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Strategic sensemaking by social entrepreneurs: creating strategies for social innovation

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Abstract

Purpose – This study explores how a small minority of social entrepreneurs break free from third sector constraints to conceive, create and grow non-profit organisations that generate social value at scale in new and innovative ways.

Design/methodology/approach – Six narrative case histories of innovative social enterprises were developed based on documents and semi-structured interviews with founders and long serving executives. Data were coded "chrono-processually", which involves locating thoughts, events and actions in distinct time periods (temporal bracketing) and identifying the processes at work in establishing new social ventures.

Findings – This study presents two core findings. First, the paper demonstrates how successful social entrepreneurs draw on their lived experiences, private and professional, in driving the development and implementation of social innovations, which are realised through application of their capabilities as analysts, strategists and resources mobilisers. These capabilities are bolstered by personal legitimacy and by their abilities as storytellers and rhetoricians. Second, the study unravels the complex processes of social entrepreneurship by revealing how sensemaking, theorising, strategizing and sensegiving underpin the core processes of problem specification, the formulation of theories of change, development of new business models and the implementation of social innovations.

Originality/value – The study demonstrates how social entrepreneurs use sensemaking and sensegiving strategies to understand and address complex social problems, revealing how successful social entrepreneurs devise and disseminate social innovations that substantially add value to society and bring about beneficial social change. A novel process-outcome model of social innovation is presented illustrating the interconnections between entrepreneurial cognition and strategic action.

Keywords Social entrepreneurship, Social enterprise, Social innovation, Theory of change, Sensegiving, Sensemaking

Paper type Research paper

Introduction

How do social entrepreneurs make sense of complex social problems and then persuade other stakeholders that their solutions are credible? This question is important because in order to establish and scale third sector organisations, greater support is required from external stakeholders than is typically the case with commercial organisations, primarily as a result of resource constraints (Dacin *et al.*, 2011). Recent work has shown that support is often garnered through appeal to moral or spiritual convictions (Anderson *et al.*, 2019; Khan *et al.*, 2023;

Brown *et al.*, 2023) or through place-based legitimacy building (Mair and Marti, 2006; Sarpong and Davies, 2014; Kimmitt *et al.*, 2022, 2023), in turn leading to various types of strategic collaboration (Kosmynin, 2021). Recent research has examined the drivers of social entrepreneurship (Stirzaker *et al.*, 2021, p. 1392), highlighting that "social entrepreneur's experiences, skills and capitals" are crucial in the pursuit of social entrepreneurship. However, far less is known about how these drivers impact on strategic decision making. We address this lacuna in what follows.

This article analyses the process of strategic sensemaking by social entrepreneurs by evidencing how social entrepreneurs draw on their personal and professional experiences to address acute social problems and align stakeholders with their own theory of social change. We contribute to the literature on social entrepreneurship through deployment of the construct of sensemaking in the context of social value creation (Thomas *et al.*, 1993; Rouleau and Balogun, 2011; Whittle *et al.*, 2015; Jalonen *et al.*, 2018). Strategic sensemaking focuses on how organisational leaders "make sense of information and how they act to influence organizational outcomes" by developing "meaningful interpretations for patterns of ambiguous information" and articulating "the meaning of issues characterised by ambiguity" (Thomas *et al.*, 1993, p. 240).

Precisely what constitutes social entrepreneurship is contested within the literature (Alegre *et al.*, 2017; Wu *et al.*, 2020). Definitional emphases vary, for example, by geographic location (Bacq and Janssen, 2011) and source of project funding (Mair and Marti, 2006). This study follows Dacin *et al.* (2011, p. 38) in defining a social entrepreneur as someone with the "ability to leverage resources that address social problems", someone who variously conceives, facilitates, drives and organises social innovations intended to resolve acute social problems. Drawing on six case histories of pioneering social enterprises founded in Northeast England, this paper explores how social entrepreneurs use past lived experiences to identify, make sense of and create strategic solutions to the social problems they identify. This study addresses two related research questions. First, how does a small minority of social entrepreneurs break free from sectoral constraints to conceive, create and grow nonprofit organisations that generate social value in new and innovative ways? Second, what processes of social entrepreneurship are at work in conceiving, launching and scaling up social innovations? The authors argue that sensemaking is concerned with how personal histories and lived experiences mediate the ways in which individuals make sense of the world (Weick *et al.*, 2005), and extend this concept by identifying the two-way relationship between the cognitive processes of social entrepreneurs and the strategies they develop to realise social change. It is shown that social value creation is a relational process intimately connected to both sensemaking and sensegiving on the part of social entrepreneurs committed to transformational social change. The literature review that follows is presented in three sections: the first reviews the literature on sensemaking in the context of socially focused organisations; the second highlights the role of sensegiving in third sector strategy implementation; the final section explores how place, trust and legitimacy intersect with strategic intent in third sector organisations.

Literature review
Sensemaking in socially focused organisations
Social entrepreneurs apply entrepreneurial practices to solve social problems. Mair and Marti (2006, p. 37) define this as a "process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs". They not only make judgements about the magnitude and nature of social problems, but also theorise about potential solutions (Kimmitt and Muñoz, 2018). The process of conceiving and evaluating potential solutions is fundamental in developing strategies for social change.

Social entrepreneurs draw on their past experience and expertise to make informed judgements about how to best address prevalent social issues. This is referred to as sensemaking, the cognitive process through which people make sense of themselves and the world around them that "involves the ongoing retrospective development of plausible images that rationalize what people are doing" (Weick *et al.*, 2005, p. 409). Sensemaking can be prospective as well as retrospective (Whittle and Mueller, 2012), informing the creation and evaluation of potential solutions, alongside the articulation or rearticulation of stories about the past. Entrepreneurs tend to be emboldened by their personal histories because prior successes lend authority and legitimacy to their proposed solutions to complex social problems (Kerr and Robinson, 2011; Maclean *et al.*, 2012).

When entrepreneurs engage in sensemaking they draw on their own experiences and understandings of perceived social problems to develop hypothetical theories of social change (Rogers, 2014), which, if successfully implemented, have potential to bring about transformational social change. The sensemaking process builds meaning based on personal beliefs (Gioia and Chittipeddi, 1991; Sandberg and Tsoukas, 2015), entrepreneurs often accepting risks more readily than non-entrepreneurs because of prior commercial successes (Ganzin *et al.*, 2020; Von Gelderen *et al.*, 2000). From a cognitive standpoint, they confront uncertainty not by withdrawing from challenges but by imagining and evaluating solutions based on their own experiences (McKelvie *et al.*, 2011). Hence, the depiction of entrepreneurs as people motivated by the prospect of better futures (Kirzner, 1985). Rags to riches life stories are often used to celebrate past achievements and reinforce capacities for future action. Maclean *et al.* (2012, p. 19) find that entrepreneurs tell persuasive stories of their own life journeys characterised by *leitmotifs* such as "defying-the-odds, staying-the-course, succeeding through talent and giving back to society". Thus, sensemaking often involves the construction of narrative accounts of problems created in the past, manifest in the present, and amenable to viable solutions implemented in the future (Weick *et al.*, 2005).

Weick (2009) has compared this process to cartography, such that entrepreneurs create their own maps, often in "uncharted territory", based on their lived experiences of the world. Building on this perception, a large body of work has emerged on how strategists use sensemaking to influence organisational outcomes. The idea that sensemaking is a strategic action was first mooted by Gioia and Chittipeddi (1991) and Thomas *et al.* (1993) in the 1990s and more recently has been extended by Whittle *et al.* (2015) and Jalonen *et al.* (2018) with respect to discursive practices. Strategic leaders are seen to engage in framing and category predication work when mobilising stakeholders in support of strategic change. Managing strategic change involves the development of meaning in relation to "'where we are', 'what's wrong', 'where we need to go' and 'how we are going to get there'" (Whittle *et al.*, 2015, p. 400). Moreover, strategic sensemaking is present in texts that contextualise logics of action and legitimate behaviours when guiding action (Weick, 2001; Price *et al.*, 2018). Stories and narratives in textual form can therefore develop intertextually by developing narratives of "success," or of the "hero entrepreneur" (Gabriel, 1995), encouraging other social entrepreneurs to emulate their achievements and/or mobilise support for their own objectives. This is what Maclean *et al.* (2014, p. 543) call the "interpellative power of rhetorical narrative", which acts as an essential component in creating legitimacy in socially focused organisations.

How different stakeholders make sense of social objectives is contingent on the categorisation, labelling and cognitive processes described above. Spirituality, for example, has been shown to influence the sensemaking process (Pratt, 2000; Mauksch, 2017; Ganzin *et al.*, 2020). Pratt (2000, p. 35) characterises spirituality as an "ideological fortress, a worldview that is seemingly impervious to attack from those who might oppose it", helping explain how social improvements can be delivered despite rational expectations (Mauksch, 2017). Likewise, spirituality might play a role in entrepreneurial cognition by inspiring belief in values such as

justice and truth to mitigate risks associated with uncertainty and ambiguity (Ganzin *et al.*, 2020). Considerable research has also shown how spiritual values help embed shared meaning in communities and networks (Anderson *et al.*, 2019; Borchgrevink, 2020), providing a symbolic resource in support of scaling activities (Khan *et al.*, 2023).

Implementing strategy in the third sector: the role of sensegiving
Organisational actors engage in sensegiving processes that inform how their identity is interpreted and perceived by others. Gioia and Chittipeddi (1991, p. 442) coined the term "*sensegiving*" to describe the "process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality". In socially focused organisations, this process is mediated by the pre-existing perceptions of other stakeholders (Levine and Eckerd, 2019). When social entrepreneurs develop and promote specific strategies and solutions to social problems, they customise narratives to persuade external stakeholders of the value of their mission, the effectiveness of their solutions and their ability successfully to deliver beneficial social change (Barman, 2002). This process is inherently relational because it involves understanding stakeholder motivations and appealing to stakeholder values (Fiss and Zajac, 2006). Thus, sensegiving, in aligning external stakeholders with the cause and the proposed solution by means of persuasive rhetoric and narrative framing, is fundamental to selling and strategic solutions. The specific theory of change embedded in the strategy needs to be embraced by both internal and external stakeholders for it to be effective, as Kimmitt and Muñoz (2018, p. 864) suggest: "a major task for social entrepreneurs involves sensemaking of the problem space and sensegiving to others about the potential solution to that space". This proposition is confirmed by sensegiving efforts of the innumerable local and regional social enterprises responsible for the spread of social innovations in education, health and social care sectors in the nineteenth and twentieth centuries (Harvey *et al.*, 2019). In more recent times, sensegiving on the part of third sector organisations is less the preserve of social elites than in earlier times, but strategy development and implementation is still conducted in a relational and collaborative manner through mechanisms such as advocacy, coalition building and infrastructure development (Islam, 2022, p. 301–306).

Stakeholder value and place
"Place", or perhaps more specifically, "community" is central to the strategic orientation of socially focused organisations (McKeever *et al.*, 2015; O'Conner *et al.*, 2018). One reason for this is that place is heavily implicated in identity formation, and place related events elicit strong emotional responses on the part of self-identifying members of what Anderson (1983) styles "imagined communities". Some of the most significant social changes are instigated by social enterprises rooted in specific localities (Moulaert, 2009), often because the need of the community is better understood by those immersed in the context (O'Connor *et al.*, 2018; McKeever *et al.*, 2015). That does not mean that the most disadvantaged localities and regions necessarily give rise to the most innovate solutions to social problems. In many cases, the fragility and limitations of the local economy tend to undermine many of the support functions required to scale up activities, such as philanthropic financing (Marshall *et al.*, 2018), government funding (Kimmitt *et al.*, 2022), or the presence of social capital and entrepreneurial spirit (Wynn and Jones, 2019).

The hybrid nature of many third sector organisations mean they often need to illustrate not only their financial viability, but crucially, their trustworthiness and legitimacy (Suchman, 1995; Nicholls, 2010; Sarpong and Davies, 2014). To mobilise resources, they are required to seek support from influential actors or organisations (Dacin *et al.*, 2011). Lack of legitimacy constrains third sector organisations from implementing innovative solutions to

social problems because legitimacy is especially important for social enterprises straddling the commercial and social domains (Sarpong and Davies, 2014; Anderson *et al.*, 2019). Kimmitt *et al.* (2023, p. 31) suggest that social entrepreneurs use place-based narratives to increase their legitimacy: "places can help bolster the perceived trustworthiness of the entrepreneur, the viability of the business, and the future potential of the venture". This is particularly the case in deprived communities where poverty alleviation through entrepreneurship is presented as a form of remediation, addressing concerns around scarcity of resources (Sutter *et al.*, 2019) and serving to provide a narrative for a brighter future. This highlights the importance of "stories of a glorious past and ongoing industrial decline or restructuring influence entrepreneurial actions that might contribute to reshaping places" (Welter and Baker, 2021, p. 1162).

Methodology
The third sector is composed of a myriad of organisations with widely differing purposes operating outside the state and private sectors that range in size from small local community organisations to large, national and international voluntary or charitable organisations (Alcock, 2010). Many are registered charities whilst others operate as social enterprises, co-operatives or companies limited by guarantee. In Northeast England, as elsewhere in the UK, the vast majority of third sector organisations are very small with fewer than 10 employees, limited assets and modest incomes drawn from a variety of sources such as grants, contracts, earned income and donations (Chapman, 2020). These micro-organisations typically provide standard services for people in local communities and lack the resources and capabilities needed to innovate and grow. Periodically, however, socially innovative social enterprises are established that confound sectoral norms and grow quickly to operate at scale. It is these exceptional organisations that are the subject of this research. Our objectives, therefore, are to better understand what motivates third sector social innovation, and how change at scale is accomplished.

To research these issues, the authors developed a series of case studies of innovative social enterprises founded in Northeast England based on interviews and documents (Eisenhardt, 1989, 2021; Yin, 2009, 2013). After an exhaustive search, 38 social enterprises were identified which had annual revenues in excess of £1 million out of a population of 7,200 third sector organisations (Chapman, 2020). Many of these deliver standard services under contract from local authorities or government agencies and are not identified with social innovation. This narrowed the search down to just nine organisations and, following consultation with board members, six of these granted access by means of semi-structured interviews and provision of selected documents such as project reports and media communications. Public documents such as annual reports and accounts were gathered and analysed prior to interviews, which were then conducted with founders and senior executives most closely identified with enterprise creation, strategy formation and growth: people with the knowledge needed to tell the inside story of the social enterprise veraciously (Maclean *et al.*, 2016). Twenty interviews were conducted between October 2017 and December 2021, each lasting between 45 min and 2 h. The recordings were transcribed and the corpus of approximately 140,000 words imported into NVivo for analysis. The first part of each interview focused on the interviewees' life history to generate a better understanding of their social identity (Denzin, 2009). A second set of questions focused on how the enterprise was conceived and brought into existence, including discussion of social networks and key stakeholders. The final part of the interviews concentrated on growth and the organisation's strategic vision.

In Table 1, pseudonyms are assigned to interviewees and the organisations to preserve anonymity. The social innovation associated with each social enterprise is briefly described

Case history	Interviewees	Social innovation	Theory of change
Air ambulance	Gordon, Founder/CEO Sandra, Fundraiser	Specialist on-site and in-flight emergency medical interventions	Timely patient emergency care saves lives
Safeguarding families	Percy, Founder Kevin, Chairman Hilda, CEO Doris, Major Donor	Responsive provision of personal support for families in need	Supporting families in crisis prevents family break ups and children entering the care system
Fair Trade	Gerald, Founder Reginald, CEO Fred, Former CEO James, Major Donor	Development and dissemination of Fairtrade principles and practices	Fairtrade increases earnings of farmers in developing countries and stimulates economic growth
Changing lives	Benjamin, Founder Lynda, CEO	Community hub providing unique mix of learning, sporting, lifestyle and health improvement opportunities	Engaging "hard to reach" individuals and families in well-crafted activities changes life for the better
Patient transport	Bobby, Founder/CEO Donald, Executive Gregg, Fundraiser	Companion accompanied free patient transport service	Increasing access to cancer services improves treatment outcomes and saves lives
Breakfast clubs	Edward, Founder Jane, CEO Des, Chairman David, Board Member Tarquin, Major Doner	Provision of free breakfasts for needy children at school	Eating a nutritious breakfast aides pupil concentration, improving learning outcomes

Source(s): Authors

alongside the related theory of change underpinning the innovation. In the context of social innovation, following Rogers (2014), the construct "theory of change" refers to the intended outcome of an intervention, that is, by doing something differently a beneficial outcome is predicted to result. The data analysis proceeded as follows. Firstly, two members of the team read and discussed all the material – interviews and documents – relating to the case. Next, following Langley (1999), the data were coded "chrono-processually", which simultaneously involves putting thoughts, events, and actions into chronological order to discern time periods, known as temporal bracketing, and also to identify the processes at work in conceiving and launching a new social venture. In the third stage, the case studies were written up from a critical standpoint, triangulating interview and documentary data to avoid bias, "to create robust organizational historical narratives" (Heller, 2023, p. 1). This analytical process enabled the identification of the key processes, related outcomes and connections involved in the conception and enactment of social innovations.

Findings

The findings are presented in the form of narrative case histories with a common structure. First, biographical details of the social entrepreneurs are presented, including information on social origins, education, careers, motivations, resources and networks. Second, the strategic sensemaking process undertaken by the social entrepreneur is reconstructed to reveal how they first conceived their social innovation and its underlying theory of change. Third, we demonstrate how social entrepreneurs develop business models designed to mobilise stakeholder support for the social innovation by explicating sensegiving strategies.

Case one: air ambulance

Gordon, a former coal miner, founded Air Ambulance from his home in 1991. It is now one of the UK's largest services with revenues above £8.5 million in 2022. Gordon explained that he "left school when I was 15 on the Friday and went underground in the coal mines on the Monday. So [I] started life as a young apprentice electrician at Easington Colliery". Following the pit closures in the 1980s, he went through a very difficult period; "marriage breaking up, I ended up having the house repossessed and going bankrupt". He alluded to the turning point in his life, which occurred when he got a job as a "part-time ambulance man . . . just ferrying patients to and from hospital . . ." after which he "became a paramedic. I thoroughly enjoyed it and was quite good at it, if I do say so myself".

Whilst working as a paramedic, Gordon witnessed several needless deaths and recognised that the solution to this problem, to save more lives, was to place doctors on the aircraft and to equip them with the skills and training needed to deliver specialist emergency medical treatment at the earliest possible moment. Gordon reflected on his own shortcomings, "I realised over a period of time, not just on the aircraft, how inadequate my own skills were, medically. So yes, I was a paramedic, but paramedics by their very nature are restricted, they can't do what doctors do". Gordon's first-hand experience of accident scenes led him to understand, "that you need that extra skill, that extra knowledge . . . it will make a difference."

To deliver on this, Gordon established the world's first training centre, a joint venture between a major regional university, the NHS and Air Ambulance. The social enterprise now trains medics from all over the world in specialist trauma techniques. As Gordon explains: "we provide the MERIT service, MERIT stands for Medical Emergency Response and Incident Team . . . with the recent increase in terrorist activity, the likes of London Bridge . . . and in Manchester, the NHS finally turned round and said, you've got to have a MERIT service and it's got to be functional and well trained and well provided for". As a result, Gordon developed, "the first ever . . . 'Pre-Hospital Emergency Medicine Crew Course', which was where paramedics and doctors sat the same course and they had to pass it to the same standard . . . It was a kind of team that hadn't been envisaged before".

However, it was not solely his medical knowledge that proved valuable to Air Ambulance. Gordon was also able to bring stakeholders together because of his acceptance as a legitimate professional actor within the field: "I was able to say 'look, I'm a paramedic myself." Gordon's entrepreneurial drive and commitment were central to the realisation and success of the social innovations and to the subsequent growth of the organisation, as Sandra, head of fundraising at Air Ambulance, explains: "[Gordon] is a very passionate man but he also has – what's the word I'm looking for – he sees things differently to other people . . . It was his passion, his focus, he wanted [MERIT] to happen". To achieve his goals, Gordon resigned from his role as a paramedic to focus on raising the necessary funds to lease their first helicopter, "I thought, there's a contribution I can make here", because "they raised absolutely nothing that would get them anywhere near a helicopter, until Dame Barbour stepped in and said, "there's £300 odd thousand."". So, Gordon was not only instrumental in envisioning the social innovation, but also in implementing the charity's strategy over a 30-year career as CEO.

Case two: safeguarding families
Percy is a 75-year-old entrepreneur and multi-millionaire. Over the course of his career, he has founded numerous social ventures focussing on issues such as alcohol and drug misuse, offender rehabilitation and education, facilitated by his large fortune. Alongside Safeguarding Families, Percy also runs a philanthropic foundation which in 2022 had assets of over £35 million. Percy has a stellar entrepreneurial pedigree. He took control of his father's business in the 1970s, growing it from six members of staff to over 6,000. Safeguarding Families is just one of several charitable organisations that Percy has established during his career as a social entrepreneur. The organisation offers support for families going through acute periods of distress by providing temporary homes for children to keep them in school and provide pastoral support. Research illustrates the outcomes for both the parents and critically, the children, are significantly enhanced by such interventions. Percy clarifies the problem: "The real problem is the breakdown of the family, mothers cannot manage, multiple men in the house, just a lack of stability in the family, and the real thing is mothers need strengthening, they need supporting because there's a lot of ex-foster care folks themselves that have never had a good role model for a mother so they don't know what a good family environment looks like . . . You're building a population that will be in prison most of their lives." Percy first recognised the impact poor upbringing has on children when running his business: "I was employing people and you would interview them and ask them to write down their name and address and they cannot spell the street they lived in." Percy's motivation to embark on his career as a social entrepreneur stemmed both from his experience and his religious beliefs: "Obviously, I suppose I'm motivated by my Christian faith, but I'm motivated by common sense as well. You know, God gives you the gift of common sense." He was also driven by the challenges encountered during his own childhood: "I had such a bad time at school, that I thought, you cannot have this. I wanted to make sure nobody else felt the pain of it, I still feel the pain now; I mean, if I read a book, I can't remember what was on the first page when I get to the third page."

Percy, being a pre-eminent social actor, was able to leverage both his financial capital and mobilise his extensive social and business networks to fulfil his theory of social change. Percy recounted how he convened meetings with key stakeholders, including senior government ministers, who would help realise his social innovation: "I organised this meeting with the Director of Children's Services Office . . . there was 10–12 of us in the room; I explained why we were all there, I explained it to Iain Duncan-Smith [Government Minister], and I got the child psychologist to say how it'd work for him . . . I said, right I need to get this going . . . I'll put £2 million into it and [Iain Duncan-Smith] said, I'll try and get a match for you. So, he got a match through the Department of Education innovation fund and that enabled us to start in the Northwest, Manchester, Liverpool, Birmingham, the East Midlands, Lincoln, Derby, all round there. And so, we got started, now jumping on, we're working with 32 local authorities who are all paying us, they reckon they save at least £1m-£1.5m a year by what we're doing, and we're getting calls from other local authorities that want us to come and help." Here, Percy details how the process of driving social change and addressing social problems was eased by his business and professional experience which enhanced his legitimacy and credibility, enabling him to mobilise his networks and implement his theory of change.

Case three: fair trade
Gerald played a leading role in growing the international fair-trade movement. In the UK, the Fair-Trade labelling scheme evolved from his pioneering work. Throughout his career, Gerald has been a serial social entrepreneur, establishing several nationally significant social enterprises over a 50-year career. Fair Trade was for some time the UK's leading fair-trade business, and had a prominent advocacy arm. Following a research trip to India, for what

became an agricultural imports company, Gerald observed first-hand the injustices in the systems of global trade and in supply chains. It was this first-hand experience which led to the innovations in the way trade could work, as Gerald elaborates: "It started us thinking about the terms of trade between rich and poor countries and out of this grew an idea that could make trade fairer. More direct links between producers and consumers, cut out the middleman, use the market to change the market, and surely the Church would be sympathetic and, in the Gospel spirit of engaging with real life, be a channel to get all this started."

Fair Trade was founded as a faith-based organisation, as Gerald recalls his founding motivation: "It seems to me that God is about change, within individuals and structures and the world and part of that is about dealing with problems". Likewise, Fred, a former CEO of Fair Trade, articulates his understanding of the problem: "The hypocrites, if they gave away a tithe, you know, they give away a 10th of their garden . . . In order to try and make things right, they actually ignore the demands of the law, which is for justice". The Church provided Fair Trade with both collective religious motivations and a network through which the organisation traded, using its premises and church-based volunteers as sales representatives for its products.

Gerald's commitment to this social innovation is evidenced by his recollections of how the funding for the venture was originally sourced. He started the trading organisation, which became Fair Trade, using his own personal, very modest, resources: "To start the whole thing off we sold our house, so we put all the money from our house into this fruit and veg business . . . we were sort of buying clapped out lorries to deliver products around the markets . . . we just sort of scraped together the money that was needed". Reginald, current CEO of Fair Trade, remarks that in the 1970s the alternative trade movement was quite a radical social innovation: "[Gerald would] go out to Pakistan with bags of money. I mean crazy. Today you'd be caught up in customs; you'd be an international criminal! I mean, you had to break the rules. Absolutely brilliant . . . they were real radicals . . . he would trot around the world with suitcases of money. I mean how else are you going to pay producers?" Gerald's commitment to social innovation, as shown here, was unstinting, taking both professional and personal risks to achieve his goals, serving as an example to others.

Gerald explains how he used his network, primarily from the Church, to get the organisation off the ground: "To cut a long story short, I'd gone to the launch of this concept in Holland and thought, you know, this is definitely the way to go, and I'd talked to a friend in OXFAM; and together we convened a meeting of major development agencies, and everybody who was involved in alternative trade". The scale of the innovation was commented on by Fred, his former CEO, as "typical Gerald . . . thinking bigger, outside the box . . . he understood, far before many people, that how you spend the bulk of your money is actually 95% more important than how much you give to charity, because that's where the big impact is, your charity tends to add up to nothing in the end." Here we see that Fair Trade was more concerned with creating change through large-scale social innovation, than with devolving to charity the responsibility for reconciling injustice, which, based on Gerald's experience, was far less effective in dealing with the problems.

Case four: changing lives

Benjamin is one of Northeast England's wealthiest entrepreneurs. Following the floatation of his business on the stock market, he became a multi-millionaire, aged 34. He purchased his local football club and since then has made it his mission to tackle some of the region's biggest social challenges. Changing Lives seeks to improve life opportunities for so-called "hard to reach" individuals and families by providing access, at low cost, to well-crafted learning opportunities with positive employment, educational, sporting and health outcomes. Benjamin recognised the interrelated issues associated with low educational attainment and lack of gainful employment

directly from his own experience growing up in a poor family in a deprived area. Reflecting on his upbringing, Benjamin admitted: "I had a terrible schooling, left with nothing . . . So I was unemployed for a year, there was no unemployment benefit, there's no benefit at all, so I would have to walk four miles to the youth employment office at Blackhill on the other side of town and walk back. I was expected to leave school at 15, [and] expect to come home with a wage, but being told, you know, come back a year later . . . I just felt like a total burden on my parents." Benjamin studied at night school as an adult, enabling him to obtain an accountancy qualification and pursue a career in business. The CEO of Changing Lives, Lynda, summed up his life story as follows: "Humble beginnings, Consett [deprived area in Northeast England], didn't have a lot. Left school. Realised he maybe should have done a bit more. Done good. Bought his football club. Came into a privileged position. Worked hard. I think he would expect some of those ethics [to carry through] in terms of the projects he chooses to support or what he does and how he carries it out."

Learning from both his mistakes and entrepreneurial successes, Benjamin sees education as a solution to many social problems, remarking: "I'm passionate about education, because it's not about putting a sticking plaster on something, education gives you tools for self-help." The approach taken by Changing Lives encompasses many of these self-help, entrepreneurial logics. Changing Lives targets children and adults from deprived or problematic backgrounds, aiming to improve "attitudes and skills while also increasing enthusiasm and motivation" through its activities. Benjamin provided a good part of the initial financing personally for Changing Lives, but critically he was able to mobilise his networks in support of the organisation, which has a multimillion-pound turnover from course income, government contracts, business sponsorship and donations. Lynda recalls how they got off the ground: "We had a strategy. We had a fundraising board who helped us out, and we worked our networks, because [Benjamin] knows so many people, he's been in this community for a long time. The community is quite small in terms of networks . . . We talked to people, and we worked out who was the best people to make the introduction, or make the ask, or to bring people along, introduce to the project or explain what the vision was." A sense of collective regional identity was an important factor in realising his ambitions. Benjamin strongly believes his community to be unique, and his contribution to the community a duty: "Other [soccer] clubs don't believe in what they're doing like we do; our community is in our DNA at the club . . . This community is in my blood, it's my duty to do this".

Case five: patient transport
Bobby has been both a successful entrepreneur and philanthropist for much of his adult life. However, it was not until his wife's breast cancer diagnosis, that he decided to sell all his assets to establish what has become one of the region's cancer patient support charities, which he has personally managed as executive chairman since its foundation. Bobby recalls how he was "born in a bedsit, in Heaton [working-class part of Newcastle upon Tyne in Northeast England]." Reflecting on his first-hand experiences with poverty, he articulated that "to say it was quite a humble background is an understatement . . . gas lights, tin bath, outside toilet". Over the course of his career, he established, developed and sold a succession of businesses, before buying one of the region's most magnificent stately homes with the proceeds. Then, remarkably, 15 years ago he liquidated all his assets and put the entire proceeds into establishing and funding Patient Transport.

Bobby had been involved in charitable work his entire life. Through these experiences, he discovered that cancer predominantly affects older people, who live alone and do not have access to transport to attend their hospital appointments. Unreliable public transport results in missed appointments that can then lead to premature deaths. Furthermore, exposure to bacteria on buses has the potential to overwhelm already compromised immune systems, as

Bobby remarked: "I can't guarantee the treatment, but I can guarantee what will happen if they don't have their treatment." His social innovation was to introduce supportive companions to accompany patients from their homes to hospital and back. Remarking on this, Bobby said: "I thought we would have a bespoke service; we would never transport more than two people at a time, and each vehicle should have a driver and a companion, because it's the companion that's the most important part of the journey".

The results were so encouraging that Bobby decided progressively to extend the service, eventually scaling up to cover the entire country: "That's my mission now to create one million cancer patient journeys." Bobby had recognised the problem of older people in rural areas getting to hospital for treatment even before his wife became ill. Indeed, when he got married there were no gifts, but donations to Leukaemia Research. He then observed, "people in Northumberland having difficulties in getting to and from the hospital, and I saw one or two do-gooders transporting them … [I discovered] the worst part about that is not the chemotherapy or the radiotherapy: it's getting to and from hospital. So, if we can take that awful part about the treatment away, it means that when they do come for the radiotherapy, it's that much easier."

Bobby remains involved in every aspect of the social enterprise, from fundraising to recruiting the drivers. He even decided to live in a small apartment above the offices of Patient Transport. When asked to comment on his achievement in founding and growing the organisation, Bobby said: "I just thought it would be something that I could create with my business expertise." Donald, his long-time executive associate at Patient Transport, observed: "It was typical Bobby, he just will not ever take no for an answer, and he pushes forward. If Bobby believes in something he will take it to the nth degree.". Similarly, Martin, a senior fundraiser, remarked: "[Bobby has] obviously got drive and passion to do whatever he fixes his mind to do … He was always going to succeed. There's not a lot of people around who are prepared to put their money where their mouth is and carry it all the way through". The personal impact he made became evident when Bobby described how he used his networks to grow the organisation: "I've been knocking on doors everywhere." Donald felt that Bobby was "the glue that perhaps held everything together … He would come into the charity, he would meet with the hospitals, he would meet with the chief executives, he would meet with whoever he needed to meet with to make this work … [and this] captured people's imagination."

Case six: breakfast clubs

Edward is a former senior business leader. He was awarded a Knighthood in recognition of his "services to business and to the community in the Northeast". He founded Breakfast Clubs, the UK's first social enterprise of its kind, which now has 690 clubs providing 44,000 breakfasts daily for socially disadvantaged children across the UK David, a current board member of Breakfast Clubs, explained how the idea came about following Edward's return from visiting a local community initiative in 1999: "he came back absolutely taken with it and said, I've just seen something amazing … I suppose the contrast between my life and that what people were dealing with, what hardship actually meant, and what had caused the hardship … it was a bit of a leveller." What Edward had realised is that if children are hungry when they begin school, they find it harder to concentrate and learn, which ultimately impacts their academic performance. As Edward states: "If kids don't have breakfast, they can't concentrate and can be disruptive. You have got to feed them, and breakfast is really important". He immediately made the connection between proper nutrition, academic attainment and broader social change: "If you get kids into good habits at an early age then they have a better chance later. If you don't do it at the beginning, then you are bandaging the wounded and always trying to sort out problems later."

However, the social innovation so energetically promoted by Edward is seen by the social enterprise to benefit adults as well as children. By using volunteers to run the clubs, other benefits accrue to local communities. As David states: "[many volunteers] had lost their sense of purpose, and you know, needed something, to motivate them to get up in the morning . . . [the clubs engaged parents] in a way that they wouldn't otherwise support the school. And it was so multifaceted." Current CEO of Breakfast Clubs, Jane, takes a similar view: "I think the selling point for somebody getting involved is, look, if you want to do something good in your local community, this is a really tangible thing you can do and it's really efficient." Edward further observes how the clubs "gave people a reason to get out of bed in a morning because they needed to come and run it. If the kids need it, they will be there, and it gave some a purpose in life. [Then] things developed from there and people gained confidence, got part-time jobs, full time jobs and got people back into society with more confidence by being volunteers and helping." A crucial function of local volunteers is fundraising. Rather than being dependent of central funds from the social enterprise, each club seeks sponsorship locally, consistent with Edward's original vision. Breakfast Clubs central provides coordination and logistical support but having part of running costs met locally has meant growth has been far more rapid than would otherwise have been the case.
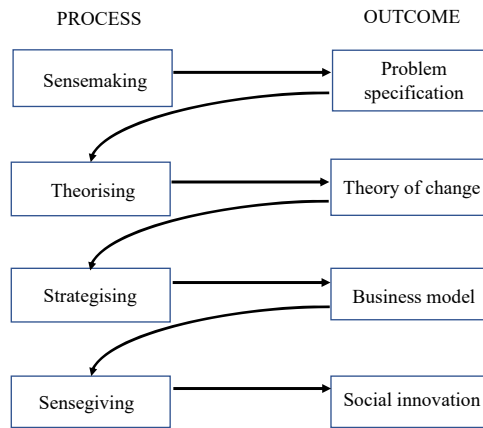
Discussion

The findings elaborated above on a case-by-case basis help demonstrate how the personal, business and professional experiences of social entrepreneurs are variously informed by their understandings of deep-seated social problems. This, in turn, influenced the development of the social innovations and the application of theories of change in establishing and scaling up social enterprises. It is in the similarities in experience between the six case studies that answers are be found to the research questions posed in the introduction to this article. First, in exploring how social entrepreneurs break free from sectoral constraints to introduce social innovations, the case studies demonstrate how successful social entrepreneurs bring to their cause exceptional skills as analysts, strategists and resource mobilisers, each bolstered by their legitimacy, perseverance and abilities as storytellers and rhetoricians. Second, in examining the processes of social entrepreneurship at work in enacting social innovations, sensemaking, theorising, strategising and sensegiving are identified as the fundamental processes underpinning problem specification, formulating theories of change, developing business models and implementing social innovations. These four processes and related outcomes, and the connections between them, are modelled in Figure 1. The remainder of this section draws together the case study evidence presented in the findings section in support of these propositions.

Sensemaking and problem specification

At interview, the six social entrepreneurs featured in this study spoke freely of the personal and professional experiences that motivated them to invest themselves in creating an innovative social enterprise intended to right what they perceived as a social wrong. Gordon, founder of Air Ambulance, when serving professionally as a paramedic, felt exposed and inadequate because he lacked the skills to treat patients, leading him to recognise that potentially avoidable deaths resulted when those suffering from acute trauma could not be treated quickly enough by doctors with the right equipment and expertise. Percy, founder of Safeguarding Families, sees family as the bedrock of society, and counts himself fortunate to have been brought up by well-off parents in a stable family. His childhood was marred by learning difficulties, such that he "can still feel the pain now", although he eventually triumphed through hard work and the support of his parents. His recognition that children

PROCESS   OUTCOME

Sensemaking → Problem specification

Theorising → Theory of change

Strategising → Business model

Sensegiving → Social innovation

Figure 1.
Processes and
outcomes of social
innovation

Source(s): Authors

from broken homes suffer in terms of education and employment, to the extent that they are disproportionately represented in the prison population, is thus contrasted by him to his own experience, causing him to pinpoint family breakdown as a major source of social disadvantage. Benjamin, founder of Changing Lives, in contrast to Percy, came from the opposite end of the social spectrum, experiencing at first hand the social problems emanating from industrial collapse in Northeast England, impelling him to combat social disadvantage. Education had proved his own salvation and thus providing education and skills to boost employability became his mission as a social entrepreneur.

Like Gordon, Percy and Benjamin, the founders of Fair Trade, Patient Transport and Breakfast Clubs, Gerald, Bobby and Edward, respectively, related at interview how directly encountering the reality of acute social problems caused them to step back and think fundamentally about what had gone wrong in society. In naming the problem, they also perceived opportunity, confirming that social entrepreneurship is socially, spatially and historically embedded, involving the interplay of perceptions of place, society, culture and ethics (Anderson *et al.*, 2019; Kimmitt *et al.*, 2023; Welter and Baker, 2021).

The lived experiences described by the social entrepreneurs are a form of sensegiving that serves as a lesson for others (Gabriel, 2000). In narrating their life journeys, highlighting critical experiences, turning points and insights, they communicated passion, understanding and commitment, lending credibility to their problem specifications. This corroborates the findings of Maclean *et al.* (2015), who demonstrate how first-hand experiences of hardship and overcoming adversity through hard work is often used by social entrepreneurs to justify and legitimise proposed solutions to social problems. It also resonates with Kerr and Robinson (2011, p. 158) notion of the "bootstrap boys, who . . . work their way up to the field of power." In describing to others how they won out against the odds, triumphing over adversity, they justify past actions, reaffirm their connection to place and legitimise their capacity to orchestrate social change. These formative "rags to riches" narratives are part of a process of framing, but most importantly, the motivation for driving action, which is essential for the effective resolution of social problems (Dacin *et al.*, 2011; Maclean *et al.*, 2012; Anderson *et al.*, 2019).

Theorising and theories of change
A theory of change specifies how a social entrepreneur expects an innovation to disrupt the *status quo* and yield positive benefits for beneficiaries (Rogers, 2014). By using personal

experience to frame the theory of social change in this way, populist notions of how broader social systems are designed to function are articulated in order to appeal to stakeholders. In other words, strategies are articulated which describe how things *should* work and can be easily understood, for example, "education transforms lives", or "paying farmers in developing countries fairly reduces poverty". In some of the cases studied, the initial theory of change proved robust and has altered little since inception. This is the case at Breakfast Clubs, where Edward's initial theory that by providing schoolchildren who would otherwise go hungry with breakfast, they will be able to concentrate and achieve better academic results, has remained unchallenged over the years. The same is true of Patient Transport, where Bobby's theory that if attending hospital for cancer treatment is a simple, comfortable and companionable occasion then attendance rates will increase, rendering treatment more effective, remains the guiding logic. Likewise at Changing Lives and Safeguarding Families the theories of change specified in Table 1 remain intact. The case histories for Air Ambulance and Fairtrade, however, are more complex. At Air Ambulance, the prevalent theory, that if doctors and paramedics trained in specialist trauma techniques can initiate treatment in pre-hospital settings then survival rates will increase, did not emerge fully formed but was realised iteratively. The same is true at Fair Trade, which began by paying more to farmers overseas by supplying direct to consumers but metamorphosed into a standard setting and branding agency. What these more complex cases demonstrate is that theorising about social change is an ongoing part of social entrepreneurship and that theories of change may periodically require updating in consequence of organisational learning (Liu and Ko, 2012).

Strategizing and business models
In all six case histories, founder narratives are entwined with the strategising process and business model adopted by the social enterprise. Since socially focused organisations prioritise social value creation over economic value creation (Dacin *et al.*, 2011; Sarpong and Davies, 2014; Anderson *et al.*, 2019), their narratives are instrumental in winning support from stakeholders. Indeed, winning support from volunteers, funders, regulators and potential delivery partners is invariably a key strategic objective. Recruiting volunteers, for example, is often crucial to the scaling up of operations. Safeguarding Families is illustrative. It employs 86 people but has active support from 4,539 volunteers, Percy appreciating that he, "couldn't do what I do without the 4,000 volunteers that I've got out there at the moment". Likewise at Patient Transport, extensive use of volunteer drivers and companions is fundamental to the business model, and the breakfasts for pupils provided at Breakfast Clubs are all made, free of charge, by volunteers. Leveraging social networks is key to strategising in social enterprises. It is through the Church that Percy finds volunteers, and beyond that his status as a preeminent social actor enabled him to garner support for Safeguarding Families from government ministers and hence obtain funding from local authorities. Similarly, Gerald at Fair Trade had the authority to convene meetings with "major development agencies", and Benjamin at Changing Lives utilised his networks to draw in the "best people" and to "make the introduction, or make the ask, or to bring people along, introduce to the project or explain what the vision was."

In three of the six cases, Safeguarding Children, Changing Lives and Patient Transport, the social entrepreneur had enjoyed sufficient commercial success to make a significant contribution to the cost of launching their social innovation. However, in all cases, growing and scaling the social enterprise depended variously on winning trading income, grants and donations. To be perceived as a legitimate actor, as a person fit in the eyes of stakeholders to launch an innovative social enterprise, is invaluable for social entrepreneurs. Percy, Benjamin and Bobby were successful entrepreneurs who had already made large personal fortunes.

Edward was the CEO of a large public company. Gordon had proven professional expertise and Gerald had the credibility that came from being the first in the field and risking all he had in promoting the cause of Fair Trade. Legitimacy allied to high-level social networks provided access to funding sources [from local authorities, for example] that for most social actors are unattainable. This fact highlights the central importance of legitimacy in obtaining and nurturing cross sector partnerships (Sarpong and Davies, 2014) and more broadly, it emphasises the diversity of hybridity that is such a feature of socially focused organisations (Fitzgerald and Shepherd, 2018).

Sensegiving and social innovation

Commitment to locality or community on the part of social entrepreneurs can be valuable in the sensegiving process by identifying the social entrepreneur directly with the people a social innovation is intended to benefit. Connection to place, as the case histories show, shapes the sensegiving processes in relation both to understanding the problem specified and the method of addressing it. This extends existing theory that suggests that many social innovations have strong territorial affiliation (Moulaert, 2009; O'Connor et al., 2018; McKeever et al., 2015). In the context of this study, the rapid deindustrialisation of Northeast England caused mass unemployment with negative consequences for health, education and society (Hudson, 2005). Many of the twenty interviewees experienced the detrimental impacts of economic decline on individuals and communities, elevating their sense of personal responsibility to help create solutions and drive beneficial social change.

The cases histories demonstrate how third sector social innovations are born out of rising awareness of acute regional social problems (Sutter et al., 2019). In this way, the social entrepreneur is using the past as symbolic resource emphasising "broader elements of regional cultures that emerge over long periods as enabling or restricting entrepreneurship" (Welter and Baker, 2021, p. 1162). Thus, social entrepreneurs frame social problems with reference to the communities in which they were raised, educated, resided, or prospered. For example, in reflecting on his origins, Benjamin proclaimed that "this community is in my blood, it's my duty to do this". Likewise, Tarquin, a major financier of Breakfast Clubs, remarked it "just seemed to me [that it] was a nice thing to do, reciprocate and give back something into that community". This responsibility to give back (Maclean et al., 2012) seems motivated by the personal identification with the [often working class] community to which they are giving back. Aware of his own situation, *vis-à-vis* that of others in his community, Benjamin comments: "I've a responsibility to do this . . . you don't have lots of eminent families in this area, so I have to play my part". These accounts confirm the conclusions reached by Maclean et al. (2013, p. 758) by demonstrating how "the power of self-organization by actors committed to the locality . . . emerges as vital to the success of socially innovative processes in promoting social renewal". Lynda, CEO of Changing Lives, felt her "brief was do good, to use football and the brand in terms of the community . . . We can sell our charity to the public. And they can feel it. Again, we're local as well. And we're visible.". This is consistent with the findings of Kimmitt et al. (2023), suggesting that place can serve as a strategic resource to provide legitimacy for social entrepreneurship, highlighting the significance of place in the identification and implementation of social innovations.

In two of the six cases, Safeguarding Children and Fair Trade, religious beliefs also had a significant bearing on the sensegiving process. Extant research suggests that social entrepreneurs often command the moral high ground (Kimmett and Muñoz, 2018), exuding a sense of enlightenment and righteousness (Barton and Muñoz, 2022), and that this helps in generating long-term stakeholder support (Brown et al., 2023). Percy and Kevin at Safeguarding Families and Gerald alongside Reginald and Fred at Fair Trade explained how their beliefs were the cornerstone of their strategy to build a coalition of religious

organisations. It was these coalitions that had enabled the formation of their social enterprises, illustrating how religious beliefs can inform sensegiving, reinforce values and generate the shared understandings fundamental to engendering support for social innovations (Borchgrevink, 2020; Khan *et al.*, 2023). The emergence and subsequent expansion nationally and internationally of Fair Trade, for example, was facilitated through Church of England networks. Similarly, the growth of volunteering at Safeguarding Families was reliant on recruiting exclusively from church-based volunteer networks (Anderson *et al.*, 2019; Nicholls, 2010). Shared values, expressed in the data through use of concepts such as "justice" and "trust", is a form of sensegiving that acts as a resource to mitigate risk associated with uncertainty and ambiguity, drawing on "convictions to venture into fluid temporal spaces, creating new realities" (Ganzin *et al.*, 2020, p. 16).

Conclusion

This study contributes to the literature on sensemaking by identifying the two-way relationship between the cognitive processes of social entrepreneurs and the strategies they develop to realise social change. It demonstrates that social value creation is a relational process intimately connected to both sensemaking and sensegiving on the part of social entrepreneurs committed to transformational social change. This study has identified four main processes of social innovation and shows how these are related to tangible strategic outcomes. The most novel aspect of the research demonstrates how a small minority of social enterprises break from sectoral constraints by developing and implementing innovative theories of social change that win support from multiple stakeholders. Innovative social enterprises such as those considered here succeed in breaking out and scaling up, not only because of the compelling nature of their value propositions and business models, but also because of the legitimacy and networking advantages conferred on them by their founders.

Implications for practice and policy

This research is valuable to current and potential social entrepreneurs in highlighting the necessity when pursuing social innovation of a clear understanding of the root causes of social problems, in combination with a well-grounded and easily communicated theory of change, a viable business model and the ability to secure the resources needed to scale up operations. Much depends on aligning the social ventures with the values and ambitions of multiple stakeholders through identification with shared history, culture, place, values and beliefs. Equally, policymakers might find value in the research through deeper understanding of what it takes to establish and grow a potentially transformational social enterprise, and how this might be facilitated through regulatory change, provision of resources and involvement in social and policy networks. A recent UK government publication on "levelling up" socioeconomically disadvantaged regions states: "The UK Government will consider how best to encourage social organisations and entrepreneurship to flourish in left-behind places across the UK" (HM Government, 2022, p. 216). This study demonstrates how social enterprise and social innovation can be harnessed in pursuit of this goal.

Limitations and future research opportunities

Case-based research, while insightful and theoretically generative, inevitably is limited by the difficulty of generalising from a small and non-random sample. This opens up two opportunities. The first is for quantitative research on the measurement of social value creation and how social innovations gain traction, spread, adapt and perform in different contexts. The second is to conduct further qualitative case study-based research in different regions and countries and on different topics such as evaluating the impact of social

innovations. Increasing geographic range and the number of cases researched to cover diverse approaches to social enterprise and social innovation would further strengthen the practical implications of the study.

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