

The Relationship of Scaling and Democracy in Third-Sector Organizations

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journals.sagepub.com/home/nvs**John Child¹** , **Rose Narooz²** , and **Nora Ramadan^{3,4}** 

Abstract

The scaling of third-sector organizations (TSOs) in terms of the number of beneficiaries they serve and/or the range and quality of contributions they offer is generally assumed to be a desirable aim. At the same time, many TSOs are embedded in local communities and have the potential to act as a community voice, thus contributing to the process of bottom-up democracy. The present paper aims to offer a systematic analysis of the relation between the scaling of TSOs and their potential democratic role both internally in articulating a community voice and externally in securing resources and support for their mission. It analyses inter-relationships between TSOs' routes to scale and their democratic processes, including positive effects of democracy on scaling, and identifies TSO organization and legitimacy as intervening factors. This leads to new theoretical insights that suggest avenues for future research and inform policy guidelines.

Keywords

democracy, legitimacy, organization, scaling, third sector

Introduction

The numbers and contributions of third-sector organizations (TSOs) have grown considerably in most societies and they have become significant institutions (Bridge et al., 2020). TSOs help to fill the gap between market and state service provision, and they can

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play an important role in supporting communities at a local level (Etzioni, 1973; Ott & Dicke, 2021). The scaling of their activities is therefore widely regarded as an important means to enhance the social role of TSOs (Bull et al., 2014; Islam, 2020; Narooz, 2022). At the same time, many TSOs are embedded in local communities. This lends them the potential to act as a voice for those communities through a democratic process of participation by their members (Putnam, 1993).¹ Both contributions promise to be of considerable importance in an era of social and democratic deficits (Takle et al., 2023).

Although Uvin and Miller (1996, p. 344) highlighted the relation of TSO scaling to democracy as a “basic, as yet unanswered, issue,” the two subjects have mostly continued to be treated separately at the expense of considering their mutual relevance. While potential tensions between scale and democracy in societies, organizations and groups have long been recognized (Saunders, 2009), the specific circumstances of the third sector have received less consideration. This lacuna runs the risk of understating the contribution that TSOs can make through simultaneously scaling their activities and serving as a community voice (Petrella et al., 2022). Addressing the scaling and democracy perspectives together offers the possibility of bridging this gap, and in so doing, advancing theory as well as our understanding of ways to enhance the social contribution of TSOs.

The third sector is extremely diverse and has been characterized as “a loose and baggy monster” (Kendall & Knapp, 1994). To add focus to our analysis, we shall therefore concentrate on a particular category of TSOs in which both scaling and democracy are likely to be significant concerns. These are development and self-help community-based TSOs which aim to serve their communities through mobilizing human and other assets in those communities (Mathie & Cunningham, 2003). This is a large category typified by community development trusts or corporations (CDTs) and community land trusts (CLTs), which have grown rapidly during recent decades in the United States, the United Kingdom and other countries (Development Trusts Association Scotland (DTAS), 2024; Greenberg, 2019; Locality, 2024; Squazzoni, 2009).² Such TSOs are established to respond to local community needs. Their memberships are generally restricted to residents of the local areas who enjoy formal rights to participate in their democratic governance. They also need to exercise external influence, particularly in respect of securing resources. Both the scaling of their activities and their internal and external voice are therefore, in principle, significant objectives for them.³ However, the question remains whether TSOs can effectively pursue both objectives simultaneously. If so, how, what trade-offs are likely to arise, and what factors are likely to shape their ability to balance these two objectives? Addressing these issues is essential to fostering the capacity of TSOs to maximize their social role and achieve their intended impact.

We therefore draw together the scaling and democracy perspectives to offer an analysis of the implications of TSOs’ scaling for their potential democratic role, both internally in articulating a community voice and externally in securing resources and support for it, as well as considering the positive effects of democracy on scaling. We also focus on TSO organization and legitimacy as intervening factors. While TSO organization and legitimacy are almost certainly not the only factors that intervene between scaling and democracy, we concentrate on them because the prior research

and literature referred to below suggest that they are theoretically significant and because they also offer scope for policy intervention within a complex reality that has many intervening factors. Both organization and legitimacy have been defined according to different epistemological and ontological positions. Regarding TSO organization, we focus on a TSO's organizational regularities and routines, including its hierarchy, roles and norms of behaviour, which are both formally and informally defined (Becker, 2004). Regarding legitimacy, we adopt the majority view that it is "a property, resource or a capacity of an entity" (Suddaby et al., 2017, p. 451), and that "something is legitimate if it is in accord with the norms, values, beliefs, practices, and procedures accepted by a group" (Zelditch, 2001, p. 33).

The outcome of our analysis is a set of nine propositions and a model that indicate avenues for future research as well as potential points of policy intervention. The propositions offered are informed by several literatures concerning TSO scaling, associative and organizational democracy, organizational structures and processes, and TSO legitimacy. Our propositions are broad statements of relationships between constructs that cover novel theoretical ground. While not formulated with the specificity typical of hypotheses, they remain open to empirical testing (Cornelissen, 2017).

The next section summarizes the democratic perspective applied to TSOs. It distinguishes between internal democracy and external influence. We then turn to the scaling perspective, identifying three principal routes to scale and analysing the different implications of each route for a TSO's ability to perform a democratic role internally and externally, as well as the possibility that a viable democratic process may also assist scaling. While there are what we shall call "direct scale effects," TSO organization and legitimacy are identified as factors likely to intervene in the relationship between scaling and democracy. Our analysis then gives rise to propositions which inform the detailed theoretical model presented in the concluding discussion. The discussion addresses the paper's theoretical contribution and considers practical ways in which the tensions between scaling and democracy may be reconciled.

The Democratic Perspective

The democratic perspective on TSOs draws attention to their potential to articulate community views and priorities. A major formative influence was De Tocqueville's (1840/2003) observations of the United States in the 1830s. He concluded that a unique feature of American society at that time was the role that private voluntary community-based organizations played in the organization of social, economic, and political life, and how they enabled democratic grassroots participation. Follett (1918) in her classic essay on *The New State* argued that direct democratic participation through community groups and local networks ("a new principle of association," p. 2) was needed to compensate for the failings of representative democracy. In contrast to representative governance, participative democracy envisages that citizens take part directly in political decisions and policies that affect their lives. Advocates of "associative democracy" also argue that associations such as TSOs can provide arenas in which

meaningful participation can take place. They see associations as providing the institutional foundations of pluralism and hence of viable multiparty contestation in the political sphere (Hirst, 2002). The contemporary context in which associative democracy is advocated is that of a crisis in democratic governance due to the growing power of hierarchical corporations and an increasingly centralized state (Battilana et al., 2022; Child, 2019; Dahl, 1989; Hirst, 1994), leading to a breakdown of the trust that citizens have in their institutions and leaders (Edelman, 2023).

The concept of associative democracy focuses on the potential for associations to serve as agents of democracy *within society as a whole*. Another variant of the democratic perspective focuses primarily on participation in decision-making on *local issues* in which the members of communities are likely to have the most interest. This recognizes the potential of community-based TSOs to be agents of direct local democracy through enabling their members to have a greater role in decision-making and priority-setting for their local communities (Tshishonga & Mbambo, 2008). Forms of member engagement can range from mere “participation,” such as responding to consultative surveys, to being actively involved in “deliberations” that lead to decision-making (Elstub, 2006, 2018). In anticipation of our later analysis, it may be noted that the cost and logistical challenge of organizing deliberative discussions is likely to be greater the larger a TSO and the community it serves.

Evidence from public consultations indicates that there is a strong public demand for greater influence over decisions that affect local communities (e.g., Scottish Government, 2024). Moreover, despite some mixed results, recent research has also indicated that community empowerment can benefit health and well-being (Popay et al., 2023). The challenge is to meet the criterion that “participatory governance has to be meaningfully anchored in the community” (Bussu et al., 2022, p. 59). Buček and Smith (2000, p. 4) note that political theorists of various persuasions “recommend balancing dominant local representative democracy by various forms of participatory democracy.” They argue that the involvement of TSOs in advocacy and policymaking can help to provide this balance.

Community-based TSOs can contribute to the strengthening of local democracy in several ways (Elstub, 2010; Escobar, 2025). First, “civil society organisations can empower people . . . through their own participatory practices, through advocacy, interest articulation, and protest . . .” (Buček & Smith, 2000, p. 12). Second, participation in grassroots organizations provides a learning experience of the kind that Follett (1918) stressed as essential for the process to reach its full potential. Third, local civic groups can join forces with each other and/or with local government to lobby the centre on behalf of citizens’ demands. Fourth, if TSOs are commissioned as service providers, this can provide a channel for the involvement of users in the management of services, including the participation of formerly marginalized, excluded, or dependent social groups. Participatory governance in its full sense requires that TSO members have the right to take part in deliberations leading to decision-making and policy formation, though they are not necessarily the final decision-makers. In this way, TSO can act as channels for the expression of community voice.

Wright and Coleman (2012) maintain that for TSOs to assist in a democratic process which ensures a more accountable and socially relevant governance, two key

principles are essential. The first is that TSOs speak for their members and, in so doing, articulate the authentic voice of these groups. We shall refer to this first principle as “internal democracy.” It requires that TSOs follow a process of deliberative democracy by communicating intensively with the people they claim to represent and permitting them to participate meaningfully in TSO decision-making (Elstubb, 2006; Ercan & Dryzek, 2015). There has to be accountability to the governed which means that all members must enjoy transparent and equal access to information (Davies, 1967; Kerr & Caimano, 2004). The significance of a close connection with members is highlighted by evidence from elections suggesting that representatives who are embedded within local communities are particularly well positioned to connect with their voters, and that consequently those voters feel more empowered and motivated to participate (Poertner, 2023).

The second principle is that TSOs must be able effectively to leverage that voice at higher levels of public governance, namely through a process of effective external influence. In other words, “if third-sector organizations are to devote energy and resources to becoming democratic intermediaries, then they must engage at timely moments in the policy process (not after essential decisions have been made) and are entitled to expect meaningful feedback from policy makers in response to their inputs.” (Wright & Coleman, 2012, p. 210). The second principle depends partly on the first in that the external legitimacy of TSOs’ demands and actions is enhanced by demonstrating that they speak for identifiable groups of people and their interests (Elstubb, 2010; Taylor & Warburton, 2003).

There may be significant obstacles to avoid or overcome in the process of strengthening democratic participation via the agency of TSOs (King & Griffin, 2019). One is that such bodies may vary in the extent of their capacity for empowerment and in their internal democracy. Indeed, “not all associations are voluntary, have internal voting rights, or espouse missions that contribute to democracy in the wider society” (Alexander, 2006, p. 7). Second, active participation can impose burdens of workload and responsibility on the members of community associations that they become unable or unwilling to shoulder (Popay et al., 2023). Third, to survive, TSOs may be obliged to focus more on activities that generate income and secure funding than on being guided by the priorities of their community members. Moreover, if securing funding involves the employment of professional specialists (or staff in specialized roles), for instance, to help prepare funding proposals, such personnel may reduce or reinterpret the voice of service users and voluntary staff (Mosley, 2016).

The external representation of a TSO’s views can also encounter challenges. One is how to represent the views of the many diverse TSOs in each local community area, particularly if the contributions and priorities of one area do not align with those of others (Cullingworth & Escobar, 2019). Another challenge stems from the difficulty that intermediary bodies within the wider system have in maintaining open communication and a balanced stance between TSOs and government. Such bodies have attracted criticism from TSOs, including the complaint that they lean too much towards a governmental viewpoint, partly because government is the source of relevant funding and lays down the parameters of discussion (Cullingworth, 2020; Young & Tanner, 2022).

The Scaling Perspective and Its Implications for Democracy in TSOs

We now turn to how particular routes to scale are consequential for the strength and nature of democratic processes within TSOs as well as for their influence within the wider society. As noted, our focus is on development and self-help community-based TSOs which have a potential both to scale their services and to be agents for a democratic voice.

While the concept of scaling is well established for profit-making enterprises (Coviello et al., 2024; Piaskowska et al., 2021; Reuber et al., 2021), it is still evolving for TSOs. Discussions of TSO scaling usually take social impact as their criterion rather than organizational growth or profit. Moreover, the concept of TSO scaling has not been treated uniformly in the literature (Dittrich, 2022; Islam, 2020; Jansen et al., 2023). There is a plethora of terms used to describe scaling, such as scaling up, scaling deep, scaling wide, and scaling across (Islam, 2020, p. 2). Although the use of the same term to describe different phenomena, and the use of different terms to describe the same phenomenon, is confusing, taken together, they helpfully identify distinct routes to scale. The diversity of meanings attached to scaling arise in part because some refer to the objectives of scaling while others refer to the means to achieve scaling. Its objectives concern the achievement of social impact by TSOs, while its means concern the different routes to achieving scale. It is the routes to scale that are particularly significant for a TSO's democratic processes, and they crystalize around the concept of scaling up, which refers to an increase in a TSO's size, scope, and capability. We shall therefore focus on routes to scale in the sense of scaling up.

A number of scholars have distinguished between scaling up achieved through organizational growth and scaling up achieved through increasing impact beyond the organization's boundaries (Bull et al., 2014; El Ebrashi & El-Batawy, 2021; Lyon & Fernandez, 2012; Moore et al., 2015; Uvin & Miller, 1996). Two largely compatible frameworks offered by Uvin and Miller (1996) and Bull et al. (2014) offer clear and comprehensive classifications of the various routes to scale for TSOs in terms of growth and impact. Both sources identify as routes to scale organic expansion, replication of activities, diffusion of mission (especially to exert political influence), and external collaboration.⁴ The first two routes normally both involve growth of a TSO's internal organizational structure, with similar implications for its democratic processes, and we shall therefore treat them as a single route to scale through organic growth. The third and fourth routes to scale are achieved through activities and relationships extending beyond the organization's formal boundaries. Our analysis will therefore focus on just three routes to scale, namely (1) organic growth, (2) diffusion of mission, and (3) external collaboration.

It should also be noted that in addition to the potential consequences of *routes* to scale for TSO democracy through their implications for organization and legitimacy, scale may have certain *direct* effects. One direct effect is likely to have negative consequences for TSOs' internal democracy. This results from the challenges that greater organizational size *per se* presents for democratic processes, primarily due to the difficulties it creates for communication and information sharing with members (Indik, 1965; Warner & Hilander, 1964). Scaling may also have the direct effect of increasing

a TSO's social impact, which should enhance a TSO's external influence. It may also cause its members to take a positive view of its achievements and hence encourage them to participate more actively in its internal democratic processes. These potential direct scale effects are not included in the propositions we shall advance on the impacts of *routes* to scale, but their pervasive influence needs to be borne in mind.

Scaling Up Through Organic Growth

A TSO's organic growth can carry contradictory implications for the ability of its members to express a coherent voice on a given issue. On the positive side, organic growth deriving from enhanced service provision should align the activities of the TSO more closely with the specific needs of its different members. An alignment between projects and their needs should encourage members to identify with the TSO and enhance the legitimacy of its activities in their eyes. It is likely to motivate them to participate in discussions of the TSO's work and hence support the process of internal democracy (Scottish Government, 2024).

In addition, scaling up through growth facilitates achievement of the second requirement for an effective democratic process which Wright and Coleman (2012) identified, namely that TSOs must be able to convey and leverage their voice within higher levels of the public governance system. Larger scale permits TSOs to employ staff who can specialize in PR and lobbying on their behalf. Growth also conveys a sense of a TSO's competence and significance to external parties, hence adding to its legitimacy in their eyes. Walker and McCarthy (2010) provide evidence that external legitimacy can benefit the survival of community-based organizations.

On the negative side, it has long been argued in the literatures both of organization and political studies that size tends to inhibit the expression of grassroots opinion (Dahl & Tufte, 1973). Size makes it more difficult and costly to organize deliberative processes. Moreover, larger organizations tend to be characterized by lower levels of member' participation (Child, 2021; Indik, 1965), and the members of larger communities tend to have a lower engagement with them (Ren et al., 2007).

In addition to such direct scale effects, several organizational factors are also at play here. First, research suggests that growth in an organization's size typically leads to an increase in its hierarchical levels and in formalization which tends to become elaborated and more entrenched over time (Beck & Kieser, 2003; Daft, 2019; Inkson et al., 1970). These structural changes introduce barriers to the sharing of information and distance non-managerial members from decision-making (Child, 2019). Second, organic growth normally leads to an increase in an organization's administrative component (i.e., managers and officials), as well as the employment of specialists, who tend to believe that their expertise warrants reserving decision-making to themselves. The employment of such officials may therefore militate against the ability of members to shape an organization's voice even though that organization has a democratic formal constitution (Andrews & Boyne, 2014; Michels, 1915/1962). This socio-psychological distance can intensify if administrative and specialist staff are recruited from outside the TSO's local community. Third, rapid growth can give rise to internal strains which may inhibit participation, both through undermining necessary processes

such as allocating sufficient time for discussion and through creating a sense of alienation among clients and staff. As Piaskowska et al. (2021, p. 2) note, “scaling firms need to deal with a sense of turmoil, chaos, and great inefficiencies while growing.” Fourth, if a TSO’s growth is based on a diversification of projects, this can increase the difficulty of achieving a consensus among different groups of members, so weakening the voice it is able to express. If diversification creates a majority and a minority interest within a TSO, the minority may feel they are marginalized into becoming outsiders.

Organic growth achieved through replication spreads a TSO’s activities over a growing number of branches. Although the new units are guided by a common mission, they will be operating in somewhat different community contexts. Each one is therefore likely to encounter a distinct set of needs. This means that scaling up through replication tends to increase the diversity of member needs and, as just noted, therefore adds to the difficulty of formulating a coherent member voice. Moreover, while replication can enable relatively small branches to be guided mimetically through imitation of the parent TSO, they will still require a degree of central coordination. This creates pressure to employ more administrators and managers and to introduce greater formalization of practices and procedures. A TSO scaling through replication is therefore liable to experience some of the challenges to internal democracy associated with scaling through other forms of organic growth. While scaling through replication may be found among anchor CDTs that embrace a number of smaller trusts, it is less likely to be common among individual community trusts which reflect idiosyncratic local needs.

Scaling up through organic growth can introduce trade-offs between participation and effectiveness. Smaller TSOs, such as many CDTs, may offer better opportunities for member participation but lack the greater efficiency, resources, and clout that larger organizations normally possess for dealing with the needs exposed through the participative process. Thus, Roiseland and Vabo (2019, p. 286) comment that “scholars tend to see a trade-off between smaller political communities that offer citizens rich opportunities to participate on the one hand, and larger political communities that are able to deal effectively with the different challenges faced by localities on the other.” Dahl and Tufte (1973) noted that smaller polities effectively allow more citizens to participate in decision-making but often find it difficult to assert power over all the areas of concern to citizens. Larger polities may have greater resources to respond to a wider range of citizen concerns, but at the cost of alienating citizens from the project of civic creation. The trade-off between participation and effectiveness can become more acute if growth requires the subcontracting of some activities which then compromises the TSO’s mission and voice.

Organic growth is likely to result in the growth of a TSO’s internal organization, which can create obstacles to achieving a democratic voice (Indik, 1965). Organizational barriers to internal participation risk alienating members and reducing the legitimacy they accord to a TSO’s policies and actions. On the other hand, scaling through organic growth increases a TSO’s social impact. If this impact is positive, it is expected to enhance the TSO’s legitimacy in the eyes of both its members and external stakeholders, and thus to strengthen its internal democratic processes and external influence.

Larger TSOs should also enjoy greater influence in intermediary bodies. This greater influence may help to counteract concerns among TSOs that intermediary bodies, such as national advocacy organizations in the United States and third sector

interfaces in Scotland, are too closely associated with the State because of their formal position in governance networks (Cullingworth, 2020). A dilemma here is that if scale enables TSOs to gain greater access to the public governance system, this may be regarded by their community members as jeopardizing the TSOs' independence by drawing them too closely into the system, including a dependence on state funding. Le Roy (1995, p. 314) concluded from a study of Sweden that partly due to their growing scale, "citizens cease to see these organizations [local voluntary organizations] as the product of their own efforts in the project of civic creation and instead begin to see them as 'agents of the state.'" The result of this alienation is the crisis of confidence and trust that characterizes much of citizen politics in the West." If the growth of TSOs jeopardizes internal trust in their leaders' intentions, this can undermine the external credibility of their voice.

In short, paradoxically while a TSO's scaling up may enable it to strengthen its resource for wielding external influence, namely its "organisational capacity to oversee government actions, influence the creation of new legislation or lobby for reforms" (Casey, 2004, p. 250), this may be at the expense of its internal democracy and ability to reflect grassroots opinion in its activities (Levine, 2021).

The following propositions can be derived from the above discussion:

- P1. Scaling up through organic growth creates organizational barriers to TSO member participation, which weaken its internal democratic processes and, in so doing, reduce its legitimacy among members.
- P2. Scaling up through organic growth increases a TSO's resources and visibility, which in turn add to its external influence.
- P3. If scaling up through organic growth increases a TSO's social impact, this adds to its legitimacy in the eyes of its members and external stakeholders, and, in turn, strengthens both its internal democratic processes and its external influence.

Scaling Up Through Diffusion of Mission

A TSO scaling up through the diffusion of its mission aims at shaping institutional policies, spreading its cultural attitudes and norms, and increasing its external legitimacy. This may be achieved through, for example, informally co-opting politicians and important stakeholders. While this form of scaling is primarily associated with advocacy TSOs, it can arise when a community-based TSO endeavours to influence institutional policies to secure support and/or greater decision-making autonomy. Close informal contacts between TSOs and external stakeholders may help the former to diffuse their ideas into the wider public domain, and assist in aligning their missions with stakeholder policies and priorities. However, such contacts can at the same time result in compromises with the rationales coming top-down from within the public governance system at the expense of diluting bottom-up priorities within a TSO (Cullingworth, 2020). In other words, attempts to scale up through diffusing a TSO's

mission may paradoxically result in mission drift a dilution or compromising of that mission (Cossey et al., 2023; Ebrahim et al., 2014; Jones, 2007).

Scaling through diffusion of mission can also impact on a TSO's internal democracy through its effects on its organization and administrative ethos. If prior personal relationships between TSO leaders and external decision-makers are not in place, the effective diffusion of its mission is likely to require TSOs to recruit paid specialist staff to carry out advocacy and lobbying. Such staff can make it easier to gain access to policymaking processes because they can provide specialized expertise that governmental or other external institutions value. However, the establishment of specialist units encourages organizational compartmentalization and hierarchy which create barriers to the participation of other members in discussions on mission and policy priorities (Lang, 2012). These barriers are liable to be reinforced if the recruitment of specialists to assist in mission diffusion includes experts from the private sector who come with different skill sets and values (Boccaletti, 2013). In the name of "professionalization," these specialists can be channels for the importation of managerial cultures that are at odds with the distinctive values of TSOs supported by their members (Terzieva et al., 2024). The concern is that employing paid specialists, typically in place of volunteers, often leads to more "managerial" control at the expense of the democratic involvement of ordinary members. Nevertheless, research suggests that TSO members can work constructively with professional specialists if appropriate organizational arrangements are in place (Heylen et al., 2020).

Tension between scaling through TSO mission diffusion and democracy can also arise when TSOs and external bodies have different agendas. Consequently, specialists under pressure to secure results could frame proposals for funding or other support in ways that they judge will be more acceptable to external bodies, but which do not exactly reflect the priorities of TSO members (Bovaird, 2007; Burris et al., 2017). The risk of compromising the accountability of specialist staff to their TSO members increases if the specialists develop close elite relationships with similar specialists in the external agencies they are seeking to influence (Skocpol, 2003). This is another example of how TSO organization can mediate between scaling and the democratic process in the context of a general issue that TSOs face in their external relations. Namely, nonprofits face "a challenge in securing resources, as legitimacy with funders may not always align with legitimacy from community members" (Wells & Anasti, 2019, p. 1146).

The following propositions can be derived from the above discussion:

P4. Scaling up through mission diffusion enhances a TSO's external influence and increases its legitimacy among external stakeholders when the diffused mission aligns with external stakeholder values.

P5. Scaling up through the diffusion of a TSO's mission constrains its internal democratic processes when it requires the employment of specialist staff to liaise with external bodies.

Scaling Up Through External Collaboration

Forms of external collaboration include information sharing, the coproduction of services with other organizations including other trusts and partnerships with public agencies or commercial organizations. Their purpose for TSOs is typically to secure additional resources or operational advantages from external sources. External collaboration can be more or less formalized, ranging from contractual agreements, through working towards similar objectives but without binding procedural or contractual ties, to informal complementary relationships such as information sharing. A survey of 8,680 TSOs in England and Wales indicated that larger TSOs are the most likely to enter into formal external collaborations, which is consistent with their role as a route to scale as well as possibly being a consequence of TSO scale (Community Foundation North East, 2025).

In Scotland, the DTAS plays an important role in facilitating the collaboration of CDTs with other trusts as well as in securing funding. TSOs may undertake boundary-spanning activities in the search for additional resources and/or to broaden the scope of the problems they seek to address. Networking can not only support scaling up in these ways; it can also play an important role in enhancing a TSO's external credibility. As Casey (2004) notes (p. 253), "for individual TSOs it is essential to understand how they work with other interested actors, allies and support groups from their own sector, as well as from other governmental and extra-governmental sectors."

However, while intended to enhance their resourcing and legitimacy, external collaboration can pose a significant threat to the internal and external democratic integrity of TSOs. Scaling up through external collaboration often involves a trade-off, common to strategic alliances, between enhancing a TSO's service provision and compromising its objectives (Child et al., 2019). While cooperation and coproduction with partners can enhance the impact of a TSO's work, and in that sense leverage its voice, the downside lies in the risk of prejudicing that voice by steering its priorities away from those held by its membership (Jones, 2007; Maiolini et al., 2023).

Organizationally, partnering normally requires a TSO to establish one or more boundary roles that are subject to the possibility of role conflict, a resolution of which requires an accommodation with the partner's objectives (Adams, 1976). Its partners' aims or preferred solutions may well diverge from those of a TSO when those partners come from the profit-making private sector or are agencies of the State. In that case, they may be reluctant to accept a TSO's voice or mission in its original or "pure" form, and it may prove impossible to agree on a common voice to articulate the demands it passes up the public governance system. The additional operational leverage offered by partnering therefore does not necessarily help the actioning of a TSO's priorities that have been determined through a bottom-up democratic process. When present, this tension is liable to reduce the legitimacy of collaboration both in the eyes of a TSO's members and of external bodies from which it can potentially secure funding and other resources (Taylor & Warburton, 2003)

The following propositions can be derived from the above discussion:

P6. Scaling up through external collaboration leverages a TSO's external voice by enhancing its resources, allies, and legitimacy.

P7. Scaling up through external collaboration can limit internal democracy when it generates boundary role conflict and requires compromises with collaborators' objectives.

Democracy May Impact Scaling

Our primary focus is on the implications of TSO scaling for democracy, which can be justified by a belief that democracy is of value *per se* as a basic human right. However, it should be borne in mind that the relationship between TSO scaling and democracy is not necessarily unidirectional. While forms of scaling establish conditions for TSO democracy, internal democracy and external influence may both, in turn, facilitate scaling.

Research into business organizations suggests that when members enjoy opportunities for meaningful participation, this can foster innovation in an organization's activities through, for example, encouraging members to propose new projects. As indicated by Burns and Stalker's (1961) pioneering research and amply confirmed since, it is highly functional for innovation to encourage organizational members who have ideas and direct experience to take the initiative in communicating information and suggestions freely both between one another and upwards to decision-makers. The concept of "employee-driven innovation" is consistent with the grounded experience of a TSO's members feeding into suggestions for developing new services and improving those already offered (Høyrup, 2010). Service innovation relies importantly on the tacit knowledge of the people who are most familiar with community needs and, importantly, on their ability to communicate their views and have them considered by the organization's decision-makers. This should assist TSOs to better meet the needs of diverse social groups and hence scale up their activities (Elstuv, 2006). Insofar as service innovation provides opportunities for expanding a TSO's scope, a vibrant internal democracy may be a basis for successful scaling up. Local economic initiatives that emerge through this bottom-up process can add an additional dynamic to community development (Squazzoni, 2009).

As well as supporting scaling up through eliciting new proposals for community services, an active democratic process within TSOs can also add legitimacy to policies for scaling initiated by their management (Kiwi et al., 2025). Internal democracy offers an opportunity to secure consent from members and for their participation to engender a sense of procedural fairness. The formal democratic rights of members in community-based TSOs such as CDTs, and their physical centrality within their communities, should help to overcome some of the obstacles to this process of legitimating scaling that characterize privately-owned business organizations (Kerr & Caimano, 2004). Yet while democracy offers an opportunity to secure consent from TSO members for scaling, it does not follow that such consent will necessarily be forthcoming. An active democratic process may actually consolidate opposition to scaling. The key point is that whether or not democracy assists scaling depends on the perceived legitimacy of the scaling project.

In addition, if a TSO is successful in the external representation of its views, this is likely to create new possibilities for it to scale up through reducing institutional resistance to its projects and facilitating their funding. Good external relations backed by a track record of effective social impact is a positive factor in securing external support for scaling up. Employing a former official from a local authority or other potential funding agency can assist this process.

The following propositions can be derived from the foregoing discussion:

P8. Internal democracy increases a TSO's awareness of new opportunities and the commitment of its members to realizing them. This opens up routes to scaling up, especially through organic growth and replication.

P9. External influence supported by evidence of internal legitimacy and social impact enhances the likelihood of a TSO securing external support for further scaling up.

Discussion

Contributions to Theory

Our focus has been on the relationship between routes to scale and the potential of TSOs to contribute to democratic processes both internally and externally. The scaling and democratic perspectives on TSOs have hitherto normally been treated separately at the expense of considering their mutual relevance. Bringing them together offers several theoretical contributions. The first is the recognition that different routes to TSO scale carry contrasting implications for the processes of internal democracy and external influence. Second, we challenge the widely held assumption of an inherent tension between scaling and democracy, suggesting instead that their relationship is nuanced: they can be at odds, but also mutually reinforcing. Third, we elaborate on how the relationship between scaling and democracy is reciprocal. Effective democratic processes within TSOs are conducive to the recognition of new opportunities for scaling in the form of new projects and services, while a high level of TSO legitimacy is likely to increase support for scaling up among both members and external stakeholders. Fourth, we argue that the organizational adjustments consequent on scaling up intervene between it and democracy. Particularly significant are scaling's associations with hierarchy and formalization; the hiring of specialized staff; and constraints imposed by external partnerships. A fifth contribution concerns the role of legitimacy. We maintain that the legitimacy with which scaling and its organizational concomitants are viewed by members and external stakeholders is likely to shape the relationship between scaling and democracy. Overall, our analysis contributes to bringing TSOs and their scaling into the discussion of organizational democracy which has hitherto tended to focus on political and business organizations.

Our conclusions have been articulated in the form of nine propositions. These contribute to the holistic picture of the relationship between scaling and democracy in TSOs depicted in Figure 1.

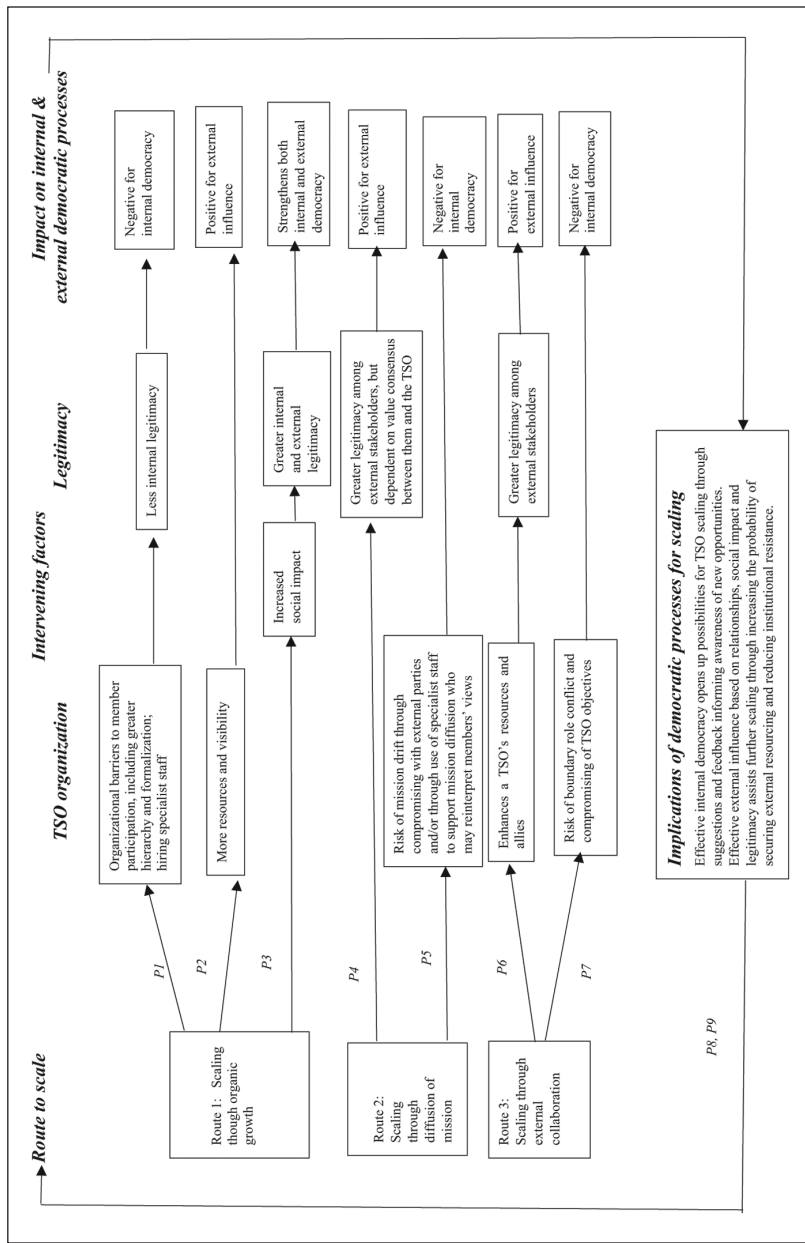


Figure 1. Routes to scale and democracy in third-sector organizations (TSOs).
 Note. P1, P2, and so on refer to propositions in the text of the paper.

Scaling up through organic growth and replication are particularly liable to encourage the development of organizational barriers to member participation that weaken a TSO's internal democratic processes. The development of hierarchical layers of status and authority, formalization, and the employment of specialist professional staff are prominent among such barriers. Scaling up through the diffusion of mission, although a less formal process, may also involve reliance on specialist staff. Scaling up through external collaboration is liable to introduce new boundary roles into a TSO, the incumbents of which may feel it appropriate to reinterpret its mission in ways that compromise the influence of its internal democratic voice. Nevertheless, as we shall note, a TSO's internal procedures and employment of staff can also be directed at developing practices that enhance internal democracy.

Scaling through any route has the potential to enhance a TSO's influence among external stakeholders such as funders and government agencies, insofar as it is seen as an indicator of social impact and provides additional resources for networking and publicity. A TSO's external influence also depends on its credibility, and here its legitimacy plays a role. Scaling up can strengthen the internal legitimacy that a TSO enjoys among its members if it results in an improved or expanded provision of services that members value. Internal legitimacy is likely to add to the success of such services because it helps to enlist the support of volunteers on which their effective provision often depends. A TSO's legitimacy among its external stakeholders depends on its track record and evidence of its member's commitment, as well as on how closely its values and mission align with theirs. As suggested in Figure 1, several factors are likely to bear upon the legitimacy that a TSO enjoys internally among its members and externally among its stakeholders. Internally, these include enhanced service provision and, externally, closer collaboration with other organizations. Legitimacy helps to foster internal and external democratic processes and, at the same time, contributes to scaling through encouraging the commitment to it of a TSO's members and stakeholders. Therefore, while a TSO's scaling can lead to strains between internal democracy and external influence, these are not inevitable, especially if members and external stakeholders regard its policies and actions as legitimate. We therefore suggest that legitimacy is a factor that can be affected by scaling and can, in turn, have implications for democracy among TSOs. In addition, scaling is likely to be more successful when it enjoys legitimacy in the eyes of members and stakeholders, especially those providing resources.

Implications for Policy

The scaling up of community-based TSOs and their potential to serve as handmaidens for bottom-up democracy are both desirable goals. Ways in which these two characteristics can be made compatible are clearly a policy priority, but the question arises at the outset as to how much policy choice is available. For instance, does the general spread of rationalization and bureaucratization in modern societies (Weber, 1968) limit the capacity of TSOs to perform a democratic role over and above any negative effects of their scale? DiMaggio and Powell (1983) argue that these developments

have become widely accepted in organizational practice through a process of isomorphism in modern societies at large. They suggest that this isomorphism has been encouraged by several factors over and above mere scale, including the institutional framing of rules impacting on organizations and the spread of professional norms among their leading staff.

Nevertheless, the analysis developed in this paper indicates that the scale itself can limit democratic processes in TSOs, especially internal processes. There are ways in which these effects can be mitigated. First, TSOs normally have some choice over the route(s) to scale that they adopt, and this choice is likely to have consequences for its democratic process both internally and externally. Second, there is also some design choice concerning a TSO's organizational adjustments to scaling up, with each of these having its own implications for democracy. Third, there are ways in which a TSO can increase its legitimacy both among its members and its external stakeholders, and these may assist the reconciliation of scaling and democracy. In other words, organization structure and legitimacy both provide potential points of intervention in the relationship between scaling and democracy among TSOs that point to useful policy initiatives.

Choice Over the Organizational Route to Scale

Regarding the first option, while there is likely to be some complementarity between different routes to scale, they also offer policy alternatives. Perhaps the most important is the choice between scaling through organic growth rather than through external collaboration. The former route entails a challenge to internal democracy both from the direct effects of size and through fostering centralized administration and formalization. By contrast, collaboration with other organizations, including other community TSOs, can ratchet up the benefits of scale while at the same time retaining smaller operating units. This is not to suggest that organic growth is undesirable; for many TSOs, it can be essential and may even serve as a prerequisite for other routes to scale. Moreover, if growth is achieved through replication this can be conducive to preserving smaller operating units within a TSO.

Design Choices Concerning TSO's Organizational Adjustments

A second way forward lies in recognition that there are design choices concerning a TSO's organizational adjustments to scaling up, with each of these having its own implications for democracy. Organizational theorists have suggested that tensions between scaling and internal democracy can be alleviated by innovations in organizational governance. Rothschild et al. (2017) argue that nonprofit associations can avoid tendencies towards hierarchy and bureaucratization through adopting participatory and egalitarian practices. These offer the potential to mitigate the organizational power dynamics manifest in a tendency towards organizational oligarchy often associated with scale (Clegg & Haugaard, 2009; Michels, 1915/1962). Thus Osterman (2006) studied how a mass-movement social organization was able to avoid the consequences of an oligarchic

leadership structure through enhancing its membership's sense of capacity and agency and building a culture of contestation within the organization. Diefenbach (2019) has suggested that it is possible to advance organizational democracy through a combination of measures. These include guaranteeing stakeholders' access to information, granting them legal rights to appoint or at least nominate some board members, and protecting whistleblowers. Child (2021) similarly has identified factors that enable greater participation in organizations and potentially offset the negative effects of scale.

Research suggests that three conditions help both formal and informal participation to succeed in TSOs. The first condition is that participation is initiated by, and enjoys continued support from, top leadership. Cullingworth and Escobar's (2019) case study of a Scottish TSO led them to conclude that "democratisation can be initiated from the top" (p. 21). This conclusion is consistent with evidence that successful organizational change requires the full commitment of top management (Fernandez & Rainey, 2017). The second condition is that informal discussions within TSOs should be organized within groups of a sufficiently limited size to permit direct face-to-face engagement (Lee & Edmondson, 2017; Seijts & Latham, 2000). Deliberative minipublics, such as neighbourhood forums within a community, are one initiative that meets this condition (Warren & Gastil, 2015). Another is the introduction of participatory budgeting (Escobar & Harkins, 2015; Ryan, 2021). The third condition is that digital ICTs are fully used to disseminate information, assess the opinion of members and relevant interest groups, and engage them in consultation on policy positions (Hansson & Bannister, 2015; Wright & Coleman, 2012). For example, Estonia uses e-platforms to increase citizen participation in decision-making (Open Government Partnership, 2020). A limitation here is that currently available digital tools are normally designed for extensive participation rather than for intensive in-depth deliberative discussion (Sifry, 2014).

The Role of Legitimacy in Assisting the Reconciliation of Scaling and Democracy

A third policy initiative that may assist the reconciliation of scaling and democracy is to work towards increasing a TSO's legitimacy both among its members and its external stakeholders. Legitimacy is fostered by an integration of the goals held by different interested parties to a TSO as well as by TSO performance that enables goals to be fulfilled. Goal integration should be facilitated by democratic processes which engage both a TSO's members and external stakeholders in explanations and discussions of its aims and policies. These offer an opportunity to secure their support for (or reduce their resistance to) proposals for scaling up, whether this is through compromise or an integration of aims through devising new solutions (Follett, 2003). While conflicts often arise between different groups and interests, there is more chance that such conflicts can be resolved through democratic processes of discussion and deliberation than through standoffs. Insofar as a TSO's internal democracy and external influence both help to bring scaling closer to the norms, values and beliefs of members and stakeholders, they increase its legitimacy which in turn smooths the path to scaling up.

All these potential ways of reconciling TSO scaling with democracy can meet obstacles. They depend on the willingness and ability of TSO stakeholders to engage fully in the democratic process, bearing in mind that such participation can incur costs in time, effort and responsibility (Popay et al., 2023). Moreover, not all community and societal cultures attach the same value to democratic processes (Heyne, 2019; Lewis, 2002; Lipset, 1994). There also is likely to be resistance from power-holding vested interests who perceive democracy to be a threat. Models of deliberative democracy may require revision to take account of problems such as these (Frick et al., 2026). Concerning the reconciliation of TSOs' internal democracy with their external influence, we have also noted that problems can arise from employing specialists to articulate members' views to external parties. It has been suggested that this risk can be mitigated by measures such as complimenting the participation of specialists with delegates who are drawn directly from a pool of community volunteers (Cullingworth & Escobar, 2019).

Conclusion

The primary focus of our analysis has been on the implications of different routes to scale among TSOs for those organizations' potential contribution to democracy through active internal participation and the external leveraging of voice. The challenges involved in reconciling TSO scaling and democracy are a potentially fertile ground for future research, and we have offered a set of propositions that can guide relevant empirical research. The key questions for such research are whether through adopting various organizational innovations (Elstub & Escobar, 2019; Mair & Hehenberger, 2014), choosing an appropriate governance model (Mair et al., 2015), and strengthening their legitimacy, TSOs can scale up without jeopardizing their potential contribution to democracy. If TSOs manage to reconcile scaling with maintaining democratic processes, this should considerably enhance their overall social and political impact (Islam, 2020).

Limitations to the detail and scope of our analysis point to further opportunities for future research. Regarding detail, the propositions we have proffered are general in nature and each could be researched in depth. For example, further research is needed to investigate the conditions under which internal democracy may constrain scaling, especially in cases where participatory processes slow down or block decision-making. Another promising path is to explore how external stakeholders evaluate TSOs' internal legitimacy and social impact, and whether different types of evidence are more effective in enhancing external support. Regarding scope, one way forward would be to take non-community-based TSOs into account or those such as volunteer collectives that do not represent their communities legally or formally. Another research opportunity is to consider the impact on TSO democracy of attributes other than their internal organization and legitimacy. These potentially include a range of contextual factors such as the local culture in which TSOs are embedded, and the type of community they serve in terms of characteristics such as their urban or rural location and the socio-economic status of their members. At the level of international

context, we have focused on democratic societies which raises the research question of how the dynamics of our analysis might differ in settings where TSOs are subject to stronger political and cultural constraints.

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Notes

1. The membership of third-sector organizations (TSOs) includes their voluntary and paid staff, and their registered members with voting rights. For many community-based TSOs, all adults living within a defined location are eligible to be members. While members are also stakeholders, this latter, more diffuse category includes external parties such as funders.
2. In 2024, there were 20,578 community development corporations in the United States (Cause IQ, 2024), while the development trusts associations in the United Kingdom together have over 900 members (DTAS, 2024). In 2023, there were 315 community land trusts in the United States (Centre for Community Land Trust Innovation). In the same year, there were an estimated 550 community land trusts (CLTs) active or being formed in England and Wales and over 100 in Scotland (Community Land Trust Network, 2023). However, there is some overlap between these classifications.
3. This duality distinguishes them from other types of community-based TSO such as “social change nonprofits” that have an explicit mission to school their members in democracy (Dodge & Ospina, 2016), but do not necessarily experience pressures to scale up their activities to meet community development needs.
4. Uvin and Miller (1996) identify another route to scale, namely organizational enhancement, especially through securing increased funding and developing expertise. This route is conceptually problematic because it can be treated either as a necessary condition for pursuing the other scaling routes or as a measure of scale itself (Coviello et al., 2024). For this reason, we omit it from our analysis.

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