Journal of Cleaner Production 172 (2018) 4555–4564

Contents lists available at ScienceDirect

Journal of Cleaner Production

journal homepage: www.elsevier.com/locate/jclepro

Successfully creating and scaling a sustainable social enterprise model under uncertainty: The case of ViaVia Travellers Cafés

Kieran Dobson [a, *], Sarah Boone [b], Petra Andries [b], Alain Daou [a, c]

[a] Faculty of Economics and Business, KU Leuven, Naamsestraat 69, 3000, Leuven, Belgium
[b] Faculty of Economics and Business Administration, Ghent University, Tweekerkenstraat 2, 9000, Ghent, Belgium
[c] Olayan School of Business, American University of Beirut, Riad El Solh, PO BOX 11-0236, Beirut, Lebanon

ARTICLE INFO

Article history:
Received 29 September 2016
Received in revised form
2 September 2017
Accepted 2 September 2017
Available online 5 September 2017

Keywords:
Social enterprise
Business models
Scaling
Uncertainty
Sustainable growth

ABSTRACT

While the literature on social scaling adopts a linear perspective in which a social enterprise first tests and validates its business model and then scales it up to other settings, this study argues that in uncertain and volatile environments, a more iterative approach may be appropriate. We develop an in-depth case study of ViaVia Travellers Cafés, a social enterprise that has successfully scaled its operations to 16 locations covering four continents. Through document analyses and twelve interviews with internal and external stakeholders, we are able to map and analyze the development process of the ViaVia Travellers Cafés, with information covering a period of more than 25 years. We find that under uncertainty, the social business model does not need to be proven before scaling it up. In fact, ViaVia Travellers had not yet developed a replicable model when scaling activities were undertaken. It regarded each new expansion as an experiment, and developed the business model's economic and social elements by learning from the portfolio of its previous experiments. Overcoming uncertainty hence involved simultaneously developing and scaling the business model. Our study introduces insights from the literature on business model development under uncertainty to the research on sustainable business models and social scaling, while contributing relevant insights for social entrepreneurs trying to scale.

1. Introduction

"*Not all those who wander are lost*"

J.R.R Tolkien

A central question in social enterprise research concerns how social enterprises can scale up, i.e. how they can increase their social impact (Dees et al., 2004a). One often-used approach to scaling consists of growing the *size* of the organization, for example through geographical expansion (Uvin et al., 2000). In this respect, scholars have argued that scaling is straightforward when the object of interest – i.e. the social business model – has proven itself in practice and has replicable core elements (Dees et al., 2004a; Mulgan, 2006; Perrini et al., 2010). Most empirical studies on the scaling of social enterprises start from this perspective, and document the process through which social enterprises try to scale up their proven business model. For example, Perrini et al. (2010) studied how the world's largest drug rehabilitation community was able to replicate its model to two new branches, while Bocken et al. (2016) investigated how three well-established social businesses increased the number of co-workers and customers by expanding their offerings and maximizing revenues.

In sharp contrast to this premise of a proven business model in the scaling literature, we identified a social enterprise that successfully scaled its operations to 16 locations spanning four continents and embarked on this journey with an immature business model, i.e. a business model of which the core social and economic elements had not been proven in practice. This observation leads to the question addressed by this study: How can social enterprises develop and scale immature business models?

We identify and address this research question through the in-depth qualitative investigation of a purposefully selected, exceptionally rich, and insightful single case study (Siggelkow, 2007) of ViaVia Travellers Cafés. This international chain of cafés, most of which are located in developing countries, has the core purpose to develop sustainable tourism and to increase intercultural tolerance. It is one of the few social enterprises that have expanded

* Corresponding author.
E-mail address: kieran.dobson@kuleuven.be (K. Dobson).

http://dx.doi.org/10.1016/j.jclepro.2017.09.010
0959-6526/

geographically (i.e. scaling 'wide') while at the same time being able to serve more people and improve the outcomes of their operations (i.e. scaling 'deep') (Bloom and Chatterji, 2009). We find that the ViaVias' scaling strategy runs counter to the traditional belief that the social enterprise should have a proven business model before scaling it up. Instead, we find that each new ViaVia expansion functions as an experiment, adapting the core business model to its own context and situation. This adaptation results in a variety of business models operating under the same mission and name, allowing the parent organization to detect interesting business model elements from each of these experiments and then to use these insights to constantly fine-tune the business model for later launches.

This study contributes to our understanding of sustainable business development and scaling by bringing insights on uncertainty and experimentation into the social enterprise literature. It has been stated that existing management theory fails to explain how firms can develop sustainable business models that address local needs (Hart et al., 2016). Our study advances the literature on sustainable business development by proposing a portfolio of experiments, in which sufficient leeway is given to local managers, as a relevant way of generating local knowledge and addressing local needs in uncertain contexts. In addition, it contributes to the social scaling literature, as it depicts scaling not as the replication of a proven business model, but as a learning process that incorporates identifying and fine-tuning the business model. This suggests that for social enterprises facing conditions of uncertainty, a possible scaling strategy consists of business model experimentation and organizational learning. Instead of considering social scaling as the final stage of innovation and development with a proven business model, it highlights the possibility to simultaneously develop *and* scale the business model. This insight may even have important implications for the literature on scaling in mainstream enterprises.

2. Literature background – scaling social enterprises' business models

Two literature were used to contextualize the results from this case: work on the scaling of social enterprises, and on (sustainable) business model development under uncertainty. The literature on scaling social enterprises was the starting position for this research, while the relevance of business model development under uncertainty emerged as a result of the case study analysis (Suddaby, 2006). Yet, for reasons of clarity, both literature streams are discussed upfront. As a starting point however, we will first elaborate on the social enterprise and social business model concepts.

2.1. Social enterprises and their business models

In the broadest sense, a social enterprise is an enterprise that, regardless of legal and organizational form, explicitly focuses on the creation of social value (Austin et al., 2006; Peredo and McLean, 2006; Seelos and Mair, 2005; Dorado, 2006). However, although its social mission is a distinctive feature, economic value creation through the production and selling of goods and/or services is also important for the enterprise's financial sustainability. Mair and Martí (2006) reiterate this point by stating that economic value creation is a necessity to ensure the sustainability and financial independence of an initiative, unless the venture relies on philanthropic support and on-going fundraising as is the case in many not-for-profits. Yunus et al. (2010) echo this distinctive feature of social businesses as they argue that social businesses have earnings that match or exceed full operational costs, and owners have the right to recover their investments, but the primary driver of the business lies in the cause it serves rather than the profit it can make. In short, there are a variety of social enterprise definitions. However, Dacin et al. (2011), p. 1204 claim that the one that holds the most promise is the one that focuses on "the primary mission of the social entrepreneur being one of creating social value by providing solutions to social problems".

This distinctive feature of the social enterprise is reflected in its business model. Researchers have defined the business model concept in multiple ways, including the organization's characteristics and decision variables that determine how value is created and captured by the organization (Zott et al., 2011). Yunus et al. (2010) discuss the differences between a conventional business model and a social business model. A conventional business model generally consists of three predominant elements, (1) a value proposition, (2) a value constellation, and (3) a positive profit equation. The value proposition comprises the identification of the enterprise's customers and the enterprise's offer valued by these customers. The value constellation refers to how the business delivers this proposition to its customers. Lastly, the profit equation refers to how value is created and captured from the value proposition while covering the costs and capital structure incorporated in the value constellation. In a *social business model*, however, all elements emphasize the attempt to resolve social and environmental issues. While in a conventional business model the value proposition and value constellation solely focus on the customer, a social business model pays attention to all stakeholders. Besides, the economic profit equation of a social business model only strives for full recovery of cost and capital instead of financial profit maximization. Moreover, the social profit equation is added as a fourth element, comprising the desired social and environmental profits (Yunus et al., 2010). In the next two sections, we discuss how the literature on social scaling and the literature on decision-making under uncertainty inform us about the development of (social) business models.

2.2. Scaling

In general, existing literature on scaling regards it as a final stage of the innovation process. The starting point of this process involves identifying a need that is not being met and a way to meet that need (Mulgan, 2006; Perrini et al., 2010). For social enterprises, this entails the creation of social *and* economic value by offering a product or service (Perrini et al., 2010). The next stage involves bringing the idea into practice, often through prototypes or pilot projects, in order to assess the enthusiasm for it (Mulgan, 2006). This is essential for evaluating the product market fit and for assessing whether the existing idea will contribute to a sustainable business and will allow the organization to create and capture both social and economic value. In fact, the social scaling literature assumes that this phase either results in the abandoning of the idea, or in the identification of a sustainable business model; a process of moving from an immature model to one that can be scaled and sustained. Once an appropriate business model and a consistent organizational form have been established, the model may be ready to scale (Perrini et al., 2010).

Scaling a social business model is considered to take place only after a viable social business model has been identified (Perrini et al., 2010; Desa and Koch, 2014). For example, Mulgan (2006) points out that in a social innovation process, an idea can be grown, replicated, adapted or franchised once it has proven itself in practice. This has later been referred to as scalability (Weber et al., 2012; Perrini et al., 2010). In their systematic review of scaling in the social sector, Weber et al. (2012), p. 2 note that although many definitions exist for scalability, there is a general consensus that "replicability, adaptability, and transferability of the operational model are key components of scalability". Perrini et al. (2010)

proposed that the model's scalability and the social opportunity's exploitation depend on identifying the key success determinants.

Although analyzing innovation in discrete phases may be useful to increase the understanding of change, Mulgan (2006) acknowledged that different stages in the process do not always occur in a linear and consecutive way. He states that action sometimes precedes understanding. “Sometimes doing things catalyzes new ideas. Feedback loops also exist between every stage, which make real innovations more like multiple spirals than straight lines” (Mulgan, 2006, p. 155). The literature on business model development under uncertainty provides us with more insights regarding this learning process.

2.3. Developing a business model under uncertainty

The entrepreneurship literature has paid much attention to the impact of uncertainty on entrepreneurial decision-making and on the development of business models in particular. As explained by Alvarez and Barney (2005), entrepreneurial firms operate in uncertain conditions, and they need to cope with transaction difficulties, because it is difficult to know the value of an exchange at the time it starts. Uncertainty in this context refers to the uncertain and unknowable outcomes that cannot be foreseen *a priori* in the process. This uncertainty dominates decision-making in the earlier stages of a venture (Reymen et al., 2015).

In contrast to earlier beliefs, it is now generally accepted in the entrepreneurship literature that flexible approaches outperform planning approaches under uncertainty. Alvarez and Barney (2005) suggest that, when data and information are readily available, a planning-based approach to decision making is valuable. In fact, Anderson and Tushman (2001) found that technology ventures would plan and base their decisions and organizational fit based on the environment they would *expect* to encounter. Nevertheless, expectations and reality may diverge as market development is shaped by the decisions of many actors and actions, and clarity only exists ex-post (Andries et al., 2013). When there is no reliable information available, planning-based approaches appear to have limited success, because their predictions do not accurately reflect the outcomes in such contexts (Reymen et al., 2015). Alvarez and Barney (2005) suggest that under uncertainty, and when data and information are not valid or readily available, a collaborative and flexible approach to decision making is more appropriate.

One such flexible approach to addressing this uncertainty involves experimenting with the business model. The inability to foresee all feasible business models in advance implies that, as more information becomes available, changes to the business model will be necessary and likely (Pitt and Kannemeyer, 2000). Recent studies (e.g. Andries and Debackere, 2007; Andries et al., 2013) suggested that under conditions of uncertainty, experimenting and redefining the business model is instrumental. This business model experimentation involves actively learning about the environment and incorporating new information and feedback to refine the initial proposition into a viable business model. At the core of this experimentation and exploration is organizational learning. Autio et al. (2000), p. 911 define organizational learning as “the process of assimilating new knowledge into the organization's knowledge base.” Building upon the knowledge accumulated from incorporating feedback from repeated successive experiments improves an organizations experiential knowledge and in turn, reduces the uncertainty of operating in a new environment (Johanson and Vahlne, 1990). Furthermore, when the results of an experiment are negative, the business model will be adjusted and another experiment will begin (Minniti and Bygrave, 2001; Vohora et al., 2004). Hart et al. (2016) note that this sort of exploration is important when developing business models for the base of the pyramid (BoP). Hart et al. (2016), p. 406 highlight that “in exploration that is central to developing business models for the BoP, the focus is on gathering new information that is broad and general on many different ideas and alternatives rather than on analyzing feasibility of any one alternative or opportunity”.

3. Methods

This study investigates how social enterprises develop and scale immature business models. Addressing this research question calls for fine-grained insights into the venture developing and scaling processes unfolding over time (Yin, 2014). Qualitative methods are therefore particularly well suited to conduct this longitudinal study of business model development and scaling (Miles and Huberman, 1984). We documented the development process of the ViaVia Travellers Cafés, with information covering a period of more than 25 years. The oldest information available dates from the ideation phase of the ViaVia Travellers Cafés, i.e. the period preceding and leading up to the first launch.

3.1. Case selection

We purposefully selected an exceptionally rich, and insightful single case (Siggelkow, 2007), namely the ViaVia Travellers Cafés. This is an international chain of cafés, of which the majority are located in developing countries. They are all committed to sustainable tourism and adhere to a social mission, as they aim to serve as a vehicle for socioeconomic development and increased tolerance by offering memorable and joyful intercultural experiences for travelers and locals around the world. The first ViaVia opened in 1995 in Belgium, as an initiative of its parent organization the JAK group, a Belgian group that includes tour operator Joker that has been operating successfully nationally and internationally for over 30 years.

From the start, JAK has valued sustainable tourism with the intent to contribute to socioeconomic development and increase intercultural tolerance. The ViaVias were born out of the idea that sustainable tourism and sustainable collaboration can only arise where sustainable contacts exist. This focus on sustainability is also reflected in the ViaVia vision, stating that the cafés want to (1) contribute to a more open, fair & enjoyable world where people, planet, profit and pleasure are in harmony, (2) connect people, and (3) create a dialogue for learning and amazement in respect of culture and nature.

While the mission highlights sustainability and socioeconomic development through sustainable tourism, the vision clearly articulates the importance of the triple bottom line. In essence, the ViaVias are locally embedded embryos of social, economic and cultural development. Furthermore, they are seen as amplifiers of international exchange and solidarity.

In 2016, 16 active ViaVias were operating on four continents. ViaVia Kathmandu was under reconstruction and therefore temporarily closed, two franchisees – in Zanzibar and Tonsupa - ended the collaboration due to personal choices, and ViaVia Catalonia closed indefinitely. Together, the ViaVias form a hybrid setup that tie for-profit and social-profit operations under the same mission and vision. As such, it is one of the few global social enterprises engaged in the tourism industry.

3.2. Data collection

The data – which cover more than 25 years - was collected in the period 2012–2016 and was organized into a case study database, keeping separate evidentiary data and individual researchers' reports (Yin, 2014). An iterative data collection process involved a first round of 10 semi-structured interviews, which were augmented with secondary data. The interviews focused on the ViaVias' development and scaling practices. They were conducted (a) with senior management and founders of JAK - the ViaVias' parent organization, (b) with ViaVia managers, and (c) with external stakeholders, including one beneficiary and three public organizations who collaborate intensively with JAK. ViaVia Managers were selected in consultation with the senior management of JAK, assuring that (1) they were located on multiple continents, (2) they were involved in ViaVias that were launched at different points in time, and (3) these particular ViaVias would provide rich data on the development process. In addition, the external stakeholders were selected in consultation with JAK's senior management, assuring that both beneficiaries and partners were included. Interviewing multiple stakeholders provided alternative perspectives regarding the business model's development and scaling and allowed for data triangulation. Interviews lasted between 30 min and 2 h and were tape-recorded and transcribed. In addition, researchers took detailed notes during the interviews to link the thoughts and observations during the interview with the interview transcripts later.

In addition to conducting semi-structured interviews, many administrative documents were collected. Privileged access to internal documents, as well as ongoing searches for relevant news and reports were used to create a large database of documented material. Multiple data sources from this database, in addition to the interviews, were utilized throughout the data collection and analysis phase in order to ensure data triangulation. The documents analyzed included (1) formal studies including a published teaching case (Andries and Daou, 2016), a published book by JAK's CEO (Elsen, 2011), and two master's theses (Dobson 2014; Somers and Verbeek, 2015); (2) administrative documents including ViaVia franchise agreements and manuals, award applications, an accepted European Social Fund (ESF) grant proposal, and a company-wide workshop summary; (3) news clippings from local newspapers as well as the websites of tour operator Joker and of each ViaVia. Documents were added at various stages in the data collection process to keep up with the newest material and timely news releases and posts.

This data collection process yielded an accurate historical depiction of the business model's development and scaling (see Fig. 1). The timeline includes ViaVia introductions and closures, with the legal form, ownership structure and business model of each ViaVia being discussed in Table 1. Together, the timeline and table provide an initial impression of how the business model and scaling strategy changed over time.

At the end of the data collection and analysis, a second round of interviews was conducted to corroborate and clarify the preliminary insights with the CEO of JAK and with the owner of one ViaVia in order to assess whether the preliminary insights reflected their experience (Mills et al., 2010). These insights were further corroborated with information from the database sources (Yin, 2014). This provided an additional level of rigor to the methodology and validity of the results. An overview of the interviews can be found in Table 2.

3.3. Data analysis

The data analysis was guided by existing theory within the social scaling and business model literature. By initially relying on existing theoretic propositions, the data collection and analytic priorities were shaped *a priori* to analyze the enterprise's approach to business model development and scaling (Yin, 2014). After conducting and transcribing the interviews, the material was coded. Meaningful central constructs resulted from guidance by existing theory (Eisenhardt, 1989). The interview protocol and coding focused on the following broad themes: access to resources, organizational structure and governance, partner selection, (social) innovation, context, (social) impact, outcomes, network collaboration, and strategy. During the coding phase, memos were also attached to the themes and individual codes to record the relationship to the case and its relevance to theory if possible (Miles and Huberman, 1984). After pouring through the initial data and codes, further concepts not originally utilized and/or covered in the social scaling literature became apparent, including uncertainty, experimentation, and organizational learning in the business model's development and scaling. This insight led to further analysis regarding how each ViaVia is unique and how certain successes and failures from the ViaVias changed the business model and later expansions.

4. Case study results and discussion

4.1. Finding 1: absence of a replicable business model

Contrary to the assumptions in the literature on scaling, ViaVia had not yet developed a replicable model when scaling activities were undertaken. The first ViaVia opened in 1995 in Belgium and the second one opened only two months later in Yogyakarta, Indonesia. The business model had yet to be proven in practice before this international scaling and was incomplete, only including the model's core elements. In particular, the business model's minimum critical specifications for its replication in new contexts were the restaurant and café, a model emanating from the typical successful Belgian cafés. These core elements were expected to generate social value by adhering to international standards of sustainability and socioeconomic development while simultaneously generating sufficient economic value to ensure financial sustainability. Although it was a clear and important goal that the ViaVias should create and capture *further* social value beyond this core business model, how they would do that was not. When the second ViaVia was launched in Yogyakarta immediately after the opening of the first one in Heverlee (Belgium), there was still

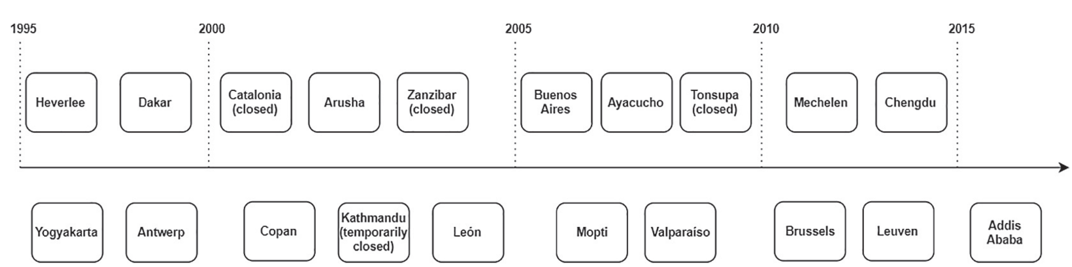

Fig. 1. Timeline of ViaVia introductions and closures.

Table 1
ViaVias' business model diversity.

	Legal Form	Type of Arrangement	JAK-group ownership in ViaVia	Building	Café	Restaurant	Hotel	Travel Support	Incubator	Art Exhibit	Fair-Trade Shop	Artisanal Bakery	Artisanal Ice Cream	Training Programs	Workshops/ Info Sessions	Theater Support	Cultural Events	Live Local Music	Rental Space
Heverlee	Cooperative for-profit limited liability	Joint company	27%	Rented from externals	x	x		x		x					x		x		x
Yogyakarta	For-profit limited liability	Gentleman's agreement	Officially 0%, but in reality 33% of investment	Fully owned by managers, although partly funded by JAK group	x	x	x	x	x	x	x	x		x	x	x	x	x	x
Dakar	For-profit limited liability	Joint company	53%	Rented from JAK group	x	x	x	x		x					x		x		
Antwerp	Cooperative for-profit limited liability	Joint company	27%	Rented from JAK group	x	x		x		x					x		x	x	x
Catalonia (closed)	For-profit limited liability	Joint company	10%	Rented from JAK group															
Copán	For-profit limited liability	Joint company	36%	Rented from JAK group	x	x	x	x						x			x	x	
Arusha	Not-for-Profit limited liability not having a share capital	Joint company	Not applicable	Rented from externals	x	x		x							x		x	x	
Kathmandu (temporarily closed)	For-profit limited liability	Franchise	0%	Rented from externals															
Zanzibar (closed)	For-profit limited liability	Franchise	0%	Rented from externals															
León	For-profit limited liability	Joint company	33%	Rented from JAK group	x	x	x	x							x		x	x	
Buenos Aires	For-profit limited liability	Joint company	34%	Rented from JAK group	x	x	x	x		x							x		
Mopti	For-profit limited liability	Joint company	30%	Fully owned by ViaVia	x	x	x	x		x						x	x	x	
Ayacucho	For-profit limited liability	Joint company	50%	Rented from externals	x	x	x	x		x	x		x	x	x		x	x	x
Valparaíso	For-profit limited liability	Joint company	15%	Rented from JAK group	x	x	x	x											
Tonsupa (closed)	For-profit limited liability	Franchise	0%	Rented from externals															
Brussels	Cooperative for-profit limited liability	Joint company	24%	Rented from externals	x	x		x										x	x
Mechelen	Cooperative for-profit limited liability	Joint company	28%	Rented from externals	x	x		x		x					x		x	x	x
Leuven	Cooperative for-profit limited liability	Joint company	27%	Rented from externals	x	x		x									x	x	x
Chengdu	For-profit limited liability	Joint company	19%	Rented from externals	x	x											x		
Addis Ababa	For-profit limited liability	Joint company	33%	Rented from externals	x	x		x										x	

Table 2
Interviews.

	Interviewee	Organization	Date
1st round	Bob Elsen	JAK group	March 2014
	Bob Elsen	JAK group	March 2014
	Lutgart Dusar	JAK group	November 2014
	Wim Jorissen	City of Mechelen	November 2014
	Caroline Meyers	European Social Fund (ESF) Flanders	November 2014
	Patricia Schoolmeesters	City of Leuven	December 2014
	Rachid Tebani	Biomama (beneficiary of ViaVia Mechelen)	January 2015
	Ingvild Solvang	ViaVia Yogyakarta	March 2015
	Geert Van Vaeck	ViaVia Copan	February 2016
	Pauline Evers	ViaVia Ayacucho	February 2016
2nd round	Geert Van Vaeck	ViaVia Copan	April 2016
	Bob Elsen	JAK group	June 2016

uncertainty about whether the core business model would be accepted and economically viable.

Instead of providing clear guidelines, JAK allowed the ViaVia network to grow in an organic way according to the principle of ‘unity in diversity’. This meant that each new ViaVia replicated the business model's core elements of café and restaurant with a focus on sustainable tourism, but managers were given the responsibility and freedom to decide how these elements would be configured to suit the particular context. Additionally, how the new ViaVia would incorporate additional social value creation was unknown at initiation. It was the local manager's responsibility to develop additional activities that would create further social value once the core model was in place. For example, in initiating the early expansion to Indonesia, JAK provided the core framework to work within, and then gave autonomy to the managers of the new ViaVia to adapt the model both in terms of social and economic value generating elements. Up until today, this initial expansion to Indonesia is considered one of their most effective ones in terms of both social and economic impact creation, and is well accredited. In 2013, the ViaVia in Yogyakarta received the prestigious Wild Asia Responsible Tourism award. It was the first ViaVia to operate a hotel, travel agency, and incubator. Further activities included tourism education and workshops, internships for students in tourism, promoting women's rights in the region, natural disaster relief, and local cultural activities.

We find that the inability to standardize the model's social elements largely comes from the uncertainty about the local contexts in which the ViaVias operate. Contexts are particularly important for social enterprises as they are targeting social problems, which are often local in nature and thus may require greater adaptation over standardization (Yang and Wu, 2015). Social outcomes are not easily replicable. Adding further to this uncertainty, many ViaVias operate in emerging economies, which are known to display institutional voids and have a lack of developed factor markets, thus limiting the applicability of many strategic options developed from different contexts such as those from developed economies (Wright et al., 2005).

We find that, as there is high uncertainty about which business model fits a certain context, planning becomes problematic. Instead of taking a proactive strategy and choosing how, when, and where they will expand to, JAK shows a clear preference for expanding only when an external entrepreneur develops a proposal to launch a new ViaVia. Oviatt and McDougall (2005) note the importance of acquiring foreign market knowledge and organizational learning for entering new international markets and argue that it “moderates the speed at which the venture internationalizes to exploit an entrepreneurial opportunity” (p. 547). Many ViaVia entrepreneurs are knowledgeable about the location they want to establish a ViaVia in, therefore reducing the uncertainty of operating in that context. However, JAK does not use any particular matrix to evaluate the entrepreneur's market and organizational knowledge. The evaluation is less rigid than a typical due diligence. It is mostly a connection between the corporate heads and the hopeful entrepreneur. JAK evaluates the location for the ViaVia, the finances, the local rules and institutions, but much of the risk and decisions is left up to the hopeful entrepreneur. Proposals are evaluated based on the drive and commitment of the entrepreneur, the financial feasibility and potential social impact of the project. As opposed to having a cookie-cutter matrix for evaluating hopeful entrepreneurs and proposals, this ad-hoc evaluation system provides greater decision-making flexibility and is representative of the experimentation approach to scaling that will be further elaborated upon in section 4.2. Each entrepreneur comes with his/her own projects based on the above mentioned core elements. The ViaVia must include the minimum critical specification of café and restaurant, with a sustainable tourism spin. Bob Elsen – JAK's CEO and co-founder - reiterated this externally driven scaling strategy:

> “*We are creating a frame in which they should work. So when they say, did you plan your ViaVias? We know of course there are countries like Canada, Ethiopia in which we are interested, or New York or whatever, but if there is no one who comes with the plan, if there is no one who comes to us, then we don't do it. There should be one or two, preferably two people involved in that project and they have to create. They have to have the feeling.*”

In sum, contrary to the social innovation and scaling literature that adhere to a quasi-linear process of business model development, we see an international scaling of the ViaVias prior to development of the business model's social elements and even before its core economic elements have been proven in practice. Instead of formalizing and exploiting the idea through prototypes or pilot projects, the organization decided to immediately expand to Indonesia and began developing the international brand. While a first approach to dealing with uncertainty consists in reacting only to externally created proposals, a second approach entails experimentation and adaptation, which we discuss in detail below.

4.2. Finding 2: experimentation in scaling – each new ViaVia as an experiment

The externally driven scaling strategy discussed above has resulted in the development of 20 ViaVias, of which 16 are still operational in 2016. The diversity of these ViaVias is striking. While all have replicated the business model's core economic elements, i.e. the restaurant and café, they differ widely regarding additional economic activities and the way they create and capture social value. Each ViaVia is exceptional in legal form and ownership agreement with JAK, but also in design, operations, management, and activities (see Table 1).

Whereas most ViaVias are a joint initiative by JAK and the local managers, the chain also includes three franchises, and even one ViaVia in which JAK invested based on a gentleman's agreement without being legally acknowledged as a shareholder, as the local regulations did not allow for official participation. In the cases where JAK financially invests in the ViaVia, shareholder participation ranges between 15 and 53 percent. As for the buildings in which the ViaVias are located, one is fully owned by the local ViaVia café, some are rented from external parties, and all others are fully or partially owned by the JAK group and rented to the ViaVia. Whereas the majority of ViaVias are for-profit entities with limited liability, one has a not-for-profit legal form. This variation is exemplary of the experimentation approach taken. By adjusting their fiscal participation in each ViaVia, whether it is a franchise that will be subject to a franchising fee or a partnership that will involve greater financial responsibility for the parent organization, they are able to explore the most effective investment and participation amounts across the portfolio.

Furthermore, The ViaVias are completely independent in their operations. The day-to-day tasks are managed independently and this allows for more flexibility and freedom to adapt to the local environment and culture. The parent organization does get involved if they are making a decision that involves investments. However, the parent organization only acts as an advisory and supporting organization. This experimentation with the business model's social and economic elements has resulted from ViaVia managers' autonomy in how they extend the core elements of the business model, and from their embeddedness in the local context.

Bob Elsen reiterated this flexible strategy when he mentioned the often unplanned and organic evolution of ideas that resulted in the ViaVias' current operations. The launch and development of each new ViaVia generally did not adhere strictly to the original plan. Instead, ViaVia managers would refine their activities as new information became available and as they actively gained insights into their environment. Mie Cornoedus, one of the managers of ViaVia Yogyakarta, reflected on their flexibility to new and local information regarding social needs:

> "*The mix of projects is diverse, and we support small projects. This may be seen as spreading ourselves thin and not having that one large impact à la Bill Gates versus malaria. But the point is to remain flexible and able to respond to proposals submitted by individuals and community groups at any time […] Importantly, when looking at it from the perspective of business sustainability, the idea is not always about how much profit is redistributed, but how much positive value is generated from goodwill, from nothing, what we call doing something from nothing.*"

ViaVia Ayacucho (Peru) had to adapt its hotel to local customs. Pauline Evers mentioned how the initial economic offering was adjusted after a while:

> "*We started with the restaurant and bar and 10 hotel rooms. Where we first started with a dorm, as most Viavia' s do […] Though they did not understand the system of a dorm. Even if we explained it ten times […] So actually, we gradually transferred to a normal hotel with private bathrooms.*"

The loose affiliation strategy and flexible approach to how ViaVias create and capture social value, while generating economic value from the restaurant and café, was the cornerstone of the experimentation approach. A benefit of this flexibility and experimentation approach, instead of enforcing a rigid business model to be replicated (e.g. McDonald), is that it allows for quick adjustments to exogenous shocks. For example, according to Geert Van Vaeck, manager of ViaVia Honduras, the coup d'état in 2009 made the tourism sector fall apart:

> "*I think the tourism industry fell by 50%. That means that you must be able to quickly jump into other markets.*"

Geert further mentioned how these shocks inspire novel socially oriented activities:

> "*When we are confronted with another crisis situation, it is very easy to say: 'we fire 10 people now and we'll do the work with the others.' But the problem here lies in the fact that when you lay off 10 people, this results in 10 people that do not have a job anymore, that do not receive a decent wage anymore, that cannot afford healthy food anymore, cannot go to the doctor anymore, cannot send their children to school anymore and so on. We try to do exactly the opposite: we try to make sure that our staff can continue working here and thus maintain their incomes.*"

Similarly, Pauline Evers of ViaVia Ayacucho recognized that tourism was only slowly developing in her area, and therefore decided to forego replicating the travel agency apparent in other ViaVias and instead created social value by developing a fair trade shop. We find that this high level of autonomy and resulting experimentation is not only beneficial for generating economic and social value at the level of the individual ViaVia, but also triggers learning across the different ViaVias and the parent organization, as we will discuss in the next section.

4.3. Finding 3—adaptation and innovation on organizational level

We find that JAK (the parent organization) views each successive ViaVia expansion as a unique experiment, in which modifications and additions to the business model's core economic elements are developed. We find that these individual experiments have influenced the economic and social business model of later ViaVia launches. In particular, we observe that JAK uses the knowledge acquired in developing the social and commercial activities of each ViaVia in order to set up further expansions. In addition, existing ViaVias on the one hand adjust their operations based on the experiences and actions of other ViaVias in the network that have been effective in creating and capturing social and economic value. On the other hand, we also identify learning from failure.

The primary learnings, both from successes and failures, which resulted in adaptations and additions to the original business model, are below:

Development of the social business model. We find that the initial reason for JAK to start with the ViaVias was to be more present in the world. JAK and its tour operator Joker had the objective to offer a sustainable travel experience. The idea was that the locally embedded ViaVia would strengthen the quality of their tourism offer and improve the network's financial position such that it would be able to generate more economic value. Therefore, the first ViaVias that were launched focused mainly on getting the business model's economic elements right, the idea being that the social elements would follow from that. These ViaVias' first steps towards social impact came from their human resources policy. As Geert Van Vaeck, manager of ViaVia Copan (Honduras) mentions:

> "*First of all, make sure your own business works. Make sure you have clients that you sell food and beverages, that you have employees. And after that, put up your first social project in your own business. Your staff, the people working for you that is your first important objective; give them a better life and try to pay them fair wages. If we can start with this that will be a huge step forward!*"

After establishing the core business model, these early ViaVias gradually added social elements to their business model. For example, over the past 20 years, ViaVia Yogyakarta has pioneered many social projects, such as (1) prioritizing local and organic production by small local suppliers, (2) operating the café as an art exhibition for youth and unrecognized artists, (3) operating a fair trade shop that supports the economic enablement of marginalized people and groups by selling locally made handicrafts, (4) providing ecofriendly travel tours, (5) providing staff training opportunities, (6) contributing to annual community events, and (7) providing trainings for aspiring tour guides. As Ingvild Solvang, one of ViaVia Yogyakarta's managers, explains:

> "*It is like putting down the first brick of a new house. Once the idea of the house has been conceived, everyone can add new bricks to it.*"

We see that this awareness that existing ViaVias were able to over time create social value while remaining financially sustainable, provides confidence to newer ViaVias to engage with social projects already soon after start-up. The early ViaVias also form a source of inspiration for later ViaVias, who try replicating some of their predecessors' successful projects and actions. Several ViaVias inquired Geert how he managed his employee contracts during crisis situations, such as the coup in Honduras in 2009. In addition, the ViaVias in Peru, Nicaragua, and Senegal adopted similar practices as those in Indonesia, giving a voice to local art exhibitors and music bands.

Buy rather than rent. The purposeful intention to purchase rather than rent locations resulted from difficulties experienced with landlords in some countries where the ViaVias were operating. For example, the landlords in Dakar were not maintaining the buildings. In Kathmandu, the buildings were even demolished. Bob Elsen noted on the case in Kathmandu:

> "*There we were renting and it was a very old center of Kathmandu. But the owner he broke it down so he could force a larger building, so he could rent it on a better price. But then you have your ViaVia and they put it down and you don't find directly straight away another ViaVia or another place to rent.*"

As a result of this experience, ViaVias prefer buying the locations as it helps to ensure the ViaVias' longevity.

Location, location, location. While the first ViaVias were all located in well-accessible cities, the fifth one, located in a beautiful remote ranch in Catalonia, had difficulties to attract guests and make it economically viable. Based on that experience, it was explicitly decided that all future ViaVias should be in a town center where tourists, locals, and foreigners alike are able to congregate easily.

Not only where, but whom. An important learning pertains to the selection of people and in particular to the need to build on the organization's existing network in order to attract and assess potential new ViaVia managers. As Bob Elsen formulates it:

> "*Most of the ViaVias […] are successful, it's due to the people that are there. They are the strength and the fact that they had the guts to do it. And I think that is one of the first things I learned, that you cannot set up a ViaVia, a good ViaVia, without the guys or the women, or whatever, who have the strength and the will, and the drive to do it.*"

Bob also highlighted *trust with the applicants* as an important factor in deciding which new ViaVias to establish:

> "*The whether-or-not intuitive positive feeling that grows while new candidates present their comprehensive conceptual and financial plan during different meetings is decisive for the final selection. In other words, the sense of having trust in each other is essential.*"

The examples above illustrate organizational learning at the level of JAK. Fiol and Lyles (1985), p. 811 defined learning as "the development of insights, knowledge, and associations between past actions, the effectiveness of those actions, and future actions". Viewing the social enterprise and its business model as the unit of analysis, organizational learning considers that enterprise as a capable observer. It is able to observe its actions, and experiment with alternative actions to identify outcomes and to engage in organizational adjustment in order to improve performance, or ensure financial sustainability (Robey et al., 2000). Fiol and Lyles (1985) further identified four contextual factors that influence the probability for learning and improve the awareness of these capable observers. These include (1) a culture conducive to learning, (2) a flexible strategy, (3) an innovative organizational structure supporting new insights, and (4) the environment. The ViaVia strategy and organizational structure epitomize this. Its experimental approach to international expansion, replicating a minimum core business model but remaining flexible for the implementation of social projects and operational actions, has proven to be highly conducive to learning, not just within each individual ViaVia, but also across the ViaVia network.

Our finding that the management of JAK has learned from this broad range of experiments to improve the business model of later ViaVia launches, is in line with work by Andries et al. (2013) on business model development in high-tech start-ups. The authors argue that these enterprises can develop a portfolio of business models over time, which allows them to learn and adjust their operations as more information becomes available. They noted that "learning about one option can also reduce uncertainty about other options, especially when new business model experiments are related to at least one other business model in the portfolio" (Andries et al., 2013, p. 303). We see that the successes and failures of one ViaVia's economic and social activities are indeed informative for the development of other ViaVias' business models. In particular, the ViaVias' current core business model includes both economic and social elements and has resulted from the multiple business model experiments at each individual ViaVia.

4.4. Conceptual model

Our three primary findings together reflect an iterative process, as illustrated in Fig. 2. Our findings indicate that the ViaVias started from a core business model that was the base of each successive expansion. This core business model only included the Belgian style café and restaurant, which were expected to generate social value by adhering to international standards of sustainability and socio-economic development while simultaneously generating sufficient economic value to ensure financial sustainability. In a second step, each individual ViaVia was set up as an experiment and had the autonomy to adapt elements of the core business model, for instance by de-emphasizing some aspects of travel and tourism in exchange for selling locally made fair trade products, and by innovating with new projects, such as social incubators, art galleries, and hotels/dormitories. Also differences in financial commitment, operational roles, locations, and organizational structure (including not-for-profit and for-profit structures, franchises, and joint ventures) emerged from this experimentation. In a third step of the model, the organization then built on these past successes and failures of previous expansion experiences to adjust the replicable core model, inspiring in turn a new cycle starting with the launch of a new ViaVia experiment. At the center of this cycle is organizational learning. Each successive experiment, successful and not, builds on the organizations experiential

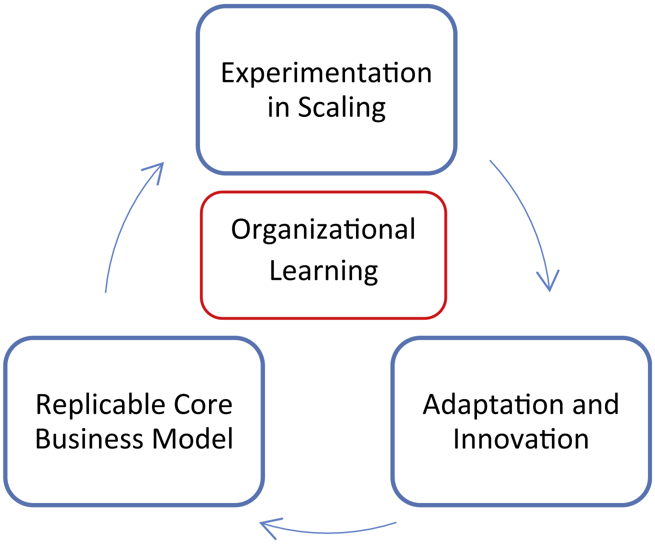

Fig. 2. Business model development and scaling through experimentation.

knowledge. Utilizing a repeated experimentation procedure in which a core set of practices is replicated and built upon, the organization is able to probe new operations in new environments in a quasi-controlled experiment. This iterative process of replication and adaptation implies keeping the core model close to domain of existing knowledge, and in doing so, the organization is able to maximize knowledge generation, thus improving their ability to adapt and improve their model in further experiments, all the while reducing uncertainty (Autio et al., 2000). Autio et al. (2000), p. 912 imply the importance of this sort of procedure for business model development and scaling when they note "knowledge regeneration is important to firm growth."

5. Conclusions and further research

Based on an in-depth study of the ViaVia Travellers Cafés, one of the few social enterprises that has internationalized successfully, we investigated how social enterprises can develop and scale their business model under uncertainty. We find that a social enterprise does not require a proven business model prior to scaling it up. Instead, we propose that in uncertain contexts the business model could instead be developed throughout the scaling process. Social enterprises may view each new expansion as an experiment, and should constantly refine its business model's economic and social elements by learning from this broad portfolio of experiments. These insights also contribute to research on sustainable business models. As Hart et al. (2016), p. 401 state, "existing management theory does not adequately explain how firms can generate local knowledge and innovate to address potential customers with unmet needs and communities in unfamiliar contexts such as rural villages and urban shantytowns." Our study advances the development of a portfolio of experiments as a relevant way of generating local knowledge and addressing local needs in uncertain contexts. In particular, providing sufficient leeway to local managers can allow them to engage in co-development with local stakeholders.

The results of this study should be interpreted in light of its limitations. Utilizing a single case as our empirical window, we recognize that there is a limitation to the generalizability of these findings. There is an accumulation of empirical evidence suggesting that strategic management models that have emerged from developed economies do not fit the conditions prevalent in emerging economies (Narayanan and Fahey, 2005). Although our data limits our ability to challenge this entirely, we suggest that the process presented in this study effectively addressed the significant differences in the contexts between the developed and developing economies that is often claimed as limiting the adoptability of dominant strategy models to emerging economies (Narayanan and Fahey, 2005). Our study also makes two important contributions to the social scaling literature. First, by studying a successful global for-profit social enterprise this paper enriches existing work, which has mainly focused on not-for-profit legal forms and their associated scaling strategies (see for example Bradach, 2003; Dees et al., 2004b; Perrini et al., 2010; Sharir and Lerner, 2006; Tracey and Jarvis, 2007; Uvin et al., 2000) and may not be applicable to the for-profit enterprise. As such, it offers relevant insights for for-profit social entrepreneurs trying to scale. Second, as we propose that scaling and business model development can be intertwined and a simultaneous processes, we challenge and enrich the linear view in the social scaling literature that scaling follows business development (Dees et al., 2004a; Mulgan, 2006; Perrini et al., 2010). Scaling does not necessarily consist of the replication of a proven business model, but can be considered a learning process that incorporates identifying and fine-tuning the business model through a variation of experiments. Moreover, we believe this finding may have implications for the study of scaling strategies in general, and in particular, for understanding 'plural forms', i.e. "the simultaneous presence of both franchised and company-owned outlets in the same network" (Cliquet and Pénard, 2012, p. 159). Whereas the literature on (social) franchising and affiliation is dominated by agency and resource-based perspectives, we advance uncertainty and experimentation as a potential explanation for the existence of plural forms. The ViaVia chain is composed of different forms of legal entities and shareholder structures. In agreement with Alvarez and Barney (2005), this variety results from a collaborative, flexible decision-making approach in venture creation processes under uncertainty. Future research on scaling strategies, both in social and mainstream enterprises, may find this a useful perspective for studying plural forms.

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