CHALMERS
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Scaling for Impact: Organizational Readiness & Scaling Strategies for Nonprofits within the Circular Economy

Master's thesis in Management and Economics of Innovation

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CHALMERS UNIVERSITY OF TECHNOLOGY
Gothenburg, Sweden 2025
www.chalmers.se

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SUMMARY

Societal challenges, such as marine pollution, is complex and often implies uncertain financial return. In contrast to for-profits, nonprofit organizations play an important part since they focus on creating impact rather than generating financial return. Existing theory focuses on scaling operations within for-profit entities and assumes that all nonprofits want to scale. Hence, gaps exist in understanding whether all nonprofit organizations aim to scale and what scaling efforts they pursue. This study aimed to fill those gaps, by conducting a qualitative case study investigating 12 different organizations operating in marine pollution. Based on findings, this study reveals that not all nonprofits aim to scale. It is nonprofit organizations with a proactive strategic posture that will pursue scaling efforts if these align with their core mission. Additionally, organizations that are operationally flexible and financially diversified are the organizations who achieve the greatest scaling reach. Ultimately, this study contributes with two new concepts: *Scaling Readiness* and *Scaling Performance* which provides a more nuanced perspective on scaling. *Scaling Readiness* refers to the organization's internal preparedness to scale, which is shaped by its strategic fit as well as the scaling conditions. *Scaling Performance* suggest that scaling can be done in different ways and to different degrees. Moreover, this study highlights that scaling is not a one-time event, rather it is an iterative process, especially when it is done to scale impact. These findings enhance the understanding of scaling in the context of nonprofit organizations, which is crucial since scaling is needed to match the magnitude of the societal challenge with marine pollution.

Keywords: Circular economy, marine plastic waste, nonprofit organization, scaling, scaling deep, scaling wide, resource dependency, financial sustainability

Acknowledgments

This Master Thesis was conducted during the spring of 2025 in partnership with Peniche Ocean Watch Association (POW), as part of the Department of Technology Management and Economics, Chalmers University of Technology.

Firstly, we would like to express our deepest gratitude to supervisor and examiner, Professor Robin Teigland at Chalmers University of Technology. Your positivity, inspiration and guidance exceeded our expectations and helped us push this thesis further than what we thought was possible. We are proud to present the results of this journey.

Secondly, we extend our sincere thanks to Peniche Ocean Watch Association for trusting us with this project and providing valuable support and insights throughout our master thesis.

Thirdly, we also wish to thank all the case organizations that generously shared their time and experiences with us. Without your participation, this study would not have been possible. It was truly inspiring to see your dedication and tireless commitment to address complex societal challenges that is of great relevance today.

Lastly, we are grateful to Emilia Nicander and Märta Ekvall for their thoughtful feedback and insightful suggestions, which contributed to the improvement of this thesis.

Cynthia Aynedjian & Wilma Karlsson, Gothenburg, May 2025

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1. Introduction

The introduction provides an overview of the main topic of the thesis which involves examining the pathways through which various nonprofits pursue their mission. Specifically, the study covers if and how nonprofits aim to scale their operations to eventually maximize their impact. The main topic of this thesis offers in turn context to the purpose of it.

1.1 Background

In today's society, the use of plastics has become a substantial risk for the environment. The production of plastic emits a large amount of greenhouse gases, contributing to global warming (Shen et al., 2020). Despite this fact, plastics are often designed for disposable items, meaning that the products' lifecycle are significantly limited. In addition, a large amount of the plastic waste is thrown away in the ocean causing harm to the marine ecosystem (Gallo et al., 2018). Marine life ingests or becomes entangled in the plastics, which causes disruptions in their ecosystem. Furthermore, the development of technology that enables overfishing is accelerating, which in turn damages the ocean life as well. The introduced advanced technologies have a higher fishing capacity and consequently depleting the fishing stocks gradually (Perissi et al., 2017). Accordingly, this is a case of technological creep, in which the ethics and environmental issues of the advancements are forgotten. As a consequence of ocean pollution and overfishing, the coastal communities that long have relied on their fishing businesses suffer. A coastal community that has been affected by this is Peniche in Portugal. They have experienced a downfall in their former rigid fishing industry due to the higher competition, as well as the ocean litter. Consequently, the community suffered from significant unemployment levels, impairing the economic situation in Peniche. Hence, it is crucial to prevent and rebuild the communities that are victims for such downturns.

There are different organizational structures, in which different factors are the main drivers for the organization's growth. Generally, organizations are for-profit, meaning that their primary goal is to make profit and maximize their financial gains (Gee et al., 2022). In contrast, nonprofit organizations work towards charitable goals and public good rather than purely profit-driven. Instead of distributing the generated revenue surplus to the owners, they are reinvested into the operation to continuously work towards the main mission (Gee et al., 2022). The reinvestments do not only ensure that the nonprofit can maintain their ongoing operations but is also essential for investments in future growth plans. The nonprofit organizations' missions are often closely related to creating a positive social, cultural or environmental impact. Hence, they commonly aim to address issues that are not beneficial for a for-profit organization. Although these certain organizations are not profit-driven, their operations rely on careful financial planning which can enable meaningful scaling. However, besides ensuring long-term financial stability, the nonprofit has to also ensure that its growth strategies align with their mission to amplify their impact. In comparison to for-profits, nonprofits tend to be more financially vulnerable, which distinguishes their scaling efforts. Accordingly, scaling for nonprofits involves challenges related to mission, resources and stakeholders, which make their scaling process distinct from for-profits' scaling efforts. Since the overarching aim of nonprofits is to address societal problems, it is relevant to investigate their view and approach to scaling, particularly when scaling is emphasized as a tool to increase impact.

A nonprofit organization that is pursuing to become financially sustainable and scaling their operations is Peniche Ocean Watch Associations, a part of the umbrella organization Peniche Ocean Watch (POW). The organization that is based in Peniche, Portugal, wants to accomplish a local blue circular economy by conducting various projects related to the recycling of marine plastics. POW's operations were initiated with the aim to solve Peniche's challenge, as well as other coastal communities that are encountering the same circumstances. Beginning with the intention of fostering an entrepreneurial attitude among the people in Peniche, POW wanted the fishermen to start to utilize their equipment in new innovative ways. Thus, in collaboration with the local fishermen in Peniche, POW today collects discarded fishing nets. The collected plastics then undergo a process of specific steps being, sorting, washing and shredding, to later be extruded into plastic pellets as the final product. Besides creating new job opportunities for the fishermen, POW also collaborates with the national employment center which provides working opportunities for vulnerable groups in the labor market. In order to maintain the pursuit of their mission and expand their impact, POW has to become financially sustainable and form an expansion plan. While theory offers insight into the importance of financial sustainability for organizations, there are limitations regarding practical strategies that nonprofits can employ to achieve stability in their ongoing operations and how these eventually influence their scaling opportunities and efforts.

1.2 Purpose

The main objective of this master thesis is to examine various strategies and pathways through which nonprofit organizations within the circular economy can continue to maintain and eventually expand their impact to fulfill their mission. Particularly, the purpose of this study is to identify what factors influence nonprofits' approach to scale their operations. In order to specify this, various nonprofit organizations engaged in marine plastics will be analyzed based on semi-structured interviews.

1.3 Limitations

Although POW is the partner organization for this thesis, the study will not conduct in-depth analysis of POW itself. This master thesis has focused on other nonprofit organizations, similar to POW, that are or have been facing comparable challenges related to scaling and if they have addressed them, what approach they have taken. Hence, organizations within the sector of marine plastics have been selected for interviews with the aim to gather insights about their perceptions and strategies.

This thesis limits its scope to nonprofits organization, due to their clear focus on mission rather than profit. Although some for-profit organizations working to address similar societal challenges, they also have other motivations that form their operations and strategy. Additionally, there are structural differences between the two organizational forms, for instance governance models, which differs their circumstances related to scaling. Thus, in order to ensure homogenous data, which can be generalized to a common set of organizations the study will exclusively focus on nonprofits. Although the study's focus lies on nonprofit organizations, data from one for-profit was included. The inclusion provided insights into what really is nonprofit specific and what is specific for the sector of marine pollution.

The nonprofit organizations that have been selected for this study work within marine pollution. However, there are some different activities that they focus on, which differs them. Some organizations work with collection of marine litter, some with raising awareness and others work with sales of products made of recycled marine plastics. However, there are organizations that also are responsible for all three activities.

2. Theoretical Framework

The theoretical framework of this thesis includes theory that is well-explored within the area of the study and consequently provides information needed to explain the relevant research concepts. In addition, the theoretical framework also introduces some gaps in the theory, in which this research is aimed to fill.

2.1 Nonprofit organizations

Societal challenges regarding the environment and social sustainability have a central role in today's society. The societal challenges are often complex and implies substantial costs without ensuring financial return. Hence, for-profit organizations are often focusing on other more lucrative businesses. The nonprofits' primary goal is not to generate financial return, they see incentives regarding social impact rather than in the financials. Therefore, it is of relevance to explore what role nonprofits play in tackling the societal challenges of today.

In 1896 Dennis Young highlighted entrepreneurship in the nonprofit sector (Tschirhart & Bielefeld, 2012). Prior, it was stated in the 1700s as self-employment and later the definition was complemented by the definition of an entrepreneur, which was connected to Schumpeter's definition of an innovator (Tschirhart & Bielefeld, 2012). Schumpeter (1934) defines an innovator as: an entrepreneur who presents new ideas, interrupting the status quo and promoting long-term development through technological advancements and creative destruction. Eventually the definition of social entrepreneurship arose, which became popular in the 1980s (Tschirhart & Bielefeld, 2012). The purpose of social entrepreneurship is to create social value, by leveraging innovation (Peredo and McLean, 2006). In addition, it is also highlighted that the social entrepreneur aims to fulfill the social value despite its scarce resources. Thus, there is an ongoing pursuit of emerging possibilities to further achieve the mission related to social value (Dees, 1998). The social purpose of a social entrepreneur is the most explicit, which also means that the creation of profit is not the focus, although it might be a stepping stone (Dees, 1998). Hence, there must be a balance between the focus of creating social value as well as the financial variables, since the loss of revenue might lead to a decreased availability of resources that are needed to fulfill the intended social value (Hull and Lio, 2007).

The concept of social entrepreneurship is closely related to the operations executed by nonprofit organizations. Nonprofits are entities that have a purpose that goes beyond the generation of profit. Nonprofits usually reinvest in their operations and activities, instead of distributing it as profit or dividends (Tschirhart & Bielefeld, 2012). They often rely on external funding and donors, since they focus on leveraging social impact rather than producing revenue from commercial activities (Lu, 2015). Hence, it is particularly important for nonprofits to develop strategies related to the activities of attracting external funding, and governmental funding is often one of the most important ones. Two common characteristic pillars for nonprofits that run higher chances of achieving governmental support are *higher bureaucratic orientation* and *longer government funding history* (Lu, 2015).

Nonprofits have a mission in which they continuously work on to achieve and they often receive resources to be able to pursue and eventually achieve their mission (Tschirhart & Bielefeld, 2012). Hence, there is a need for nonprofits to have a high degree of transparency when operating, in order to obtain the public trust so they can continue with their operations (Tschirhart & Bielefeld, 2012). Since nonprofits do not actively aim to generate profit, they are highly impacted by several stakeholders that are important to keep interested to get the investments that are needed to survive (Tschirhart & Bielefeld, 2012). However, depending on who the stakeholder is there are different ways of maintaining the relationship. Hence, it is critical for the nonprofit organization to identify the stakeholder in terms of their ability to influence the nonprofit and interest in the nonprofit to know how to maintain different relationships (Tschirhart & Bielefeld, 2012). This can be illustrated as a so-called Stakeholder Map, which suggests how a relationship to a certain stakeholder should be maintained.

FIGURE 2.1. EXAMPLE OF A SIMPLE STAKEHOLDER MAP

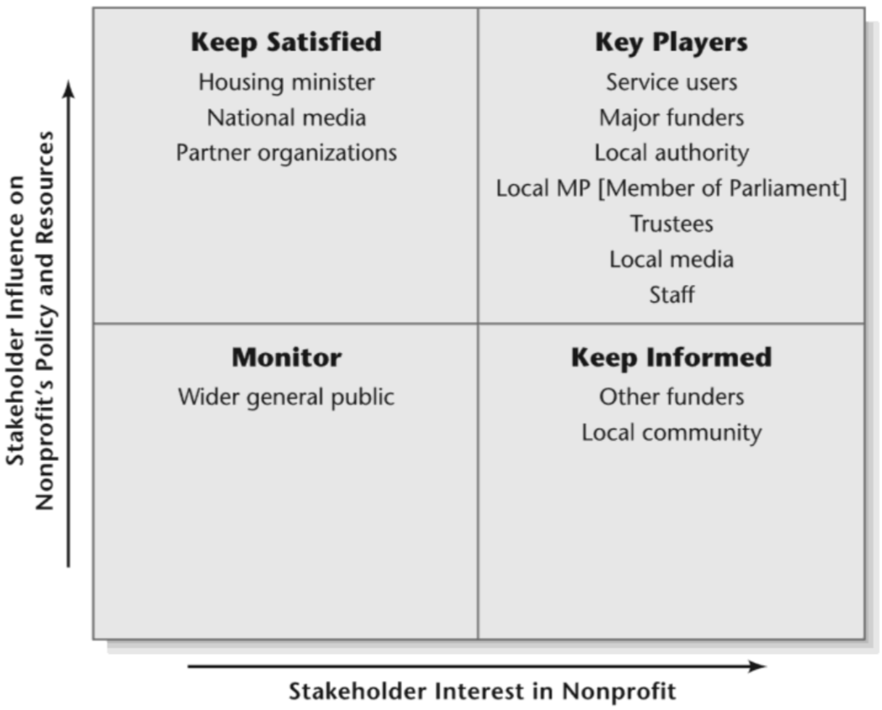

Figure 2.1 - Stakeholder Map (Tschirhart & Bielefeld, 2012)

Furthermore, due to the resource constraints that many nonprofits suffer from, they rely on volunteers to provide the essential workload needed without payment. Hence, the resources that the nonprofit have can instead be distributed to value-adding activities rather than the administrative cost (Matos and Fernandes, 2021). The definition of volunteering is the action of when an activity is given without costs to another entity (Wilson, 2000). Thus, volunteer engagement is crucial for the survival of nonprofits, especially since it improves the organization's capability to reach its intended mission. In addition, some nonprofits also intend to employ working opportunities for vulnerable groups in the labor market. As well as the nonprofits depend on them, they can contribute to a broader social value, by aiming to achieve a social inclusion in the society (Van Opstal et al., 2024).

2.2 Circular Economy

The concept of a circular economy is connected to addressing the environmental challenges that are prominent today. Still, limited initiatives related to the concept of circular economy have been implemented in the for-profit sector. The circular economy approach could be beneficial for nonprofit organizations with constrained resources, since a circular economy business model can optimize the use of resources. Additionally, the concept circular economy could bridge the gap between financial sustainability and the social mission of the nonprofit organization. Hence, the concept circular economy is of interest when researching scaling opportunities within nonprofit organizations.

Camilleri (2018) emphasizes that the industrial revolution paved the way towards a throwaway mindset which in turn has affected the consumption behavior our society has today: "take-make-consume and dispose". This linear model assumes that resources are unlimited. Boulding (1966) highlights that the linear model needs to be replaced by a circular model, since the earth's resources are scarce and the capability of waste absorption is limited. Korhonen et al. (2018) defines circular economy as a system that optimizes the use of material and energy in a cyclical flow. Circular economy systems should align with the three different dimensions of sustainable development: economic, social and environmental. Ultimately, Korhonen et al. (2018) emphasize that society should use natural resources in a way that respects ecological limits. This aligns with Suárez-Eiroa et al. (2019) who emphasize different principles to achieve a circular economy system: *adapting inputs according to ecological renewal rates, adapting outputs in relation to absorption capacity, closing material loops* and *educate and spread awareness.*

According to Barnes (1982) companies seldom threw away waste before the industrial revolution, the waste was instead reutilized or recycled. To shift the linear model and become circular again Suchek et al. (2021) emphasize that radical changes in behaviors, societal values and norms are needed. Taddei et al. (2024) highlights five major types of barriers that organizations who aim to adopt a circular supply chain face: economical, technical, legislative, organizational and social. Examples of such barriers are high initial costs, insufficient training and educational programs, absence of tax regulations and incentives, lack of organizational commitment and trust, and reluctance toward disruptive changes.

Moreau et al. (2017) highlight the importance of the social dimension in the concept of circular economy. In order to achieve a circular economy, substantial social and institutional changes are needed. Mies and Gold (2021) further emphasizes that the social dimension is essential to achieve a sustainable system. The three major aspects in the social dimension that Mies and Gold (2021) highlight are: shift in organizational and societal mindset, coupled with education and awareness initiatives, and active inclusion of diverse stakeholders throughout the transformation process. Additionally, legislative support has an important role in supporting the transformative process. Hence, shifting to an ethical and value-based approach to the circular, instead of focusing on profit could be crucial for establishing a sustainable system.

2.3 Financial Sustainability

The financial sustainability needs to be considered to ensure that a nonprofit organization can continue with their social mission on a long-term basis. They need adequate financial assets in order to invest in the operations that enable them to generate social value. Hence, the financial sustainability requires to be examined in the context of nonprofit organizations.

The concept of sustainability arose in the 1970s on the United Nations Conference on Human Environment (Carlisle, 1972). Sustainable development is about securing that the needs of the present are met without threatening the future generations to meet their needs (Brundtland, 1987). From the concept of the broader term of sustainability, the concept of the Triple Bottom Line emerged which extends the definition of sustainability (Elkington, 1994). The TBL framework is aimed to be utilized when measuring the performance of a business, emphasizing the need of balancing three key perspectives: social, environmental and economic sustainability (Elkington, 1994).

Financial sustainability addresses the long-term security related to an organization's finances (Gleißner, 2022). Thus, a company's financial management must secure the success of its present financial performance without undermining the financial success of the future (Brundtland, 1987). Since the financial sustainability signals how well the nonprofit organization is performing financially, it will have an impact on the ability to attract investors in the business (Modi & Sahi, 2022). It is critical for the nonprofit to be able to identify the intentions of the potential donors, in order to be able to secure more funds.

There are two different strategies in organizational culture that have an impact on how well an organization can get financial help to withhold their business. Hence the selection of strategic orientation that impacts the actions and behaviors of an organization is of essence. Market orientation (MO) is when the organization is engaged in fulfilling the needs of the external stakeholders (Narver & Slater, 1990). In contrast, internal market orientation (IMO) is instead focused on internal stakeholders, such as volunteers, and understanding their needs (Narver and Slater, 1990). It is highlighted that nonprofits that are more market-oriented have the benefits of being more likely to meet their external stakeholders needs and hence also attracting more donors.

However, demonstrating its financial sustainability and having a market-oriented culture is not sufficient for an organization in order to secure funding from donors. It is also critical to emphasize the impact the nonprofit has to secure the necessary funding from donors (Hehenberger and Andreoli, 2024). Showcasing the impact the nonprofit contributes to includes the non-financial values, such as environmental and social dimensions.

2.4 Resource Dependency Theory

This study employs the theory of resource dependency to highlight the effects of receiving resources from external stakeholders. Besides fully relying on revenue-generating activities, nonprofits can receive grants and sponsorships, which leads to the organizations being more resource dependent. Hence, it is critical to consider resource dependency and the risks of it, since it is a common concept among nonprofits when they are aiming to maintain or expand their activities that are not self-sustaining.

A resource is defined as anything that is utilized and consequently can contribute to the organization in order to fulfill a certain objective or achievement (Sheppard, 1989). The degree of concentration of resources can vary and thus affect the resource diversity that one organization has (Pfeffer and Salancik, 2006). For nonprofit organizations, diversified revenue streams are achieved by being provided by various resource suppliers. On the other hand, nonprofit organizations with concentrated revenue streams have a few other organizational goals and missions to relate to, since they usually have fewer external stakeholders.

Resource dependency is referred to as the degree to which an organization relies on external providers of resources (Pfeffer & Salancik, 1978). When organizations are not self-sufficient it is critical for them to receive resources from external providers (Lan, 1991). The theory of resource dependency was developed by Pfeffer and Salancik in 1978, explaining that organizations can rely on external entities concerning the inflow of resources. The resource influx that is managed by external stakeholders is accordingly also influencing the survival of the organization, since they are dependent on the external entity to maintain their activities (Pfeffer and Salancik, 2006). Hence, a vulnerability and imbalance in power might occur.

When receiving resources from external stakeholders, it is critical to be aware of the power imbalances that can take place (Lan, 1991). Since, the survival of the nonprofit will depend upon the resources it will receive, it is essential that the desires of the providing stakeholders are fulfilled along the main social objective of the nonprofit (Moore, 2000). However, it is emphasized that the aspirations of the external stakeholders should not be prioritized over the primary objective of the organization (Seo, 2018). Simultaneously as the resource providers can support the survival of the nonprofit, they can also damage the accomplishment of the social value that the nonprofit is working towards. In addition, the environment is seen as dynamic and thus the demands of interest groups can also change, in which the nonprofit has to adapt to (Pfeffer and Salancik, 2006).

In order to reduce the risk of becoming controlled by the external stakeholder and consequently also deviate from the main goal, the nonprofit should develop preventive strategies. By expanding and diversifying the revenue sources, the organization becomes less dependent on one single organization and hence the risk of addressing power abuse is reduced. (Froelich, 1999). Another strategy is to form an alliance and make partners to secure and share the needed resources (Hillman et al., 2009).

2.5 Scaling

Typically, nonprofit organizations aim to contribute with a larger impact as a part of their scaling strategy. However, extensive theoretical frameworks emphasize on scaling in terms of quantitative values rather than qualitative. Hence, the scaling frameworks are often designated for for-profit organizations and there is consequently limited attention to how nonprofit should scale. In addition, nonprofits have various stakeholders which might have contradictory views of scaling. The different views that nonprofits have to address might complicate the design of a general framework of how a nonprofit should scale, or whether it should scale at all. This section presents existing relevant theory regarding the scaling of organizations, as well as the capabilities needed to scale a social enterprise.

2.5.1 Scaling Organizations

There are major differences concerning organizational goals, human resources and management when comparing for-profit and nonprofit organizations (Gee et al., 2022). In terms of human resources, nonprofits more often utilize unpaid volunteers and have a few paid employees, while for-profits have higher monetary compensation (Gee et al., 2022). Considering the major differences between for-profits and nonprofits, strategies must be significantly different when aiming to scale. However, limited attention has been given on the phenomenon of scaling nonprofits. Therefore, it is of interest to explore how today’s nonprofits' view and approach scaling.

Scaling requires an organization to operate effectively when expanding. *Scalability* is defined as an organizational capability (Coviello et al., 2024). Scalability does not solely relate to the operations of expanding the organization’s resources. It is a dynamic process to manage the integration of digital tools, leadership competencies and establish internal processes to develop the organization in an effective way, while staying true to their mission. In contrast, *scaling* is defined as an organizational process (Coviello et al., 2024). The scaling process has different characteristics depending on how the scaling is executed. For instance, the process could be influenced by either the management, the timing, the internal processes and lastly the strategic decisions (Coviello et al., 2024).

Jabłoński (2016) emphasizes the importance of adaptability, since it affects the organization’s scalability. Adaptability is defined as the organization’s ability to adapt to the continuous changes in the organization. Further Jabłoński (2016) describes that adaptability is key to stay resilient and proactive to balance stakeholders’ objectives with the social mission. In addition, replicability is defined as the organization’s capacity to reproduce or adopt organizational structures, practices and methods (Dees et al., 2004). Another important dimension of the scaling process is transferability. An organization’s transferability is influenced by the focal organization’s adaptability, structure and culture. The transferability unites the concepts replicability and adaptability, since pure replication is rare due to diverse settings and therefore needs to be adapted (Weber et al., 2012).

An organization who aims to scale must consider what to centralize and decentralize. Centralization is defined as the process of centralizing the decision-making to the highest level of the organization (Jong and Faerman, 2023). In contrast, decentralization means reallocating the decision-making from the central point to different parts of the organization (Jong and Faerman, 2023). Decentralization facilitates flexibility and enhances the organization's ability to adapt to local conditions, while centralization ensures control. On the other hand, centralization also risks overinvestment, and decentralization implies challenges regarding coordination and misalignment.

Another key aspect that the focal organization must consider is what to vertically integrate and what to outsource. Peter Drucker once said, "Do what you do best and outsource the rest!" (Grant 2022, p.233). Grant (2022) defines vertical integration as an organization's ownership and control of the vertical process in the procurement of a product. The benefits of being vertically integrated includes cost savings and coordination benefits. Cost savings occur when a production firm can utilize the same machine for different steps in the production process and minimize transaction costs since negotiation costs are less when the firm is vertically integrated. There are also coordination benefits related to vertical integration, this is the case especially for firms that offer highly complex products, since the vertical integration facilitates coordination and faster decision making (Grant, 2022). However, vertical integration also implies substantial costs. There may be variations in the optimal scale in the different phases of the value chain, the need to establish distinct capabilities, challenges regarding managing totally different businesses, incentive problems, investing in a low-potential business, and cumulative risk (Grant, 2022).

Table 2.1 - Framework for facilitating the decision regarding vertical integration (Grant, 2022)

Characteristics of the vertical relationship	Implication
How many firms are in the vertically adjacent activity?	The greater number of firms, the less advantageous is vertical integration
Do transaction-specific investments need to be made by either party?	The greater the need for transaction-specific investments, the greater the advantages of vertical integration
How great is the need for coordination between two stages?	The greater need for coordination, the greater the advantages of vertical integration

How great is uncertainty over the period of the relationship?	The greater the uncertainty, the more incomplete is the contract and the greater the advantages of vertical integration
How similar are two stages in terms of the optimal scale of the operation?	The greater dissimilarity, the less advantageous is vertical integration
How strategically similar are the stages?	The greater dissimilarity, the less advantageous is vertical integration
How critical is the continual upgrading of capabilities in the adjacent activity?	The greater the need for capability development, the greater the disadvantages of VI
How important are profit incentives to performance in the adjacent activity?	The greater the need for high-powered incentives, the greater the disadvantages of vertical integration
How uncertain is market demand?	The more unpredictable the demand, the less advantageous is vertical integration
How great is the risk that each stage is an unreliable supplier to (or buyer from) adjacent stages?	The greater the risks at each stage, the more vertical integration compounds the firm's overall risk

2.5.2 Scaling Deep and Wide

The scaling process has proved to be particularly difficult for local nonprofit organizations, due to the social impact sector usually experiencing less economies of scale. Therefore Nardini et al. (2022) has developed a T-shaped scaling framework for nonprofit organizations. The T-shaped framework refers to scaling deep and scaling wide. Dees (2008, p.18) define scaling social impact as "increasing the impact a social-purpose organization produces to better match the magnitude of the social need or problem it seeks to address".

Scaling deep is defined as "community-based approach to understanding the challenges a community faces and designing innovative local solutions that address the circumstances at the root of those challenges" (Nardini et al., 2022, p.257). Strategies related to scaling deep are for instance building partnerships with important stakeholders, engaging public support and developing strategies tailored to the unique characteristics of their communities. Important stakeholders include people or organizations that have the ability to influence. It is crucial to truly address and understand the local needs and create close relationships to be able to scale deep. Scaling wide is instead defined as modifying and applying the deep scaled solutions to other communities (Nardini et al., 2022). Strategies related to scaling wide are for instance creating a network, developing a cooperative framework and collaboration to enhance capacity and social impact. It is crucial for the nonprofit organization to have sufficient organizational capacity and funding to be able to scale wide. However, organizations that are adequately funded also struggle with scaling their operations to other communities, which indicates the complexity of scaling wide. Nardini et al. (2022) emphasize that a major barrier for local nonprofit organizations when scaling wide is connected to the local aspect. Since the local nonprofit organization focuses on addressing the focal community's challenges, the same solution may not have the same effect in another community. This could be due to the underlying causes and circumstances, instead of a particular need (Nardini et al., 2022).

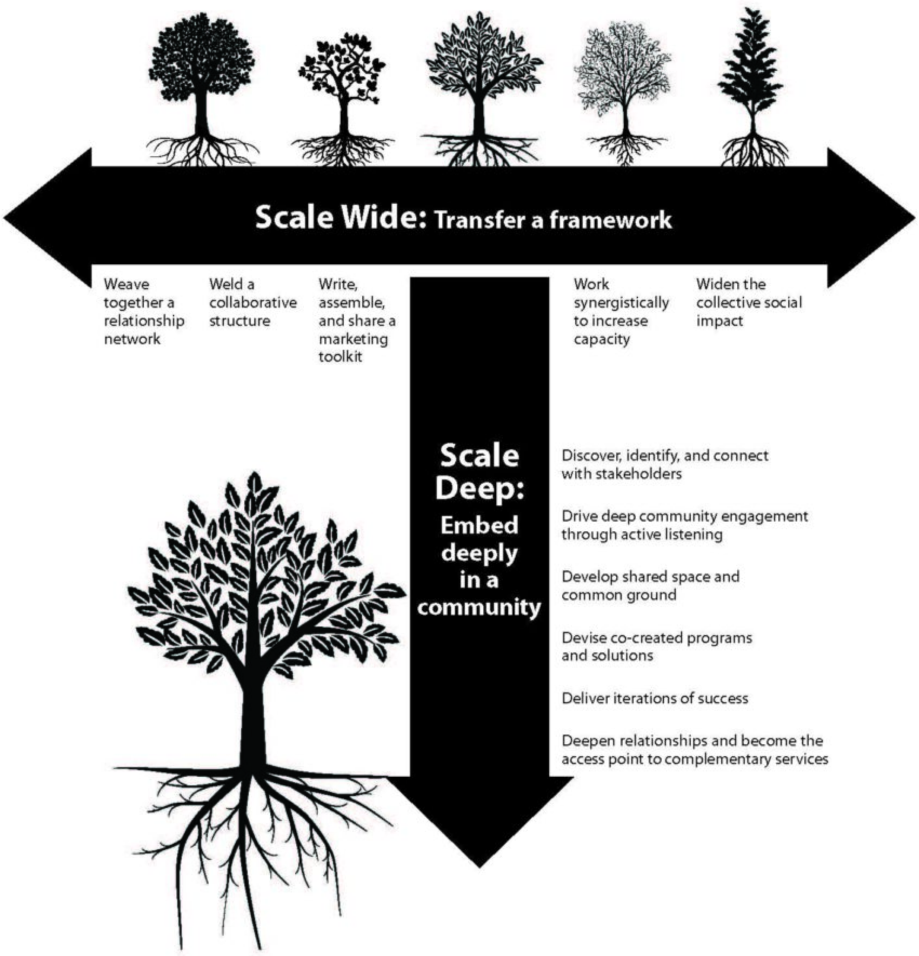

Figure. 2.3 - Scaling Framework Nardini et al. (2022)

Nardini et al. (2022) addresses the trade-off between efficiency and the ability to acknowledge and respond to challenges. This trade-off occurs when local nonprofit organizations are trying to scale their social impact. Because when the organization focuses on efficiency and scaling their operations, they may become less proactive and fail to leverage social value.

2.5.3 Organizational Capabilities for Scaling

It is critical to have sufficient resources that enable the scaling of a nonprofit organization. An expansion plan should be shaped based on the specific context of the organization. Hence, an assessment of the organization's existing resources as well as the market opportunities will determine the pathway of the scaling (Shah et al., 2013). As well as developing new resources that are needed to expand the organization, it is crucial to balance it with the existing resources that the organization possesses (Wernerfelt, 1984). Thus, an organization needs a set of certain capabilities in order to achieve its desired outcome. The organizational capability is its capacity to apply resources to implement the needed tasks leading to the outcome (Spanos & Prastacos, 2004). Since nonprofits are in need of balancing financial sustainability with their environmental and social objectives, it is of essence to develop a synergy of certain capabilities that support the interplay between the diverse objectives (Xiao, 2024). This also holds when scaling the organization. In order to scale a nonprofit organization, it must entail a number of capabilities that are considered as the main drivers for growing and scaling a social enterprise. The capabilities are formed to address the challenges that are specific for nonprofit organizations, as well as maximize their social impact (Gauthier, 2019).

According to the SCALERS framework designed by Bloom and Chatterji (2009) there are seven organizational capabilities that lead up to a successful scaling of a social enterprise. The different capabilities are distinct as well as they have some interrelatedness. Additionally, the capabilities indicate to be dynamic, as their importance shifts in relation to the condition and context that the organization faces. However, the nature of the capabilities introduced in the framework are generally focused on the external capabilities. Hence, there are some limitations when considering how internal capabilities influence the ability of scaling the organization (Xiao, 2024). The first capability mentioned is *Staffing*, which is the effectiveness of recruiting the needed staff or expertise to perform the job in question (Bloom & Chatterji, 2009). Organizations that hold the staffing capability can increase their impact significantly when recruiting people and develop the needed skills. However, the importance of the staffing capability depends on the extent of labor-intensive processes that the organization relies on. For instance, if an organization highly relies on labor-intensive processes, the need for the staffing capability is high. However, in cases where the labor can be replaced by automatized processes, the capability decreases (Gauthier, 2019). Hence, it is evident that the capability and the need for it for scaling is dynamic.

Another organizational capability that is mentioned to be a driver for scaling is *Communicating*, which highlights the effectiveness in persuading the stakeholders to support the expansion (Bloom & Chatterji, 2009) . Since the nurturing of social engagement leads to stronger social impact, communication becomes critical when scaling. For instance, the organization can attract new clients, as well as employees, when communicating effectively. However, there is a saturation point in which communication becomes less important and effective. When the public already is aware of the organization and have been persuaded, there is no need to focus on communication (Gauthier, 2019).

The third organizational capability highlighted as needed to be able to scale the organization is *Alliance-building*, involving the development of connections to external actors. (Bloom & Chatterji, 2009). When collaborating with other organizations, the capability of staffing does not become as critical, since the resources needed to scale might be provided by the partner. In addition, it is important to have clearly defined roles and responsibilities when forming an alliance in order to be able to reach the potential of the alliance (Gauthier, 2019).

Lobbying is the fourth capability mentioned, which emphasizes the ability to influence governmental actions to benefit the mission of the organization (Bloom & Chatterji, 2009). Similar to the Communicating capability, Lobbying also recognizes the power of stakeholders, but more specifically governmental stakeholders which involves the selection of a legislative and regulatory pathway. Moreover, the relevance of lobbying decreases when the needed support already exists (Gauthier, 2019).

Possessing the ability to generate a financial surplus, is also acknowledged as an important organizational capability, which is defined as *Earnings Generation* (Bloom & Chatterji, 2009). The capability of generating earnings is interrelated with other capabilities depending on the organization's business model. For instance, in some cases staffing might lead to more earnings and in other situations, alliance-buildings might. Additionally, earnings generation is also self-sustaining, as it may serve as a strategy to engage investors (Gauthier, 2019).

Replicating is the sixth capability in Bloom and Chatterji’s framework of scalers, which refers to the organization’s ability to reproduce its offerings beyond the geographical limitations (Bloom & Chatterji, 2009). Hence, this requires that the solution that the organization is offering can easily be transferred to other geographical areas without any decline in revenue or quality (Bloom & Smith, 2010). Nevertheless, replicating the solutions offered is not always necessary, especially when the beneficiaries are specific for one location (Gauthier, 2019).

The last capability that is highlighted as necessary to scale a social enterprise is *Stimulating Market Forces,* which involves strategies in incentivizing interests in creating the social enterprise (Bloom & Chatterji, 2009). The importance of stimulating market forces depends on to which degree economic incentives influence the behavior of interested parties (Gauthier, 2019).

2.6 Specification of Research Questions

The differences between nonprofit and for-profit organizations are critical when shaping the strategic objectives and decision-making processes. For-profit organizations mainly focus on profit generation, while nonprofit organizations instead are driven by social and environmental impact. Thus, nonprofit organizations prioritize non-financial objectives over financial performance. Consequently, the dimensions that the different types of organizations are working towards affect their approach for growing and scaling the organization.

When scaling, for-profit organizations are willing to expand in terms of maximizing the returns. In contrast, theory emphasizes that nonprofits aim to increase their social impact and therefore their scaling decisions are less driven by profitability and more by the achievement of their mission. However, existing theory ultimately assumes that nonprofits seek to scale their operations, and the decision-making behind whether to scale or not has not been sufficiently explored. This leads to the following research question:

RQ1: *To what degree do nonprofits operating within the circular economy aim to scale their operations and impact*?

In cases where nonprofits are seeking to scale their operations there is a need of understanding to what extent they are engaging in scaling efforts. Furthermore, scaling can be implemented in different dimensions, for instance deep and wide. The various dimensions lead to different views of what scaling actually means and how it can be achieved. As a result, it is relevant to explore:

RQ2: *If nonprofits aim to scale, what scaling strategies are they pursuing?*

To enhance the scaling process for nonprofits that are attempting to scale, it is essential to identify potential challenges that may occur. Understanding these challenges results in new insights which allows organizations to avoid them and implement better practices. Hence, when considering the two above mentioned research questions it is critical to highlight the barriers that are unique for the nonprofits operating within the circular economy in contrast to traditional sectors.

3. Methodology

This section explains how the research was conducted, containing the chosen research strategy, research design, data collection and analysis that ensured that the findings were of adequate research quality. Lastly, the case organizations which the study investigated are presented.

3.1 Research Strategy

In the consideration and choice of research strategy, the characteristics and aim of the study was taken into consideration. Since this thesis aimed to identify what factors influence nonprofit's approach to scaling, the research strategy in this study is of qualitative nature. Bell et al. (2022) mentions that qualitative research focuses on words and visual data and is an inductive method. Inductive method refers to generating new theory from research. Pyo et al. (2023) emphasize that quantitative research strategies are commonly used for studies that evolve from clearly defined problems, while qualitative research strategies are appropriate for studies with an explorative nature.

Since the relationship between financial sustainability and scalability for nonprofit organizations is complex and thus requires deep insights, there is a need for a qualitative research strategy. However, the possibilities of creating a general implication framework are limited, since local nonprofit organizations experience extremely diverse settings. Hence, a truly inductive research strategy may not be suitable for this study. Instead, an abductive method may be suitable. An abductive method combines inductive and deductive strategies (Minnameier, 2010). The abductive method is flexible, as it explores findings and compares it with existing literature iteratively (Pierce, 1934).

3.2 Research Design

When the research strategy is selected it is necessary to determine the most appropriate research design that aligns with the certain research that is to be conducted (Bell et al., 2022). The selected research design for this research was a qualitative study with semi-structured interviews with other organizations to discover a broader phenomenon. This research design allowed exploration of patterns among the different case organizations, by comparing similarities and differences between them (Bell et al., 2022). Accordingly, there is a consistency of the parameters that are compared.

The selected sampling strategy was purposive, meaning that the selection of participants was based on predetermined criteria (Patton, 2002). Accordingly, the research can ensure the attainment of valuable insights from each participant, recognizing its relevance to the research objective (Patton, 2002). The criteria on whether an organization should be included in this study involve nonprofit organizations working actively in the field of marine litter. However, a single for-profit organization was included in the scope to discover parallels between nonprofits and for-profits. The reason why it was included is to prove that it is self-sustaining in the same context that the nonprofits operate within.

3.3 Data Collection

The selection of methods for data collection is the foundation of a research project. The gathered information that later will be analyzed, must have the quality that improves the validity and reliability of the research findings. Hence, it is of essence to carefully select the proper methods of data collection that align with the research objective and questions. In order to select the most suitable method for data collection, the nature of the data that will be analyzed has to be considered. There are two different categories of data: qualitative and quantitative (Bell et al., 2022). Qualitative involves non-numerical information and is rather illustrated with explanations, expressions and illustrations (Bell et al., 2022). In comparison, quantitative data are numerical and can be measured (Bell et al., 2022).

In this study, qualitative data have been processed. Therefore, the choice of method for data collection was of qualitative nature. Since the aim of the research was to discover how nonprofits scale it was suitable to conduct semi-structured interviews. The interviews followed a predetermined plan but kept the flexibility in terms of allowing the interviewee to talk about the perspectives it believes is the most critical (Kallio et al., 2016). Consequently, unexpected insights emerged, which led to a more in-depth understanding that contributed to the research (Kallio et al., 2016).

The study interviewed 12 case organizations, working either with collection and raising awareness of marine litter, or producing products from recycled marine litter. The case organizations were discovered through a keyword-based search, in which keywords such as nonprofit organization, marine litter, recycling and ocean plastics have been searched on. In addition to the keyword-based search, snowball sampling was also employed in order to find relevant organizations. Hence, the organizations that have been interviewed were asked if they had recommendations on other organizations with similar business models the study could interview. The role of the interviewee depended on the type of organization. If the organization had a department that is responsible for working with marine litter, then the project manager of that field was selected for the interview. However, in cases when the whole organization worked with marine litter, the person responsible over the economics of the organization was contacted.

3.4 Data Analysis

Bell et al. (2022) emphasize that thematic analysis is one of the most commonly used methods for data analysis in qualitative studies, and it was used in this study as well. The main advantage with thematic analysis is the flexibility of the approach, since it allows the researcher to analyze several types of data and to create and adapt themes accordingly (Bell et al., 2022). To reveal themes relevant for the research questions from the collected data, the following aspects was taken into consideration: *repetitions* of subjects, *transitions* in subjects*, similarities and differences* how the subjects are discussed among interviewees*, linguistic connectors* such as ‘since’ and ‘because’ can reveal casual links in participants thinking*, missing data* by emphasizing what is not in the data and *theory related material* by considering what data that relates to a focal theory and can be a start of a theme (Ryan and Bernard 2003). Another important aspect is to read through the collected data at least two times to be able to identify patterns and themes (Ryan and Bernard 2003). Ryan and Bernard (2003) further emphasize the more the merrier is the concept to follow in the process of collecting and identifying themes. However, it is important to assess what themes are the most important ones, and how they are interrelated.

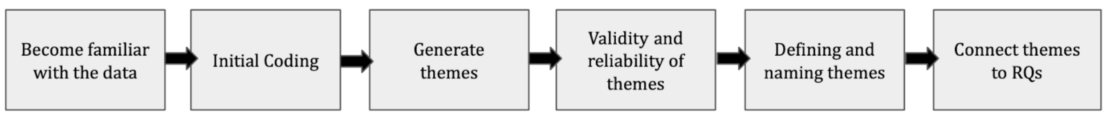

Figure 3.1: Six-step model for thematic analysis (Braun and Clarke, 2006)

Although this study has been conducted with a thematic analysis method, the coding process has followed the Gioia structure. The Gioia methodology distinguishes between first-order codes and second-order themes, which then are summarized into aggregated dimensions (Gioia et al., 2013). The coding process was first done individually by the two interviewers to identify the first-order codes. When the first-order codes were identified separately, they were discussed to conceptualize the second-order themes. Lastly, the aggregated dimensions were identified. In cases of diverse perceptions regarding the themes, the interviewers discussed clarifying their thoughts in order to find mutual themes.

Figure 3.2: Overview of the data structure from the Gioia methodology

3.5 Research Quality

When conducting research, it is of essence to ensure that the quality of the research is acceptable. The aim of the assessment of the research quality is to ensure that there is not any misinformation and that the findings are accurate and useful. Additionally, an acceptable quality level verifies that the resources spent on the research will lead to valuable results. The original criterion of assessing research is mainly intended for quantitative research. Hence, there are conflicting opinions among researchers regarding whether the established criteria should be employed or if a newly developed framework intended for qualitative research is more suitable (Bell et al., 2022). Accordingly, reliability and validity, which are the two criteria used when evaluating the quality of quantitative research, have been adopted to align with the nature of qualitative research (LeCompte & Goetz, 1982).

Reliability concerns replicability and hence to which degree a study can be replicated (Bell et al., 2022). There are two types of reliability, internal and external. External reliability refers to the degree to which another independent researcher can capture the phenomenon in the same setting. However, since qualitative research often occurs in a natural setting, which is dynamic, there are issues with replication in matters of uniqueness. LeCompte and Goetz (1982) highlights the impact that the social status of the researcher has on the findings. It is emphasized that the social status of the researchers influences the access of information and consequently shapes the outcome of the collected data. Hence, it is critical for the quality of the research to provide a clear description of the research including the contextual factors, to ensure the reliability. In this study the role of the master students at Chalmers University of Technology was clearly communicated to the interviewees. The other type of reliability, the so-called internal reliability, involves how the interpretation of data is developed between different researchers (Bell et al., 2022). In order to secure a high internal reliability in qualitative research it is encouraged to have several researchers present during the data collection, as well as detailed records that are minimally modified (LeCompte & Goetz, 1982). Accordingly, both researchers of this study were present during the interviews and the interviews were also audio recorded as well.

Validity refers to the extent to which the research findings are actual representations of the practical realities. Similar to reliability, validity also has two types: internal and external. External validity addresses how well the findings can be generalized to other cases besides what is studied (Bell et al., 2022). In comparison to quantitative research, qualitative studies are often conducted on a smaller and narrower group, complicating the opportunities of generalizing the findings into other cases (LeCompte & Goetz, 1982). The issue can be addressed by employing a multisite research design, adopting a broader sample and consequently enabling comparison between cases (LeCompte & Goetz, 1982). This study has interviewed various organizations in different locations and contexts in order to increase the external validity. Regarding internal validity concerns the accuracy of research findings and ensuring that the results are not influenced by any biases (Bell et al., 2022). Qualitative studies, in contrast to quantitative, involve research with a dynamic and social setting, in which the researcher is a part of (Bell et al., 2022). Hence, there is a large risk that the collected data might be manipulated by the researcher (LeCompte & Goetz, 1982). In order to prevent data manipulation in this study, a participant debrief took place, in which the outcomes of the research were shared with the interview participants, providing the opportunity for them to clarify if any confusions or misunderstandings have occurred.

3.6 Case Organizations

In this section, the organizations that have participated in in-depth interviews for this particular research are presented. The shared characteristics among the selected organizations are that they are nonprofit organizations working with addressing the problem regarding ocean litter. The organizations work with diverse questions related to collecting, recycling, or raising awareness of ocean litter

Table 3.1 - Summary of investigated case organizations.

Org.	Location	Organizational form	Overview
A	Scandinavia	Social limited company	The organization's operations involve the collection of ocean litter. They finance their activities by selling consumer goods, employing a subscription model and through corporate partnerships. They have 10 paid employees.
B	Mediterranean	Nonprofit	Main operations are related to collecting discarded fishing nets and raising awareness.

Org.	Location	Organizational form	Overview
			Financed through corporate sponsorship, donations, EU project funding. Contains 25 paid employees.
C	Scandinavia	Nonprofit	The organization collects ocean litter and raises awareness regarding ocean litter. They are financed through donations, corporate partnerships and grants. They are 29 Paid employees
D	Scandinavia	Nonprofit	Main operations are collecting ocean litter and raising awareness about ocean pollution. They are financed by donations, revenue shares with corporate partners. They involve 9 volunteers.
E	Scandinavia, Australia	Nonprofit	Key activities involve collection of ocean litter and organization of clean-up events. The financing involves West coast foundation and corporate sponsorships. They have 4 members (mix of paid employees and volunteers).
F	Northern Europe	For-profit	Core operation is selling recycled apparel. Financially they are self-sufficient from sales. They have 45 paid employees.
G	Mediterranean West Africa	Corporate Foundation	Main operations are collecting discarded fishing nets and other ocean litter. They are financed by their for-profit entity. They have 45 paid employees.
H	Mediterranean South America	Corporate Foundation	Key activity is collecting ocean litter. Financed through donations from corporate

Org.	Location	Organizational form	Overview
			customers of the for-profit entity, and sales of litter. They have 15 paid employees.
I	Scandinavia	Nonprofit	The organization's activities involve recycling of discarded fishing gear. They are financed by the municipality and the Sea and Water Authority.
J	Scandinavia	Nonprofit	The organization collects ocean litter, which are financed by tax-funds, corporate sponsorships and donations. There are 12 volunteers.
K	Scandinavia	Nonprofit	Main operations involve collection of general and ocean litter. They are financed by corporate sponsorships. They have 13 paid employees.
L	North America	Research Institute	They are collaborating with local NGOs to collect ocean plastic, and research what it could be used for. Financed through donations from high-impact people and grants.

Interview Summary

Below is a list of the respondents from each organization, including their role. The table also specifies when the interview was conducted and the duration of it.

Table 3.2 - Summary of conducted interviews.

Organization	Duration	Role of the Interviewee	Date

A	50 min	Co-founder	30/3-2025
B	55 min	Partner & impact coordinator	2/4-2024
C	45 min	Marine litter specialist	10/3-2025
D	45 min	Finance manager	2/4-2025
E	60 min	Founder & treasurer	21/3-2025
F	65 min	Founder	10/3-2025
G	65 min	CEO	9/4-2025
H1	50 min	Account manager	6/3-2025
H2	45 min	CEO	10/3-2025
I	55 min	Operations manager	5/3-2025
J	60 min	Chairperson	13/3-2025
K	40 min	Project manager	6/3-2025
L	55min	Program Director	27/3-2025

4. Findings

The findings are presented according to the research questions. Organizations' scaling ambitions are related to the first research question concerning to what degree nonprofits are aiming to scale. Thereafter, scaling strategies are presented in relation to the second research question, which explores the approaches pursued by organizations. Considering that barriers affect the organizations' ambitions and their scaling strategies, they are presented in both parts of the finding's sections. By understanding the underlying drivers of nonprofits' ambitions and strategies to scale, the study can identify the conditions that enable scaling, and the approaches successful organizations employ to expand their operations and fulfill their mission.

4.1 Scaling Ambitions

The scaling ambitions of the organization are dependent on the organization's strategic fit for scaling, which involves how well scaling aligns with the current strategy of the organization. Additionally, the scaling ambitions are shaped by the scaling conditions. which are affected by the external influences as well as the strategic posture of the organization. The Gioia-diagram below illustrates an overview of the findings related to the first research question.

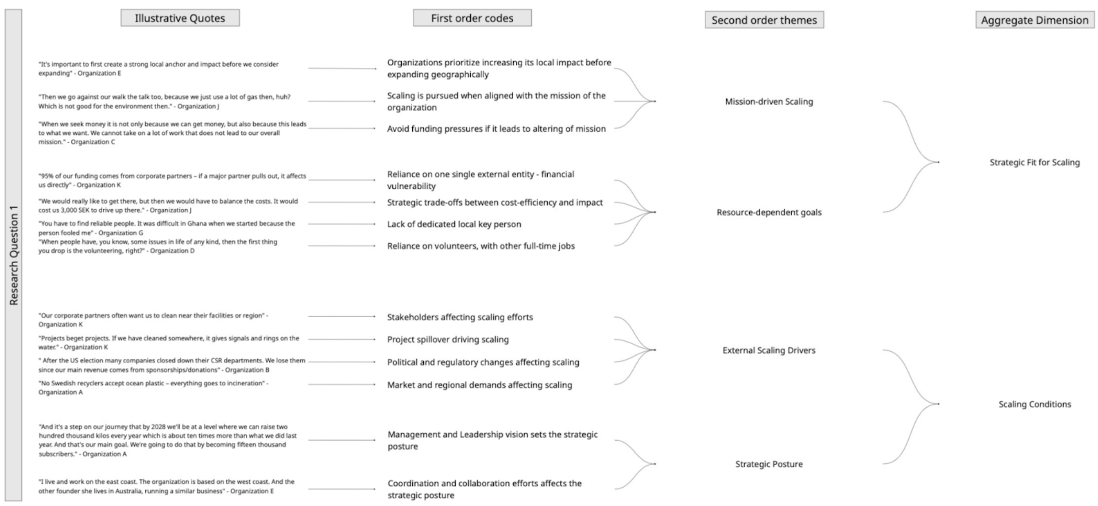

Figure 4.1 - Data structure connected to the first research question based on Gioia methodology

4.1.1 Strategic fit for scaling

Strategic fit for scaling refers to how well aligned the organization's resources as well as current strategy are with the potential scaling efforts. Hence, it covers findings related to the internal circumstances and how it influences the organization's scaling ambitions.

Mission-driven scaling

There is a strong commitment in ensuring that all strategic actions should take into account the primary mission of the organization. Hence, scaling is aimed for when it is consistent with the social and environmental strategy of the organization. This is underlined when Organization J refuses to scale wide, i.e. expand its operations to other locations, since it means that they would release a lot of emissions, which contradicts their environmental focus. Respondent B highlights that it is important to create a strong local anchor and invest in the existing locations and maximize the impact rather than expanding to other places: "We want to invest in the existing locations and maximize the impact there because these are also the hotspots of the Mediterranean. So we have chosen them strategically to maximize the impact. And I don't know if it makes sense cost-impact wise to go somewhere else.". This mindset is supported by other organizations too, such as Organization A and E. Thus, it is emphasized that the organizations believe that it is important to focus on achieving an environmental impact in the specific location that the organization firstly was developed for dealing with, rather than expanding rapidly without reaching the desired degree of impact.

Furthermore, receiving funding from external sources, such as grants, is considered to support the organization with the financial resources that are needed to scale. However, some funding supports are neglected by the organization if it means that the organization has to alter its core purpose. Respondent C mentions that the organization does not accept money if it does not lead to their overall mission. This attitude is also illustrated by Organization A, which mentions: "We have never done anything that doesn't lead to our mission. All the money that has come in, we have always had a clear return to the sea. Everything leads to a cleaner ocean.". Additionally Respondent D resists using KPIs, which often is required from external funders that want to have statistics as support for their decision-making in funding. Accordingly, external funding will not be accepted and hence will not possibly contribute to scaling efforts if the requirements set by the stakeholder force the organization to modify its mission.

Resource Availability

Scaling is emphasized to require various forms of resources and capabilities. Hence, depending on the available resources that the organization has there will be different outcomes on the degree to which organizations aim to scale. From the interviews, it became evident that several organizations are financially vulnerable in terms of unstable funding, which hampers their ability and willingness to scale. Due to the funding instability and resource dependency on few sponsors, the organization lacks a solid base to enhance long-term sustainable growth. For instance, Respondent C highlights that budget uncertainty hampers their ability to conduct long-term planning since they never can guarantee which grants they will receive the coming year: "Budget uncertainty makes long-term planning difficult – we never know which grants we'll get next year". In addition, Organization K mentions that "95% of our funding comes from corporate partners – if a major partner pulls out, it affects us directly". Hence, unstable funding leads the organization to focusing on short-term goals and maintaining their current operations, rather than scaling them.

Another dimension related to resource availability is the strategic trade-off between impact and cost-efficiency. Both Respondent G and J highlight the increased logistical costs as a barrier to scaling wide, which illustrate a cost-efficiency focus. Respondent J mentions "We would really like to get there, but then we would have to balance the costs. It would cost us 3,000 kronor to drive up there. On the other hand, Respondent F highlighted that it is four times more expensive producing in Portugal than in Asia, but that they are determined to produce in Portugal due to their sustainability standards, which illustrate focus on impact rather than cost-efficiency. Thus, findings illustrate organizations prioritizing impact and cost differently which leads to different outcomes of their scaling ambitions.

The availability of reliant human resources is also illustrated as a critical resource when it comes to determining which degree an organization aims to scale to. Constraints in human resources lead to scaling barriers for nonprofit organizations within the circular economy. For instance, volunteers who have other full-time jobs have limited time that they can contribute to the organization, and their volunteering commitment is not their priority. Consequently, there is a risk with high turnover rates among the volunteers. Respondent D highlights the turnover rate as a threat to the organization: "When people have, you know, some issues in life of any kind, then the first thing you drop is the volunteering, right". This problem was also addressed by Respondent J which underscores the importance of maintaining people's interest in environmental issues and their organization: “No one is employed by us, everyone is a volunteer. Hence also the great threat is the interest from the people to be able to maintain it.”. In order to be able to scale wide, there is a need to find a local key person in the places the organization wants to scale to. Organizations B, G and H have all managed to find reliable local key persons in other areas that can manage daily operations and have good local knowledge that facilitates coordination and creation of strategic networks. Additionally, a local key person is crucial to create legitimacy, local anchoring and trust. In contrast, Organization E highlights that they lack local key people in other regional areas, which have hampered their ability to scale wide. Ultimately, findings indicate that it is important to find reliable human resources to maintain current operations, but also for the organization to feel confident to pursue scaling efforts.

4.1.2 Scaling Conditions

In order to determine what degree, the organizations aim to scale, it is critical to investigate how different scaling conditions affect the ambitions. If there is a strategic fit to scale, the conditions play an important role, as they determine if scaling is suitable or not. The scaling conditions are shaped by the combination of external influences and strategic posture of the organization.

External Scaling Drivers and Constraints

External entities have shown to have an influence in organization’s decision-making on whether to scale. Depending on the business model of the organization, there are different types of stakeholders that influence the organization. Organization E have so-called sponsors that pay the organization for the clean-ups that they do. Respondent E has emphasized that some sponsors want to collaborate in other geographical areas than Organization E originally operates in, which nudges them to the direction of scaling wide: "Our big and well-known sponsors want to collaborate in other geographical areas than what we originally operate in". Despite the external drivers to scale wide, Organization E has not been able to fulfill the efforts. Similarly, Organization J and K also arrange clean-ups in exchange for payment. Hence, they have sponsors as one of their key stakeholders that to a certain degree have the authority to influence the decision-making related to scaling. Furthermore, governmental support also plays a part in driving the scaling of an organization. Regarding Organization I, their primary project was initiated and also financed by the Sea and Water Authority. Thus, findings emphasize that external scaling might drive scaling effort further.

Stakeholder influence also introduces barriers. Case organizations have shown that stakeholders often prioritize activities that benefit them firstly, rather than the organization's environmental goals. Organization K have mentioned that their corporate partners often require them to have the cleanups close to their facilities or regions: "Our corporate partners often want us to clean near their facilities or region". Another critical aspect related to stakeholder involvement and influence, is the involvement of too many which leads to inefficiency. This is illustrated in Organization G's project in Spain, where several stakeholders with conflicting interests were involved. This led to constant disagreements and confusion, which made coordination and management difficult. Consequently, stakeholders can also constrain scaling efforts.

Besides key stakeholders, scaling has also been seen to be driven by project spillover. Organization C has highlighted that one project that originally was initiated in one specific municipality can lead to other municipalities being inspired and wanting them to hold similar projects there. Hence a positive project spillover is the result of their scaling decisions. In addition, Respondent K highlights that projects are promoting the organization: "Projects beget projects. If we have cleaned somewhere, it gives signals and rings on the water.". Due to successful projects and marketing the organizations have a higher retention rate among their sponsors, as well as other sponsors that are willing to partner up and finance other projects.

External scaling drivers and constraints are also tightly connected to the political environment. The case organizations investigated in this thesis show that political decisions and regulatory have both hampered and enhanced organizations' scaling efforts. Some of the organizations rely exclusively on grants and donations, which puts the organizations in a vulnerable position during fluctuations in the political environment. For instance, Organization I was a result of the municipality committed to starting a recycling project. Respondent C mentions that the current government in Sweden is suspending most environmental work: "The current government is suspending all environmental work. The Swedish Environmental Protection Agency is getting less money, and it is becoming more difficult to find money to apply for." Similar concerns are expressed by Respondent B, which highlights that many companies have closed down their CSR departments after the US election, which in turn have resulted in less sponsorships and donations from companies.

External challenges related to market and logistics are other common challenges among the case organizations that have aimed to scale wide or expand their operations, since logistics and infrastructure are essential when trying to reach new geographical areas and target groups. For instance, Respondent K drew attention to the fact that several corporate companies have asked to buy the plastic they collect in order to produce new products of it, but this has not been implemented due to logistical constraints. On the other hand, Organization A has actively searched for partners in Sweden to buy the plastic they have collected, but nobody has wanted to buy it due to economic incentives. Since the collected plastic is dirty and needs to be cleaned, it is cheaper for companies to use virgin plastic instead. Hence, market and logistical limitations hamper Organization A and K ability to expand their operations and revenue stream. In contrast, Organization H and B have managed to find different partners around the world that want to buy the plastic they collect. However, when Organization H aims to start working in new geographical areas, they are first searching for customers before investing in new facilities, since market demand is uncertain. Hence, local market conditions affect Organization H ability to scale wide.

Strategic Posture

The interviewed organizations have illustrated different types of strategic approaches which have contributed to different outcomes related to their scaling vision. The strategic posture of the organization is heavily affected by the vision that the management holds for it. Respondent A has a clear and quantitative vision of what they want to achieve by 2028: "We'll be at a level where we can collect 200 000 kg every year, which is about ten times more than what we did last year. We're going to do that by becoming 15 000 subscribers". Hence, Organization A has a performance-driven strategic posture, which drives their scaling vision. In contrast, there are management teams in some organizations that do not hold the same clear objectives for the organization. For instance, Organization D mentions that they are not looking into scaling the organizations and would rather continue the operations that they are currently focusing on "So in terms of scaling: we're not looking into doing cleanups in other cities or or stuff like that.". Furthermore, there are organizations that have difficulties in scaling due to the lack of resources in the management team, in terms of time and commitment. Since the leaders in Organization E have other jobs they are committed to, their effort put into the nonprofit organization is limited and hence inadequate to scale to other geographical areas: "To scale would require a commitment from the management of little Organization E, and I would not be able to keep my other job where I work 40h/week".

Besides clear objectives and leadership vision, the strategic posture of the interviewed organization is also shown to be influenced by the degree of coordination at different levels. Organization E illustrates a management fragmentation caused by geographical dispersion. The leadership is spread in two different continents and neither of them are based in the geographical area in which the operations of the organization is taking place. The geographical dispersion and coordination issues internally have resulted in challenges in their scaling strategy. Additionally, Respondent H2 clarifies the difficulties of coordinating the different locations when scaling wide. There are challenges in standardizing the implementation among their different collection points, since it seldom works to fully replicate a model without considering the specific circumstances and needs of the new locations. Hence, the different locations that Organization H has scaled to do not have similar set-up and consequently they are not achieving consistent impact. Furthermore, Organization D faces challenges in collaborating with the organizations based in neighboring countries that share trademarks: “We have never done much in collaboration, honesty. Basically, we meet on a call every half year with the other organizations". The weak collaboration along with the infrequent communication has resulted in fragmented efforts among the organizations which currently operate independently.

Another factor affecting the strategic posture of organizations is whether they operate proactively. Some organizations emphasize the importance of initiating projects in areas that are in most need of a working waste management system: “We want to initiate projects in a country with a lacking waste management system"- Respondent G. Both Organization B and G highlights that they focus on locations which create a greater positive impact for the environment. Although the countries they operate in need a working waste management system, Organization G also underscores that the value of it was not fully recognized by the people living there. Therefore, Organization G incentivized and educated the citizens about the consequences of marine litter.

4.2 Scaling Strategies

Scaling strategies are connected to the second research question and covers the approaches that the interviewed organizations have employed to enhance their scaling opportunities. Depending on the scaling strategy, there are different outcomes in the progress, which results in various scaling reach.

Figure 4.2: Data structure related to the second research question based on Gioia methodology.

4.2.1 Scaling Approaches

Scaling approaches refers to which strategies or methods the organizations use when attempting to scale. The challenges that often take place when scaling were highlighted and strategies to mitigate those are exemplified by the organizations.

Deep vs Wide Scaling

Both deep and wide scaling strategies have been identified in the investigated case organizations. However, the deep scaling approach has been the most common one. For instance, Organization A aims to increase their impact in their current regions to deepen their impact by increasing their number of cleanups "This year there will be 250 cleanups, so we will increase from 160 to 250 and we will pick up thirty thousand kilos of ocean trash.". The most common scaling deep approach is connected to education and changing perceptions, this has been seen in Organization B who is focusing on educating fishermen "We aim to educate fisher's to fish sustainably on a regional basis.", Organization C prioritize educating young people about their local area, and Organization D publishes blog posts and books to spread awareness in their regional area: "We give the ocean a voice by writing blog posts and articles on our website. We have also published a book for school children about ocean pollution" - Respondent D.

The wide scaling strategy has been seen in the form of having sister organizations and launching pilot projects to test solutions in different geographical settings. Organization E consists of two sister organizations located in Sweden and Australia, and Organization D consist of four sister organizations in Norway, Sweden, Denmark and Finland. Organization G has tested different regional areas around the world, such as Madagascar and Senegal, by conducting pilot projects. Additionally, Respondent G highlights the importance of exploring and conducting on-site projects to understand how the scaling should be done, since there is no strategy that fits all: "There is no one best way of scaling a business. Just take a flight, go out there and just check it out for yourself. Because when you can see the nature of the problem, you can also see the potential of deploying there.".

Collaborative Scaling

Collaborative scaling strategies have been common in the investigated case organizations. Several organizations have shown that collaboration is a strategy to support their operations, since nonprofits often have constrained resources. The collaborative scaling approach has been seen in three different forms: collaboration with municipalities, forming partnerships with different organizations, and creating strategic networks. Collaboration with municipalities has been seen in diverse formats, organizations such as C, E, J, I and K simply receive funding from their local municipalities while others have more established collaborations. For instance, Organization I collaborates with the municipality´s working unit to offer work training for people having difficulties entering the labor market: "We offer work training for people that have difficulties in entering the working life. So, we collaborate with the labor market unit of the municipality". Organization H tries to push the municipality to show how waste could be processed in order to leverage government support and collaboration in the future.

Forming partnerships with other organizations has for instance been seen in Organization B and G who have certified recycling partners, to keep investments as low as possible. Strategic networks have for instance been identified in Organization B and L. This quote "We are pretty cost effective because we haven't created anything from scratch. We just connect the dots in a very efficient and smart way" from Respondent B illustrates their outsourcing strategy and ability to create strategic networks. While Organization L collaborates with other NGOs to increase and widen their social impact: “We collaborate with NGOs across the archipelago, so in each of the different islands we collaborate with partners.".

Scaling Mechanisms

Organizations are often advancing their path towards their mission and thus scaling by employing strategically innovative approaches. The utilization of digital solutions, such as social media, has the aim of advertising the activities of the organizations. Respondent A mentions that they are trying to post on social media every day and consequently grow their brand awareness. Another organization that underscores the importance of social media is Organization H. By increasing their brand recognition, Respondent H1 specifies that they have a greater influence in engaging more supporters and therefore scale.

Another innovative approach to scaling is subscription models that enable recurring supporters of the organization. Organization A has developed a subscription model with different payment levels that leads to different amounts of environmental impact, in terms of kilograms of marine litter: “When you are a subscriber you choose between three different payment levels, in which we collect different amount of marine litter each month. You get an update every month about when and where we have removed your particular kilo from the sea with a picture and a description". The subscribers receive an update every month with pictures and descriptions of their contribution to the environment along with statistics concerning the litter. Similarly, Organization B is interested in launching a similar subscription model, since Respondent B thinks it leads to a higher retention rate among supporters and consequently a reliable funding.

Furthermore, Organization H is fully vertically integrated, through joint ownership with two shareholders. Respondent H2 underscores the importance of being vertically integrated when scaling with an environmental mission, since it allows the organization to trace the material through its entire life cycle: “We've got everything vertically integrated, from collecting the plastic to the recycling to the yarn, so we can trace the material from end to end. So, there is no place for any green washing:” Thus, the risk for any green washing becomes limited. In contrast, Organization B, believes that their outsourcing and reliance on other external parties has allowed them to scale due to the cost efficiency of low commitments. Similarly, Respondent G highlights that it is critical to assess the local needs before committing to anything. Hence, avoiding early heavy investments and deploying pilot projects initially is how Organization G approaches scaling.

4.2.2 Scaling Reach

Scaling reach is the outcome of the scaling strategies. Some organizations aim to scale to a certain degree, but the outcome might be different from their aim. The levels of financial diversification and operational flexibility are two determinants that affect the scaling progress of the organization and consequently the reach of it as well.

Financial Diversification

Some of the interviewed organizations have employed financial diversification as a strategy to be financially sustainable and hence have the resources needed to scale to their desired extent. There are different approaches in how the organizations achieve to be financially diversified. Some organizations are building up resilience by combining different funding sources, to mitigate the risks of becoming resource dependent on one single source. Organization J have differentiated their funding with three different so-called pillars, which include tax-funded operations, sponsorships with companies and donations on corporate or private levels. In addition, Organization A has their own revenue-generating activities by selling bracelets, along with other funding sources. As an alternative to revenue-generating activities, some organizations, such as Organization H and D, have employed a royalty revenue model. Thus, they receive a percentage of the revenues generated with the organization's product or trademark. Other organizations have also mentioned plastic credits as a potential revenue source that could further diversify their funding sources. Both Organization H and G have highlighted that the idea of carbon credits can be replicated into plastic credits, meaning that they can certify the number of plastics that they remove from the ocean and sell it to companies that are willing to enhance their environmental footprint. Another way of decreasing the resource dependency and in turn vulnerability of the organization is by buffering. Respondent B and J have both mentioned that they have the ability to be self-sufficient for a couple of years if the funding inflow would discontinue: "If we get nothing from the municipalities for three years, we will be able to manage our operations, due to our buffer that we have created in the bank."-Respondent J.

Organizations also underscore the impact of linking their nonprofit entity with a for-profit. Respondent G mentions that the revenue generated by the for-profit entity is a more reliable funding source for the nonprofit, rather than the grants and donations that can fluctuate by changes in the environment. This is supported by Respondent B which emphasizes that the for-profit can attract investors which often are not interested in nonprofits due to the limited profit generation. Additionally, Respondent B means that the power dynamic with investors is shifted in comparison to sponsorships and grants which often have the upper hand. Since the balance between for-profits and investors are more even than nonprofits and sponsorships and grants, there is a lot more autonomy according to Respondent B. In contrast, Respondent H2 also highlights a reversed concept in which the nonprofit entity can work as a supporting system to the for-profit. Within Organization H, the for-profit entity generates revenue through their cleaning and recycling operations. Complementarily, the nonprofit part leverages the existing donor base as well as recruiting new donors that help to fund the operations of the for-profit. The idea of linking nonprofit organizations with for-profits is developed further by Respondent F, who believes that environmental issues should be addressed within the capitalist framework, in order to scale the organization.

Operational Flexibility

Operational flexibility plays a crucial role in enhancing the scaling reach of the organization. Operational flexibility has been seen in terms of adapting to diverse geographical settings and using lean approaches to enable experimentation. The following quote from respondent G illustrates their ability to adapt to local normative rules: “Fisherman comes with his bag with dried nets and you have to pay him at the moment. Don't tell him that you will pay later, because he wants to get paid now. You have to adapt to the environment where you are". In addition, the lean approach strategy has for example been seen in organization B and G, where organization G focuses on developing their organization step by step to enable early failure, and organization B avoids heavy investments by outsourcing big parts of their value chain: “We are very reliant on outsourcing, this is why we don't need heavy investments". However, a significant barrier to operational flexibility is the capacity of volunteers. Respondent J claimed: “We want to grow a little bit, in a way, but how big can a voluntary organization be before you have to hire people? There's a threshold effect on everything, really”. The capacity of volunteers is in this case connected to the need of paid staff when the organization scales.

5. Discussion

The purpose of this chapter is to analyze the previous presented findings and to interpret them in relation to the existing literature. The discussion is divided into two parts, in which the first includes theoretical implications and the second practical implications. The theoretical implications include the study's contributions to the existing theory which should fill the gaps that have been identified. Additionally, the practical implications refer to the practicality of the research and aim to contribute with insights to organizations, like Peniche Ocean Watch, that considers scaling.

5.1 Theoretical Implications

The theoretical implications present two new concepts: *Scaling Readiness* and *Scaling Performance,* which contribute to the existing literature of today related to nonprofits and their scaling efforts. The concepts and their underlying dimensions aim to provide a comprehensive perspective of nonprofits and their related scaling initiatives.

5.1.1 Scaling Readiness

Scaling readiness defines an organization's internal preparedness for implementing scaling efforts. The readiness depends on the organization's willingness to scale, which refers to its overarching attitude towards scaling, shaped by its mission and available resources. Furthermore, internal scaling readiness is also shaped by the organization's ability to adapt to external influences. The readiness for scaling reflects whether the organization considers scaling to be a feasible approach, and based on this, it guides the organization's decision-making related to scaling.

The drivers behind scaling ambition

This study suggests that a focal organization's strategic orientation depends on their resource availability, and how or if their mission aligns with the operations of scaling. Resource availability is defined as a condition that refers to whether the organization has sufficient resources to scale or not, and how efficiently they manage their resources when circumstances change. Mission-driven scaling refers to organizations' staying true to its primary mission and considering risks while executing scaling operations.

Existing literature is based on the assumption that all nonprofit organizations are willing to scale, since it is assumed to lead to greater impact (Dees, 1998; Gauthier 2019; Nardini et al., 2022). However, this is not always the case since scaling and impact do not necessarily have a direct relationship, meaning that one increases then the other does too and vice versa. Findings illustrate cases where organizations that scale their operation, especially scaling wide, might experience decreased impact by altering their primary mission. Organizations believe that deep scaling often tends to be more aligned with their primary mission and correlates to quality and long-term impact. Since deep scaling strategies are related to intensifying impact by raising awareness and education, they are more commonly implemented among nonprofit organizations. This aligns with Nardini et al. (2022) who emphasize that it is particularly difficult for a nonprofit organization to shift from scaling deep to scaling wide. Since nonprofit organizations focus on their social impact and mission, it is important for them to be able to select the right stakeholders and be aware of risks. From this study, several case organizations have emphasized that they avoid or neglect stakeholders that would require them to conduct projects outside their scope. Hence, the findings illustrate that nonprofits are aware of their mission when considering external funding from stakeholders, which could be used as valuable resources for scaling. This contributes another dimension to Tschirhart and Bielefeld's (2012) concept of the Stakeholder map. They mean that since nonprofits are highly impacted by their stakeholders, they should prioritize their stakeholders' criteria to keep them interested and continue funding. The new dimension to the Stakeholder map this study suggests is the alignment of mission between the nonprofit organization and stakeholder.

Crucial part of achieving resource availability in order to be able to scale is being financially stable. However, Nardini et al. (2022) underscored that sufficient funding is not enough for successful scaling. This aligns with the findings which illustrate that organizations with adequate funding have difficulties with scaling wide, due to difficulties adapting to local contexts, which aligns with Weber et al. (2012). Additionally, scaling has forced some of the interviewed organizations to be aware of their cost structure and consequently being more efficient. This has led to dilemmas for many organizations, in which there are trade-offs between their impact and cost. If the organization focuses too much on efficiency they will compromise on its impact and become less proactive and adaptive to complex local needs. Consequently, the findings confirm Nardini et al. (2022) theory stating that too much focus on efficiency harms the organization's ability to deliver impact. Nonetheless, organizational efficiency must still be addressed thoroughly, since the lack of it would risk that the organization would become unsustainable and hamper their ability to deliver any impact in the future. Among the case organizations in this study, it became evident that several organizations are relatively satisfied with the level of impact that they are currently achieving, and that they have smaller ongoing efforts to improve their impact. Thus, the case organizations indicate that they avoid aggressive approaches to scaling their organization, since it in the long-term could harm their survival.

The dependence on external funding has in this study correlated with financial vulnerability. The case organizations that have expressed challenges with their funding stability and solely relied on external funding, have been those organizations that place the least focus on scaling their operations and developing innovative solutions. This phenomenon can be connected to the resource dependency theory (Pfeffer and Salancik, 2006). Moreover, this study suggests that organizations relying on external funding tend to be path-dependent and continue with their established trajectory. This may be because it requires less effort to secure funding from stakeholders who have previously provided financial support, which aligns with Lu (2015). This in turn means that the structure of existing resources hampers further development and scaling opportunities, since the organization focuses on improving their current operation and short-term projects to continue to satisfy current stakeholder's criteria.

Another vital dimension of resource availability is human resources. This study has shown that many nonprofit organizations rely on volunteers that often have other full-time jobs aside from their volunteer engagement. This finding aligns with Matos and Fernandes (2021) theory that volunteers are crucial for nonprofit organizations with constrained resources. However, this study also adds a nuance to Matos and Fernandes (2021), since this study has identified that the reliance on volunteers also is associated with uncertainty. This hampers the organization's ability to do long-term strategic planning, since high turn-over rate makes them vulnerable. Some case organizations have emphasized that the capacity of volunteers is limited, which means that the organization at some point will need to employ paid staff to continue with their operations. Moreover, several case organizations have emphasized the importance of human resources in terms of finding a local key person when trying to scale wide. The organizations that have successfully managed to scale wide are the organizations who have found reliable local key people that understand the local circumstances and can establish credibility for the organization.

Strategic posture as a filter for external influences

Existing literature puts emphasis on external parties and their role as the determining factors on whether the nonprofit's scaling conditions are favorable to pursue scaling efforts (Nardini et al., 2022). This partly aligns with the findings, which show that different stakeholders, such as sponsors, corporate partners and governmental agencies affect the scaling pathways of nonprofits. Sponsors and corporate partners have driven wide scaling by project-specific demands but have also constrained scaling efforts by limiting operations to specific locations that are close to their facilities. Government agencies have, on the other hand, influenced scaling efforts through policy shifts and resource allocations. However, although the findings illustrate that stakeholders can influence nonprofits' scaling condition, they also highlight that the degree of influence that the stakeholders hold depends on the resilience that the organization's strategic posture has contributed to. Hence, solely external influences do not lead to supporting or limiting scaling efforts. The scaling process is influenced by the management and strategic decisions as well (Coviello et al., 2024). Therefore, there is an interplay between the strategic posture and the external environment that determines the possibilities for scaling.

The strategic posture is shown to be shaped by the management and leadership vision, as well as the coordination capability of the organization. When holding a clear vision and long-term objectives, organizations have illustrated that they also have clear directions in what they should accomplish in the future. Consequently, the decision-making processes are seen to be aligned with organization's core values, which has created boundaries for external control. Hence, the organization has indicated to be proactive and forward-looking, which has made them more rigid for changes that would alter its trajectory. Furthermore, coordination on different levels within the organization also affects the strategic posture. Coordination issues in the management team due to geographical dispersion face challenges in delayed decision-making as well as misaligning strategies. Accordingly, the responsiveness to scaling opportunities will also be impeded. Additionally, coordination between entities or projects is also highlighted to shape the strategic posture of nonprofits. If they are not coordinated, there are risks concerning conflicting goals, which hampers the achievement of a greater impact that exceeds the independent impacts of each entity. Figure 5.1 highlights the outcomes of reactive strategic posture as the two lower categories in the framework. Both categories highlight issues in scaling efforts due to path dependent scaling conditions.

Besides the rigidity that a strong and proactive strategic posture brings against conflicting external influences, it can also serve as a driver towards scaling. Findings have shown that despite the lack of supportive policies, which is considered as an external scaling constraint, organizations have been able to scale their operations. This is indicated to be due to a strong proactive strategic posture, according to findings. When being proactive an organization is able to act in advance. That is illustrated by organizations that have been able to stimulate market forces by creating economic value from waste and employment opportunities. Thus, the lacking policies did not hamper the favorable scaling opportunities. This observation aligns with the Bloom and Chatterji's (2009) framework about the SCALERS, which underscores that the capabilities to scaling are interrelated and the importance of each capability varies in relation to the context. In this case, the capability of lobbying to gain support from external stakeholders is not as critical. When organizations have been able to stimulate market forces, they have scaled to underdeveloped structural systems by framing marine litter as a valuable resource. As a result, organizations have created awareness and incentives for behavioral change and consequently generated a demand, which reflects a proactive strategic posture. This is illustrated in the upper-left corner in Figure 5.1, which highlights that the organization still can drive scaling progress due to its adaptive capacity.

For-profit organizations benefit from economies of scale which drives their scaling effort further. Although this type of benefit is not available to the same extent for nonprofits according to Nardini et al. (2022), the findings of this study show that they can experience non-financial advantages in the form of project spillover. It is shown that the project spillovers that nonprofits can experience have similar effects to economies of scale, in terms of self-reinforcing the organization's scaling efforts. This form of scaling condition emerges from external influences, regarding stakeholders demanding similar projects in other locations. Thus, the scaling opportunity develops organically. However, as indicated above, there is a need for a strong strategic posture which enables the scaling condition further. Nonprofits that have experienced project spillovers have also highlighted the importance of marketing their work, which in turn have contributed to their positive reputation that have fueled the demand for their offerings. Hence, the scaling conditions can either be favorable or path dependent, illustrated as the upper- and lower-right corners in Figure 5.1.

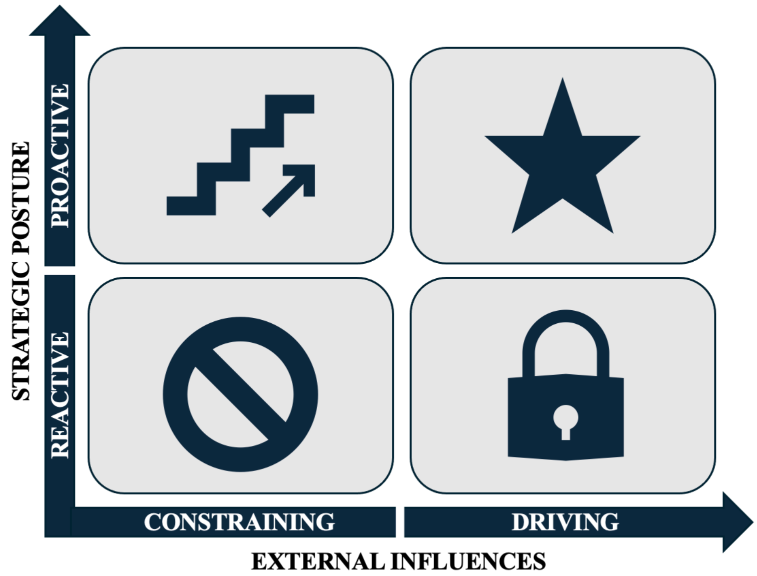

Figure 5.1: 2x2 matrix with the four different scaling conditions which depend on the strategic posture of the organization, as well as the external influences.

5.1.2 Scaling Performance

Scaling performance relates to how well the organization is fulfilling its strategies related to scaling and how practically viable it is to scale a nonprofit organization. Despite the level of preparedness, there are some common challenges that need to be addressed when scaling. Therefore, organizations employ different strategies which have enabled their scaling efforts. Based on the strategies that they use, the organizations achieve different degrees of scaling.

Strategies enabling scaling performance

Nardini et al. (2022) introduces the T-shaped framework for nonprofits scaling implementations, in which scaling deep and wide are combined and seen as complementing dimensions. It is underscored in the literature that it is difficult for organizations to achieve T-shaped scaling, due to the transition from scaling deep to wide which requires different strategies. Scaling deep involves customizing operations to the local needs, while scaling wide on the other hand demands standardization. Although the challenges are recognized, the theory is lacking what unified strategies nonprofits should implement in order to overcome those. The findings of this study present how nonprofits within the circular economy that have achieved successful scaling efforts have addressed this type of trade-off. When attempting to scale wide after scaling deep at one location, organizations tend to start by implementing pilot projects. Consequently, the heavy investments are avoided and in cases of failure, they are considered as early since the costs of the mistakes will be low. The low investments and costs of pilot projects enables the organization's adaptability, which according to Jabłoński (2016) is regarded as a building block to an organization's scalability. The importance of recruiting a local key person is also highlighted in the findings, since they allow the organization to scale deep in the location it has scaled wide to. The local key person has insights into the local needs and valuable contacts that the organization is initially lacking. Hence, the original T-shaped framework can be evolved to a loop, as illustrated in Figure 5.2. The circumstances in the new locations that the organization is scaling to, differs from the original location in which it already has scaled deep in. Therefore, after standardization there is a need to customize the implementation again to align with the unique requirements of the new location to ensure long-term impact.

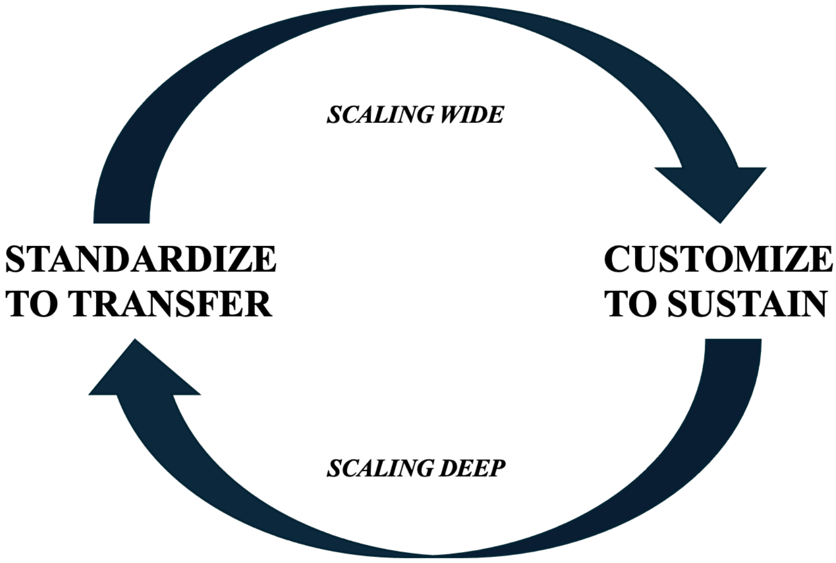

Figure 5.2: The Scaling Loop: the chosen scaling dimensions are alternating based on the scaling pathway of the organization.

Furthermore, Nardini et al. (2022) highlights funding constraints as a challenge for the transition from scaling deep and wide as well. Although the findings support this, the issue can be elaborated further. Organizations illustrate that their uncertainties on different levels are the underlying reason for not scaling wide. Due to these uncertainties, it becomes difficult for the organizations to forecast what resources they will hold in the future and whether they will have capacity to scale and sustain the efforts. This is supported by Calabrese (2012) which highlights that nonprofits are in a vulnerable position due to unpredictable and changing circumstances. The findings of this study extend the idea further, as this is seen as a significant challenge for organizations that are resource-dependent on external stakeholders. This leads to a chain reaction, in which the unpredictable changes in the external environment, that are beyond the organization's control, affects the interest that external stakeholders have in nonprofits. As a result of uncertainties, organizations become risk averse and avoid planning in the long term. Instead focus shifts to short-term instead and efforts to scaling wide will not be prioritized. Findings illustrate that organizations are able to reduce these uncertainties by employing subscription-models that enable recurring customers, which facilitates forecasting. Consequently, the decreased resource-dependency on external stakeholders reduces the uncertainty as the organization becomes more self-sufficient and prone to grow.

Addressing the tension between scaling deep and wide is important since both are complementary stages in the scaling process and jointly, they can achieve maximized impact. Hence, there is an interconnectedness between the two dimensions and a need of solving the tension. Collaborative scaling can address the trade-off between the two, since it enables resource allocation between the collaborating partners. The findings illustrate how collaborations on different levels, locally and dispersed, enable scaling efforts. Organizations have been seen to collaborate with governmental agencies within a certain community, as well as organizations based in other locations to enable scaling deep and wide, respectively. This aligns with Bloom & Chatterji's (2009) Alliance-building which is regarded as one of the capabilities needed to scale. They highlight that it is important to define clear and diverse roles between the partners in the alliance. However, the findings illustrate that close collaborations could cause effects of resource-dependency between the collaborating partners, if they do not depend on each other to the same extent. Hence, there are risks of power-imbalances in collaborations as well that should be taken into consideration.

In addition to forming collaborations, some organizations have outsourced a big part of their activities, which have resulted in them serving as coordinators of the network. Similarly to collaborations, organizations can take advantage of other organizations resources and therefore avoid heavy investments. Accordingly, outsourcing allows flexibility as adjustments easily can be implemented and hence the organization has increased adaptability. However, considering the sector or circular economy, trust and traceability play an important role, since it avoids the risks of any green washing. In contrast to outsourcing, vertical integration allows control and the impact that the organization is delivering can easily be quantified. Nonetheless, vertical integration includes some heavy investments and organizations must consider the trade-off between cost and impact. This tension is explained further by Grant (2022), who suggests a different set of criteria to determine whether an organization should outsource. To complement the framework and connect it to the make-or-buy decision-making that can favor scaling for nonprofits, it is important to assess if growth will lead to greater impact as mentioned in mission-driven scaling. By outsourcing activities that are not related to the organization's core competencies, the organization can focus on its strengths and mission and consequently grow in terms of achieving greater impact.

Strategies shaping scaling reach

Existing theory tends to not emphasize the fact that scaling can occur to varying degrees, instead it has a more rigid approach that classifies organizations as either scaling or not (Coviello et al., 2024). This study emphasizes that scaling can be done to different degrees and levels. Scaling reach refers to which degree an organization achieves scaling. The scaling reach depends on to what extent the organization is dependent on external resources, their financial diversification and operational flexibility. Figure 5.3 illustrates the relationship between resource dependency, financial diversification and operational flexibility in the context of scaling reach.

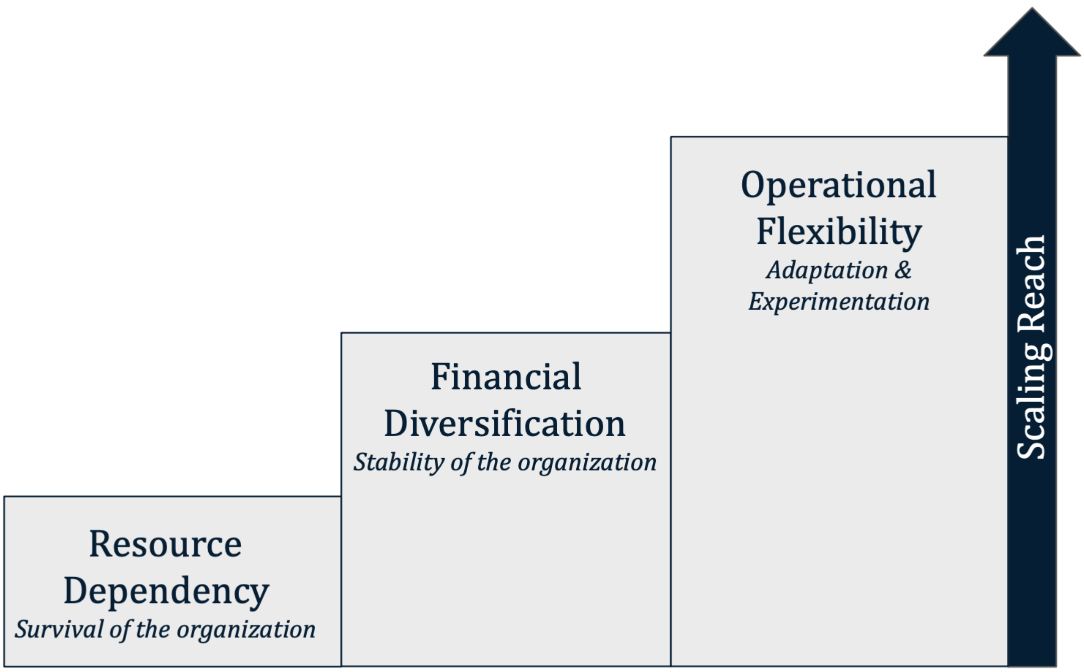

Figure 5.3 - Underlying determinants affecting the scaling reach

Similar to Maslow’s hierarchy of needs, the first level in figure 5.3 ‘Resource dependency’ refers to the organization’s basic need for survival. When an organization lacks sufficient internal resources, and relies on a few external resources, it becomes resource dependent. Hence, the organization will focus on securing resources to ensure survival rather than formulating strategies related to scaling. Resource dependency also implies risks connected to power imbalances, which in turn can harm the organization's social mission (Froelich, 1999).

The next level in figure 5.3 ‘Financial diversification’ represents the organization's stability. Financial diversification is in this study defined as the organization's ability to have diversified revenues, building independence and stability through buffering, and creating linkages between for-profit and nonprofit. Financial diversification can also be connected to the organization’s Strategic orientation, which was discussed in the previous discussion section. The strategic orientation of an organization not only determines if an organization will take the decision to scale, but also how efficient and mission-aligned they will do it. Financially diversified nonprofit organization’s scaling reach is improved by providing stability and resilience against funding fluctuations. This stability means that the organization achieves a predictable revenue flow and are able to do more long-term planning, which in turn are connected to the strategic orientation. The concept of financial diversification is tightly connected to the theory regarding financial sustainability, as financial sustainability is interconnected with secure funding and long-term stability (Brundtland, 1987). Additionally, financial diversification minimizes the risks connected to power imbalances when receiving external resources as discussed above, since the organization gets higher bargaining power (Froelich, 1999).

Nonprofits do not experience economies of scale to the same extent that for-profit organizations do (Nardini et al., 2022). However, this study has shown that a solution to this problem could be incorporating a nonprofit organization into a for-profit entity, which contributes with a nuance to Nardini et al. (2022) theory. The case organizations that have incorporated a for-profit entity have shown to be successful since the nonprofit part has received stable funding during the time it has scaled its operations. On the other hand, the involvement of a for-profit perspective within a nonprofit organization should be carefully managed to ensure that the nonprofit organization does not lose focus on its primary mission.

The third level in figure 5.3 is ‘Operational Flexibility’. Operational flexibility refers to the organization's ability to conduct lean approach experimentation, adapt implementation models and manage human resources to meet the needs of the organization. For instance, an organization that is operational flexible means that they are capable of adapting their operations and staffing to shifting circumstances. Operational flexibility is crucial for organizations that aim to scale wide, since it enables efficient resource-allocation and enhances the organization's ability to adapt to local contexts.

Lean approach experimentation enables "early failure", which in turn provides valuable insights and reduces risks related to costs. Early failure could be seen as a strategic tool for organizational improvement, enabling learning and adaptation while minimizing risks. Lean approach experimentation has for instance been seen in the form of pilot projects in this study, where organizations have started small to test step-by-step if a solution works in a new local context. This type of experimentation contributes with nuance to Nardini et al. (2022) theory, which lacks practical tools on how an organization can enable scaling wide. Additionally, findings from this study shows that decentralization facilitates flexibility, by utilizing local key persons, which aligns with Jong and Faerman (2023) theory.

Operational flexibility has also been demonstrated through the creation of strategic networks, which Nardini et al. (2022) highlight as a key factor in enabling nonprofit organizations to scale. However, strategic networks do not only facilitate scaling, but they also enhance organizational flexibility by enabling resource sharing. The findings indicate that organizations can avoid heavy investments by 'connecting the dots' between different actors, thereby increasing their operational flexibility. This aligns with Hillman et al. (2009) who emphasize that forming networks and partners can secure needed resources.

There is an interplay between financial diversification and operational flexibility that determines the scaling reach. Financial diversification nurtures operational flexibility, as a diverse revenue stream enables the organization to experiment, employ paid staff and develop different implementation models. While operational flexibility optimizes the use of the financial resources, since it allows the organization to remain adaptive and efficient in allocating resources when implementing scaling strategies. Organizations that combine financial diversification with operational flexibility have a good position towards scaling, because it means that it both possess the needed resources and the ability to use them in an efficient way.

5.2 Practical Implications

The practical implications of this study can support nonprofit organizations, such as Peniche Ocean Watch, that are planning to scale their operations, or facing challenges connected to current scaling efforts. Before initiating any scaling efforts, organizations need to assess their scaling readiness. Scaling readiness characterizes an organization's internal preparedness toward scaling. The scaling readiness of an organization depends on the scaling condition, which in turn depends on the external environment. The external environment can either be supporting the scaling efforts or constraining them. Hence, it is critical for the organization to assess its scaling readiness in relation to the external environment it is trying to scale within.

An organization's scaling readiness is closely related to what resources they possess, and their ability to respond to external challenges. In cases where the organization does not have sufficient resources, there will be a need for external contributions from stakeholders. Before receiving resources from external stakeholders, it is important to assess the mission-alignment between the organization and the stakeholder. If there is a misalignment between the organization's mission and the stakeholder, the increase in resources will lead to an expansion rather than a scaling of impact. After assessing the resources, the next step is to examine the strategic posture. The strategic posture needs to be proactive and consist of a clear management vision and coordination structure. This is needed to be resilient against conflicting external influences and to be able to drive scaling efforts without external supporting influences. Ultimately, before scaling, the organization needs to consider: what will the different scaling efforts contribute to? Expansion or scaling social impact?

Once the scaling readiness is assessed and if the organization decides to implement scaling efforts, the scaling performance needs to be managed. The scaling performance determines how well the organization manages and adapts to uncertainties. The findings show that organizations who have diverse revenue flow and operational flexibility have better ability to address uncertainties. Which leads to greater scaling performance and scaling reach. However, how one organization could achieve diverse revenue flow and operational flexibility differ across cases. Findings have identified different strategies that organizations have used to diversify their revenues, for instance: grants through tax-funds, corporate sponsorships, donations, subscription models, selling consumer goods and linking the organization to a for-profit entity. To ensure that the organization can remain stable during economic fluctuations, buffering has been a successful strategy. Operational flexibility can be achieved through conducting pilot projects which enables fast feed-back loops, adapt to normative rules through help from local key person, and have enough financial resources to be able to hire paid staff when it is needed. As earlier emphasized in the discussion section, it is particularly difficult for nonprofit organizations to shift scaling strategies from deep to wide. Practical implications to overcome this barrier, is to conduct pilot projects and create strategic networks. If a pilot project proves to be successful, the next step is to find a local key person. It is essential to find a local key person in order to be able to scale deep and adapt to the new geographical area, since pure replication will not lead to deep impact due to diverse local settings.

6. Conclusions

This study has been conducted with the purpose to examine how nonprofit organizations within the circular economy approach scaling and what various strategies and pathways they adopt to fulfill their mission and increase their impact. To fulfill this purpose, interviews with nonprofit organizations that work with questions related to marine litter were conducted to identify their scaling intentions and potential strategies. The organizations had different experiences to scaling, which enabled a nuanced and comprehensive study with different insights. The findings from the interviews have consequently provided a foundation that can address the study's research questions which are: "*To what degree do nonprofits operating within the circular economy aim to scale their operations and impact?*" and "*If nonprofits aim to scale, what scaling strategies are they pursuing?*".

Existing theory related to scaling is extensive regarding operations tailored for for-profits. However, theories related to scaling for nonprofits are lacking. Since there are differences between how for-profits and nonprofits generally operate, it is evident that their scaling operations and circumstances to scaling are designed differently as well. Established research and its findings are based on the assumption that all nonprofit aims to scale. Hence, extensive research concerning nonprofits ambitions to scale is limited. Additionally, scaling is regarded as a stepping stone to greater impact. However, there is weak evidence that explains how the direct relationship between scaling and impact works. The study presents the concept of '*Scaling Readiness*' to address these gaps in the existing literature. The concept refers to how prepared an organization is to scale its operations. It involves diverse influencing factors that are both internal and external. Internally, strategic consistency between the scaling efforts and the mission of the organization, as well as sufficient resource mobilization are critical for developing the organizational readiness. Both factors affect the organization's internal capability to scale. However, pure internal capabilities are not considered as sufficient in order to reach full readiness to scale. The organizational readiness is also impacted by external influences which shape the scaling conditions for the organization. Nevertheless, the organization's strategic posture can shape the organization's adaptive capacity, which possibly can control the extent to which external factors influence the scaling opportunities and thus the scaling readiness. Based on the contributions of the concept *'Scaling Readiness'*, the study challenges the theoretical assumptions that all nonprofits aspire to scale. In terms of low organizational readiness, the ambitions to scale become absent. Hence, scaling is not always aimed for by all nonprofit organizations.

Furthermore, barriers to scaling nonprofits are recognized in the literature. However, which strategies that should be pursued practically in order to overcome those barriers are underemphasized. The concept *'Scaling Performance'* introduced in the study includes what enables the organization to implement the scaling efforts. This includes what scaling strategies that are employed, as well as how well achieved the scaling is. Common for the strategies that are adopted for scaling is the degree of flexibility and adaptability to context. Flexible strategies enable the organization to adapt to the changing circumstances when shifting from scaling deep and wide. Furthermore, the flexibility of the strategies reduces the organization's risk aversion and concerns regarding future uncertainties. The flexibility in the strategy also facilitates scaling in form of an ongoing cyclical process between the scaling dimensions, rather than a one-time event. Accordingly, impact can be ensured through the scaling efforts and solely expansion without an increase in impact is avoided. Based on the scaling strategies, the degree to which the organization is able to scale to is determined. Previous research has considered scaling in binary ways, as a condition in which an organization either has scaled or not. Thus, this study complements the existing literature by adding a dimension that frames the extent to which an organization's impact increases when pursuing scaling.

6.1 Limitations and Future Research

Although this study suggests valuable insights for nonprofits that are considering scaling, there are some limitations which open opportunities for further research. This study interviewed nonprofit organizations working within the issues of marine litter. Consequently, there is a broad range of activities that cover marine litter, and the organizations work to address the issues in different levels. Some of the case organizations in this study work with collecting marine litter from the ocean and raising awareness about it, while other organizations aim to create products from the litter. While both types of organizations work within the issue of marine litter, they address different types of concerns. Hence, there is a risk that the study over-generalized the findings, and some key insights might be obscured. Future research could therefore investigate nonprofits that have similar operations, to identify any common aspects between them related to scaling efforts that might have been overlooked in this study.

Additionally, most of the investigated case organizations operate within the Scandinavian countries. Hence the findings might have been weighted to fit the circumstances that organizations in Scandinavia usually face. Therefore, a broader spectrum of organizations with different locations could be investigated by future research. Consequently, the differences in context can be identified and how different organizations depending on location approach possible challenges. However, it is also of interest to investigate organizations within the same regulatory environment. Consequently, future research can focus more in-depth on specific policies that are common for various organizations and how differently they approach those external influences.

Furthermore, the research mostly considers the current scaling state of the organizations, without exploring the specific phases involved in the scaling process. Due to lack of time, this was not possible for the research. However, future research can track the scaling journey of a nonprofit organization and the challenges they face during specific phases of their scaling journey to gain insights into their scaling strategies and ambitions. Nevertheless, this study focuses on the nonprofit organizations and their perspectives and attitudes to scaling. Although it is pointed out that external stakeholders play an important role, their perspective is excluded. Hence, by investigating deeper into the external stakeholders, a broader perspective is presented into the research and to what degree they actually influence the scaling process.

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Appendices

Appendix A: Interview Guide

Introduction of Interviewers:

- Introduction to the master thesis, and the purpose of the interview.
- Explain confidentiality and data usage.
- Ask for permission to record and transcribe the interview.

Introduction of the Interviewee:

- What is your role within the organization?
- What is your organization's mission and activities?
  - Organization size?
  - Type of organization - nonprofit?

Financial Sustainability Strategies

- How does your organization fund its operations? (e.g., donations, grants, partnerships, social enterprises)
- How dependent is your organization on external funding (e.g., government grants, donations, sponsorships)?
  - Have you faced challenges due to resource dependencies?
  - How does your organization mitigate risks related to resource dependency?
- Have you implemented any revenue-generating activities?
  - If so, what are they, and how successful have they been?
  - Do you have any strategies related to cutting costs?
- Would you consider that your organization is financially sustainable?
  - If so, what strategies have been most effective in ensuring long-term financial sustainability?

Strategies: Financial sustainability vs mission

- How do you balance financial sustainability with your mission-driven focus?
  - What strategies have you used to manage these tensions?

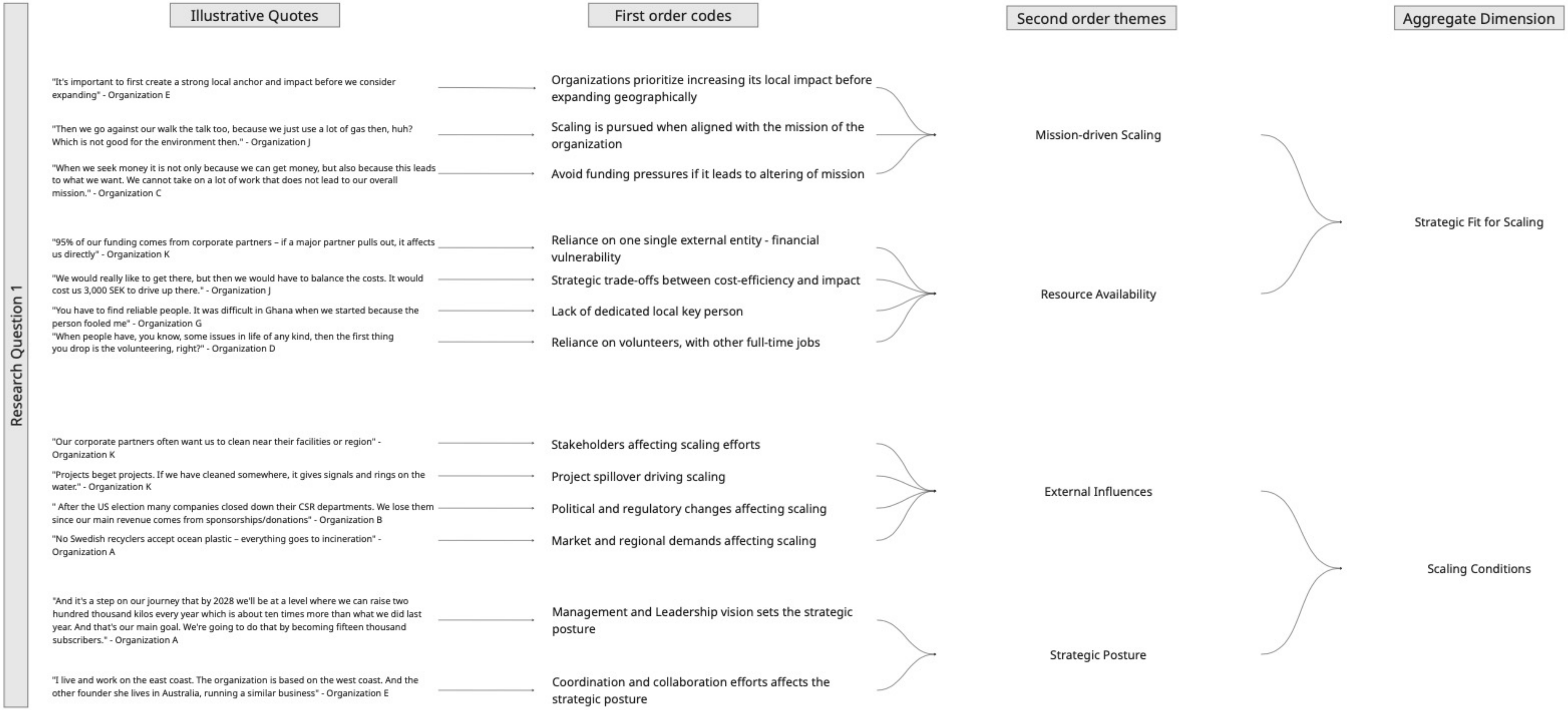
Scaling Social Value & Financial Sustainability

- How does your organization measure social value?
- Do you have a goal in scaling the organization?
    - If so, do you want to scale deep or wide?
- What strategies do you think must be implemented to scale the impact of your organization?
- Are there any challenges in trying to scale the operations of your organization?

Best Practices and Lessons Learned

- Have you collaborated with other organizations or businesses to secure funding or share resources? If so, how?
- What would be your key advice to other nonprofits seeking to scale their operations?
- Do you have suggestions on other nonprofit organizations that we should interview?

Appendix B: Gioia Data Structure RQ1



Appendix C: Gioia Data Structure RQ2

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