain, as is the case with commercial enterprises (Wry and York, 2017; Kauppinen and Daskalaki, 2015). These altruistic actions encourage empowerment and minimal control that is beneficial for SEs to provide "sustainable solutions to neglected problems with positive externalities" (Santos, 2012:p.335). Thus, as Santos (2012: p.346) argues, social entrepreneurs' key concern is on value creation and not value capture. To achieve this 'their key concern is with the effectiveness of the overall value system of activities and partners, not their organization'. Management research explains such resourcing behaviours by using social exchange theory (Blau, 1964). Unlike economic exchanges where monetary rewards form an explicit part of contractual agreements, social exchanges are based on trust, shared values and feeling of obligations (Gouldner, 1960) that result in voluntary actions (Ruskin et al., 2016), with or without immediate returns to resource-seekers (Goss, 2008). Based on social exchange theory (Blau, 1964; Cropanzano and Mitchell, 2005), Huang and Knight (2017) develop a theoretical model that accounts

for both the instrumental and affective dimensions that characterize relationships between entrepreneurs and resource providers.

There are also several commonalities between SET and bootstrapping practices in SEs. First, it is widely acknowledged that social capital is a crucial factor in accessing bootstrap resources (Jonsson and Lindberg, 2013) and that relational and structural embeddedness present an integral feature of the value creation component of the social business model (Hite and Hesterly, 2001; Yunus et al.,2010). While SET helps explain how regular interactions through strong relational embeddedness creates the obligations, expectations, and trust that support mutual resource exchanges (Long, 2011; Fang et al.,2015; Aryee et al.,2015), structural embeddedness helps to lower the cost of resource distribution in close-knit relationships (Newbert and Tornikoski, 2013). Second, resource access and mobilization through social transactions, what Starr and Macmillan (1990:p.79) term ‘resource co-optation via social contracting’, is a defining characteristic of social entrepreneurs. Khaire (2010) argues that SEs rarely take ownership of resources and success largely depends on their ability to effectively acquire and utilise resources owned by others. Third, the social exchange perspective, typified by group cohesion and bonding social capital (Goss, 2008; Lee and Jones, 2008), is key to understand the bootstrap resource access through mutual exchanges (Newbert and Tornikoski, 2013; Aryee et al.,2015) .

Although acknowledged (Lee, 2014), the resourcing literature has not yet used SET to offer insight into resource access in settings where informal exchange relationships are crucial, underexplored and underserved by current theories. This paper builds on this perspective and examine how SEs respond to resource needs through various bootstrapping practices. Notably, the aim is to contribute to theorising bootstrapping in SEs by focusing on the practices and conditions that facilitate and promote social resource exchange. The key research questions are:

- (1) What bootstrapping practices do SEs adopt?
- (2) How do social entrepreneurs engage in this process to shape these practices?

Methods

We use an in-depth qualitative approach to collect data from multiple SEs. As resourcing behaviour in SEs is still emerging, we adopt the process of phenomenological inquiry to gain insights from the lived experience of social entrepreneurs (Lincoln and Guba, 1985; Cope, 2005; Kempster and Cope, 2010). The empirical setting is recently established, small UK-based SEs^{II}.

Sample

Selection followed a purposive sampling strategy to allow diversity in resourcing patterns (Eisenhardt and Graebner, 2007; Coviello, 2014) while retaining the common criteria of participating SEs: a core social purpose achieved through trading goods or services (Billis, 2010); small in size (<10 full time paid staff); and operating for less than five years. Studying a diverse set of SEs offers wider possibilities in their resourcing experiences and allows data saturation both within and across cases (Rubin and Rubin, 2005). We provided a brief outline of the project to all Trade Fair^{III} visitors who were asked to indicate their willingness to participate in the research^{IV}. Seven representatives from SEs immediately expressed interest and a further 14 SEs were contacted via email or telephone. We phoned all 21 interested parties to explain the aims, offer confidentiality assurances and access secondary information including websites, annual reports and event flyers. After studying the secondary information, we selected eight SEs that fulfilled the sample criteria and appeared to have the greatest potential for providing rich accounts of resource access. Following the first interview with the founder, we arranged face-to-face and phone interviews with other internal staff and external “resource providers” (Tsang, 2014). In total, we interviewed 13 internal and 10 external informants representing eight SEs facing different resource conditions and constraints (Table 1).

Data collection

Several entrepreneurship researchers have used phenomenological interviews as an interpretative approach to the collection of qualitative data (Cope, 2005; Parkinson and Howorth, 2008; Shaw and Carter, 2007). This approach is useful for theory building as it not only encourages “contextual depth” through analysing individual experiences (Kempster and Cope, 2010; Coviello, 2014), but it also reveals common practices shaping the resource base of SEs by drawing on a collection of lived experiences.

The first interviews were typically with founders and lasted one hour to 90 minutes. Interviews were useful to identify other respondents and secondary sources for a richer evidence base. During the first round of interviews, we provided founders with the working definition of resources: ‘any tangible or intangible assets accessed via formal or informal routes’. We prompted respondents to provide concrete examples of actions and events resulted in resource access (Miles and Huberman, 1994). We followed a flexible approach; interviewees’ stories emerged rather than following a structured format (Cope, 2005). As is prescribed by phenomenological inquiry, this open approach focused on SE resourcing strategies more broadly while avoiding a restrictive theoretical or empirical lens. During the second round, we conducted five more face-to-face interviews with other staff members involved with resource access. Furthermore, we used three follow-up telephone interviews with two founders to expand on specific questions related to themes that emerged during the first-round interviews.

We also conducted additional interviews with external informants mentioned by respondents as being important with respect to resource access. Interviews with external respondents focused on their role, how they facilitated the resource access process, and what encouraged them to engage with the SEs in question. Again, we based our approach on open discussions and follow-up questions when respondents mentioned specific resource mobilization actions. Steps were taken to minimize retrospective bias by triangulating the interviews with archival and public documents (Glaser and Strauss, 1967) including business/strategic plans, event flyers, bids, meeting minutes, appeals, project files and webpages (table 1)^v. We recorded and transcribed all interviews.

Data analysis

After reading and re-reading the transcripts to gain detailed insight into the individual accounts, the first author developed a preliminary coding system based on key words from the most detailed case (HealthCo). We compared this against the coding system produced by a research assistant and we discussed inconsistencies until we reached an agreement and before remaining cases were analysed to identify a range of topics related to enabling/inhibiting conditions for resource access. The research questions guided reading of the interviews^{vi}. Initially, we coded all the resourcing actions and

significant quotations to identify key units of discussions. NVivo software assisted this process. In the subsequent analysis we identified statements regarding respondents' view of the resource access process and focused on data fragments that related to various perspectives of 'preparation', 'reaching out' and 'resource exchanges'. We then followed a recursive process (Lincoln and Guba, 1985) to produce reflective notes by dividing and sub-dividing key units of meaning (first order codes) around each of these issues. We compared constantly interviews and secondary data (Glaser and Strauss, 1967) to ensure consistency and reveal subtle similarities and differences between internal and external perspectives. First order themes from each case were then combined to create a "master theme list" (Smith et al., 1999).

We then conducted a meta-level analysis (Kempster and Cope, 2010) using master theme lists from eight cases to identify patterns across the cases. Links between lists were made to identify shared aspects to produce second order themes which were subsequently colour coded to ensure all first order codes are considered. Themes that did not represent more than two cases were dropped. Here we used clustering (Lincoln and Guba, 1985) to compare and contrast these open codes to identify higher order aggregated themes ^{vii}. We recorded any discrepancies investigated by revisiting the data and in one case revisiting the respondent.

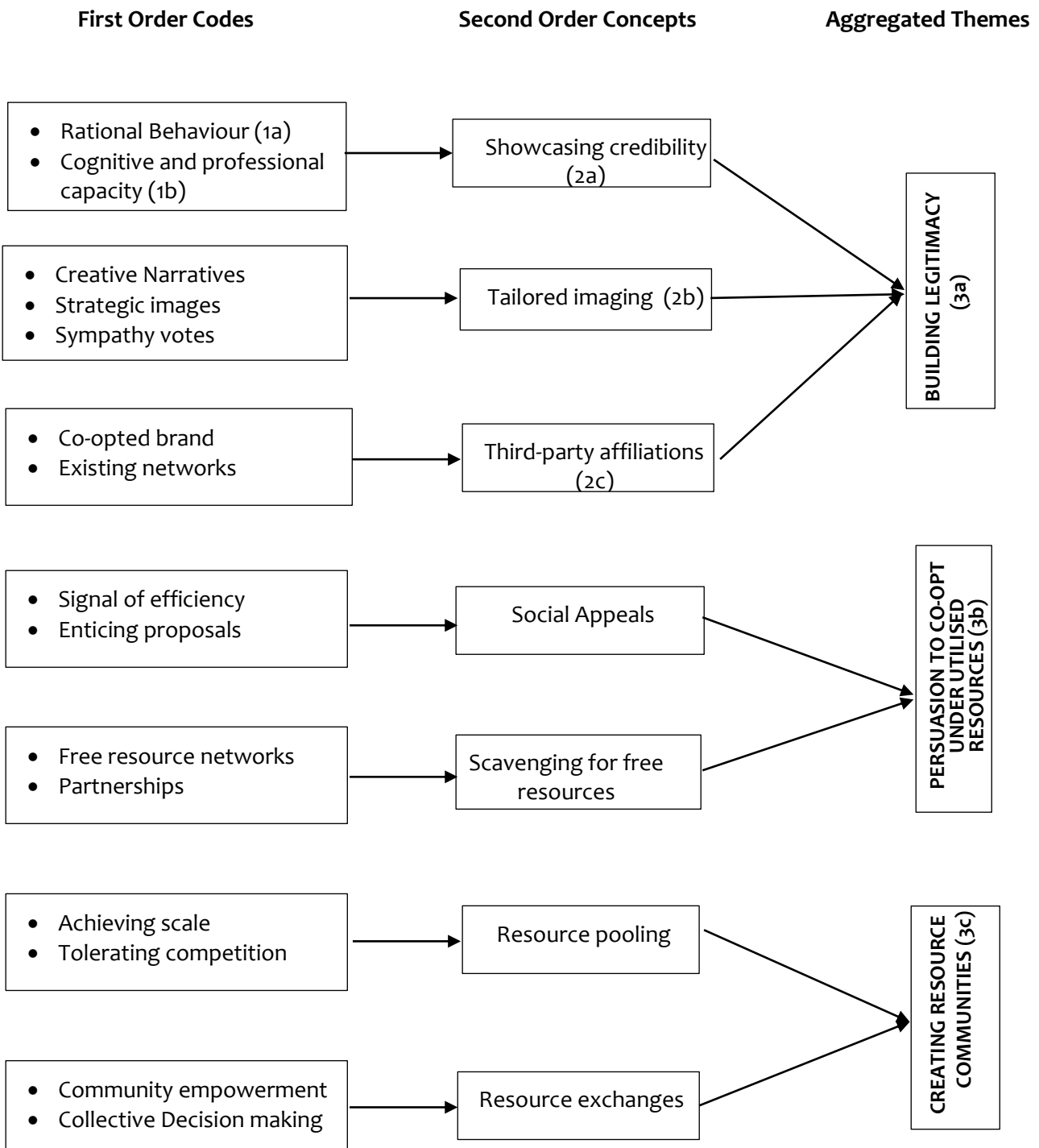
Table 1: Description of the Sample SEs and Sources of Data

Sample Description					Sources of Data	
SE	Age	Size	Work/Mission (core focus/sector)	Financial Model/means	Interviews*	Secondary evidence
EnergyCo	3 yrs.	15 paid staff(9 FT)	Run projects to support employment, energy solutions, recycling and training unemployed (energy and re-cycling projects)	Partially self-sustainable/gov. contracts, grants, trading income	3 (Founder -2, Project Leader. SME owner)	Business plan(s), web site, event flyers
EnvironCo	1 yrs.	Founder + a group of volunteers	Hosting events to bring together people with innovative ideas about environmental issues and to create a platform to showcase new ideas (environmental projects)	Partially self-sustainable - Private sector donations, grants and commissions	3 (Founder, community leader, member from envir. forum)	Strategic plan, community report(4), project list, internal memo
WomenCo	2 yrs.	Voluntary women	Run events ranging from a drop-in centre, coffee mornings, sport for women and training classes in first aid or IT, to break down barriers in society for women (women empowerment)	Largely philanthropic funding, donations, one large contract	2 (Founder, Donor)	Forum minutes(2), work plan
HealthCo	4 yrs	8 FT paid staff + volunteers	Promoting recovery, wellbeing and inclusion for people with mental health problems. Runs a chain of cafes to provide employment and training for their 'vulnerable' clients (disability and mental health)	Partially self-sustainable/NHS contracts, grant funding, donations	4 (Founder-2, volunteer, Job Centre Rep)	Website, project file, promotional materials (8)
SupportCo	2 yrs	12 paid staff (8 FT)	Started as a charity with the first venture involved buying and sustainably renovating an old derelict mill which now home to 10 other SEs. Now a social enterprise (solutions for unemployment)	Partially self-sustainable, individual donations, small bank loan, trading income	3 (Founder, community leaders - 2)	News item Appeals, event flyers
ResearchCo	5 yrs.	14 paid staff, 6 freelance (9 FT)	Specialises in research in the youth, sport and activities sector (community research projects)	Partially self-sustainable, grants large contracts, trading income	2 (Founder, team leader)	Grant applications(2), internal memos
CommuCo	3 yrs.	7 FT paid staff + volunteers	Community and business hub for the local people committed to community activity for city regeneration. Serves 5 areas cafe, worship services, community forum, housing association, enterprise centre (community support)	Partially self-sustainable, grants and contracts	2 (Founder, Project leader, community partner)	Work plan, project file, leaflets, web site
ChurchCo	3 yrs.	3 FT paid + 6 volunteers	Connecting church services to community building (community building and restoration)	Partially self-sustainable – gov. contracts and commissions	4 (Founder-2, fund raiser, council member)	Tenders, appeals

*18 in person, 4 by phone and 6 involved more than one person

To illustrate, we found several examples of self-definitions to demonstrate good governance and social value creation in the data and we coded these with a first-order theme: “rational behaviour” (1a in Figure 1). In contrast, we coded notes related to how SEs sought external legitimacy using firm and individual member attributes under the theme “Cognitive and professional capacity” (1b in Figure 1). We then looked for conceptual connections and consolidated the 15 first-order codes into seven second-order theoretical concepts through a process of axial coding (Cope, 2011). For example, we grouped the two previous codes that represented practices that signal commitment and the capacity to deliver social mission together under the same second-order theme, as they were really related. To accurately represent this practice, this theme was labelled “showcasing credibility” (2a, figure 1). The final stage involved integrating the second-order themes into aggregate theoretical dimensions. For example, we collapsed the three second-order concepts “showcasing credibility”, “tailored imaging” and “third party affiliations” into “Building Legitimacy”, our first aggregated theoretical dimension (3a, figure 1). After refining over multiple interactions, returning to the data throughout, we arrived at three aggregate theoretical dimensions: building legitimacy, persuasion, and building resource communities.

Figure 1: Data Structure



Findings

The inductive coding strategy explained above produced a series of common themes related to a number of specific social and organizational mechanisms that facilitated SE resource acquisition. For these firms, effective management of external relationships and promotion of resource exchanges were central to the challenge of successfully accessing bootstrap resources. The data indicate that SEs conform to demands from external resource providers using patterns of interrelated practices that are organised into three bootstrapping mechanisms: building legitimacy to create a positive organisational image; persuasion of resource owners to enable resource mobility; and creating resource communities to facilitate exchange relationships. These themes are illustrated with typical quotes supported by additional material in Tables 2, 3, 4. We also provide supporting evidence from secondary sources where relevant.

Building Legitimacy

The experiences of participants illustrate sincere and intentional acts of legitimacy building to differentiate their activities and to attract funding providers without engaging in time-consuming negotiations. They do this by projecting an image that is acceptable and appropriate to community partners and signalling their potential social value attributes, venture viability and member commitment. There are three ways SEs seek social legitimacy to attract bootstrap resources: showcasing credibility, tailored imaging, and third-party affiliations.

Showcasing Credibility

Showcasing credibility is a bootstrapping practice that builds on the presentation of a consistent, fair and moral image to signal commitment and competence to deliver a social mission.

Rational behaviour- To gain acceptance into the circle of resource holders, all SEs provided a strong self-definition to demonstrate their embodiment of good governance and contributions to social value creation. ChurchCo's early attempts to explain the positive societal role focused on aligning their organisational practices with social expectations and signal compliance with government social policies. Communicating a clear vision of where the venture "fits in" regarding market and societal needs is central to developing narratives highlighting these responsible, rationale behaviours. They present several examples where resource providers approach them as a 'socially responsible trustworthy group offering solutions to

vulnerable people' in their promotional materials. Several resource-access opportunities were linked to this societal acceptance and reputation building because of 'fair' and 'moral' social practices (Table 2).

There are examples of symbolic actions designed to give the appearance of social acceptance and positive community perception of organizational legitimacy. HealthCo's practice of displaying trophies, WomenCo's use of 'vulnerable clients' at funding forums, and SupportCo 's distribution of leaflets with successful projects helped to demonstrate socially responsible behaviours and create a positive image with stakeholders. As part of this effort, they also use past entrepreneurial successes to demonstrate venture level competence. Online material included details of awards, publications, presentations and invitations to represent community events. HealthCo dedicated a page on their website to potential investors listing examples of successful projects. As the Founder of HealthCo explained, *"it's our success story, telling how serious we are as a group and how far we can go with a little push"*.

Cognitive and professional capability - The cases also illustrate how legitimacy is created by signalling potential value through individual member attributes (table 2). They were keen to shape perceptions by creating narratives around individual records of accomplishment, which demonstrated their authority in the field. Staff knowledge of the 'community business' their 'governance' and commitment in delivering community projects form key components in this process. Volunteers must be capable individuals as explained by a project leader from EnergyCo: *"when we present our bids to the council, we specifically highlight the number of volunteers and their qualifications. There we are trying to symbolically display our capacity and ability to fulfil the demands of those projects"*. This 'professional capability' narrative was particularly influential in legitimising the design and delivery of 'unique services' to communities. In relation to this competent view of legitimacy, external stakeholders appear to refer to credentials and public-sector training received by people involved in project delivery. As a community partner from CommuCo explained: *"they have a vested interest in supporting projects delivered by people who understand and are knowledgeable of our [community] needs"*.

Tailored Imaging

Tailored imaging is a deliberate effort to create a ‘deserving image’ by presenting alternative accounts of an ‘expected practice’ specifically addressing the norms of different stakeholders, thereby increase the chances of social acceptance. This was particularly useful for those who felt the need to respond to different audiences with different business models and perspectives.

Creative narratives - To conform to the expectations of fellow SEs, EnvironCo deliberately, but successfully, reshaped their mission statement to align it to those of other organizations. As a forum member representing EnvironCo explained:

“you have to frame things in a way that looks good to their eyes. These [images] help to get them excited about what we are doing. This is not what we do all the time, but this is what people out there want us to do”

The data also provides examples of SEs summoning different emphasis frames using different languages and symbols to respond to varying demands from resource providers. For example, ResearchCo, while depicting their team as ‘research active staff’ and using their academic credentials in research projects, change its emphasis frames to reflect paid volunteerism when approaching council funding for community projects. Brochures produced by EnergyCo demonstrate that their approach to gaining community consent is also strategic. Rather than maintaining one single image, they have created several leaflets giving different images for different audiences. These strategic behaviours led to intense planning and negotiations as EnergyCo adapted their legitimation practices to align with the expectations of resource providers. They started building strategic relationships that allowed them to buy land owned by the public sector to develop a health business. Learning that the ‘best value’ criteria for public sector property rests on higher local demand and their consent, EnergyCo spent time building community goodwill:

“it’s nothing other than being creative – people have various expectations, they judge us differently, so unless we carefully customise the way we build our connections we wouldn’t have gained community acceptance to win that bid” [founder].

Strategic images - Also, in EnergyCo, the practice of strategic targeting and making their work appealing to resource providers by offering promises to signify the service improvements significantly shaped the judgement of various community groups. They introduce these interventions to compensate for previously failed efforts to acquire resources, thereby signalling new potentials and possibilities. Secondary evidence revealed several examples where SEs used stories of volunteers’ active engagement in community projects

to display their citizenship behaviour when tendering and reaching-out to funding sources. A volunteer from HealthCo explained how his fund-raising efforts became the central storyline in a poster exhibition presented to a group of philanthropists to receive free capital: *“it is all my hard work, I did this work well before I met xx, but now I am in all their brochures, their websites and even in their funding bids”*.

Sympathy votes - The data also offer examples where SEs uses sympathy tokens to pitch themselves to resource providers. Unlike commercial ventures, SEs in our sample uses negative ‘visual attributes’ to reach their resource providers. As the founder of EnvironCo explained: *“we don’t have an impressive office space, this is all shaggy, but that itself explains how desperate we are for resources”*. Other similar negative impressions were also displayed through promotion materials and mentioned in the interviews including pictures (often attached to an appeal) with broken furniture, limited/unavailability of space, and deliberate attempts to follow a less sophisticated dress code (see table 2).

Third-party affiliations

Third-party affiliations is a practice that involves collaborating with higher status individuals or institutions to signal embryonic potential to the outside world and access resources. SEs emphasised their approach to reach influential bodies by using two tactics: recruiting and inclusion by entering into high status partnerships.

Co-opted brands - The founder of ChurchCo explained how they shaped a large community tendering programme by, first, employing a council member on the board and, second, by inviting ‘influential’ community leaders and successful business owners to their annual general meeting. The reputation and capabilities of external ‘role models’ were useful in legitimizing their position to the community, gaining wider trust and attracting donations for a major building project. According to a community ‘role model’ interviewed, high levels of local consent were essential in successfully delivering ChurchCo’s services and the presence of key individuals on the board were instrumental in developing relationship within the community. CommuniCo took a similar approach by offering an advisory role to a former Government Minister who supported and ‘owned’ the community enterprise concept. The ex-minister’s connections to

local government and youth groups helped CommuniCo gain the necessary legitimacy to win community votes to complete a building project successfully that was subject to several delays. The Founder explained:

“There was a certain period of time in our history where we couldn’t have won work on our own – they just wouldn’t have awarded a contract of that size to us and that was a big resource deficit. Connecting to an established network and piggybacking on them was the only option that worked”.

Existing networks - Data also suggest a number of examples where SEs gained external validation and community conformity by establishing ties with public service providers and developing linkages with popular networks. HealthCo sought legitimacy from government agencies, such as Job Centre Plus to gain approval of their organisational activities from external regulatory bodies. This helped HealthCo to signal their adherence to and compliance with institutional prescriptions of appropriate conduct and social policies, and thereby protect government contracts that form a major component of their resourcing strategies. Others highlighted the benefits of tapping into different networks with key influential membership. For example, a volunteer from HealthCo explained: *“every funder follows their own criteria: while one would not be interested to see our connections with the people in the policy circle, others specifically ask how we would make sure our voice is heard by the policy makers, so we need to be part of all these strong networks”.*

Co-opting underutilised resources through persuasion

The data suggest that in preparation for further reductions in government funding, SEs often devoted significant efforts in approaching and persuading individuals and local businesses to provide unwanted goods and services to support community activities. Social appeals and the practice of scavenging were particularly effective for obtaining free or low-cost resources.

Social Appeals

Social appeals specifically target the acquisition of bootstrap resources by engaging with others’ sense of responsibility and altruism.

Table 2: Building Legitimacy

Second order concepts	Illustrative quotes	First order codes
Showcasing Credibility	<p>We take an innovative approach that combines awareness with a way to share our values and attract those who approve our moral conduct and rationale behaviour (Donor, WomenCo)^b</p> <p>You integrate yourself into social purpose into your strategy right at the start of your business and when you integrate your social or environment purpose, then it should guide you in all of your work and people starts to treat you as a credible business – (Job Centre Rep., HealthCo)^b</p> <p>We exist to improve the quality of life in this community, providing for everyone who cannot afford to provide for them. Our social mission is the key(CommuCo)^c</p> <p>Our first attempt was to integrate social purpose into our mission. We are much better established now as we have a track record of being socially responsible, which helps, which means we can be taken much more seriously, and people don't feel we are as big a risk, they know we wont do anything unethical. Our track record, our history, our passion, our projects, our approach, credentials, you name it, all that tell others our story (Founder, ResearchCo)^a</p>	Rational Behavior
	<p>We got to show them that the project is ambitious, we are serious about it. They don't need to know what we want to do, but those 'soft' side of things, self-confidence, our commitment, that first impression... it is all about how we sell our selves (Fund Raiser, ChurchCo)^b</p> <p>They win awards for what they do to enrich our community. Those trophies don't come easy. They are a symbol of their hard work. Seeing those trophies every time I walk past this building, listening to those success stories... who does not want to support them (Job Centre Rep., HealthCo)^b</p> <p>I devote most of my time developing business plans and setting up systems to demonstrate effective practice, professional identity – this is useful to reach to those who have 'real cash' to donate. You may call I am odd in this respect, but I don't think approaching other social enterprises for money make any sense. It is about how we manage and use our symbols to legitimise our venture (Founder, EnergyCo)^a</p>	Cognitive and professional capacity
Tailored Imaging	<p>When we shift our focus from mental health to youth, a lot of people were sceptical about it. But that is where the money was, but we can't say that, so we provided a narrative that convince that's where the need is [running youth projects] (Foubnder, ChurchCo)^a</p> <p>Storytelling is the point of departure, but it is all about how we tell that story, the narrative we create, this is key to make us visible in the chaotic environment we operate (EnvironCo)^c</p>	Creative Narratives
	<p>... not all these means help us at all times...like I said before, we need to be clever in the way we handle our greatest asset – our image- one would say we are a very socially responsible group and will willingly give access to their resources, but for the same thing we do, another would destroy our reputation for no reason –so we need to handle this carefully (Project Leader, EnergyCo)^b</p> <p>It may not be the best way to achieve our social mission, but that it certainly the best way to reach those who control key resources, be strategic, but be realistic at the same time – we can't please everyone with this same mission statement (Founder, EnergyCo)^a.</p>	Strategic Images
	<p>When they see this mess, they[visitors] often ask, I have a spare sofa, I have a nice coffee table, I can arrange delivery for you. They are very generous, but I doubt they would treat us the same if they see the facilities in our office room upstairs. (Founder, EnvironCo)^a</p> <p>Most of our staff are volunteers, they don't have the luxury to wear office suits, personally, I can't remember the last time I wore a suit, its bad because those people [donors] don't take us serious if we go to them with smart cloths. In fact we recently managed to capture the attention of a rich businessman who said, I will include [to the large donation] some petty cash to fund a decent suit for you. (Founder, HeathCo)^a</p>	Sympathy Votes
Third-party affiliations	<p>One of the very first important appointments early on was with [x], he had worked in community projects for a long and then he went into the Home Office. He opened up a set of credibility around Whitehall which we have struggled to create and so in terms of bringing his networks and connections into the company (Founder, ResearchCo)^a</p> <p>The amount of resources we could access.. this has to do with our brand. [x] is known here as a successful community leader, a true entrepreneur, an inspirational ideal. I know him, we did work for him and now we use him. We have a very powerful figure, which is part of the brand we sell(Founder, SupportCo)^a</p>	Co-opted brand
	<p>I'm not sure it has been particularly well planned at times, but it has been a way in which they have grown and partnered at the right time and stepped back at the right time as well to say do we need to collaborate or can we sail alone on this one (Project leader, CommuCo)^b</p> <p>We started working with a technology company who are based around this area and a designer who bring a similar sort of technology network around the area. These people helped to bring us into those types of networks in a way that we would not have been able to do as researchers because we did not have those personal relationships with key people or those ways of getting involved (Team Leader, ResearchCo)^b</p>	Existing Networks

^aEvidence from interview data with the Founder; ^bEvidence from interview with additional stakeholders; ^cEvidence from secondary data

Signals of efficiency - Data provided a number of examples where SEs gain access to un(der)-utilised resources with no money exchange by persuading resource providers through effective and convincing proposals (see table 3). To gain public attention, ResearchCo demonstrated the uniqueness of their projects and drew upon the competencies of their staff to convince the funders that they are capable of delivering innovative solutions to social issues. Specifically, ResearchCo adapted the concept of 'open sourcing' to match its meaning to the interest of the community and used business plan type materials to show the coherence and solidity of the idea. The intention was to portray ResearchCo as the leading body and thereby attracting a large share of the available funding.

CommuCo often present proposals to convince funders of the need to address an under-provided service and the possibility of using under-consumed resources to maximise social welfare. After a community appeal portraying unmet community need, CommuCo received money, materials, labour and expert advice to convert an unused garage attached to their premises into a youth craft training centre. The owner of CommuCo described how two local businesses provided unused furniture, a local SE agreed to share an administrator and some volunteers provided timber from a derelict church to make furniture for the Centre. This form of resource access was made possible by all eight SEs through displaying hard-work, long hours, free labour, on-time project delivery and voluntary input to demonstrate the coherence and solidity of their services. Drawing on examples of successful projects is particularly effective:

“We are essentially trying to do what the others wouldn't want to do. So, in every regard we are unique. We have a successful story to present in terms of our innovative projects. This is useful because when we make an appeal, we say we want to do this and that because no one wants to do it. They know we want to do bigger things that matters to most of us” [WomenCo founder].

Table 3: Co-opting underutilised resources through persuasion

Second order concepts	Illustrative quotes	First order codes
Social appeals	<p>Every time I hear someone got unused goods I approach them, tell them what we are good at doing, why we are different to others, how we delivered all our projects with very little input and very little in return. It is just about telling them about our history, our struggles, our achievements, people believe in me and know I would deliver with or without their help (Founder, CommuCo)^a</p> <p>All computers in our training room are second hand from a University clear-out. I rang them and explained who we are and why we need those for. I spent days negotiating for desks, again from a school who decided to give those away for free after I explained we are a business that makes no profit but delivered a million pound project using in-kind labour(Fund Raiser, ChurchCo)^b</p> <p>If those guys [small firm] down the road come and say can I have your old computers for free, I would say no, but when Matt asked for those computers I said yes, without any hesitation. If I didn't have those computers to offer, I would look for few on behalf of them. I know those computers will be used 24/7 (Forum Member, EnvironCo)^b</p> <p>I made a social appeal through the council. They invited me to present my case to a panel full of people looking for SEs to invest their 'free' money. I explained to them how this project can be theres as well, why I want to do it this way, why I want to share benefits with all[all to do with revitalising our community], they felt it, they got it immediately. Next thing I noticed is resources coming in. I even got this nice lady [accountant] paid for by one of the funders. (Founder, SupportCo)^a</p> <p>..its not all about money, a lot of it is knowledge and quite often we phone up others and say, "we've got this issue, have you ever had that problem before? Do you know anybody that can help". A lot of the suppliers would help us. They give you better deals or supply us with information. "I know I can't do that myself but I'll tell you someone who' got spare to share (Founder, WomenCo)^a</p> <p>This is a small business in the area who have a large kitchen which is used up until 2pm whereas we have a van we have to look at diversifying what we have got - if we use their kitchen and we produce food, that is cooked and put into trays we could sell ready meals on the van to people in the local area. All I said is you scratch my back and I'll scratch yours" (Founder, CommuCo)^a</p>	<p>Signals of Efficiency</p> <p>Enticing proposals</p>
Scavenging for free resources	<p>People are hugely generous and there are those informal networks – somebody knows somebody who can do something, all we need is to ask" (ChurchCo)^c</p> <p>Most of it is friends and contacts and people saying – oh this person would be good to talk to I'll put you in contact with them. people saying – oh you doing that, well I know this organisation that do this and that is how I have always got my work as well – not through the website; it's not what you can do – it's who you know (Team Leader, ResearchCo)^b</p> <p>So many people, from my previous contacts, willing to support organisations like ours. They are there, but unless we approach them, tell them our needs, inviting them to join us, we will not receive their support. It doesn't have to feel like you are begging for money, but that is what we basically do in order to fund projects we want to run (Founder, SupportCo)^a</p> <p>So why do we need to pay for that [training rooms] when we have spare rooms to use right next door. The only drawback is we need to arrange our schedules around their availability, but who cares, we get it all free (Volunteer, HealthCo)^b</p> <p>We work with the library to get their premises for free, Sure Start to get their childcare for free and Red Cross provided first aid trainers free of charge. We organise the events. So, no money exchanged hands? all we said was "could you give your time for free for the group. 9SupportCo)^a</p> <p>There is somebody who I am trying to borrow some equipment off and he is very hands on in his community: he knows where spaces are, he knows how to get hold of things and knows how to pull things off and he is doing this because he wants to try and improve the area in which he lives in and so I am hoping to try and get him involved (Founder, EnvironCo)^a</p> <p>When I see someone struggling to find funding to run their events, I generally go to them, take them to where resources are, introduce them to our network members, push them a little bit to be open about their issues, take them for a coffee to see if any exchanges are possible. We all know we have people around happy to listen to our moaning (Founder, WomenCo)^a.</p>	<p>Free resource networks</p> <p>Partnerships</p>

^aEvidence from interview data with the Founder; ^bEvidence from interview with additional stakeholders; ^cEvidence from secondary data.

Enticing proposals - Interestingly, the data also indicate that some SEs use calculating actions (see table 3) or design appeal requests to make resource providers feel they have an obligation to provide support by creating narratives suggesting they want to ‘share the pain of others’. The founder of SupportCo, a ‘disabled entrepreneur’, explained how they use his disability and many others working for him to create an image that brings resources to his SE: *“I have disabilities. I recruit people with disabilities. Although this is not doing a favour for a ‘real business’, it certainly helps us. If people cannot support financially, they provide us with time, free labour to make this project work”*.

Scavenging

There were many examples of scavenging strategies to access free resources because of social interactions with members of informal resource networks.

Free Resource networks - Interviewees explained how their personal networks, friends and previous work colleagues, provided free or subsidised resources, implying the socioemotional nature of bootstrapping practices in SEs. The case of WomenCo was particularly notable in that their resource base is entirely composed of free services offered by close networks, described by the founder as “forage crop” obtained by searching for ‘every corner in the support network’:

“I am getting my premises free. I have a friend working on the logo at the moment – the website - a friend is working on that, all people I know or somebody who has connected me with somebody who they know so it is almost like this circle of people” (Founder, WomenCo)

Interview evidence from all eight cases revealed examples of successful attempts by SEs to approach previous contacts by becoming more engaged with their close ties. Among the many factors contributing to a more fluid and creative exchange of resources, deliberative actions for reaching out to existing social connections were the most effective. The lack of in-house skills forced EnergyCo to seek under-utilised staff from fellow SEs on a part-time voluntary basis. They acquired information through contributing to a local database managed and operated by another SE. To tap into this database, the founder of EnergyCo uses a donor who was well-connected to a number of small businesses in the region. As the donor explained:

“Most of my business friends have staff fully paid for, but without work to offer. I approached them to see if I could get some of [EnergyCo’s] projects run by these people. But in order to get them buy

into the idea, and to make them feel comfortable, I agreed to join their boards, I know I won't get anything back, ... I am their guinea pig".

Partnerships- Developing strong ties with communities that have important resource providers also forms part of the scavenging strategy for some. The founder of WomenCo attended networking events to obtain up-to-date sector knowledge. Resource conversations with attendees were often successful in broadening the scope of people with whom resources are exchanged and persuading them to become free resource providers: *"people are hugely generous and there are those informal networks – somebody knows somebody who possess resources they no longer need"*. More significantly, proactive scavenging became the cognitive reference for some SEs. The Founder of CommuCo after joining the Council Forum accessed an under-utilized kitchen to prepare ready meals, which they distributed to the local community using their underutilised van. This became a revenue-generating model for several SEs in the area and CommuCo became a community advisor for other followers. Flexibility and adaptability received priority when developing social connections and entering into new partnerships. In order to ally with fellow SEs, ChurchCo first sought to introduce a system for free information on contract bidding. This helped ChurchCo to draw on a large network of SEs who eventually became their funding partners. They then sought opportunities to tap into wider networks to receive information about other forms of social business models with the view of expanding their product offerings and service boundaries. In doing so, a fund raiser from ChurchCo explained: *"we moved away from our comfort zone and go into areas where resources abound. This move has been most encouraging in terms of finding a solution to our resource deficits"*.

Creating Resource Communities

One dominant theme in all the interviews was the founders' general desire for 'creating SE communities' by developing a strong communal spirit guided by the practice of social giving and empowering community cohesion through social resource exchange. There appeared to be very few tensions between receiving resource benefits and offering free resources to other partners. Most notably, the data provides examples where social resource exchanges produce no short-term resource benefits, although long-term gains in terms of social goodwill and reputation were unintended by-products of the exchange process. Our data

indicate two practices associated with the mobilization of resources that produce instrumental advantages from resource exchanges: resource pooling for combined utility and reciprocal commitment for mutual resource exchange (see table 4).

Resource Pooling

Resource pooling is a bootstrapping practice that encourages sharing of resources with others to maximise distribution and impact.

Achieving scale - There are examples of founders applying for grants in partnership with other SEs by developing joint community bids. Other SEs voted the founder of SupportCo ‘community role model in 2012’ for taking a leading role in establishing community projects. While serving in this role, the founder focused on building a database of contacts by consulting other SEs within the community and introduced a practice whereby SEs in the network supported each other through bulk-buying. The founder began by negotiating with stationary suppliers and, eventually, placing an order for a large consignment of office equipment at a reduced rate. One community leader recalled the process as “a fair, open and a very generous attempt”. Although creating a resource pool through bulk buying was not a priority, it subsequently attracted interest from a number of fellow SEs. SupportCo was also involved in organising joint social events, drop-in sessions and joint pitching events to make their services ‘bigger and better’. These enabled SEs to meet, share their experiences and learn about opportunities for new resources. These also gave opportunities to challenge perceptions about resource sharing and allow SEs to build alliances with other SEs to put pressure collectively on those working in isolation. A volunteer revealed how social events they organised acted as effective ice-breakers to enable SEs to talk about their resource priorities and enable them to make resource decisions and increase the capacity to help themselves. The importance of co-operation over competition was evident when the Founder of SupportCo described the motives for referring their businesses to other local community centres:

“we say, go and check out these guys. This is not because we don’t want to encroach on their areas, but we just want to help them –they will have a better time and we know they need the money, I know we do too, but, they would do the same for us”.

Sharing premises and opening-up office space to community partners who did not have a physical location were other examples of resource pooling practices found among the case companies, specifically aiming at reducing competition with fellow SEs. Capitalising on collective resources motivated the decision for CommuCo's IT contractor to offer support, advice and training for other SEs in return for a hot-desk and discounted accommodation. Interestingly, revenue generation was not the prime objective of their IT provision; they charged those who were financially capable, while they based charges for others on the individual's ability to pay. As part of their commitment to support community building CommuCo also put together two directories, one giving contacts for advice and information and the other providing details of goods and service suppliers to the community. Sharing the directories with other SEs, according to one respondent, helps "keep that pound within the community" and "shares resources among those who share similar ethos and values". Similar explanation for resource pooling was offered by respondents from ChurchCo who see resource sharing is the best way to avoid competition and conflict within an 'already vulnerable group trying to survive' (Fund Raiser, ChurchCo). The Team Leader from ResearchCo also made a similar comment:

"We have an interest in the people in our community, that's why we do all this. Other people who also try to support our community are part of our family, so they can use what we have, and we should be able to use what they have an excess. This creates a balance, they access our resources for free and we access theirs, because at the end of the day we all have one aim, do what we can with what little we have. It makes my job really interesting as we have no competitors, no risks and no one to beat – I believe it is the right thing to do"

Table 4 - Creating resource communities

Second order concepts	Illustrative Quotes	First order codes
Resource pooling	<p>We are all singing from the same hymn sheet and working together because there are only a certain amount of pots of money that are available and if everybody is talking about partnerships – it is in our own best interest, our own self- interest, to get together with others who deliver similar sorts of stuff to us and actually work together collaboratively (Project Leader, EnvironCo) ^b</p> <p>We don't need to keep all those [resources] to our self, we need someone to hold those together, kind of ..looking after, but it got to be a resource pool where we all can get access to when we need them (Founder, SupportCo) ^a</p>	Achieving scale
	<p>A lot of what we are trying to do at the moment is to change the culture, it is not about competing for resources, but just about coming together and a getting a consensus about how we all could make use of these resources. (Founder, ResearchCo) ^a</p> <p>They know that we are here to help them, give them a hand when they need. What delights me is the unity and the warmth we have among the SEs in this community. It always has been, always will be. They know they are not here to compete but to get all acts together and to be stronger as a team, it is interesting to see how they accept me a member of that team (Donor, WomenCo)^b</p>	Tolerating competition
Reciprocal arrangements – resource exchange	<p>We don't have the money to rent those [marquees] from them, so I am looking to develop – if you help us do this this time, you will then become part of our costing, our funding for the next time and we will guarantee if you gives us marquees this year, we will buy off you next year (Founder, EnvironCo) ^a</p> <p>I am working for another voluntary organisation so working with them to sort of providing advice, promoting training in schools etc. So you are offering training to them in return of raising awareness of our organization (Founder, WomenCo) ^a</p> <p>They are awaiting for their funding bids – and if they don't get them they will provide training for us at our training centre. For the training they provide to us, we get “free rent”. We also have organisations who have booked rooms but are unable to pay for the rooms, because of their funding being taken away and we have done the same with them. (Founder, SupportCo) ^a</p> <p>We were approached by a First Aid Training Organisation and he wants to run courses from here and we are providing them with the space [free] and they are giving us training which isn't free of charge, but it is reduced price training for lots of people. For free premises, they reduce their prices to us by 25%. (Fund Raiser, ChurchCo)^b</p> <p>If a community group around the corner came in and said look, we are desperate, we haven't got this or we haven't got that, then we would probably lend it anyway: we have lent out our chairs, our tables, all sorts of things (Founder, CommuCo) ^a</p> <p>I am still struggling to understand their level of engagement at the community charity event, given this huge interest with almost nothing in return for them. They have been raising money for others. Shouldn't it be other way round? Everyone rally around them, sharing what they got and returns are shared equally. Running my own businesses for nearly a decade now, I find that quite surprising (Council Member, ChurnCo) ^b.</p> <p>I genuinely think that they [WomenCo] are up for something unique. They don't do it from a business perspective, but doing it purely to give a hand to those who could do the same as they do but better. They are trying to do this to make our lives a bit easier, kind of giving the message that you deliver I'll be behind you collating the resources. Helping people to achieve their highest potential would be a natural thing to do, but they too want to find a living, that is what I cant understand (Donor, WomenCo)^b</p>	Community Empowerment
	<p>In this climate, everyone is looking for opportunities. Rather than trying to find ways to make things work for them... to be honest they are struggling as well... they have been heavily involved in supporting the others helping others to make decisions. We were totally blown away by their generosity (Team Leader, ResearchCo)^b</p> <p>We will be charging people to come on the course – some [those who are capable] will be charged a decent rate and others will be community processing (Founder, CommuCo) ^aIn the best possible way we have always tried to see ourselves as being a sort of confidence builder and an organisation that can add a certain degree of legitimacy to the ideas of others and so we have tried to provide a platform in those conferences for people who probably don't get an opportunity to routinely tell the story of their organisation (ResearchCo)^c</p>	Collective decision making

^aEvidence from interview data with the Founder; ^bEvidence from interview with additional stakeholders; ^cEvidence from secondary data.

Resource Exchanges

Resource exchange builds cohesion and embeds reciprocity within communities for mutual benefits.

Community Empowerment - One of the most consistent findings was that all eight SEs were highly skilled in securing resources from firms/owners/communities by committing to future reciprocation. Such resource sharing often happened with no economic exchange and SEs secured useful resources at low or zero costs. Here resources were 'traded' for social commitment of both the resource owner and receiver while trading was facilitated through on-going social interactions of socially committed groups that value community resilience. For example, WomenCo collaborated with and supported the very group of people that they had previously regarded as competitors and encouraged cooperation and resource sharing: *"keeping things to ourselves is not our motto anymore, but to try to beat the hatred and make joint forces"*. Getting volunteers to help strengthen the collective power of volunteerism was another important strategy in WomenCo's effort to build resource communities. This played a fundamental role in reshaping the community assessment of WomenCo's programmes, because it helped to create a frame of reference that embraced the idea that *"we are all in this together"* and working towards a common goal that promotes collective commitment. As the owner of the WomenCo stated:

"As a result, a lot of friendships have been formed, a lot of resource exchanges have taken place, some tangible, as well as emotional. The best thing happened I guess as a result is everyone to be approachable, everyone checking each other to learn 'is there something wrong' and if it is, approach them and finding solutions as a community".

ResearchCo had arrangements best exemplified by the notion of 'giving away' through organizing conferences for other small-scale SEs to promote their work and 'receive' benefits by connecting with a community of open-source software developers. As a part of this commitment, they maintained an open-door policy by offering free services to the needy, encouraged other SEs to exchange resources, and practiced price stretching to promote a collaborative approach to service provision. As the owner of ResearchCo stated: *"yes you have to pay your bills, you have to live! - Absolutely, and it's a real challenge, but it's not one we have shied away from. It's about how can we live up to those ideals whilst making available our services free"*. This comment of a project leader from CommuCo exemplifies a culture of community empowerment and solidarity:

“There is a community transport and we use their minibuses. It would be cheaper getting a taxi than using him, but he is a SE and we like to use him”.

Collective decision making - SEs also stressed the utility of adopting open and interactive decision-making processes to allow reciprocal actions for mutual resource benefits. SupportCo emphasises the need for strategies that foster feelings of empowerment, shared commitment and resource freedom for SEs to reflect, analyse and assess what has hitherto been taken for granted and to foster new collective identities. As the founder of SupportCo explained: “collective strength is our most important and reliable resource”. The Founders explained some of the ways in which they attempted to expand new forms of collective action including joint sponsorships, joint volunteerism and cash-free transactions. EnvironCo’s Founder rejected the idea of money exchange in resource sharing and emphasised mutual support:

“If there are marquees we need and all we can do is pay it, the system then becomes all about money – it stays where it is. Whereas, if we can find something else we can offer, then those people who are coming to us don’t need to offer us money This is not a survival strategy, I am very much of the opinion that we will have to do that all the time”.

Overall, our findings provide rich empirical evidence for SE resource perspective by putting the practice of bootstrapping at the centre of the resource access and SE value creation relationships. Multiple practices indicate how SEs build legitimacy important to attract resource providers, access un(der)-utilised resources through persuasion and create resource communities for long term benefits for multiple stakeholders in the community. These practices are mutually dependent and are facilitated by collective actions and interrelated decisions. For example, building legitimacy helps to establish credibility such that potential resource providers could be approached through social appeals, and this also helps building resource communities (Dana et al.,2008; Bacq and Eddleston, 2016). We observe that the social exchange is a fundamental—albeit under examined—alternative route for SEs to overcome its resource deficiencies.

Discussion

This study of small, early stage, UK-based SEs utilises ideas from socially-oriented bootstrapping (Winborg and Landstrom, 2001), to offer a better understanding of the bootstrapping practice in SEs and to make an important contribution to the SE resourcing literature. Overall, our findings challenge a central assumption of the dependency perspective on bootstrapping by shifting the focus of resourcing strategies away from

self-interest and control (Pfeffer and Salancik, 1978) towards the principles of empowerment and fairness (Battilana and Lee, 2014; Santos, 2012). Our understanding of resource communities builds on relational aspect of inclusion (Huang and Knight, 2017) that emphasizes the central role of collective action, reciprocity and resource use by multiple partners (Swaney, 1990). Social business models exemplify innovative resource mobilization strategies that enables collective allocation of limited resources for social value delivery. Specifically, Yunus et al. (2010) suggest that empowerment, as a mechanism for resourcing, provides favourable conditions for resource exchanges by limiting negotiations, avoiding conflict between potentially divergent interest groups, creating common understanding and effective coordination mechanisms. We thus contribute to a revitalised view of SE resource capabilities by offering a fresh perspective on bootstrapping practice that rest on the nuances of social exchange theory (Blau, 1964).

Based on the research question: how do SEs effectively engage in bootstrap resource access?, our analysis suggests three interrelated practices that create both the enabling conditions and resource access opportunities for SEs. First, we develop a number of important insights into how early stage SEs sought social legitimacy to improve their chances of resource access and how organisational actors rationalise these practices against the social expectations. In common with prior literature (Zott and Huy, 2007; Zimmerman and Zeitz, 2002; Vestrum et al.,2016), we identified a wide variety of symbolic actions that generate visible signals conveying information to convince audiences that their activities fit with normative expectations: what constitutes “the right thing to do” (Suchman, 1995:p.579). Underpinning these findings lies a complex mix of legitimacy dimensions closely associated with efforts to frame the organisational mission as caring for society and signalling the venture’s latent potential through positive resource actions (Miller et al.,2012). According to signalling theory (Connelly et al.,2011) organisational actions are more effective when directed at existing communities who perceive those actions as meaningful and ethical. Consistent with these ideas, we also find SEs strategically frame issues in moral terms to construct legitimacy. For example, SEs that failed to successfully align their activities to normative expectations adapt their practices for different audiences in order to seek legitimacy. Additionally, the evidence of third party affiliations granting legitimacy to SEs on the basis of symbolic gestures is particularly useful for early stage SEs to attract resource providers attention by bringing the unrecognisable moral signals to the fore and

thereby endorsing the fulfilment of social obligations (Vestrum et al.,2016). This actor-centred approach, where SEs control or manage the legitimisation process, either by offering an accurate reflection of their conformance to a social mission (Uberbacher, 2014), or by adapting the image (Fisher et al.,2017) is particularly effective in the acquisition of bootstrap resources.

Second, Starr and Macmillan (1990) propose that co-opting underutilized resources is a key social contracting behaviour for resource-poor entrepreneurs and establishing community relationships provides longer-term benefits. Resource co-optation is made possible through reciprocal relationships based on trust and gratitude and, therefore, building these social assets is key for entrepreneurs at an early stage of venture development (Di Domenico et al.,2010). Although this is a valid proposition for any business seeking to bootstrap resources, SEs secure underutilised resources through social appeals and demonstrations of efficiency to resource-poor communities (Khaire, 2010). Within such communities, informal exchange relationships provide SEs with bootstrapped resources while providers obtain socio-emotional outcomes in the form of self-fulfilment by supporting social causes. Ruskin et al (2016:p.1029) explained “sympathy and empathy are emotional antecedents of other-oriented drives of social entrepreneurs” and this behaviour is key for effective value creation in SEs (Santos, 2012; Kauppinen and Daskalaki, 2015).

One striking finding, common across cases and unique to SE bootstrapping, concerns their obligations to reciprocate support provided by other parties (McKeever et al.,2015). This practice of building resource communities increases the unspecified obligations in SE-community exchanges in such a way that all parties are committed to maintaining the exchanges. Consequently, resources become more integrated and individual SEs are increasingly reliant on resources controlled by others (Fujimoto et al.,2014). Community partnerships are key to personal and organisational relationships in locally-embedded firms (Borch et al.,2008) and community resource commitments and collectively-owned capital are by-products of the value creation process (Meyskens et al.,2010). Communities act as both resource providers and receivers in this bootstrapping process, thus ensuring social wealth is created through re-combining, sharing and re-use of local resources (Doherty et al., 2014; Vestrum et al., 2016).

Table 5 summarises the theoretical framework of the practices, conditions, motives and perspectives that provide the basis for bootstrap resource access in SEs. This framework suggests that multiple social contexts offer social entrepreneurs access to unique bootstrap resources *enabled* through legitimacy building *approached* by persuasion and *facilitated* through exchange relationships to build resourcing space for members in the community (including the resource providers) to enable wider use of resources with mutual benefits. The study thus conceptualises the interrelatedness of the bootstrapping mechanisms into a virtuous circle of legitimacy building, persuasion and creation of resource communities interlinked in a mutually reinforcing manner (see table 5), forming a mechanism that catalyses and continuously upgrading the resource building capabilities of SEs.

Table 5: Bootstrapping Resources in SE

Study context: Small early stage SEs (non-profit hybrid SEs) in the UK			
Bootstrapping – innovative means of acquiring external resources at little, subsidised or no financial cost to the business			
Form of bootstrapping – Socially Oriented Bootstrapping			
Bootstrapping mechanisms	Building Legitimacy to win resource holders	Co-opting under-utilised resources by persuading resource providers	Creating Resource Communities
Bootstrapping action space	Social Enterprise	Network	Community
Bootstrapping resource access through	Gaining community/social acceptance	Creating and utilising community/social connections	Building Community strength and solidarity
Bootstrapping benefits achieved	Long-short term	Short-long term	Long term
Bootstrapping practice	Showcasing credibility Tailored imaging Third-party affiliations	Social Appeals Scavenging	Resource pooling Resource exchange
Actions, activities and behaviours that characterise bootstrapping climate	Reinforce social action, social accountability, narratives for rational behaviour, professional capability and commitment, use of negative cues for sympathy, external images and role models	Signal of efficiency, tempting proposals, optimising informal networks, use of social connections	Achieving scale, collective action, tolerance, avoiding competition, close knit community, community empowerment, solidarity, community resilience
Theoretical framing	Signalling theory	Social exchange theory	Social exchange theory and signalling theory

Quotes illustrating motives for bootstrapping

“I suppose the biggest deficit we had at that time in terms of resources was an institutional credibility. There were a few pieces of work we went for which people would say, we love the ideas but we think you are a bit of a risk which was implicit. So yes, we had quite a job, I think, in the early stages, to address that resource deficit which was a deficit of authority, telling our story about who we are, our history, selling it in a credible way”

“We rented these premises because we knew that we will get knitted into a series of networks with like-minded companies or companies who are serving similar types of clients or basically those rich people who could respond positively if we go to them asking for help. We didn’t have the knowledge, finances or even the furniture to make this place look real. Without them, without all these stuff from them [free resources], no way we could do this good work to these poor people”

“Social enterprise people choose to deal with people on more of a, “we’ll give each other more of a break “because they know that they all have the same motivations”. “We receive all this support because they feel it is for the good of the community. For me, I feel like I belong when I’m organising and setting up in the community as that is bringing people together, their resources together”.

Thus, taking into account the value creation potential offered to SEs through bootstrapping practice we define bootstrapping as a practice manifested in social exchange relationships, characterised by reciprocity, social purpose, empathy and altruistic behaviours, thus offering social and economic benefits to SEs and their communities. Specifically, we demonstrate that through building communities, SEs create favourable conditions for ease of resource exchange that facilitates both short- and long-term resource flows across multiple SEs with minimal coordination costs. Such a reconceptualization of the relationships between bootstrapping practices and the resource access potential of SEs emphasizes the role of the communities, not just in terms of providing and using potential resources, but also in constructing the values with which they are associated. This highlights that bootstrapping practices are not just a means of accessing resources to SEs but also provide an important mechanism for value creation. As such the study answers calls to examine how value creation guides SE resource activity and explores innovatory solutions to resource constraints based on community cohesion. The social embeddedness approach highlights how resource pooling and sharing at the community level is consistent with ‘the positive theory of social entrepreneurship’ (Santos, 2012). Santos (2012) argues that a theoretical understanding of social entrepreneurship needs to address activities at the system level, since that is where social entrepreneurs create value. As demonstrated in this study, social entrepreneurs focus their bootstrapping activities on value creation at the system level, rather than focusing on value capture for their organization.

Conclusions, Future research and Limitations

By defining bootstrapping as a practice, this paper explains ‘how’ social entrepreneurs engage in the resource exchange process to create social value (Battilana and Lee, 2014). This supports the underlying rationale of a ‘positive theory of social entrepreneurship’ (Santos,2012) that the focus of theories of social entrepreneurship should be at the system and not individual level. Value creation and value sharing in social enterprises depends on stakeholder relationships in value networks (Hlady-Rispal and Sevantie, 2018). Conceptually, this account of socially embedded resources is broadly in-line with the concept of “collective entrepreneurship” often promoted in social business models (Corner and Ho, 2010). Those who contribute to collective action indirectly recoup the costs of exchange behaviours in the longer-term through increased social recognition (Cropanzano and Mitchell, 2005), and community resource provision (Huang and Knight, 2017). Our data indicate that SEs initiate exchanges to acquire bootstrapping resources without *a priori* knowledge of returns or with no expectations of others’ reciprocity. When two highly vulnerable parties enter into a relationship for resource exchange, as in the case of small SEs, transactions occur through reciprocal feelings of fairness, empowerment, empathy and trust (Lai et al., 2014). This behaviour is in line with the notion of “intelligent altruism” that explains the sacrificial behaviours associated with helping SEs improve the opportunities for reciprocity and earning the longer-term benefits of coalition important for positive value creation (Engel et al.,2017). This research therefore contributes to the SE resource literature by introducing the social exchange perspective (Huang and Knight, 2017) as an effective theoretical lens to understand resource acquisition through community relationships. Based on SET, reciprocal arrangements for resource sharing is an essential part of bootstrapping practices in SEs.

These value-based social exchanges between SEs and their communities^{VIII} (Wry and York, 2017) contrast with the strategic approach to bootstrapping resources in commercial ventures where resource providers are motivated by pragmatic, goal-oriented aims with vested economic self-interest (Rutherford *et al.*,2017). Although the existing bootstrapping literature does not discount the possibility of gaining access to free or subsidised resources through social exchanges (Jones and Jayawarna, 2010; Winborg, 2009), it generally

overlooks the potential for “resource-sharing systems” (Pettigrew, 1973:p.169), or what we called resource communities. Social entrepreneurs thus place considerable emphasis on value creation at the system level – partly because they recognise that a viable ecosystem resulting from resource communities will have longer-term benefits for their own organizations and partly because they make use of underutilized resources from other organizations which is unlikely to occur when ‘for profit’ organizations are competing for resources. This is a strategy that has been largely overlooked in the SE resourcing literature. Such a development could stimulate further research on non-financially motivated value-based resource exchanges and thus helps to extend SE resourcing literature in general.

Both practicing social entrepreneurs and those active in developing policy interventions can learn from how SEs develop solutions to their resource constraints while positively contributing to social value creation. This study also offers wider implications to the present debate about resource constraints and diversification strategies for NGOs in developing world. More critically, the study provides perspectives on shifting roles of NGOs (Khieng and Dahles, 2015) and offers answers to questions about the potential impacts of different resource mobilization approaches.

This research is not without limitations, but the substantive issues addressed suggest several directions for further inquiry to address limitations. The paper only discusses resources acquired through social modes of bootstrapping. Future research could extend this work by investigating other types of bootstrapping or more broadly defined resource access and application opportunities for SEs. We also note that the study is based on a small sample of SEs in a deprived region of the Northwest of England. It is a limitation because these SEs may have specific approaches to bootstrapping practices. Therefore, studies offering regional and country comparisons of bootstrapping behaviours will be an invaluable addition to the SE literature. Although the decision to include small, early stage SEs in the study can be justified, we acknowledge the importance of an extensive study covering different sizes, stages and organizational structures to assess the robustness of the proposed framework and the role of social exchange. The positive social exchanges that promote bootstrapping practices will have limited relevance to SEs in developing economies because

they operate in less developed eco-systems (see Kabbaj et al.,2016). Testing the validity of this proposition could also help to advance theoretical debate and future empirical enquiry.

ⁱThis paper defines social entrepreneurship as ‘a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change’ (Mair and Marti, 2006,p37). In the UK at least there is a rich variety of SEs ranging from those that are fully depend on philanthropic capital to those engage in self-generated diverse income portfolios for full self-sustainability (Doherty et al., 2014). It is those that lies in the middle, or what Billis (2010) refer to as partially self-sustainable hybrid SEs that this paper pays attention to. As hybrid SEs pursuit dual mission of financial sustainability and social purpose, bootstrapping practice in these SEs, we believe, could challenge the traditional conception of economic transactions often discuss in the existing bootstrapping literature.

ⁱⁱWhile we limit our study to UK-based SEs, we acknowledge that the SE model in developing and developed countries are different and therefore generalizable explanation across countries is often impossible. Although the concept of social entrepreneurship in developing countries is also increasingly becoming a focus of academic scrutiny (Rivera-Santos, et al., 2015), as they exist in various forms including NGO, credit unions, self-help organisation, community organisations etc. there is no consistent explanation for a number of key areas that characterise it, including the resourcing strategies (Kerlin, 2009). Although we limit our sample to small and early stage SEs to allow consistency, we expect the resourcing practices at early stages of business development to be relevant to SEs as they progresses into the growth stages. There is an emerging recognition that bootstrapping practices are equally relevant to established businesses as they are for early stage businesses (Winborg, 2009).

ⁱⁱⁱThis particular trade fair was selected for convenient reasons; this selection has no relevance to further reinforcing the acceptability of the final sample selected for the study.

^{iv}The primary unit of analysis is social enterprise in the Northwest region of England. Although this set limitations in terms of generalising results, restricting our sample to a confined geographical area helped to minimize sample variation due to environmental factors (e.g., socio political context, resource availability, SE support).

^vAlthough we acknowledge the imbalance of the amount of data collected from each case company, this has not created major issues, as exploratory illustrations and descriptions of resourcing experiences found across cases, rather than a case comparison was the aim of this study.

^{vi}At the outset we did not have prior expectations of how bootstrapping operates in SEs. Our primary assumption was that SEs are highly embedded in their communities and therefore socially oriented bootstrapping can play a significant role in resource access potential in SEs. Our aim was therefore to understand through the interview data (without formalizing any expectations of what bootstrapping practices were taken to acquire resources) lived resource acquisition experiences of social entrepreneurs in their roles as founders and external informants as resource providers to the SE in question. Information related to bootstrapping mechanisms and related practices emerged only during our iterative data analysis process.

^{vii}In this process we started with a detailed, nuanced analysis of our first case (HealthCo) followed by thorough analysis of subsequent cases substantiating and creating additional themes (Kempster and Cope, 2010). Our analysis was therefore iterative, which involved repeated comparisons of emerging data (Glaser and Strauss, 1967).

^{viii}The finding that communities play a key role in the resource exchange process is important as it has important implications for the generalisability of research findings. We argue that as SE eco-system in less developed countries is far more limited than in mature economies such as the UK (see Kabbaj et al., 2016), some of the exchanges discussed, e. g building resource communities, social appeals would not be relevant as they do in SE from our UK sample.

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