

Exploring Innovation, Impact, and Resilience in Education Marketplaces: Accounts of Social Innovation Entrepreneurs Working with Schools

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Abstract

Social innovation has seen significant growth in recent years as governments, foundations, and private investors have recognized the potential of exploring novel approaches to solving community challenges. In education, this has led to the growth of organizations working alongside schools in various fields, ranging from tutoring and mentoring programs to athletics and youth development. These agencies are often in the growth stage, operating in a nascent blended capital ecosystem that includes a mix of philanthropy, impact investing, public and private funding, and venture capital. Although there is existing literature on public-private partnerships in general, there needs to be more understanding of the viewpoints of entrepreneurs and agencies that work directly with schools. Therefore, central to this research was gaining insights from social innovation leaders actively engaged with schools and operating in a dynamic k-12 market. Employing a narrative inquiry approach, we share the experiences of entrepreneurs striving to succeed and expand their organizations in a challenging landscape often referred to as the “education industrial complex” (Hess, 2006, p. 1). By analyzing these stories, four prominent themes emerge that shed light on the present condition of social innovation agencies in education and provide suggestions for building cross-sector alignment moving forward.

Introduction

Increasingly, school product and service innovation have been tied to the entry of private capital in the k-12 marketplace, most notably from a philanthropy sector that contributes over \$70 billion annually to education causes (Giving USA, 2022). As a result, tens of thousands of emergent organizations do business with schools, most of which did not exist just two decades ago (NCCS, 2014). The infusion of private capital into education has had the dual effect of fueling a private, multibillion-dollar education innovation sector (comprised of nonprofit agencies and for-profit social enterprises) and giving rise to a parallel k-12-adjacent entrepreneurial ecosystem in fields ranging from youth development to curriculum support to teacher preparation. While the promise of public-private partnerships is well documented, significant challenges exist to scaling and sustaining these efforts to address systemic societal challenges. Perhaps nowhere are these challenges felt more than among the entrepreneurs themselves.

While previous literature exists on public-private partnerships in general, more needs to be discovered about the perspectives of entrepreneurs and agencies working directly with schools and, thus, the concerns emerging at the cross-sector level. Social entrepreneurs encounter distinct challenges in the education sector. They need to satisfy the requirements of impact investors who seek measurable social and financial outcomes while balancing the diverse expectations of an unforgiving education ecosystem, where proving narrowly defined outcomes is essential (Larson et al., 2017). This also includes addressing the nuanced demands of schools and communities at the local level, not to mention the intrinsic motivations of the founders themselves. On the other hand, educational leaders today face the daunting task of navigating a highly competitive, decentralized education marketplace where various stakeholders with different agendas and business practices are increasingly present. Therefore, our study aims to investigate how social innovation entrepreneurs and the agencies they lead collaborate with schools in this blended capital reality, which may inform how educational leaders manage arrangements involving nonprofit and for-profit organizations with a social mission.

Literature Review

According to the Organization for Economic Cooperation and Development (OECD, 2013), Social Innovation refers to the design and implementation of new solutions that imply conceptual, process, product, or organizational change, which ultimately aim to improve the well-being of individuals and communities. In the context of k-12 schooling, this can refer to nonprofit organizations and for-profit agencies with a mission to provide products and services in the education marketplace that could also be characterized as providing a social good.

As of 2016, over 1.5 million nonprofit organizations have registered with the IRS. Nearly 60,000 agencies operate directly in the k-12 sphere, with tens of thousands of others in adjacent markets, including youth development, athletics, mentoring, or other school-serving capacities (GuideStar, 2022). Much of this growth has been fueled by direct philanthropic giving totaling over \$90 billion to education causes in 2019, with over \$15 billion going specifically to elementary and secondary initiatives (Giving USA, 2022).

Whereas nonprofit agencies are clearly defined, social enterprises have unsettled definitions depending on the place and context, interpreting their purpose (Kerlin, 2013; Mirabella & Eikenberry, 2017; Teasdale, 2012; Wiley & Berry, 2015). In the United States, social enterprise is understood to include those organizations that fall along a continuum ranging from profit-oriented businesses engaged in socially beneficial activities to nonprofit organizations involved in some commercial activity (Kerlin, 2006). At the most basic level, social enterprises are companies whose core mission is to provide a social good. However, the agency's business practices remain focused on revenue generation in some form (Mirabella & Eikenberry, 2017).

Social entrepreneurship can contribute to the public good in several areas, including community and democratic renewal, sector professionalization, and the introduction of reforms (Grenier, 2009). External organizations can play a crucial role in overcoming implicit biases that lead to inequitable outcomes, particularly those related to racial disparities (Trujillo et al., 2014). For

example, in schooling, this bias may show up as chronic underfunding of an initiative serving a marginalized group or as favoring extracurricular programs that may benefit those with more voice or agency. In locations where market inefficiencies are prevalent, social enterprises can mobilize capital and interventions to create employment opportunities for minoritized populations and foster an entrepreneurial spirit in communities that need investment (Burgess-Van Aken, 2020; Mirabella & Eikenberry, 2017; Teasdale, 2010). Foundations and nonprofit agencies can act as the research and development arm of the social sector, potentially creating self-sustaining social enterprises. Further, private agencies operating within complex schooling environments can enjoy greater autonomy, stimulating innovation in academic organizations that may need more support to overcome their challenges due to political forces (Boyne, 2002; Smith & Wohlstetter, 2006). A strategic public-private alliance can free organizational leaders to focus on policy mandates while external stakeholders concentrate on innovation.

Although social enterprises have been lauded as a promising concept, there are mixed reviews about their effectiveness in providing public benefits, particularly at scale. “Scaling up” is the process of significantly expanding the implementation of a successful program to reach a larger audience with comparable benefits, typically occurring in the later stages of the research-to-practice life cycle. It follows the development of a new program initially introduced as a pilot. And if proven successful, it undergoes refinement and expansion. This expansion includes subjecting the program to more extensive testing under various community conditions (Frumkin, 2010). The success of scaling up depends on the entrepreneurs’ ability to continue expanding the program, test its effectiveness, and consistently deliver the intended benefits to participants. A study examining 20 social programs operating adjacent to schooling found that the duration of scaling-up efforts varied significantly, ranging from as long as 30 years to as little as three years, with the majority of programs requiring more than a decade to achieve successful scale-up (Larson et al., 2017, p. 12). This mirrors much of what we see in the education space. Research suggests that k-12 entrepreneurs often cannot surmount funding challenges in the early stages of development, inevitably leading to setbacks or failure. According to Koh et al. (2012), entrepreneurs in the growth stage “must develop and refine their models the hard way by trying them out in an unforgiving, low-margin marketplace” (p. 10). There are also additional externalities at the marketplace level. Researchers note that newer, small-scale entrepreneurs are often not seen as equals to their larger counterparts, causing them to deal with marginalization and contributing to emergent agencies’ mentality of trying to operate beyond their capabilities (Blackburn & Ram, 2006). Blackburn and Ram (2006) signal that individuals employed by small private firms, as opposed to larger public institutions, often receive less financial compensation, struggle with inadequate regulations about hiring practices and work norms, receive lower benefits, and deal with hiring protocols that vary unpredictably (Blackburn & Ram, 2006; Mirabella & Eikenberry, 2017).

Further, while the blended capital approach was conceptualized to build organizations to scale, in practice, only some entities have matched the reach and scope of public institutions, especially schools. This brings into question models relying on massive duplication of goods and services. Goldberg (2009) contends that despite the initial promise, the most successful models in the nonprofit sector have only reached a tiny portion of their objectives, all pale compared to

publicly funded endeavors. Even after decades of growth in the “third sector,” the nonprofit innovation case study in education still serves only 3.3 percent of the total demand it aimed to fulfill (Goldberg, 2009, p. 3). Moreover, a recent report from the Bridgespan Group found that less than 20 percent of the approximately 300,000 nonprofits in the U.S. have budgets over \$5 million and that these organizations account for over two-thirds of the sector's total revenue (Bryson, 2019).

Conceptual Framework

We situate this research along the scenarios posited by the OECD’s (2023) “Back to the Future of Education Report.” This report is a study that examines the challenges and opportunities facing education systems in the 21st century. The report focuses on how education can help prepare individuals for the changing world of work, the impact of emerging markets brought by technologies in education, and how school systems can be re-envisioned amidst the digital transformation and other paradigmatic changes being felt across society. The report highlights the importance of ensuring that education systems are equipped to develop the knowledge, skills, and competencies needed for future jobs. This includes developing critical thinking, problem-solving, and digital literacy skills and ensuring individuals have the social and emotional competencies to succeed in a rapidly changing world.

Most relevant to this study is our research on the *Education Outsourced Scenario*, which imagines a future where education is incrementally outsourced to private providers and a growing array of learning organizations are responsible for securing products and services across various fulfillment options. In this scenario, education is seen as a commodity, with many agencies offering solutions in a distributed marketplace. Traditional education institutions are no longer the sole, or in some cases even the primary, providers of education and skills development, as learners can access both public and private providers who offer customized offerings and learning experiences. This scenario would also entail changes in organizational structures, workforce composition, and learning networks enhanced by robust technology platforms. Influential groups would shift actors and power relations by exerting authority through financial capital, status, norms, and reputation. Education outsourcing is driven by increased parental involvement, diverse initiatives, and yet-to-be-defined network governance systems.

This scenario highlights the need for leaders across the educational landscape to develop emergent skills to navigate a more complex ecosystem involving private education providers operating in a fluid and dynamic environment. Therefore, our research further explores arrangements between schools and external agencies, emphasizing the blended capital concept. Such partnerships consist of multiple stakeholders collaborating to address common concerns, which is particularly relevant when private capital integrates with public education. We consider the specific cases in this study as smaller-scale examples of broader contexts that include similar funding dynamics, innovations, and related policies.

Readers should be aware that the authors have no orientation for any scenario while utilizing elements of the OECD report. More to the point, we seek to use these insights to connect what is happening at the site level (in a few cases) to the broader question of elite control as private capital fuses with matters of public schooling via a growing field of outside agencies. Our commitment is to present “micro-expressions of the macro” (Burawoy, 1991) to enhance trustworthiness, demonstrate transparency, and embrace open possibilities across sectors to co-create learning organizations in a new dimension.

Methodology

The Present Study

The research explores the experiences of social entrepreneurs operating within complex educational environments, which previous scholars have noted present obstacles to change and to resist open innovation. To better understand these experiences, we situated our study around the following guiding question: How do social innovation entrepreneurs leading k-12 agencies meet the challenges of scaling their organization in a blended capital reality? The following sub-questions help guide our research:

1. How do entrepreneurs navigate complex arrangements/demands in an education sector driven by blended capital?
2. What external pressures affect these agencies, and do they affect their enterprise's original mission and vision?
3. How can the “system” better support the agency's work and, in turn, the students whose work this agency touches?

Through an in-depth inquiry into these questions, the study aimed to generate new insight into the experiences of social entrepreneurs working in educational settings, their challenges, and the potential means of enhancing the support and processes they encounter. We hope the findings below contribute to the existing body of knowledge on social entrepreneurship and education and provide helpful guidance for practitioners and policymakers seeking to promote positive change in education, utilizing capital beyond school walls.

Narrative Inquiry

We chose Narrative Inquiry, which is both a method and a methodology (Clandinin & Connelly, 2000), as our research approach because of its capacity to capture the richness of educational environments (Clandinin & Connelly, 2000; Elbaz-Luwisch, 2007) organizational contexts (Czarniawska, 2007) and its richness capacity to inspire institutional change via a story (Chase, 2018). To magnify the voices of leaders seeking to navigate these dynamics, we employed Kim's (2016) suggestion to elicit lived stories from participants instead of just requesting their experiences. This allowed us to gain greater insight into social entrepreneurs' experiences functioning in complicated educational environments and their difficulties navigating unfavorable institutions. The combination of Narrative Inquiry and Kim's (2016) qualitative data

analysis toward narrative inquiry enabled us to center the voices of individuals directly affected by these systems and to place their lived experiences at the forefront of our research.

Participants

The present study utilized a purposive sampling method to identify participants for this study who were founders or co-founders of non-profit organizations and social enterprises working with or in K–12 schools. The first author's extensive experience in educational spaces and established relationships with agency leaders informed the selection of the five participants. Potential participants were emailed an informed consent form outlining the study's goals to request participation; this was reviewed in person and signed by all the participants. All agencies the participants lead are in the expansion stage of the organization's development. According to Koh, Harvey, Karamchandani, and Katz (2012), the expansion phase is reached only when the organization has established credibility, has a steady cash flow, has legitimized its theory of change, and has the capacity and desire to grow operations beyond the current market. In addition, for the study to focus on the dynamics stressed in the literature, the agency must generate some of its revenue from a mix of public and private sources. Profiles of individual participants and agencies are provided in Tables 1 and 2, respectively.

Table 1: Profile of Participant

	Gender	Race	Age	Career Background
Entrepreneur 1	Male	White	54	Law, Business
Entrepreneur 2	Female	White	42	Consulting, Business
Entrepreneur 3	Male	White	41	Educator
Entrepreneur 4	Male	African American	43	Performing Arts
Entrepreneur 5	Female	White	37	Nonprofit leader, Educator

Table 2: Profile of Agencies

	Agency Focus	Founded	Type	Budget *	Employees (Team)
Agency 1	Social Emotional Learning	2002	501c3/ LLC	\$1.45 M	18 (20+)
Agency 2	Technology	2013	LLC/501c3	\$600,000	6 (8)
Agency 3	School support	2017	501c3	\$300,000	2 (7)
Agency 4	Arts Education	2012	501c3	\$600,000	4 (11)
Agency 5	School Support	2017	501c3	\$300,000	2 (7)

*Generated from IRS 990s

Data Collection

The present study employed a semi-structured interview approach, utilizing the guiding and sub-questions to elicit responses from participants regarding their experiences. The interviews were conducted by the first and second authors, who employed paraphrasing techniques and

encouraged participants to elaborate on their responses. Four of the interviews were conducted in person, while one was conducted with the first author in person and the second author participating remotely via Zoom. The interviews primarily took place at the second author's university office, except for the interview where the second author joined remotely, which took place at the participant's location. All interviews were recorded, transcribed, and imported into NVivo, the qualitative data analysis software utilized in this study.

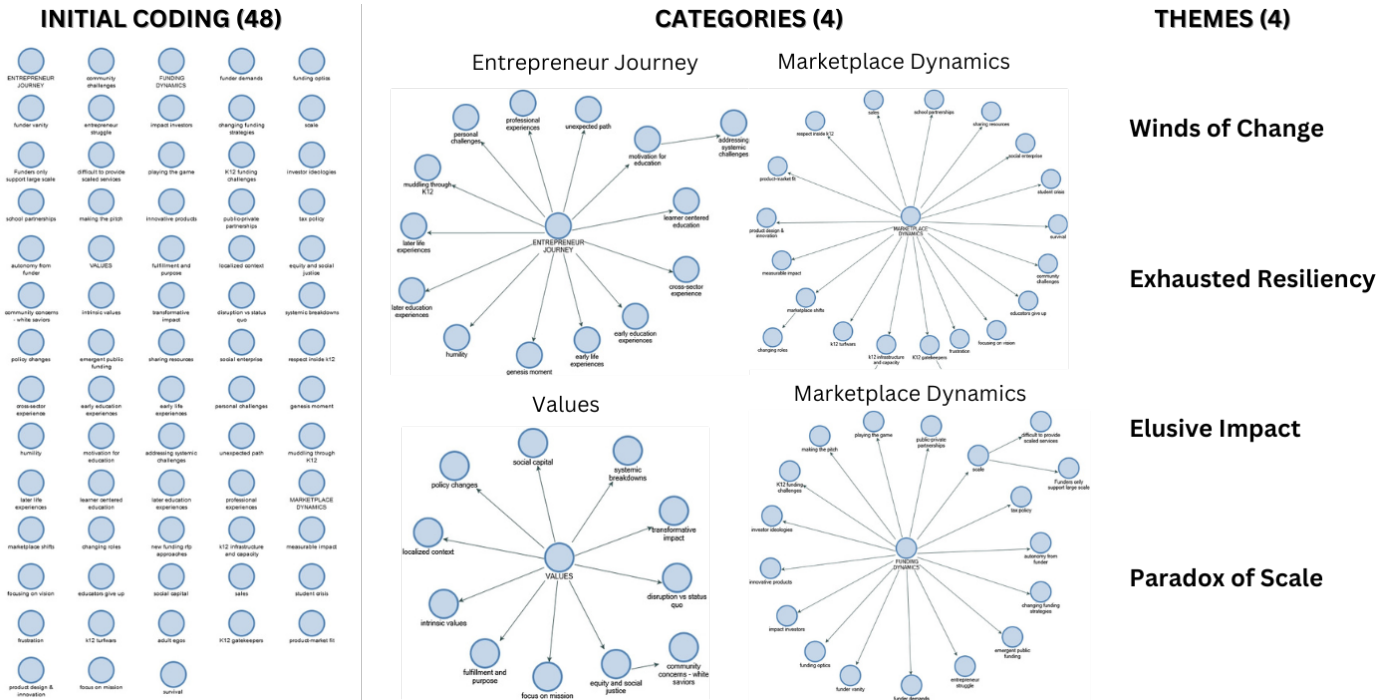
Following the approval from a university Institutional Review Board, the first and second authors conducted individual interviews with each participant. These interviews lasted between 60 minutes and 90 minutes. The interviews were semi-structured. Each participant was asked the following questions:

1. Tell us the genesis story of your agency...what inspired you to found XX agency?
2. Tell us how you navigate the diverse needs of users, partners, and funders.
3. Tell us about any stories on how external pressures affect you and how they affect the original mission and vision as you seek to grow your organization.
4. Tell us stories that demonstrate how "the system" can better support the agency's work and, in turn, students' lives.

Data Analysis

After engaging in individual interviews lasting about an hour and a half each and transcribing the interviews verbatim, we processed these transcripts into the NVivo application. We approached data analysis using Kim's (2016) recommendations for narrative analysis of the "four basic elements: Codes, categories, patterns, and themes" (Kim, 2016, p. 188). Using the NVivo software program, the first author performed a line-by-line analysis of the narratives, thereby identifying a single term or brief expression that captured the essence of the shared experience. After analyzing the first three transcripts, the researchers identified all relevant codes. They reached a saturation point, indicating that the 48 codes identified were robust and comprehensive in capturing key themes and patterns in the data. The last two transcripts fit within these codes, with only a few subcodes identified. These subcodes were nominal but may suggest nuances or variations in the data not fully captured by the principal codes, but still essential to note. The investigators subsequently identified commonalities between the codes and merged them into broader categories: Values, Entrepreneur Journey, Marketplace Dynamics, and Funding Dynamics. Finally, distinct patterns emerged from these categories, providing the foundation for the themes. During the results phase, the themes deemed most relevant to the research questions were Marketplace Dynamics and Funding Dynamics, with the former two categories providing relevant and vital anecdotes within the shared narratives. Consequently, our results section shares the four themes that emerged from these data that tell the story of the entrepreneurs as micro-expressions of a macro world.

Figure 1: Data Analysis and Coding



Results

This study found four key themes that emerged as significant points of interest for social innovation agencies and entrepreneurs working in education. These are: *changing winds* in funding priorities, *exhausted resiliency* of entrepreneurs leading agencies, *elusive impact* regarding measuring the effectiveness of programs, and the *paradox of scale*—how social innovation agencies are expected to grow rapidly beyond their means or mission. Each entrepreneur's experience is presented below in their exact words, distinguished by italicized quotes. The decision to anonymize the speakers stems from our commitment to protecting their identities and ensuring their privacy and security. By doing so, we aim to provide equal representation to all entrepreneurs while safeguarding their circumstances. These invaluable accounts highlight the themes and stories.

Changing Winds

We heard about a world of entrepreneurship and agency development in which entrepreneurs engaged in evolving markets. These markets have been shaped by changing organizational needs, shifting demographics, and emerging trends in the education space. Many of these entrepreneurs began their agencies with a particular mission; however, over the 10-plus years that all the agencies were developing their organizations, they each had to modify their delivery.

One example we see is the development of a strategy for a geographic area, in which agencies are told they need to meet the needs of specific students. They spend two or three years developing the networks and the products to serve that audience. However, gentrification changes the entire customer base at the same time. This means that these entrepreneurs have spent three to five years developing a strategy for the clientele that no longer exists. The following excerpt highlights this: *“We have all these nonprofits staring at this local district leader, you know, saying you have to serve them, we have to serve the city, but there are no more kids in the city, so four or five years ago already we went to surrounding communities, surrounding counties because I'm like the city that's not going to work what is the point of being here there are no interventions it's a complete desert of services in these other communities he has no idea about those”*

In other cases, agencies develop products that blow in the direction of the day's winds. In the education space, this can include social-emotional learning, bullying prevention, entrepreneurship, or other topics that carry currency that day. When the winds change, it can be challenging because initiatives lose favor or can even suddenly go against policies in some instances, such as engaging in specific DEI initiatives in a particular state. The following excerpt highlights this: *“...it's interesting, our first two years –our first year especially– when we were getting a lot of money from the innovation department, we did a lot of politicking with them and ... the innovation department is all about personalized learning. All right, we'll do personalized learning even though that's not really part of our model; we were just kind of saying we would, and we kind of did it, but we didn't really go all in there because that just wasn't part of our model.”*

Therefore, throughout all the stories, there was a constant shifting of strategy and a need to code-switch based on where the currency lay. Instead of being subject to market forces, designers and agencies must navigate the demands of funders, end-users, or clients, such as school districts or district leaders. Adapting to these evolving dynamics is crucial for agencies to thrive and endure. Our experts on agency development emphasize the need to stay flexible, pivot quickly, and develop a deep understanding of the changing landscape to succeed. Our discussion section covers this “alchemy” between Adaptation and Reinvention.

Exhausted Resiliency

The central theme these narratives emphasize is the entrepreneur's capacity to adapt to shifting circumstances and the consequent strain it imposes on the organization and the individual. We observed a remarkable resilience in these stories, accompanied by a powerful sense of fatigue. As a result, we have termed this phenomenon “exhausted resiliency.” Undoubtedly, the constant changes and adjustments have taken a toll on all entrepreneurs, but they persist in the face of adversity. However, as articulated by one participant, the continual adjustments can be draining: *“That is part of my problem now as an entrepreneur is I feel like if I wanted to play the game, I could play the game, and my company would be [a large agency] right now, and we'd be worth a billion dollars maybe not a billion but we'd be worth like \$100 million, and I would be sexy in the world of venture capital, and I could play that game but I already destroyed myself once*

playing the game for education I can't do it again and I don't think it's worth it.” Moreover, our research identified no single point of culpability for these challenges; instead, we found a complex interplay of factors contributing to the situation.

When examining the dynamics within schools and educational organizations, we observed frustrations with the systems that enabled these conditions: *“It also depends on the district where you go, you know if you look for instance X public school district it's a nightmare to work with them you go to the higher offices nobody takes notes it's gotten a little bit better, but it used to be that nobody makes a decision you have all these people they're all making six figures they're all great yeah and make no decisions no follow through nothing you have to talk to him you have to talk to her you really being sent from one place to the other.”* Another participant shared a similar story. *“It's really messy doing this work and supporting kids who are the furthest behind X district is a behemoth of an organization and they are like lawyers they are always prepared they design everything around these lightning strikes and they design everything as if like well we got a product against this one in a million we we have to protect against this one in a million chance and so they have all the legal procedures and like everything has to protect them.”*

In some instances, working with smaller districts alleviated these issues, as one leader observed: *“The advantage of working with smaller school districts, you know, you get to buy in from the higher ups, no investments, I can jump up immediately to a second in command, and that person is an ally and that person makes things work.”* This highlights the potential need for more alignment between the expectations of schools, entrepreneurs, and investors anticipating large-scale successes. Furthermore, this disparity is evident in the relationship with a well-known foundation: *“Like part of the problem with getting money like I tried to get money from X foundation and so they keep changing their strategy or like I got you know early on got started in the charter school space they gave us \$75,000 to do X amount of schools and we did a great job in all the schools final report video blah blah blah and then the foundation was like quote thank you very much but you don't fit into any of our strategies so bye bye you can't get any more money.”*

Elusive Impact

The increasing focus on measuring the evidence-based impact of education is not new; however, the narratives of the entrepreneurs in this study suggest they must convey the impact of their work to a diverse range of stakeholders, including educational leaders, policymakers, the business community, and private funders with varying motivations. One participant commented, *“People say they want data, we got data; they want stories, we got stories; alumni, where are they, what are they saying, where are they at, you know, we know how many people we have, so we're checking all the boxes.”* Another participant explained the importance of investing in substantial interventions during the school day to significantly impact students' lives rather than merely providing low-cost after-school programs.

The narratives reveal that when entrepreneurs collaborate with schools and districts, the expectations for evidence-based interventions are high. One entrepreneur expressed their

struggle in becoming an evidence-based curriculum, stating, *“Well, is it evidence-based? No, it's not evidence-based, so we're trying to figure out how do you become a curriculum that is evidence-based, but I do know that it takes a tremendous amount of money and many years to become an evidence-based program.”* The researchers identified a potential knowledge gap concerning program evaluation and the determination of “effective” interventions in this landscape. This knowledge gap might extend to school districts and partners, as measuring program effectiveness in a decentralized ecosystem becomes increasingly challenging. One entrepreneur highlighted the difficulty of obtaining aggregate data from districts, which often withhold information under the guise of student privacy. This situation emphasizes the challenges of a decentralized educational market with various vendors and partners requiring access to valuable data, in addition to pressures brought by a digital transformation whereby school leaders must navigate emerging policies around privacy and data-sharing agreements. This again highlights the strains of an evolving ecosystem that are not unique to agency leaders but may impact them most acutely.

Regarding measurable impact, entrepreneurs shared their perspectives on longitudinal data and the challenges of evaluating outputs that are either intrinsic or deeply embedded within communities. One entrepreneur who runs an arts agency emphasized the importance of investing in students for the long-term benefits for businesses and the community, yet the challenges that come with conveying this in a single moment in time or via a myopic measure do not fully capture the richness of their impact. This entrepreneurial viewpoint aligns with their motivations for entering the field: a commitment to transformative change and addressing systemic issues, regardless of the time required. As one entrepreneur put it, *“I'm committed, and we're going to make this a lifetime transformation thing, we've got to grow, we've got to figure it out together, but you know, we want that as a human being when it comes to relationships and whatever kind of relationship that is.”* Another entrepreneur acknowledged the immense effort required to change adults' behavior and beliefs, comparing it to drilling through *“10 feet of concrete.”*

In conclusion, the narratives in this theme underscore the challenges and complexities entrepreneurs face when attempting to demonstrate evidence-based impact in education, as well as the knowledge gaps and difficulties in measuring program effectiveness at the sector level. The entrepreneurs' commitment to long-term transformation and tackling systemic issues, despite the challenges, remains a driving force behind their work.

Paradox of Scale

Since the 1990s, a goal of social innovation has been to grow good ideas from a localized context to a national or global reach. However, in recent years, there has been increasing skepticism regarding the ability to scale across sectors, with education no exception. The emphasis on scale or growing an organization has been particularly felt by entrepreneurs in this study. They noted many instances in which funding or adoption of their services depended on their ability to grow the organization significantly beyond its current state — or, arguably, beyond their initial mission and vision. This challenge of balancing fidelity to mission with scale was captured by researchers who observed that even minor changes to programs as they had been taken to scale.

But even minor changes to a program can affect its chances of reaching and benefiting more people. (Larson et al., 2017).

One entrepreneur shared, *“For me, the most difficult part of navigating everything is, while the funders want a story that's really sexy and really big... that was easy in the beginning before [when we were] not really achieving that much. Now the funders are like, well, if you've been around for five years and you're not scaled, then we don't want to invest in you because you're probably not going to make it.”* Another entrepreneur illustrated this paradox by sharing how investors expected their fledgling organization to compete with larger, vastly more funded entities. They explained, *“Boys and Girls Club is a great organization that keeps students off the street... but I'm talking about a specific mission and a curriculum to educate, to empower ... and that's the reason why there's a space for us... YMCA doesn't do that.”*

Further illustrating the incongruity around scale, another participant expressed frustration with the limited funding available, stating, *“You get \$1000, that doesn't resolve anything”*, while another participant emphasized the importance of maintaining focus on the organization's vision without becoming consumed by budgetary demands necessary for growth: *“We're small potatoes in comparison to some of the big guys with multi-million dollar budgets, but we're just now getting started...where we are in the growth phase, we have to still [focus on] the ‘why’ and not become so driven on budget, even though we do understand that you can't drive without gas...”*

While recognizing the positive contributions of other larger organizations within the community, the entrepreneur's narrative highlights the challenges faced when competing with agencies that should be aligned toward a common good. This “Paradox of Scale,” as the researchers referred to it, highlights the difficulties social innovation entrepreneurs face in the education sector as they grapple with the pressures of scaling their organizations to meet lofty funder expectations within focused localized contexts. Despite addressing specific community needs, these organizations often struggle to compete with larger agencies, and their achievements on their respective trajectories appear to be overlooked.

Discussion

Our study provides a framework and methods for understanding agency leaders' lived experiences in k-12 contexts where a mix of public and private funding sources is increasingly common. This research is essential for strengthening community ties, fostering community-led social innovations in education, and developing a contemporary k-12 infrastructure that envisions new systems for innovation and accountability-sharing between schools and outside agencies.

In theory, each economic sector—nonprofit, for-profit, and public—possesses distinct comparative advantages that should build upon one another's strengths to solve society's most vexing challenges. In practice, however, these narratives tell us there is a homogeneity in expectations for scaling, leading to a narrower view of an agency's mission. Seen through a critical lens, one could argue that we are not replacing centralization with an “open” ecosystem;

instead, we are merely replacing one bureaucracy with another. It is, to some detractors, a veiled shift toward privatization and singular agendas, with many of the players standing to inherit an environment where smaller agencies or public institutions—even schools—cannot compete.

Regardless of one's disposition, it is undeniable that the appetite for private investments in education continues to grow, as does the number of outside agencies now doing business in the sector. The introduction of blended capital, literally in dollars or indirectly through expertise and influence, suggests this is more than a new era of "social innovation"; it is a new paradigm brought by years of macroeconomic policy, which is now hitting its nadir. However, determining who benefits from this new paradigm, how products are designed and delivered, how investments are made, and how success is measured remains opaque.

What is also indisputable is that we have ignored for decades the dynamics of decision-making and accountability between "insiders" who are historically entrusted with serving schools and "outsiders", social innovators who are relatively new to the space. At the onset of this study, we expected to hear the entrepreneurs' frustrations around k-12 gatekeeping and a monolithic public schooling system, yet that was not the case. Instead, we heard frustrations around a confusing, contradictory, private funding system that is not additive but distributive, scarce, and sometimes driven boldly by ideology. An investor even told one entrepreneur they could not support them because God told them so. Not captured in these data are the emotional costs education entrepreneurs must face as they enter the field with passion, skills, and personal capital, yet emerge a few years later demoralized with little credit for their efforts. While these are just a few voices, we are confident these accounts represent hundreds of others gathered through loosely connected research, including attending vendor conferences and conducting informal interviews. What the researchers hear time and again is the exhausted resiliency of these leaders.

Despite this, the researchers believe there are tangible steps the field can take to prepare for an "outsourced" scenario. Utilizing the framework of Adaptive Leadership (Heifetz et al., 2009), we contend that the most challenging work at hand lies in the adaptive frame. Here, leaders across the spectrum, including investors, must grapple with the subconscious motivations that shape their views on innovation in schooling. From the balcony, what these researchers observed was a misalignment between impact and scale. In some cases, this may be caused by the naivete of individual investors, or perhaps there are more systemic factors at play, such as relying on performance metrics designed in one sector that may not be analogous to schooling specifically or, more broadly, to measuring "social goods." Put another way, how does meeting the needs of students in a single community (social innovation) align with the measures of success as defined by technology companies or Silicon Valley executives looking for the next "unicorn"? The creation of new submarkets like "social enterprises" and "benefit corporations" is promising in discourse, yet, absent a truthful examination of end goals, these agencies are likely to take on the same characteristics as any other for-profit company. In the words of one of the entrepreneurs: *"If I can take five students, invest in those five students every year, and get them ready, I will be ahead of the game."* How do we quantify the impact brought by exposure to the arts on five students? How do we measure the effect of one of those students lifting the tide of an entire

community? Why does that not matter as much as 5,000 students? These are the adaptive questions that further research may help us answer.

While the adaptive challenges seem almost impossible, the researchers also landed on technical solutions that could be explored soon. We propose discussing three initiatives: exploring frameworks for scaled collective impact, developing network pathways for a contemporary and decentralized k-12 marketplace, and training cross-sector leaders to navigate this emergent ecosystem.

Applying Frameworks for Scaled Collective Impact

In their 2019 study, Riehl et al. introduced the concept that when nonprofits collaboratively engage within a community as a collective, their synergy mirrors a supply chain. This dynamic contrasts with each organization independently producing similar components or myopic outcomes, as can sometimes be true in k-12 environments. To advance this discourse, we propose a deeper exploration of frameworks for assessing collective impact across diverse agencies over extended periods. We also need to consider how to design instruments that capture impact in integrated and longitudinal ways.

In our research, identifying a collective community goal over a more extended timeframe could unveil the impact of initiatives like an arts agency elevating community well-being. It could also quantify the transformative influence of a social-emotional learning curriculum, breaking through persistent barriers, as highlighted by one of our participants. Within this context, significant research supports similar nascent approaches engaged in effective after-school program coordination, including the presence of a designated coordinating entity, the establishment of a standard data system, and the formulation of frameworks or standards ensuring program quality—all of which are pertinent to the social innovation agencies in our study (Simkin et al., 2021).

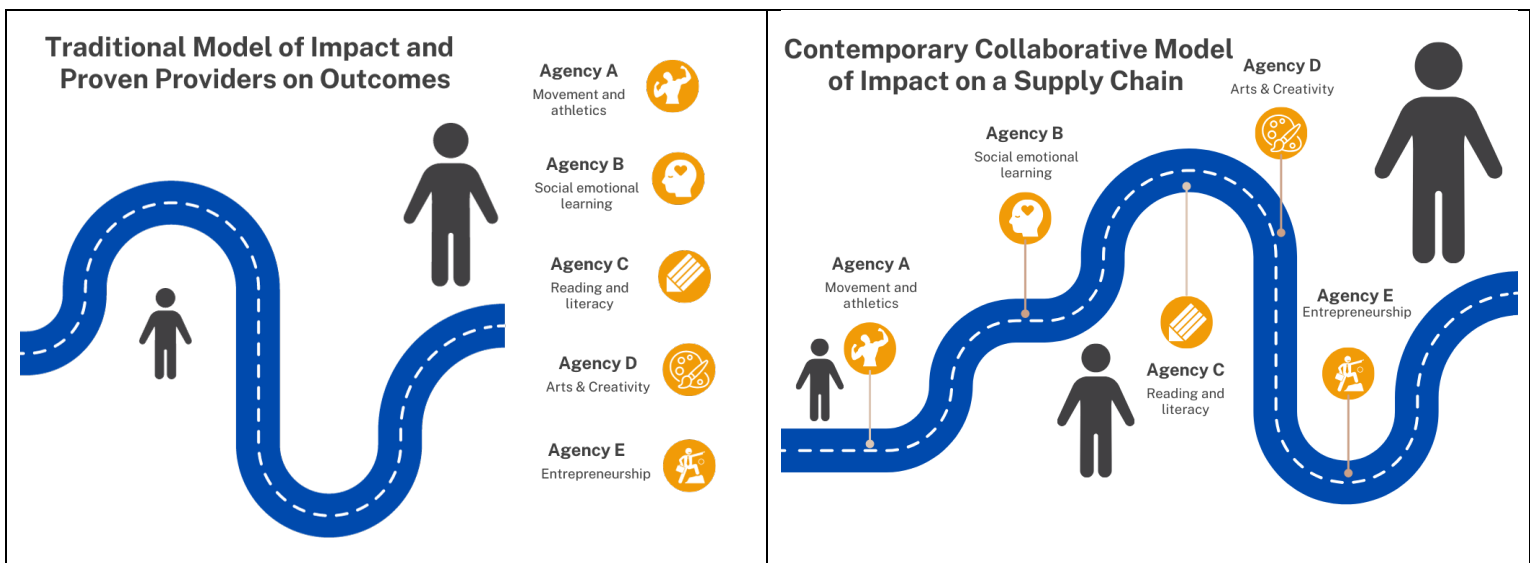
In their comprehensive 2021 report, Simkin et al. revealed that 77 out of 100 major U.S. cities actively participated in collaborative initiatives focused on synchronizing the efforts of out-of-school-time providers, government agencies, private funders, and various stakeholders. This report provided invaluable insights, especially considering the transformative effects of the pandemic on after-school programs. However, what often needs improvement are the mutually agreed-upon metrics essential for comprehensive measurement of collective impact, as well as the resources required to implement such systems, particularly on a large scale. In essence, while we've long recognized the interconnectedness of these components, the critical need now is to establish these connections across an expanding array of ages and, especially in this context, to tease out the contributions of community-driven social innovations during the expansion phases.

Considering emerging market trends and recent technological advancements, we propose contemplating the potential role of Social Impact Bonds (SIBs) in establishing community-wide indicators. What could a highly contextualized Social Impact Bond look like within a specific community? How might the outcomes from these initiatives contribute to the sustainability of

both investors and the agencies involved? Furthermore, we should explore the potential contribution of artificial intelligence (AI) in dissecting the impact within these contexts.

For example, developmental milestones serve as valuable targets for aspirations and act as reference points for data collection and progress tracking, whether at the individual student level, agency level, or as community-wide benchmarks. However, effective collaborations must extend beyond merely identifying these milestones; they must also devise strategies to influence related indicators that “move the needle” in cross-sector collaborations. As noted, achieving this necessitates a deeper level of contemplation and the development of adaptive shifts at both the sector and personal levels (as referenced in *Ibid.*, page 47).

Figures 2 and 3: Traditional and Contemporary Models of Impact



Developing Network Pathways for a Contemporary and Decentralized K-12 Marketplace

In our review, we identified a prevalent challenge faced by social innovation leaders—the critical juncture of “getting over the hump” in their entrepreneurial trajectory. Participants emphasized that the startup and initial growth phases weren't their primary concerns; rather, the real challenge emerged during the Expansion phase, where securing substantial contracts became imperative for agency stability. This trend is not unique to our study but appears to be particularly acute among agencies similar to those examined.

Research findings consistently highlight a theme of innovation and adaptation within social programs, where developers frequently adjust delivery models, expand impact to broader audiences, or shift program objectives during development and expansion. This aligns closely with our observations, particularly within the context of social innovation entrepreneurship. Confronted with these challenges, agency leaders revealed that they often resorted to various improvised strategies, ranging from code-switching and wordplay to outright reinvention,

sometimes even risking fidelity. Fidelity, as indicated by various studies, involves two distinct components: “reinvention,” in which program developers or lead organizations make changes before scaling up, and “adaptation,” which refers to adjustments made by implementers in communities during program implementation (Larson et al., 2017). While the former risks reducing fidelity or impact by reshaping the agency’s mission based on transient factors, the latter, termed “active reinvention,” is more participatory as community partners, in our case, schools or funders, engage with agencies to fit emergent needs.

Addressing this challenge calls for a collective community approach that emphasizes the development of *distribution network pathways*. This entails a leading organization partnering with a distribution entity to leverage the distribution entity’s existing network of implementing organizations, akin to a “distribution network” or a “strategic alliance.” Such alliances are often anchored by a national organization that encompasses various local member agencies, such as the YMCA or Boys & Girls Clubs of America (Gabriel, 2014). In the cases we examined, this approach might involve partnering with scaled agencies that share similar missions, such as Junior Achievement, BUILD.org, and others with more significant capital and reach. Though collaboration necessitates compromise, it introduces an essential element known as integrative reinvention. This process involves collaborative decision-making and structural modifications among core partner organizations, essentially constituting a form of open innovation in education. Intellectual property and even infrastructure may be shared between partners, previously considered competitors (Author).

Professional Development for Cross-sector Leaders

Although organizational behavior is beyond the scope of this paper, the broader trends in the marketplace speak to a continued decentralization of goods and services that may require retraining at the frontline—in our case, site and district leaders at the k-12 level. In the current organizational hierarchy of schools, the sifting of products and services often follows a predictable model rooted in an era of rare “book adoptions”, with decisions usually falling to a single leader or a small committee of leaders. Furthermore, the increase in the adoption of curriculum standards has only added to the intricacy of aligning these decisions with quality assurance. Yet, there remains a dearth of attention given to aligning these standards and frameworks with external partners. What we are hearing empirically from innovators are emerging concerns regarding the challenge of evaluating an expanding array of choices, a shortage of expertise among institutional leaders, discrepancies or prejudices in determining the definition of “impact,” and decisions predominantly influenced by charismatic relationships, often lacking transparency.

To illustrate this, at the time of authoring this paper, an influential celebrity was able to gain mass adoption for their unproven nutrition program across a large school district. While this was lauded with great fanfare and media exposure, to the researchers and participants in this study, this episode marked everything that is wrong with the current system. Unfortunately, that same program consumes the same “oxygen” as the agencies in our study, yet simply by virtue of their celebrity status, the unproven agency gained widespread adoption despite not meeting any of the

criteria espoused by investors or the ecosystem at large. To the researchers, what this case symbolized was not so much a breakdown in governance, but also an opportunity to highlight our shortcomings if we are to capture the promise of social innovation. This was just the latest case of good intentions led awry by a lack of systems, protocols, and above all, awareness of the complexity and interdependence that accompanies a blended capital education marketplace of our own making.

To develop a more transparent and resilient ecosystem on a technical level, we suggest exploring methods for promoting the exchange of information among stakeholders in the market. For example, we can deploy a blend of both physical and virtual platforms for evaluating products and forming connections, such as organizing “innovation fairs” or curating a partner directory. Implementing more open-source governance mechanisms that integrate the perspectives of end-users, particularly educators directly engaged in the work, is essential. In order to shape and sustain social innovation in communities on an adaptive level, professional development is crucial for cross-sector leaders. In schools, educational leaders need tailored initiatives to empower them with the skills to utilize community resources and shape future network infrastructure. Similarly, impact investors should devote effort to gaining a deeper understanding of how their preferences and desires can shape the process of reinvention and the adaptation of agency missions, which in turn may heighten awareness for ROI and risk management strategies that benefit all stakeholders. Lastly, some entrepreneurs may require training in evidence-based research and the resources to produce such reports. Collectively, leaders at various levels, from the site to the district and community, should engage in professional development to prepare for potential transformations resulting from various OECD scenarios.

In closing, we contend that to achieve the vision of social innovation for the greater good, we must recognize the importance of collaboration and co-creation across sectors. This involves working together to build a shared understanding of the challenges and opportunities ahead, and to develop strategies and frameworks for addressing them. We hope this study has provided a valuable contribution to this ongoing dialogue and will inspire further research and action toward developing a contemporary educational marketplace. By working together, we can build a more inclusive and equitable educational landscape that can meet the diverse needs of learners and schools in the 21st century.

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