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Towards New Business Models - The Why and How of the Potential Value Contribution of Social Entrepreneurs

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ABSTRACT

This thesis contributes to the lacking scientific literature on the motivational values of social entrepreneurs, as well as to the newly arising literature on New Business Models. Through interviews with multiple support organizations, social entrepreneurs' main motivational values are derived and mapped, then visualized within the Schwartz structure of human motivational value types. Furthermore, the main external actors involved with social entrepreneurship are presented, as well as the most common issues encountered among social entrepreneurs when scaling up their enterprises. By connecting these issues to the motivational value types of both social entrepreneurs and actors, the main (motivational and practical) issues currently hindering social entrepreneurs from scaling up are discovered. The development of New Business Models is believed to be potentially boosted through more practical experience with social entrepreneurs' hybrid financing and business models. This thesis therefore concludes with multiple constructive, generalizable advices to address these issues and thereby stimulate social entrepreneurship.

Key words: Social entrepreneurship; New Business Models; motivational values; scaling up social enterprises; impact investing.

PREFACE

I would like to encourage you to take a critical perspective while reading this study. It is an explorative report meant to shed more light on the motivational drivers behind social entrepreneurship and its relation to new business models. By no means, I pretend to have definitive answers. Rather, by providing structured insights and my own interpretations, it is my hope that anyone reading this is encouraged to think critically about the topic and further develop their own ideas and opinions.

This thesis marks the final achievement of my time as a MSc International Business and Management student at the University of Groningen. It has been a very insightful, sometimes tumultuous, but overall very enjoyable period, ending with a great highlight as I was invited to present my insights at the NBM Conference 2017 in Graz this June. I would like to sincerely thank my supervisor, dr. Bartjan Pennink, for initiating that fantastic opportunity and for being an inexhaustible source of ideas and enthusiasm, and providing very constructive feedback during the writing process. Also, a thank you is in place to all my friends and family for engaging so actively in discussions on this topic, supporting me and providing me with new ideas, information and inspiration. Lastly, thank you for taking the time to read my thesis. I hope you will enjoy it, and that it may provide you with new inspiration for your own activities.

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1. INTRODUCTION

“I think when sustainability begins to drive business practices rather than greed, we’ll evolve as a species.” – Tom Kay, founder of Finisterre.

Our world as we know it currently finds itself in a system crisis that urges us to rethink our economic system and the way we produce, consume, spill and devastate (Rotmans and Horsten, 2012). This urge becomes apparent through, for instance, the large economic difference between North and South, climate change and the recent financial crisis. Moreover, recent developments in America, amongst others, are putting increasing pressure on the goals set by the Paris Climate Agreement signed by 195 countries in 2015. In order to accurately address all these challenges, fundamental changes are needed to reform our economy at the individual as well as organisational and societal level (Rauter et al., 2017). In doing so, merely focusing on efficiency and optimization is not sufficient. Our current economic ideas are unsustainable, outdated and require a reorganisation of our current business models that puts sustainability at the centre of attention (Jonker, 2012).

In his book on new business models (NBMs), Jonker (2014) states that our economy is undergoing a transition, in which the benefits of the traditional system clash with the ambition of the future (hence the system crisis). Firms should remain profitable to ensure their existence, while at the same time placing more focus on creating sustainable solutions and practicing corporate social responsibility. Traditional firms often find it challenging to adjust their existing methods, partly since they are often still judged using financial measures such as ROI. This demands for the development of new, hybrid business models in which monetary profit is no longer the sole focus point. To stimulate this NBM development, a shift in focus needs to occur among policy makers, investors, managers and consumers from merely valuing money, currently leading to increased economic inequality and environmental degradation, towards a focus in which substantial importance is placed on non-monetary values.

In 1997, Royal Dutch Shell was the first multinational corporation to introduce a so-called company sustainability report, titled “People, Planet, Profit”. This referred to the three pillars of the Triple Bottom Line (TBL) theory by Elkington (1997). Firms are traditionally judged by their “bottom line”, referring to net profit as the deduction of costs from

revenues. The “triple bottom line” refers to social equity, environmental and economic factors to allow for a broader method of judging firm performance. Following this theory, the development of NBMs needs businesses to put more emphasis on creating *social and ecological rather than economic value*, also referred to as ‘multiple value creation’. While this is often difficult for existing businesses, an advantage of NBMs is that they allow for a great level of entrepreneurial creativity (Jonker, 2012).

Entrepreneurship has been widely recognized as being the propelling engine behind much of the business sector, as well as a major driver behind innovation and the social sector’s rapid expansion (Austin et al., 2006). Not all entrepreneurial behaviour, however, necessarily leads to durable social and ecological value creation (Dean and McMullen, 2007). This thesis focuses specifically on *social entrepreneurship*, which is often defined as entrepreneurial activity with an embedded social purpose (e.g. education, environment, health, housing). Social entrepreneurs (SEs) typically pursue sustainable social and ecological value creation, and see economic gains rather as a tool for doing so. In other words, any profit made is often fully reinvested to increase their business’ social and ecological value creation. Following the above reasoning, this thesis acknowledges that social entrepreneurship is a large potential driver of NBM development, due to its encompassing nature compared to more traditional, commercial entrepreneurship.

However, having to operate in today’s system crisis, SEs often struggle to find a balance between their social and ecological value creation, and meeting the monetary requirements imposed on them by traditional business models. This also requires related actors in their business environment, such as investors, to look beyond profit and assess the wider range of values created by the social enterprise. This thesis explores the relation between social entrepreneurs and these actors. It investigates the motivational values that drive social entrepreneurs, and compares these to the mindset of relating actors. By doing so, it aims to analyse the friction that is keeping social entrepreneurship from thriving. Next to these values, the most important practical issues that traditional business models and actors impose on social entrepreneurship are elaborated on. Specifically, the research question of this thesis is:

***What lessons can we learn from social entrepreneurs to stimulate
New Business Model development?***

To find an answer to this question, the following sub-questions are constructed:

1. What are the motivational values of social entrepreneurs, and how do these relate to the motivational aspects of related actors?
2. What are the most frequent issues for social entrepreneurs when growing their enterprises, and which actors are involved with these issues?
3. What can be done to address possible issues?

To address these questions, themed semi-structured interviews are conducted with organizations specialized in supporting social entrepreneurs. In their starting phase, many social enterprises rely upon these support organizations to provide them with means to grow, such as funding or networking opportunities. The support organizations seek to identify those startups or social innovations that have the potential to successfully achieve a significant increase in scale and impact, and help the selected startups in doing so. These organizations have often seen tens or even hundreds of social enterprises go through this process and are considered an abundant source of knowledge and experience by the author of this thesis.

This research builds on a substantial amount of previous scientific research on social entrepreneurship (e.g. Austin et al., 2006; Cohen and Winn, 2007; Pacheco et al., 2010; Zahra et al., 2009). However, there remain considerable uncertainties regarding the motivational values of SEs (e.g. Yitshaki et al., 2016). By combining new insights on these values with practicalities, a deeper understanding is provided of the ‘why’ and ‘how’ of social entrepreneurs and the prominent role of social and ecological value creation in the development of NBMs, which can be applied by academics, managers, investors and other actors.

2. LITERATURE REVIEW

This section defines the main terms discussed in this thesis. Moreover, an overview is presented of the current scientific literature regarding the main concepts addressed in this report. Firstly, previous literature and current developments on sustainability within business and the Triple Bottom Line is elaborated on, followed by a more extensive insight on the development of new, sustainable business models. Next, an overview of previous social entrepreneurship literature is given, including a specific focus on scaling up social enterprises and supporting organizations. Furthermore, the concept of motivational incentives is explored, followed by leading psychological literature on structuring human motivational values and its insights in entrepreneurship. Lastly, an overall expectation concerning the research question is formulated.

2.1 Sustainable Business Along the Triple Bottom Line

Sustainable development has recently become a popular, yet controversial topic within business and policy. For our society to start accurately addressing pressing ecological challenges such as global climate change and actually start making progress, a radical transformation is needed, which an increasing number of managers and entrepreneurs are starting to realize (Hall et al., 2010). To understand this growing realization, one should understand the history of the concepts involved.

The term 'sustainability' originates from the Latin word 'sustinere', comprised of 'tenere' meaning 'to hold', and 'sub' meaning 'up'. In English, 'sustain' refers to 'maintain', 'support' or 'endure'. Since the 1980s, the most common use of the word relates to that of human sustainability on Earth, which led to the expression of Norwegian Prime Minister Gro Harlem Brundtland's widely recognized definition at the United Nations General Assembly of 1987: "sustainability refers to development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, 1987). It implies that, wherever possible, humans should seek to use renewable resources, and recycle those that are non-renewable to facilitate their use by future generations. It is this intergenerational aspect that led people to realize the interplay between the three pillars of what is known as the Triple Bottom Line (TBL).

The TBL concept is related to the stakeholder theory, stating that any firm's responsibility is not limited to their shareholders, but rather lies with all their stakeholders (i.e. anyone

who is influenced directly or indirectly by the actions of the company). Therefore, the goal of any business entity surpasses maximizing shareholder profit. Rather, its goal is to maximize or at least account for every stakeholder's interest.

The term 'Triple Bottom Line' was first coined by Spreckley (1981) after which it was more fully articulated by Elkington (1997). According to his theory, sustainability consists of three pillars: people, profit, and planet, also referred to as the balanced integration of social, economic and ecological performance. These three dimensions are systemically intertwined and affect each other through positive feedback and mutual causality (McKelvey, 2002). Therefore, they are dependent on each other, meaning that any shift in one of the pillars should always be assessed in combination with its effect on the other two. Corporations introducing the TBL into their agenda should no longer merely focus on creating economic value with their activities. Rather, they should allocate substantial attention to the social and environmental value that their firm either adds or destroys.

According to Elkington, the ultimate goal of the TBL approach is to move global business practices towards full sustainability. In his book, it is also mentioned as the 3 P's approach, referring to the people, planet and profit pillars. It is proposed as an accounting framework meant to evaluate firm performance in a broader perspective. In a nutshell, the P of 'People Account' concerns the measurement of the degree of social responsibility within the firm's operations, including fair and beneficial business practices towards labour involved and the community and region wherein a firm performs business. A company acting according to the TBL entails a social structure in which the firm's, employees' and other stakeholders' wellbeing and interests are interdependent. Secondly, the P of 'Planet Account' refers to the measurement of the firm's practices to the degree that they are environmentally sustainable. Any TBL firm should, among others, aim to reduce their ecological footprint as much as possible and avoid any ecologically destructive practices such as toxic wastage or any activity that depletes natural resources. It includes the 'cradle to grave' approach of conducting a product's life cycle assessment to determine its true ecological cost from the harvesting or growth of raw material input to the production, distribution and eventually disposal by the end consumer. Thirdly, the P of 'Profit Account' is a measurement of the firm's economic value created after deduction of all input costs, which includes costs of all tied up capital. It differs from traditional accounting measures in that the 'economic benefit enjoyed by the host society'

is the actual profit. In other words, it translates to the actual impact the firm has had economically on its environment. Any company applying TBL accounting should pay equal attention to all three P's, thereby maintaining a reasonable balance as much as possible. Depicted below is an oversight by Jonker (2014) of examples and related terms regarding the three separate value types. The major challenge of the TBL approach relates to the separate measurement of the three accounts. Where Profit still relates to cash, the People and Planet accounts require other measurement methods, posing considerable difficulties as no clear valuation methods exists as straightforward as the evaluation of monetary profit.

Economic	Social	Ecologic
Financial result	Trust	Environment(al degradation)
Financial risk	Autonomy	Natural resources
Productivity (capital)	Equality	Climate change
Productivity (resources)	Social cohesion	Biodiversity
Innovation	Community vitality	Soil quality
Labor productivity	Meaning/purpose	Bio-waste

Table 1: Examples of economic, social and ecologic value (Jonker, 2014)

Nonetheless, the idea quickly gained wide recognition during the late 1990s and early 2000s, as many companies adopted the TBL principles into their everyday operations and long-term strategies. However, unfortunately, overall consumption and production patterns around the world remained highly unsustainable (UN, 2002) and the scale at which economic and other human activities take place exceed the limit of what our environment can physically sustain without taking permanent damage (World Resources Institute, 2005). Therefore, at the World Summit on Social Development in 2005, the following separate sustainable development goals were formulated: economic development; human/social development and environmental welfare (UN General Assembly, 2005) to incorporate the TBL not merely into firms' agendas, but also into (inter)national policies.

Combining the classic definition of sustainability with the TBL theory, Geissdoerfer et al. (2017) defined sustainability as "the balanced and systematic integration of intra and intergenerational economic, social and environmental performance." This definition is adopted in this thesis as it combines the intergenerational consumption aspect with the multiple values of the TBL theory.

2.2 Need for New Business Models

Following the definition of sustainable business by Geissdoerfer et al. (2017), any truly sustainable business should be built on the core notion that the 3 P's are given equal importance within their business models. The 'New' in 'New Business Model' indicates that it is renewed version of a regular business model. A business model can be defined as follows: "a set of 'rules', interactions and relationships that define how a business generates value, describing the methods of how an organization creates, captures and delivers value" (Allee, 2011). They are traditionally based on a cost and revenue trade-off revolving around one type of value, namely financial profit (or loss), i.e. economic value.

Every business is in essence a means of organizing activities in order to create certain profit, or value. This could be hard (e.g. energy, money) or soft (e.g. care, safety, attention) value. To organize this, people get together to create networks, communities or organizations. Central to their way of cooperating and organizing should be the values and eventual profit they aim to create. In order for traditional businesses to adopt more sustainable practices, their business models should be adapted to accommodate relevant social and environmental issues (Stubbs and Cocklin, 2008). Within the existing paradigms of conventional businesses, one could argue that a mere redefinition of business models could include sustainable development, but does not fundamentally change the basic value creation logic used to create them in the first place. Therefore, to accurately create a balance between the 3 P's and construct NBMs accordingly requires a thorough redefinition of the core values and value creation driving modern businesses (Jonker, 2015).

What differentiates NBMs is that, since they are based on sustainability rather than merely financial profit, they are applied to create not just one, but multiple types of value. They are cohesive sets of social, ecological as well as economic value that can all be used in transactions interchangeably. For example, NBMs could be built around transactions trading hours against renewable energy, or professional care against the recycling of plastic waste. In total, the following forms of transactions can be identified: 1) Buying; 2) Lending/Borrowing; 3) Saving; 3) Trading/Renting; 4) Sharing; and 5) Creating. Transaction means are not limited to money. While money is obviously and important transaction mean, one could also think of alternative (crypto)coins, time, services, good and knowledge. Creating transaction methods and means creates a large matrix of

possible transactions, such as saving time (time registration systems) or sharing knowledge (Wikipedia).

Also, NBMs can include financing options from multiple sources. One can think of sales, supplemented by funding from investors, communities, supporting organizations, foundations or even relatives. This is characterized as 'hybrid financing' (Jonker, 2014). Also, profit can be differentiated in monetary profit, supplemented by social profit (e.g. an increase in the standard of living of those affected by the business) and ecological profit (e.g. using environmentally friendly methods to increase biodiversity in local areas). This way, the concept of profit grows to entail more than just money. Other values are no longer by-products of good intentions, but are consciously being organized in new business models through co-creation.

The definition of an NBM, as adopted in this thesis, is therefore "a transaction model based on a set of principles and design rules to create sustainable and multiple (social, ecological, economic) intertwined types of value" (Jonker, 2014).

2.3 Social Entrepreneurship

As with NBMs, the term 'hybrid' also closely relates to social entrepreneurship. It refers to a form of business that combines elements of for-profit and non-profit organizations, thereby pursuing the double or triple bottom line, i.e. a dual goal consisting of economic as well as social and ecological value creation (Dees & Anderson, 2003). Social value typically includes ecological value, as climate change is generally regarded as an urgent society-wide issue that negatively affects nature as well as humans.

One should differentiate between the concepts of social entrepreneur, social enterprise, and social entrepreneurship. The latter refers to a process of creating value through combining resources in innovative ways, aimed at exploring and exploiting ways of creating social value through meeting social needs or the stimulation of social change. All of this can either be done through offering products and services, or through the creation of new organizations (Mair & Martí, 2006). This process is carried out by a (group of) person(s), referred to as a social entrepreneur, who is working within the the social enterprise, or business/organization through which the process is carried out. Many other definitions exist (e.g. Peredo & McLean, 2006; Santos, 2012; Zahra et al., 2009), but all seem to revolve around the creation of sustainable social value or 'social wealth' that benefits society. Also, social wealth can be created by new social enterprises, but also by

existing firms through the adoption of new, innovative (hybrid) business models. Depicted below is a select set of social entrepreneurship definitions from previous academic literature.

Source	Definition
Alvord et al. (2004, 262)	"Creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformation."
Austin et al. (2006, 2)	"Social entrepreneurship as innovative, social value creating activity that can occur within or across the non-profit business, or government sectors."
Mair & Martí (2006, 37)	"[A] process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs."
Peredo & McLean (2006, 64)	"Social entrepreneurship is exercised where some person or group: 1) aim(s) at creating social value, either exclusively or at least in some prominent way; 2) show(s) a capacity to recognize and take advantage of opportunities to create that value ("envision"); 3) employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value; 4) is/are willing to accept an above-average degree of risk in creating and dissemination social value; and 5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture."
Santos (2012, 335)	"Social entrepreneurship is the pursuit of sustainable solutions to neglected problems with positive externalities."
Yunus (2008, 32)	"Any innovative initiative to help people may be described as social entrepreneurship. The initiative may be economic or non-economic, for-profit or not-for-profit."
Zahra et al. (2009, 5)	"Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner."

Table 2: Academic definitions of social entrepreneurship

SEs, however, are increasingly being criticised for their 'ethical decision-making'. Zahra et al. (2009) state the concern that SEs increasingly focus on profitable, efficient business models, thereby at least appearing to be de-emphasizing societal benefit. The strong

entrepreneurial orientation that is closely tied with using traditional, efficient business models bears the risk of shifting SEs focus away from their social mission, more towards making monetary profit. This is where the need for NBMs becomes highly apparent.

New Business Models revolve around multiple values, concerning both revenues as well as costs. While these values have always existed, they are traditionally not considered into cost and revenue calculations. Within NBMs, these implicit values are made more explicit to be able to incorporate them into profit comparisons (Jonker, 2014). By assessing whether a business generates positive or negative economic/social/ecological value, net profit entails much more than merely economic profit and transforms into a more hybrid concept. Therefore, to some extent, *NBMs and the values they create reflect the personal values of the SE that created the model*. A social enterprise that puts high emphasis on creating social value, is likely to construct a business model in which social value creation contributes a large part of the overall profit of the enterprise.

With the relative overvaluation of economic rather than social/ecological value, however, SEs are forced to act as commercial entrepreneurs to keep their enterprise alive, leaving them with less time and resources to pursue the social mission that sparked the start of their enterprise in the first place. Recent quantitative research, which is rather rare within the field of social entrepreneurship, by Bacq et al. (2016) showed a clear reluctant attitude of Dutch and Belgian SEs towards entrepreneurship. SEs, compared to commercial entrepreneurs, 1) are generally less confident in their skills of founding and managing a business, 2) perceive entrepreneurship as a less favourable career choice as they find it difficult to assess the impact and benefits of their enterprises on the long term and 3) are less confident in their own involvement in their activities. In other words, SEs in general show a frail entrepreneurial profile. When keeping this in mind, the concern by Zahra et al. (2009) of SEs operating more along the lines of commercial entrepreneurs, makes clear that many SEs are hindered both intrinsically as extrinsically to start, run and grow their social enterprises in the most optimal manner.

2.4 Scaling Up Social Enterprises

A common issue among social entrepreneurs seems to be that their ambitions outpace the growth of the impact they can realistically make. For example, a social enterprise selling low-cost reading glasses in third-world countries stimulates the productivity of each person it sells a pair to. Ideally, however, every person in every country should be able to

buy one at a low, fair cost. The local needs are often very large and urgent, while conventional scaling models developed within the private sector often preach efficiency, optimization and return on investment and seem inadequate to successfully achieve a large social change among societies. In a recent insight report by the Schwab Foundation for Social Entrepreneurship (March 2017), six for-profit or non-profit social entrepreneurs from within the NGO's network of supported enterprises were asked about their strategies to overcome the hurdles that conventional scaling methods impose to them. They speak of a 'systems change' they aim to achieve, as also mentioned earlier in this thesis, and define it as follows: "Fundamentally, and on a large scale, changing the way a majority of relevant players solve a big social challenge such that a critical mass of people affected by that problem substantially benefit" (Schwab Foundation, 2017, 4). According to their insights, to achieve this systems change – or move beyond organizational scale towards a *systemic* scale – the key is to *adapt one's mindset*. Rather than having the organization, programme or project as the focal centre of attention, one should focus on influencing the social system in which they live. This could refer to any interconnected set of elements, being e.g. a family, a school, community or a whole society. While expanding their social enterprises, the following three main attention points were mentioned by the entrepreneurs:

1. **Advocacy.** The common definition of advocacy refers to activities undertaken by organizations to adjust laws and policies at the local, as well as (international) level. However, it can refer to practically any action undertaken to influence individuals, groups, institutions or decision-makers within any system to *advocate* a renewed vision on how the system ought to work and how the nodes of the system should be interconnected, or how strong those connections should be. To use advocacy, both the term as the action it refers to, in such a way that it benefits your social enterprise is a challenge.
2. **New skills and capacities.** These are necessary for social enterprises to increase the scale of their activities and impact. These were either developed from within the organization or, more often, hired externally.
3. **New communication methods.** In order to achieve a real increase in scale, social enterprises should keep in mind how their activities currently relate to the system in which they act, and how these are perceived by their stakeholders. In all six

cases have had to adjust their internal and external communication, leading for example to a re-branding strategy or the forming of an entirely new organization.

As an overall insight, the Schwab Foundation (2017) refers to increasing social enterprises' scale as 'cookie-cutter' work. The insights from the cases were taken as an inspiration for this thesis. By combining their insights with those generated within this research, possible overarching practices can be identified, or recommendations made in order to add to the development of new, sustainable business models in which social entrepreneurship can thrive.

2.5 Support organizations (SOGs)

As mentioned earlier, SEs are found to display a rather frail entrepreneurial profile compared to commercial entrepreneurs (hereafter referred to as CEs). Moreover, as SEs often work with hybrid financing models, and aim to create a wider range of values than merely monetary profit, they can often benefit from a certain level of external support. Also mentioned in the introduction of this thesis are support. These are typically non-profit organizations, often non-governmental organizations or NGOs. In response to the issues mentioned above, these support organizations act as a compensating factor, in order to accelerate the growth of promising social enterprises.

The term "non-governmental organization" or NGO was first created and used in 1945, after the drafting of the first UN Charter, as the UN needed to be able to officially differentiate between intergovernmental private organizations and intergovernmental specialized agencies (Willems, 2002). Today, a large variety of organizations and institutions are referred to as NGOs. There exists no definition that is generally accepted; terminologies differ widely depending on the context in which they are used. According to the NGO Global Network, an NGO is a "voluntary, non-profit citizens' group organized on a local, national or international level" (NGO Global Network, 2011). These organizations typically (but not necessarily) rely on government funds, but do maintain a non-governmental position (O'Neill et al., 2013).

As the wide use of the term NGO might cause confusion, this thesis specifically looks at those organizations whose goal is to inspire, connect or support other, typically individual, social entrepreneurs. These SEs are identified and selected, after which they receive a certain form of support to accelerate their social enterprise. This support might include, among others, a financial stipend, access to larger networks of (social)

entrepreneurs or access to knowledge or skills to grow their ideas. Within this thesis, these support organizations are therefore referred to as SOGs.

The Schwab Foundation, which derived the insights of the previous paragraph, is an example of an SOG. Among other well-known, international examples are Ashoka and Both ENDS. The main activity of these SOGs is to find and select those social enterprises that, for a variety of possible reasons, are perceived to have the potential to scale up and grow to become large social enterprises with an impact exceeding not just local communities or areas, but a much wider range. Through their experience with many different social enterprises, in different markets and geographical areas, they are perceived to possess a higher degree of insight into the activities and actors involved with social entrepreneurship than individual SEs.

Where many previous research reports on social entrepreneurship consider individual cases of SEs, this thesis will approach SOGs as main source of information, as they are believed to have a large oversight on SEs and social entrepreneurship in general.

2.6 Motivational Incentives

Previous research has extensively attempted to map out the motivational factors behind entrepreneurship. CEs are generally known to be mainly motivated by economic aspirations, by a drive to create and increase their level of wealth compared to their current level or the level of wealth of others (e.g. Dees, 1998). Deeper reasons may include gaining a certain level of security through the possession of financial assets, or finding a certain satisfaction in the execution and growth of ideas. In order to understand how the motivational factors behind social entrepreneurship differs from its commercial equivalent, a closer look is first taken at the phenomenon of motivation.

When people are motivated, they are *moved* to act in a certain way. When someone is activated or energized to achieve a certain end, they are considered motivated. When someone experiences a lack of activation or inspiration, they are thus considered unmotivated. Motivation, however, is no unitary phenomenon. Every individual differs in the amount, as well as in the kind of motivation they experience. According to research by Ryan & Deci (2000), individuals differ greatly in their level (how much) as well as orientation (what type) of motivation. The orientation herein refers to the underlying goals and attitudes that inspire someone to act. They distinguish between intrinsic (doing something because of an interest or to gain a feeling of enjoyment) and extrinsic (doing

something because it leads to a preferred, separable outcome) motivation and the underlying human needs and values that accompany them. This distinction was previously explained by Nuttin (1984) as either internal impulse or external attraction.

This thesis aims to identify those intrinsic as well as extrinsic triggers that motivate SEs to act as they do and pursue as well as expand the triple bottom line in their activities. As motivation stems from a multitude of underlying human needs and values, Schwartz' (1994) framework of human values is applied to structure SEs' motivations.

2.7 Schwartz' Structure of Human Values

Schwartz (1994) defines human values as "desirable trans-situational goals, of varying importance, serving as guiding principles in the lives of persons or other social entities."

There is a strong consensus in literature on the five features that define a value: 1) a belief 2) about a desirable mode of conduct or end state 3) transcending specific situations, 4) that guides the selection and evaluation of people, events and behaviour, and 5) has a relative importance compared to other values, together forming a value priority set that is unique for everyone (Schwartz, 1992). These features are what makes values different from needs or attitudes. They let us conclude that independence and honesty are values, while hunger or a clothing style are not. These values can motivate individuals only when they are perceived as goals. For a value to be perceived as such, four requirements are to be met: 1) they are of interest to a certain social entity; 2) they can motivate a certain action, giving it direction and emotional intensity; 3) the values function as standards for justifying and judging people's actions; and 4) they can be acquired both through individuals' unique learning experiences as well as socialization towards dominant group values.

Furthermore, Schwartz (1994) distinguishes between ten motivationally differing value types. These value types are structured in a spectrum consisting of four overarching categories. Key to this structure is the assumption that pursuing each value type takes actions that have practical, psychological and social consequences. These might be compatible or conflicting with actions taken in the pursuit of other value types. More specifically, actions become more attractive as they promote the attainment of certain high-valued goals. More important goals trigger a higher motivation to act according to a thorough plan. The higher the priority of certain values, the more likely an individual is to act according to a plan that leads to higher behavioural expression of that value. As every

individual differs in their personal values, and thus the actions they undertake to fulfil these values, everyone prioritizes the values differently. An emphasis on one value type results in a de-emphasis on conflicting values. Depicted below are the four categories and ten value types as in Schwartz' model, along with their definitions and examples of values as originally provided by Schwartz (1994).

Value type category	Value type	Definition	Exemplary values
<u>Conservation</u>	<i>Conformity</i>	Restraint of inclinations, impulses and actions likely to harm or upset others and violate social norms or expectations	Obedient, politeness, honouring parents and elders
<u>Conservation</u>	<i>Tradition</i>	Acceptance, respect and commitment of the ideas and customs provided by traditional culture or religion	Devout, humble, accepting one's portion in life
<u>Conservation</u>	<i>Security</i>	Harmony, safety, stability of relationship, society or oneself	Social order, national security, clean
<u>Self-enhancement</u>	<i>Power</i>	Social status and dominance, prestige or control over people and resources	Social power, authority, wealth
<u>Self-enhancement</u>	<i>Achievement</i>	Personal success by demonstration of competence per social standards	Successful, ambitious, capable
<u>Self-enhancement/Openness to Change</u>	<i>Hedonism</i>	Pleasure and sensuous gratification for oneself	Enjoying life, pleasure
<u>Openness to Change</u>	<i>Stimulation</i>	Novelty, excitement and challenge in life	Varied and exciting life, daring
<u>Openness to Change</u>	<i>Self-direction</i>	Independent thoughts and actions (choosing, exploring and creating)	Curious, creativity, freedom
<u>Self-transcendence</u>	<i>Universalism</i>	Understanding, tolerance, appreciation and protection of the welfare of <i>all</i> nature and people	Social justice, broad-minded, equality
<u>Self-transcendence</u>	<i>Benevolence</i>	Preservation and enhancement of the	Honest, helpful, forgiving

		welfare of those with whom one has close and frequent personal contact	
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Table 3: Motivational value types and their meanings (Schwartz, 1994)

A recent study by Fayolle et al. (2014) was conducted to explain entrepreneurial intention. Their findings suggest that, although intentions are highly susceptible to personal beliefs, experiences and predominant cultural values, traditional entrepreneurship is characterized by economic reasons. They confirm previous findings that individualistic values are associated with entrepreneurial intentions and behaviour (e.g. Hayton et al., 2002). Within similarly developed countries, individualistic cultural traits are often found to be linked to a higher degree of entrepreneurial activity, such as the setting up of firms (Pinillos & Reyes, 2011). The same applies to analyses at the personal level, where more individualistic people show more entrepreneurial intentions (Jaén et al., 2013). Substantial evidence exists that traditional entrepreneurship prospers where values such as wealth generation, achievement, personal gain and economic advancement are prominent (McClelland, 1965). Typically, Western values such as competitiveness, a strong work ethic, individualism, and material gain are explicitly integrated or at least implied in discussions on entrepreneurship, regardless of the region (Hebert & Link, 1989). When plugged into Schwartz' motivational value structure, the above values translate almost directly to the Self-Enhancement dimension, specifically to Power (a strong focus on gaining social status and controlling resources such as money) and Achievement (a strong work ethic, competitiveness, and drive to achieve personal success). Furthermore, wealth generation and material gain lead to a certain personal (financial) security, and therefore correspond with Schwartz' Security value. While an increasing amount of scientific literature has questioned this rather one-sided, individualistic view by implying a positive relationship between collectivistic cultures and social entrepreneurship, little is known about the specific values in which commercial and social entrepreneurship differs (Yitshaki et al., 2016).

2.8 Research Expectations

Based on the interpretation of the above literature, the following expected relations and outcomes are formulated:

Expectation 1) The motivational values of social entrepreneurs will show a strong focus on collectivist values and long-term gains, and will clearly clash with the individualistic, values and focus on short-term personal gains of traditional commercial entrepreneurs.

Expectation 2) External actors related to social entrepreneurship will show similar motivational values to commercial entrepreneurs, leading to a misalignment of interests, currently preventing social entrepreneurs from functioning optimally.

Expectation 3) As a social enterprise's business model reflects the multiple value appreciation of the SE, a stimulation of New Business Model development can be achieved by stimulating social entrepreneurship. Following expectation 2, aligning the interests of social entrepreneurs and external actors will lead to this stimulation.

3. METHODOLOGY

3.1 Research Method

By applying an in-depth view into the subjects examined, this thesis can be classified as a qualitative one. This type of research is applied best when the outcome-producing variables are not clearly apparent, i.e. when contextual forces are uncontrolled, ill-defined or situational. Qualitative researchers are interested in the motivations, beliefs and actions of individuals, organizations or institutions and study these using a combination of interviews, external observations and insights gained from written material. Subjects of study can vary from individual behaviour to the function of complex systems. In essence, qualitative research helps us understand the strength, nature and interaction of variables (Lakshman et al., 2000).

In contrast to quantitative methods, qualitative research often does not formulate hypotheses upfront, due to the use of inductive reasoning. It does not necessarily test hypotheses, but rather combines and analyses insights from all material collected, taking a holistic perspective that preserves the complexities of human behaviour. Therefore, researchers have the freedom to continuously build and reinterpret the research during the process, as the aim is to find and interpret unexpected or unknown relationships. These are gathered from studying subjects in their natural context, minimizing the influence of the researcher. Within a business context, this refers to researchers collecting information about the interrelatedness of variables, i.e. how things work and change, in a real-life business setting to answer questions about which prior insights are still modest (Eriksson & Kovalainen, 2008). Within business research, the focal subjects are often examined through case study research. Herein, one or multiple cautiously selected cases are analysed and explained. When using multiple cases, these insights are combined to draw conclusions that can be generalized beyond the selected set of cases (Eriksson & Kovalainen, 2008).

The topics of NBMs as well as that of social entrepreneurship are both far from well-defined, especially when combined within one research setting. It therefore lends itself for a qualitative, case study approach where no strict predefined hypotheses are formulated to be tested. Rather, multiple cases are examined to search for commonalities, patterns or other generalizable insights. An explorative, explanatory, interpretive

approach was adopted to construct an understanding of the data from the cases. As this understanding is based on interpreting qualitative data, rather than displaying mathematical relationships, this is deemed the appropriate method (Sullivan, 2011), especially since the interviews consisted of many open “why” and “how” questions (Yin, 2003).

3.2 Data Collection Procedure

This thesis uses a combination of primary and secondary data. First, secondary data is gained through a literature research as in the previous chapter. Previous literature on social entrepreneurship, motivations of social entrepreneurs, new business models and human motivational values is collected to construct an overview of the current knowledge on these subjects. The subjects are then combined into the specific topic of this thesis, after which primary data is gathered and interpreted to gain new knowledge and insights into their relationships. The most common method for qualitative data collection is to conduct interviews. More specifically, semi-structured (also referred to as themed) interviewing is a simple, effective method where the research area and corresponding interview questions are divided in several themes to guide the interviewer in the primary and secondary questioning, as well as the interviewee in their narrative answering. As the structure is not highly strict, the interviewer and interviewee can divert from the questions, allowing for new ideas to emerge during the interview. Because of the extensive use, semi-structured interviews and qualitative research have almost become synonyms (e.g. Liamputtong & Ezzy, 2005). It is a highly useful method in case the researcher aims to collect data through hearing opinions and experiences from certain individuals. Also, by using in-depth questioning, matters that lack prior research can be analysed to reveal possibly unexpected relationships or other information. As the subjects of this thesis and their relationships are not yet highly clear and well-defined, semi-structured interviews seem the appropriate approach to let the interviewees freely speak their minds.

According to Eriksson & Kovalainen (2008), the two most important criteria for qualitative data are the accessibility and suitability. No strict rules exist as to the ideal sample size. Rather, researchers often select a number of cases until the acquired data per new case does not provide substantial new insights.

Important to note again here is that SOGs acted as the interviewees. As these organizations are regarded as highly experienced authorities concerning social entrepreneurship, through working with tens or even hundreds of SEs and guiding them from small initiatives to sometimes worldwide enterprises. Due to the broad nature of social entrepreneurship, a selection procedure was necessary to ensure a certain level of generalizability and reliability in the data. The cases used in this thesis were selected following four main criteria. These criteria are formulated as follows:

1. All SOGs interviewed are non-profit organizations, mainly NGOs. Therefore, they are not profit-pursuing businesses and their main funding originates from governments or other external funds, rather than the selling of products or services.
2. All SOGs can be characterized as social enterprises themselves. They do not pursue profit, but rather aim to assist others in their growth and their multiple value creation, thereby directly and indirectly creating social and ecological value.
3. All SOGs' main mission is to identify and support/inspire other (social) entrepreneurs, which makes them a rich source of entrepreneurial knowledge and experience.
4. All SOGs have achieved a certain level of international growth, meaning that they have experience with increasing the scale of their activities.

The 3 support organizations that participated in this research were either reached through private networking by the author (1) or through online enquiry (2). Interviewees were all experienced members, either project leaders or business developers, of the SOG. For privacy reasons, the interviewees' names are not included. Table 4 below presents an oversight of the support organizations involved in this thesis, including a description of their mission and vision, year of establishment and the length of the conducted interview. Together, the interviews totalled 4 hours, 7 minutes and 30 seconds. One of the interviews was conducted in Dutch, two in English. When transcribed, this resulted in a 49-page document of 21313 words (Times New Roman font, size 12, 1.5 spacing). An overview of the transcribed interviews can be found in the appendix.

Support organization (year of establishment)	Brief description	Length of interview
Both ENDS (1986)	<p>Together with environmental justice groups from poor and developing countries, Both ENDS works towards a sustainable, fair and inclusive world. We gather and share information about policy and investments that have a direct impact on people and their livelihood, we engage in joint advocacy, we stimulate the dialogue between stakeholders and we promote and support sustainable local alternatives.</p> <p>We have a unique approach to restore the imbalance. We actively search for people and organisations in developing countries who are working on a local level in the field of poverty reduction and environmental management. These people and organisations often develop good ideas to improve their own living standards and their natural habitat. With only a few minor adjustments, their ideas and plans can often be used in other areas, other developing countries and in Western countries. <i>(source: bothends.org)</i></p>	0h59m10s
Ideas in Motion (2013)	<p>Ideas in Motion is the organization behind the online platform idego. The non-profit organization connects Rwandan (social) entrepreneurs with English speaking, highly skilled and experienced students and young professionals from all over the world. We believe that fostering entrepreneurship in developing countries can help to overcome poverty and unemployment. Therefore, we support Rwandan startups for a period of one to six months by offering them free human capital. This allows students and young professionals to apply their acquired knowledge in a new environment, while entrepreneurs can satisfy their needs for specific skills. <i>(source: ideas-in-motion.org)</i></p>	1h38m11s
Ashoka (1980)	<p>Our vision and understanding of the world comes from Ashoka's experience in pioneering the field of social entrepreneurship over the last 35 years—finding, selecting, and supporting the world's leading social entrepreneurs (Ashoka Fellows). The network of more than 3,300 Ashoka Fellows is implementing system-changing solutions to human and environmental problems in 93 countries.</p> <p>Our work with Ashoka Fellows helps us see patterns of social development across various fields, providing key levers and a new framework for living in the world as a changemaker. We help people see the world differently so they can do differently, fully participating in the new environment. For example, Ashoka is building and activating networks to create fundamental changes in the growing up experience of children and young people so that everyone can become a changemaker.</p> <p>The ideas of Ashoka Fellows today will point to the areas for greatest collective impact tomorrow. We are investing in the people and patterns of collaborative entrepreneurship that are necessary in an everyone a changemaker world. <i>(source: ashoka.org/en)</i></p>	1h30m09s

Table 4: Support organizations included in the data collection

3.3 Plan of Analysis

With qualitative data analysis, researchers ought to stay close to the original data as they aim to capture, portray, understand and explain the real-world context in which their data was gathered. However, the initial data is often high in volume and quite messy, making it difficult for researchers to spot any structures or patterns. Therefore, it is advised to work according to an analytical hierarchy. This is a sequence of platforms or stages, each containing different analytical tasks that enable researchers to make sense out of data in a structured manner (Spencer et al., 2003). In this respect, qualitative data analysis is also referred to as moving up steps on the abstraction ladder (Miles & Huberman, 1994). Presented below is an example of an analytical hierarchy as applied in this thesis.

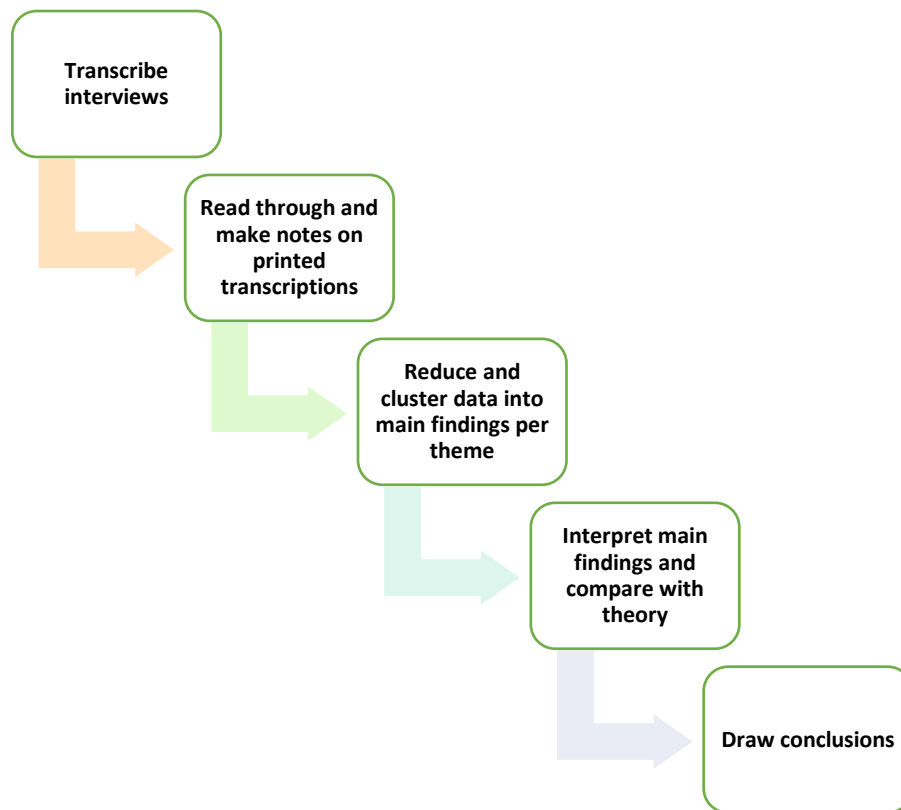


Figure 1: Analytical hierarchy

The transcribed interviews were re-read multiple times by the author, making notes on the go. This was done piece by piece, according to the different questions asked per theme. Per each coherent interview part, the key terms derived were collected and noted down. This is done based on the literal readings as well as interpretations by the author. They therefore reflect the interviewees' answers as well as the authors' thoughts. Within the

transcriptions in the appendix, the derived key terms can also be found. The full transcription is used here to allow new readers to understand where key terms were derived from. The key terms were combined and revisited often during the thesis-writing process to identify differences and similarities within the themes and to construct interviews to the research sub-questions, eventually leading to the findings in the next chapter.

3.4 Reliability, Validity, Generalisability and Transparency

The most important evaluation criteria of qualitative research findings are the three traditional concepts of reliability, validity and generalisability. In layman's terms, these come down to: Are the results replicable should the study be conducted again (reliability)? Does the study really measure what it claims to measure (validity)? Can we extrapolate the results from this sample to the world at large (generalisability)? Firstly, the research is subject to personal interpretation by the author. Therefore, no singular reality can be revealed, as meanings might change across space (different cultural and personal contexts) and time (Sullivan, 2011). To also increase the transparency of the results, direct quotations are used to assist the reader in understanding where the interpretations were derived from and improve validity. Also for the sake of transparency or "controllability" of the data, the interview transcripts and key terms used for analysis are included in the appendix (Jonker & Pennink, 2010). It should be noted that one interview (Both ENDS) was held in Dutch, while the quotations are translated to English. This translation was done as objectively as possible in order to most accurately capture the true meaning of the interviewees' words. Furthermore, to ensure the reliability as well as the generalisability of the interview data, cases were used of SOGs on purpose. As these organisations have empirical insights with tens, if not hundreds of entrepreneurs, they were assumed to provide a more elaborate and objective view on social entrepreneurship. The notion that many relating answers were given across all interviews supported this assumption.

4. FINDINGS

This section presents the main insights generated from analysing the interview data. The aim of the interviews was to understand and either confirm or refute the formulated expectations, i.e. identify and understand the different factors that motivate or hinder social entrepreneurs to conduct social entrepreneurship and scale up their enterprises, and the different actors involved in the process. In order to understand why and how SEs increase their impact, one should first understand their motivation for making an impact in the first place. Therefore, first an overview is presented of the intrinsic values that motivate social entrepreneurs. These are compared with and inserted into the motivational value structure by Schwartz (1994) one by one, through the analysis and interpretation of the interview data by the author of this thesis, after which an oversight is presented of the entire structure. Second, the main actors playing a role in social entrepreneurship are highlighted and their respective roles are elaborated on. Third, the process of scaling up social enterprises is analysed and the key points of attention, or most frequent issues encountered as mentioned by the interviewees, are presented. Lastly, the findings are linked back to the formulated research expectations.

4.1 Motivational Values of Social Entrepreneurs

The SOG interviewees were questioned about their view on social entrepreneurship and the motivations that drive SEs' actions, as perceived from their experience in working with SEs through innovative (local) initiatives. Furthermore, questions were asked related to how SEs manage growth and what drives them to actually achieve scale rather than operating on a local level. Also, as SOGs can be perceived as creating (direct or indirect) social value themselves, their own practices were also discussed to understand which values external actors (such as SOGs) value in social entrepreneurship to the extent that they are willing to help it flourish.

When combining their answers into key terms, multiple values of SEs were identified. These values were grouped together and categorized as depicted in figure 2 below:

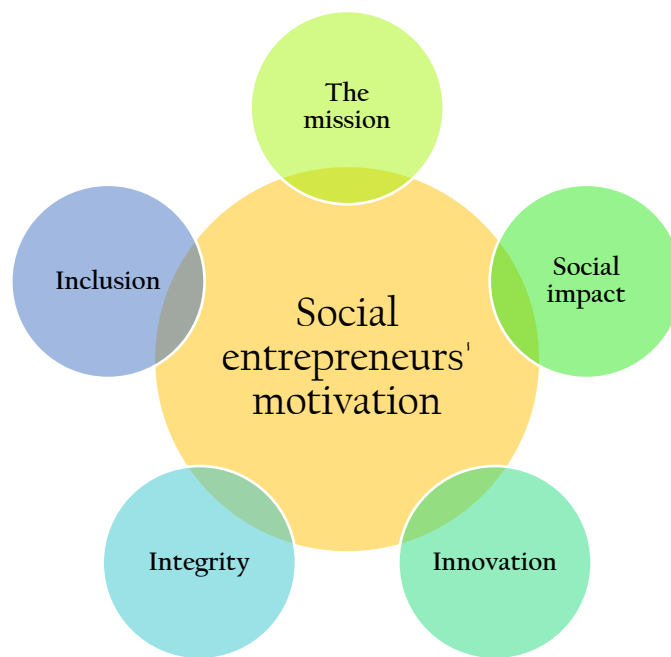


Figure 2: Motivational values of social entrepreneurs

4.1.1 The mission

One of the most common motivational reasons mentioned is referred to here as ‘the mission’. This entails a social goal or cause, providing intrinsic stimuli for social entrepreneurs to act. Any social enterprise is designed to not merely make money, but to contribute to solving a larger social or ecological issue.. Examples are the large difference in wealth between countries or regions, climate refugees or soil degradation. This issue is identified and observed by the SE, after which it acts as a driver for the SE who finds it important enough to spend time and energy into resolving it. The social enterprise acts as a means through which the issue is (partly) solved, thereby contributing to a greater good, a cause that exceeds the interest of the individual, but rather benefits communities or even societies. The activities of the SE are not regarded as general work, but rather as in investment through which a positive footprint is (hopefully) achieved.

Another related reason mentioned often is the fact that SEs have the ability to “give something back” to a greater community, or to the environment. As they often enjoyed an education and feel privileged to be able to provide for themselves, they have the skills and experience needed to give something back by addressing social or ecological issues. In short, the mission provides a desire to help, or to contribute to improving the lives of

others or the state of the ecological environment, and SEs do so because they can (through their personal background and experience) and as they spotted the opportunity.

“Last year, someone asked me: what if you were offered a million dollars for your organization? I was like, wow, that’s a lot. But for us, this is our passion. We all have our regular jobs, but we want to gain these experiences besides our regular jobs. We want to become more professional, and employ people to be able to help even more people, handle more projects. None of us wants to earn money with that. We just do it out of curiosity to learn more, out of the desire to help people. Money is not at all a question.”

Exemplary key terms derived from analysing the interview answers: ‘the mission’: Long-term view – drive – intrinsic – meaningful – opportunity – selfless.

➔ When compared with the values of Schwartz (1994), ‘the mission’ falls under:

1. **Universalism** - Understanding, tolerance, appreciation and protection of the welfare of *all* nature and people (social justice; broad-minded; equality).
2. **Security** - Harmony, safety, stability of relationship, society or oneself (social order; national security; clean).

4.1.2 Social impact

Relating to the mission is the notion that SEs often receive positive feedback once they start achieving successful results. Doing good, for a larger (intergenerational) community often leads to appreciation from the people that are directly or indirectly involved. Many interviewees mentioned that this positive feedback is a great motivational factor for SEs to continue and expand the scale of the activities they undertake. This is referred to in this thesis as the actual ‘social impact’ that is created. A positive circle is created of concrete actions and positive feedback, providing proof to the SE that their desired positive change is happening. The actual impact can e.g. relate to enabling local communities to improve their own standard of living, or to strengthen ecological systems to reverse the negative effects of environmental degradation. Without this social impact, motivation to continue decreases as no proof is generated that their actions positively contribute to the mission.

The result of knowing that actions have an actual social impact, is a feeling of recognition. This in itself is a form of social value, as it leads to a feeling of achievement and pride. According to one of the interviewees, wealth through possessions is less important to SEs

than social wealth, referring to status through collective achievements and a positive change realised through cooperation and altruism.

“People love to feel recognition, and some form of social status. People might look at you in an envious, negative way because of those two diesel-slurping cars in front of your villa. However, when you are being appreciated by people around you for the beautiful things you have created for them, and you also happen to be able to live in a villa and drive a nice car, that is a whole different situation. I believe people are realizing this more and more.”

“[...] also: the founder, when he gets the feedback from the entrepreneurs, he shares it with the rest. This gives people the confidence that, although all working on different things, everyone really has an impact within the organisation in the end. These small successes keep the motivation high and make everyone feel successful personally and as a group.”

Exemplary key terms derived from analysing the interview answers: ‘social impact’:

Positive feedback – recognition – enable – improve – constructive.

➔ When compared with the values of Schwartz (1994), ‘social impact’ falls under:

1. **Universalism** - Understanding, tolerance, appreciation and protection of the welfare of *all* nature and people (social justice; broad-minded; equality).
2. **Benevolence** – Preservation and enhancement of the welfare of those with whom one has close and frequent personal contact (honest; helpful; forgiving).

4.1.3 Innovation

Virtually every social enterprise uses methods or sells products/services that are meant to create a positive change. Logically, this entails that these include a certain innovative aspect as the SE spotted a need for something new. In every interview, SEs were referred to as “pioneers” within their fields. Whether it be through simply adding a social aspect to existing methods, creating a strong counterweight against environment-harming practices or even disrupting traditional business environments, all SEs have in common the use of innovation to create a social impact. This phenomenon also stretches to traditional (international) business and governmental policies, or creating new funding options or other business model aspects. The interviewees expressed a strong motivational desire among SEs to “lead by example”, thereby pursuing their social mission

by providing concrete examples of alternative methods to improve social and ecological value creation.

While innovation certainly provides a positive motivational factor for SEs, a substantial downside was also explicitly mentioned. Applying new, pioneering methods often leads to reluctant attitudes among people who are less motivated by the social cause. Therefore, SEs typically spend much energy on justifying their actions, arguing that their mission is worth it, to change the perception of those who disapprove. Compared to commercial entrepreneurs, they often feel as if they should put more effort into their enterprises. In this regard, innovation can be a negative factor. However, this is typically offset by the feeling of contributing to their mission. Also, when innovative ideas turn out successfully, negative perceptions can turn around and instead provide social wealth, which was mentioned by the interviewees as a key incentive to grow the social enterprise.

"The idea itself is not necessarily new, but you figure out the details of how to plug in this idea in a different context. Most of the time, a new idea doesn't have to be 100% unique, but it's about how you approach new ideas. How do you restructure your business model to really make things happen? With business model, I mean everything that's attached to it. What is the proposition that you give out, how do you generate revenue for all of your beneficiaries, how do you structure operations, how do you scale, how do you make use of your ecosystem and the government, etc.? Whether something is innovative or not often boils down to the nitty gritty details."

Exemplary key terms derived from analysing the interview answers: 'innovation': Pioneer - leading by example - perceptions - new - combine - create - creative.

➔ When compared with the values of Schwartz (1994), 'innovation' falls under:

1. **Self-direction** – Independent thoughts and actions (choosing, exploring and creating) (curious; creativity; freedom).

4.1.4 Integrity

Another motivational factor that became apparent through all interviews, was the desire to act truthfully. SEs express a preference for transparency, as they wish to be able to trust businesses and people around them. Here, this is referred to as 'integrity'. Examples were given of food or drinks products, such as cocoa or tea. SEs were explained to be generally

concerned with the source of such products, tracing back as far as quality of life and working conditions of the farmers, or the quality of the ecological environment where a product originates from. According to multiple interviewees, an increasing trend is developing in which consumers demand a certain extent of reliability and transparency regarding where their products originate from. Communities or even societies are becoming increasingly aware that this responsibility does not stop at the point of purchase, but partly lies with individual consumers as well. SEs are often concerned with the farmers or other actors in the value chain, as well as the linkages between these actors and use their social enterprises to improve these linkages. They sense an urge to create honest value chains, in which margins are fair and exploitation of early-stage producers is prevented. Also within other industries, or policy-related issues, secrecy is opposed and openness is promoted. The concept of integrity also expands to openness in communication, such as internal employee communication, or external media outings. This desire for integrity provides a strong driver for social entrepreneurs.

"I came across this little tea bag the other day, that looked super sustainable. Forest fruit tea, so from a forest, with a fair-trade logo and a little monkey on the package. I thought, let me just check where this actually comes from. Turns out, it was produced at just another monoculture farm that donates money to preserve little bits of rainforest somewhere. That's when I thought to myself, well, that's just another form of branding. Everyone buys your tea because it looks so good and sustainable, but your story just doesn't match up. Or well, it kind of does, but it is not real, you know?"

Exemplary key terms derived from analysing the interview answers: 'integrity':

Transparency – truth – reliability – trust – source – value chains – responsibility.

➔ When compared with the values of Schwartz (1994), 'integrity' falls under:

1. **Benevolence** – Preservation and enhancement of the welfare of those with whom one has close and frequent personal contact (honest; helpful; forgiving).
2. **Universalism** - Understanding, tolerance, appreciation and protection of the welfare of *all* nature and people (social justice; broad-minded; equality).

4.1.5 Inclusion

The last motivational factor identified through the interviews, is referred to as ‘inclusion’. Following the drivers mentioned above, SEs’ act in line with their mission, make a social impact and create social and/or ecological value accordingly. In doing so, a clear preference was stated to positively make a change for as many people as possible. This is achieved through involving many different stakeholders and providing open, truthful communication. Involving others can lead to them adjusting their views and opinions, or enabling them to also act in line with the mission. One of the interviewees referred to this multiple times as “together more”, as social impact and inclusion mutually reinforce each other. Ideally, SEs positively impact not just their direct clients, but a larger environment or even whole societies. This is often restrained, however, by the social enterprise’s ability to grow, which is elaborated on next.

“That is my main driver, I think. Showing and creating beautiful things, and meeting constructive people that are actively searching for possibilities to create something good. Finding people who believe in ‘together more’, not just in creating own profit and living to the max at the expense of others. Once you have worked with such people, that gives you such a boost that you will never want to go back to working alone.”

Exemplary key terms derived from analysing the interview answers: ‘inclusion’: Together more – people – involve – cooperate – communities.

➔ When compared with the values of Schwartz (1994), ‘inclusion’ falls under:

1. **Benevolence** – Preservation and enhancement of the welfare of those with whom one has close and frequent personal contact (honest; helpful; forgiving).
2. **Universalism** - Understanding, tolerance, appreciation and protection of the welfare of *all* nature and people (social justice; broad-minded; equality).

4.1.6 Motivational Values within Schwartz’ Structure

Depicted below in figure 3 is a visualization of the allocated grouping of the 5 motivational values of SEs into the human motivational value structure by Schwartz (1994). The grouping is done based on a comparison between the key terms derived from the interviews, and the exemplary values and value definitions by Schwartz as depicted in table 3. Next to SEs’ motivation, the motivational values of traditional CEs to practice entrepreneurship are also visualized, as adopted from the literature in chapter 2.7. A clear

distinction can be seen between the motivational values of both types of entrepreneurs. Where SEs seem to be strongly influenced by collectivist values, resulting in a focus on development and their environment (either human or ecological), CE demonstrate a strong emphasis on individual achievements and gaining personal wealth. As the value types are opposites within the spectrum, they can be interpreted as conflicting values, leading to opposite motivational goals and opposite behaviour accordingly. The only overlap in motivation can be found in the Security value. A deeper perspective, however, reveals the important notion that CEs pursue entrepreneurship for their personal security, through securing their financial position, whilst SEs express a concern for the security of their environments, (wider) communities or even future generations.

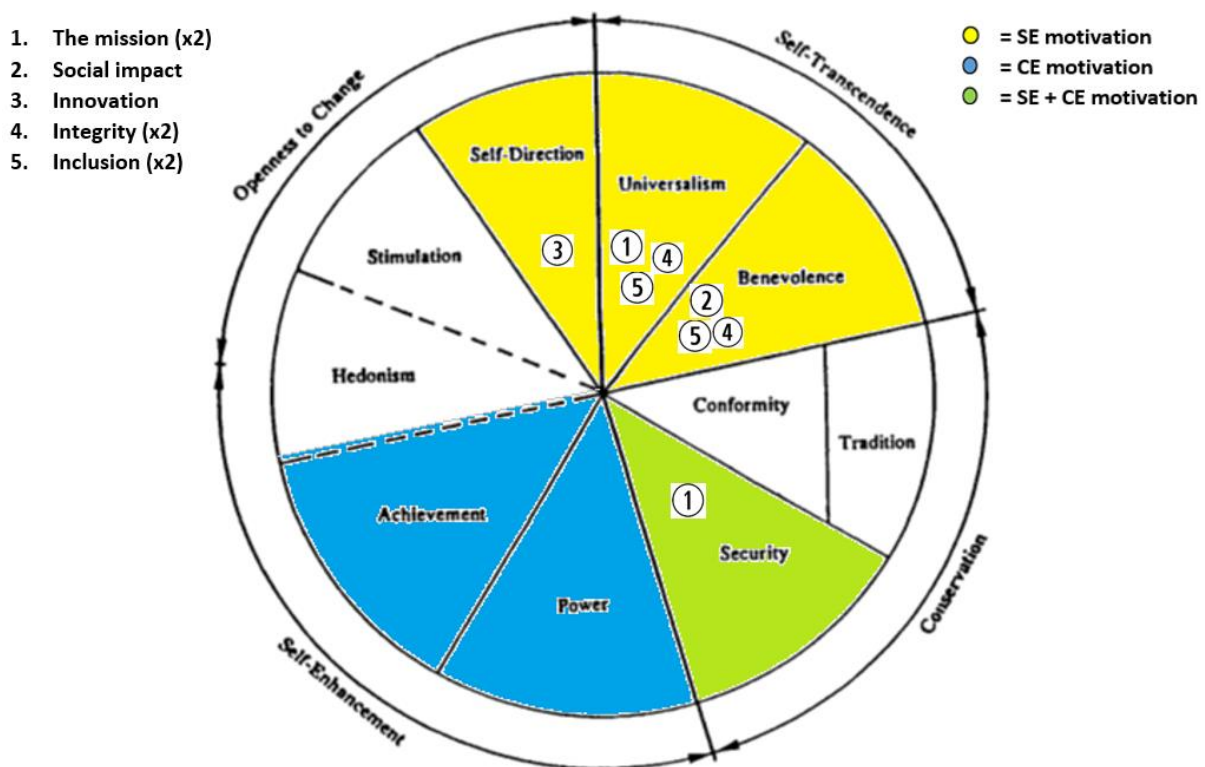


Figure 3: Comparison of SE and CE motivational values within Schwartz' (1994) structure of human motivational values.

4.2 Main Actors in Social Entrepreneurship and Growth

In this section, interviewees' answers are combined and summarized regarding the 'who' in growing social entrepreneurship. Insights were gathered through asking questions regarding the people, or actors, who motivate SEs to start up and, especially, who enable them scale up their social enterprises. In other words, summarized below are the main

actors providing motivation, or rather hindering, SEs to increase the scale of their social enterprise.

4.2.1 Social pioneers vs. followers

Firstly, most interviewees noted the difference between two types of SEs – here referred to as *pioneers* and *followers*. On the one hand, pioneers are the real trailblazers creating paths where none have walked before. Typically, these are SEs acting completely in the best interest of others, with a clear long-term goal in mind and with (almost) no monetary incentive at all. Their initiatives typically start on a small, local scale with little to no support at first and were referred to during the interviews as “naïve”. According to one of the SOGs, approximately 2-5% of all SEs are successful enough to substantially increase their scale. This does not mean that the efforts by the other 95% are in vain. As small-scale pioneers come across many obstacles, they provide valuable lessons and insights to other SEs.

These pioneers are paving the road for a larger group of slightly more risk-averse SEs, or followers. They are inspired by the pioneers, who have taken away their initial hesitation or made them realize that by adopting sustainable business methods, they might be able to stand their own against commercial businesses on the long term. Therefore, in order for larger social enterprises to thrive, they learn from insights gained from pioneering SEs.

4.2.2 Local communities

As mentioned in chapter 4.1, SEs typically act in response to a certain social mission. In most cases, a social enterprise starts as a small initiative in a local community. One of the interviewed SOGs, for example, supports local SEs’ initiatives concerning innovative use of local natural resources. This way, new employment possibilities are created within the community and earnings increase. Projects are often initiated from within communities, by one or more individuals that spot the available opportunity by precisely understanding the needs of a certain community. In many cases, local communities therefore act as an important motivational factor for the SE. This relates back to SEs feeling an urge to ‘give back’ to the community that enabled them to grow earlier.

In order to give back, though, it is important that SEs have exact knowledge of the needs of people in local communities.

“In general, to set up a structure, or even to travel [...], that costs money. Not a lot, but we needed money to start. Private funding from friends and family was an important factor right at the beginning. Our friends and families were quite generous and donated €50s, €200s and even €500s to get it started, get us going, without getting anything in return.”

4.2.3 Wider (intergenerational) communities

The second important group highlighted is a potentially very large and diverse group, summarized here as ‘wider communities’. When considering the social mission that makes SEs act within their local community, one can easily imagine that the value added would ideally benefit as many people as possible – regions, countries, societies or, if feasible, even future generations - whether the goal is to create social wealth, ecologic improvement or both. In this regard, wider communities are closely related to an SEs social mission, thereby providing a strong motivational factor.

Next, wider communities, or societies even, are among the main players in achieving a systems change mentioned earlier in this thesis. In order to stimulate social and ecological value creation, and build economic systems in which producing economic value is not sufficient anymore, an increasing number of people should be convinced and intrinsically motivated to act accordingly. In other words, SEs act partly to create sustainable social impact by convincing wider (intergenerational) communities of the necessity of their social mission.

Moreover, wider communities often function as an important funder. Since many social enterprises pursue a certain society-benefitting mission, crowdfunding is an important and attractive method of quickly reaching a large group of people and relying on their donations to collect starting capital. For example, as mentioned in one of the interviews:

“When we started, we used crowdfunding. This was necessary and helpful to create awareness and for us to build our website, have our first marketing expenditures in the form of some booklets, leaflets, and develop our own corporate identity.”

4.2.4 Support organizations and networks

As all interviewees were part of an SOG, each of them recognized the potential importance that such support organisations contain. Providing funding to promising social enterprises is just part of this importance, as is support in the form of knowledge and

advice related to finance, operations, marketing and other business areas, enabling SEs to focus on their key strengths. Support organizations are typically set up to identify promising ideas, startups or initiatives and enable them to thrive through providing funding.

Perhaps an even more important ‘actor’ for a social enterprise to grow, however, is an SE’s network. Networks often include certain non-profits and allow SEs to gain access to funding partners, such as foundations and SOGs, providing crucial financing opportunities. Moreover, networks might include so-called impact investors, large (multinational) businesses, other corporate contacts, politicians, etc. whose attention would be difficult to attract without access to an established network or the backing of influential organizations. The key here is to figure out which types of organisations can help your enterprise forward. It generally takes a lot of research and effort to enter the correct networks, and convince the actors in them that your enterprise is unique and needs to grow. The benefits, however can be very large as networks can be utilized by SEs to gain visibility, or to act as accelerators to help them move beyond their startup phase and increase the scale of their operations. As SOGs are among such actors providing access, one can imagine their large potential value to social entrepreneurship.

4.2.5 Governments

Governments were mentioned by every SOG interviewed as either an enabling or a hindering actor. In many cases, SEs are trying out innovative business models or practices that did not exist before, or were not practiced in specific geographical or business areas before, giving them a certain newness. In practice, this often leads to SEs being held back by certain restrictions through regulations opposed by local or (inter)national governments, policies that hinder social value creation. In such cases, successful SEs are often characterized by a drive to overcome these obstacles. According to one of the interviewees, what separates genuine intrinsically driven SEs is the perseverance to move around such obstacles, turn problems into opportunities and convince others to cooperate, for example by convincing governments to adjust laws and regulations in favour of social/ecological value creation. In sum, governmental regulations can positively or negatively affect social entrepreneurship, but successful SEs are characterized by the ability to turn related problems into positive opportunities.

On the other hand, governments that are in favour of certain social entrepreneurial initiatives, have the ability to connect those enterprises to numerous other actors to enlarge their network, gain access to additional funders and improve their opportunities to increase in scale and social impact.

Actor	Role
Social pioneers	Leading by example; taking risks; changing mindsets
Followers	Building on pioneers' experiences; applying scale in social business
Local communities	Provide intrinsic motivation; extrinsic motivation through recognition; provide initial capital
Wider (intergenerational) communities	Provide intrinsic motivation; extrinsic motivation through recognition; provide large-scale funding options; facilitate systems change through changing mindsets among societies.
Support organizations and networks	Provide initial support to promising social enterprises; networking and learning opportunities; large-scale funding; lobbying
Governments	Opposing and adjusting local and (international) laws and regulations; provide access to networks and funding.

4.3 Growth Potential of Social Enterprises

This section elaborates on the insights gained through the interviews regarding the growth or scaling up of social enterprises. It presents empirical information on what makes a specific SE or a social enterprise suitable for growth, also building on the intrinsic motivation- and actor-related insights.

4.3.1 Assessing growth potential of social enterprises

All interviewed SOGs had considerable experience with supporting social entrepreneurs to grow their enterprises. Their knowledge and experience was combined and summarized into a collection of the most relevant success factors that differentiate those social enterprises that are truly suitable for growth, from those who are not likely to achieve a substantial increase in scale in their social value creation. These factors are as follows:

4.3.2 Social impact

Firstly, one should assess if the social enterprise truly makes a social impact. Important in this regard is to keep in mind that *outcomes do not equal impact*. One of the SOGs mentioned to frequently come across the statement “we have reached an x number of people with our innovation”, as to pride themselves in getting their product or service to as many people as possible. However, while reaching people is a good short-term success and definitely important, it does not capture the long-term social value created. More important is what happens next. Do people understand the product? Is it used in a proper way, or perhaps sold on local markets? Does it enable people to contribute to their communities, e.g. by increasing their productivity? Does it lower the need for other environmentally damaging practices? Such questions are necessary to assess the value that is created next to the money that is generated.

Most interviewees noted the difficulty of comparing social impact between different enterprises, or across markets or regions. To facilitate such comparison, social impact measurement practices are becoming more standardized and well-established. It is an essential success factor for SEs to be familiar with such measurements and adopt a method of quantifying their own social impact. This greatly increases the ability for others (investors; wider communities; governments) to understand what added social/ecological value of the enterprise, leading to higher potential (financial) support and therefore to higher growth opportunities.

4.3.3 Truly innovative

For a social enterprise to have the potential to scale up, it is crucial that their offering is truly innovative. If the idea exists already, there is no need for the enterprise, except for those cases in which execution is carried out significantly better. In practice, however, this

is usually accompanied by a certain innovative approach. A distinction should be made here between innovative and unique. An innovation could consist of existing products or services, combined and applied in a different setting. This was nicely illustrated by one of the SOGs:

"We all have proper water access and sanitation in the Netherlands, we don't have to worry about that. But if you could bring that idea to all over India, if you find a model that makes that happen over there, you would be the most sought-after social entrepreneur in the world."

In this regard, an innovative social enterprise is one with either a new idea in an existing context, or an existing idea in a new context. Only in a minority of cases are new, radical ideas being carried out on a new context. The context can refer to a geographical area, a certain market or to the structure and processes or business model of an enterprise. Innovation could be in the obvious value propositions or in the small details of running a social enterprise. Either way, only those enterprises that achieve their social impact with a truly innovative approach have the potential of achieving substantial growth.

4.3.4 Character

Next, the SOGs explained how, in their experience, successful social enterprises shared another common aspect, namely the SE's character. Growing a social enterprise requires perseverance, as it is not without obstacles. As mentioned earlier, aspects such as funding and creating a sustainable social impact require commitment from the SE. Any SE with a social mission should understand their own abilities as well as limitations to achieve their goals, and be comfortable with taking risks. While SEs are almost never experts at every aspect of running a business, this can be large overcome by applying an entrepreneurial mindset, and finding creative solutions to obstacles blocking the road to success and growth.

4.3.5 Passion

As with the previous factor, passion relates to the SE. When 'on' a social mission, successful social enterprises are typically characterized by an SE with an excessive amount of passion. They are chasing their goal full-hearted, telling everyone about their ideas, such that it might come across as an obsession to others. According to one of the interviewees:

“Is the SE someone who believes in the idea because they think it is ‘kind of cool’, or is it someone who, when you talk to them, makes you get goosebumps? If someone is truly passionate about something, they will tell you a different story than when they’re not. Truly passionate people will do seemingly stupid things to achieve their mission, like hand away potentially millions euros of profits because they believe in sharing. These things are good indicators that you are dealing with a more morally developed person.”

4.3.6 Balance of values

Furthermore, in order to move past the initial idea or startup phase, a social enterprise should be able to strike a realistic, healthy balance between the values it creates. In practice, this often comes down to chasing a social mission, thereby creating social and/or ecological value while at the same time not neglecting the importance of economic value.

“We add social value by empowering, enabling local people to grow their businesses, create jobs and participate in (inter)national trade. This way, people create a higher standard of living for themselves. We are also working on farming and clean water project, so that relates to ecological value. However, it is all interconnected with ‘business value’. That is our main aim, but it flows into the other two areas through helping local ideas to flourish.”

In other words, an SE should not forget that in today’s society, money is often still a necessity in order to get things done. This can be divided in two separate factors. Firstly, concerning social value creation: no long-term social impact can be achieved without making sure that the value created is sustainable. For example, one interviewee talked about getting social development going in ecologically vulnerable areas such as rainforests. The only way to engage local communities and enable them to also create value themselves, projects should be economically feasible, and profitable enough for those communities to make a living and work on the project simultaneously. Social enterprises should “find that intersection between social, ecological and economic value” to ensure success on the long run.

Finding a balance is only one step. In order to manage growth of a social enterprise, that balance should be maintained. When increasing the scale, overuse of available human or natural resources leads to a decrease in social or ecological value. Only those SEs that are

able to project their long-term goals, balance their value creation and maintain this balance on the short and long term can truly achieve scale.

4.3.7 Involve and cooperate

Lastly, all interviewees expressed the necessity to *involve* all stakeholders of a social enterprise, to be able to achieve substantial scale after the startup. This relates to the motivational aspect ‘inclusion’, as discussed in section 4.1. For a successful SE to introduce a successful innovation, and create value for others, one can benefit from connecting with stakeholders and receiving constructive feedback about the ideas or execution. This includes the SE’s network as well as communities and societies. In order for initiatives to fit as good as possible to the needs of local communities, they should be well-aligned with the intrinsic motivation of those who are locally involved. This includes making sure that those involved share the same long-term vision as the SE. The same applies to involving every member within the social enterprise. Especially when monetary benefits are relatively low, employees should be motivated by other things, by including them in the social value creation and passing on the feedback and recognition to increase their motivation. When a social enterprise is able to energise and engage its employees as well as those it tries to impact, both sides are inspired to cooperate optimally and ensure that truly sustainable value is created. One-sided value creation might work on smaller scales, but lacks growing potential.

4.4 Challenges in Growing Social Enterprises

In this section, insights by the interviewees are summarized concerning the most important or most frequent issues that are encountered when increasing scale and social impact. It elaborates on the factors as well as the actors involved with each type of issue. By addressing these, light is shed on the most crucial focus points for social entrepreneurs in general, as well as external actors involved, when looking to maximize social and ecological, rather than merely monetary value. The insights are summarized into two main challenges as explained below.

4.4.1 Lack of funding due to misaligned risk perception

Firstly, all of the most frequent issues seem to revolve around one main issue, namely: **a severe misalignment in the risk perception of external actors, specifically**

investors, towards social entrepreneurship. One of the interviewees expressed the following:

“It was really not so risky when you looked at all the numbers, but it was crazy how much risk all of these investors perceived. They wanted really, really high returns, while normally within impact investing, you forego some returns for the impact the enterprise is making.

The risk appetite should be a little higher to invest in social enterprises, because the markets are mostly a bit less stable or the model is not super clear, but as soon as you talk about investing in social enterprises, people pull back because they perceive it as very risky and they desire extreme rates.”

Within traditional, commercial entrepreneurship, investors are often able to judge quite rapidly whether an idea or a business appeals to them or not. Due to previous experiences, they can put new ideas into perspective and assess whether they think it has potential. Furthermore, assessing monetary profit is often a relatively straightforward process. One assesses the current and future expected earnings, subtracts costs and creates an overview of the current and potential profitability of businesses. Also, well-developed measuring methods exist to compare economic value creation in a structured manner. Within social entrepreneurship, however, assessing potential performance is considerably more complex. SEs are not ‘in it’ for the economic value, but aim for social and ecological value creation by e.g. improving others’ living standards, working conditions, enabling others to make a change themselves and improving ecological conditions. Adding up these values into a single figure is not an easy task. Measuring methods such as the Social Reporting Standard (SRS) exist and are increasingly being used, facilitating standardization, but the very nature of the Triple Bottom Line remains more complex than economic profit.

Furthermore, increasing social impact is a time-consuming phenomenon. For example, generating more income for local communities enables the people in them to spend money they could not spend before. This, in turn, triggers an increase in income for other local businesses, which might enable those people to spend more money, or time, to support people around them, and so on. Thus, social impact is a deeply layered concept, and no clear cut-off points exists as to where it ends. It takes time for such layers to emerge. Therefore, SEs and related actors ought to consider the long-term value added by the social enterprise. The interviewees expressed stated their explicit concern that

investors' mindsets are often much too short-term, whereas a long-term view would be more insightful. Because of this short-term view, the rewards as perceived by investors seem quite low, thereby increasing the perceived risk profile. This makes investors hesitate to provide capital to SEs.

Moreover, as social enterprises contain a highly innovative aspect, markets are often not 'there' yet. Predicting a market that does not exist yet naturally is a complex task. All these factors make that SEs experience a considerable **lack of patient capital**. The same applies the other way around, as investors experience a considerable lack of attractive funding options. Within the hybrid financing models often used by SEs, external capital from investors is crucial when moving from the initial startup stages to building an established enterprise and achieving scale. An absence of investors there is a major hindrance to social entrepreneurship when looking to achieve scale.

A side effect of investors being too much focused on short-term, economic goals is that SEs in turn focus more on making monetary profit, to still be able to attract investors. SEs moving away from social and ecological value creation and acting more short-term clearly does not stimulate investors to adopt a more long-term view, thereby creating a negatively reinforcing circle keeping social enterprises from growing.

4.4.2 Demand outgrows carrying capacity

The second main issue that became apparent throughout the interviews, is when the **demand for a social product or service outgrows the capacity of the social enterprise**. This issue is typically not encountered within the initial stages of setting up the business and creating a social impact. After positive results are achieved, however, is when the enterprise starts to influence people's opinions and mindsets and starts to receive recognition for its work. While this is a desired, positive outcome, it will typically increase the number of people who are interested in the social enterprise. Due to the enthusiastic nature of SEs, it is often hard not to stride outside the boundaries of their own carrying capacity.

"You need to have a growth scale. If you want to remain sustainable, then you need to stay within the limits of what is sustainable. This goes for the social – how many employees do you have, and how do you structure this? – as well as the ecological – for example, how do you prevent overharvesting? – aspect. Also, when your product becomes really

interesting, how do you manage growth while dealing with copycat products? There are risks involved in growth. How popular do you wish to be? Keep that in mind.”

In order to manage the operational tasks involved with scaling up a social enterprise, SEs should either possess the experience and skills to do so or hire these externally. It is this growth process where many SEs notice a lack of concrete business skills, which is why many of them benefit greatly from interacting with an SOG. Thinking of an idea, and setting up a small enterprise with initial capital is often manageable if carried out with enthusiasm and heart, but maintaining a balance between short-term and long-term goals, economic profit and social impact during the later stages of growing a social enterprise requires more advanced, professional skills.

4.5 Research Expectations

Finally, the findings are compared to the research expectations formulated in chapter 2.

***Expectation 1)** The motivational values of social entrepreneurs will show a strong focus on collectivist values and long-term gains, and will clearly clash with the individualistic values and focus on short-term personal gains of traditional commercial entrepreneurs.*

- ➔ This expectation is found to be **correct**, as clearly indicated in figure 3. Motivational values of SEs such as social impact, integrity and inclusion point towards collectivist values and the desire to achieve results for and assure the security of not just the individual, but larger communities or even future generations. Also, achieving and especially maintaining a social impact requires SEs to adopt a long-term view. Not a single Schwartz motivational value is shared by SEs and CEs, when considering the difference in individual or collective security.

***Expectation 2)** External actors related to social entrepreneurship will show similar motivational values to commercial entrepreneurs, leading to a misalignment of interests, currently preventing social entrepreneurs from functioning optimally.*

- ➔ This expectation is found to be **correct**, although mainly for external actors providing funding to SEs. Whereas actors such as support organizations and foundations are typically interested in the ‘greater good’ pursued by SEs, investors seem to be thinking more along the lines of traditional CEs, expressing a relatively high focus on short-term gains and personal achievements and security. Part of the cause of this short vs. long-term difference in view results from the difference in

interests between SEs and external actors. SEs, more so than external actors, prioritize the creation of social and ecological value as they recognize the long-term necessity of doing so (i.e. the social mission, for example to reduce poverty or reverse climate change). Not having external actors on board puts extra pressure on SEs to allocate focus towards creating economic value, therefore not being able to optimally achieve a Triple Bottom Line.

***Expectation 3)** As a social enterprise's business model reflects the multiple value appreciation of the SE, a stimulation of New Business Model development can be achieved by stimulating social entrepreneurship. Following expectation 2, aligning the interests of social entrepreneurs and external actors will lead to this stimulation.*

- ➔ This expectation is believed to be **correct**, but is hard to answer in a definitive way. A misalignment of interests can clearly be seen, and one would assume that aligning these interests would lead to a stimulation of social entrepreneurship. To provide a definitive answer, however, more empirical data is welcome. As SEs often find innovative ways of structuring their (hybrid) business models, this could lead to more practical examples of New Business Models. The following chapter elaborates further on this expectation.

5. DISCUSSION

In this section, the findings are interpreted and the outcomes of the research expectations are discussed more elaborately. The outcomes of the Schwartz value visualization are discussed in order to generate concrete and generalizable learnings/advice regarding the stimulation of social entrepreneurship to facilitate New Business Model development.

5.1 How Schwartz Values Help Us with New Business Models

The human motivational value model help us gain a more in-depth understanding of what moves people to act in certain ways. The positioning within the spectrum structure is descriptive of the relationships and interplay between the values. Value types that are generally compatible are placed next to each other. Therefore, the higher the distance between value types within the spectrum, the less they are compatible, to the extent where they are direct opposites, resulting in conflicting interests and motivational goals. These conflicting values are summarized in two higher-order dimensions, namely *self-transcendence vs. self-enhancement* and *openness to change vs. conservation* (Schwartz, 1994). The first opposes values that emphasize acceptance of other individuals as equals and care for their well-being, to those values that emphasize pursuing one's own success relative to and dominance over others. The latter dimension opposes change and independent thinking and actions, to values that emphasize preservation of traditional practices, submissive self-restriction and stability.

Although the prioritization of individual values differs per individual, the overall structuring of values is universally comprehensible and transcends cultures, meaning that both the combined positive effects of compatible values, (e.g. universalism and benevolence) as well as the conflicts between opposing values (e.g. achievement vs. benevolence) can be applied everywhere. This means that the findings of this thesis generally apply to every region around the world, giving us a useful level of insight in the friction between SEs and related actors.

Let us review the definitions of those Schwartz values that are found to be applicable to social and commercial entrepreneurs:

	SEs	CEs
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Self-direction	Independent thoughts and actions (choosing, exploring and creating).	-
Universalism	Understanding, tolerance, appreciation and protection of the welfare of <i>all</i> nature and people.	-
Benevolence	Preservation and enhancement of the welfare of those with whom one has close and frequent personal contact.	-
Security	Harmony, safety, stability of relationship, society or oneself.	
Power	-	Social status and dominance, prestige or control over people and resources.
Achievement	-	Personal success by demonstration of competence per social standards.

Table 5: Definitions of the Schwartz (1994) motivational value types applicable to social and commercial entrepreneurs.

Based on these definitions, we can make a more concrete comparison of how SEs differ from CEs in their interests and their *drive*. From the literature, CEs were found to be driven by material gains, increasing personal wealth and status and ensuring a future for themselves – all rather individualistic values. SEs, on the other hand, are found to be highly focused on collective wealth, making a social impact, enabling others to thrive and ensuring the future of communities, societies, generations and the ecological system. By assessing the roles of the different actors involved with social entrepreneurship, the findings reveal that especially investors tend to value and act similarly to CEs, thus valuing rather short-term economic value creation over a long-term Triple Bottom Line.

This fundamental misalignment in interests concerns the value dimensions of self-transcendence vs. self-enhancement. Moving down the abstraction ladder: where investors generally associate success or achievement with personal ambition, social power and gaining wealth, SEs move beyond the personal point of view and view themselves as successful only when they enable others to be successful.

Therefore, as the interests and desired outcomes of both sides clash, the initiatives set up by social entrepreneurs are not recognized by investors as interesting enough to fund. Furthermore, SEs' businesses by nature adopt a certain innovative aspect, which by nature bears a certain level of risk. Investors aim to identify those business opportunities which are seen as relatively-low risk, producing desirable returns. The innovative, new nature of social entrepreneurship seems make investors doubt whether the enterprises produce those values which they desire. When relating this to Schwartz: investors doubt whether funding social enterprises is in line with Achievement, Power and Security values.

However, the innovative aspect of social entrepreneurship is partly comprised of shared value creation and its collective nature. This entails that a risk analysis of a social enterprise is not merely made up of financial risks, but also incorporates the social and ecological risks. A very important advantage of this is that risk analyses can be made much more transparent and complete. This way, everyone (including potential investors) can understand the risks involved and how to deal with these. This gives SEs' business models a stronger foundation than CE's (Jonker, 2014). Gaining a better understanding of potential solutions in turn lowers the perceived risk associated with social enterprises, and might make investors realize that creating social and ecological value, they do act along the motivational values of Achievement, Power and Security.

5.2 Moving Forward

The development of NBMs would benefit from an increase in activity and experience. The more people participate in alternative, innovative methods of doing business, the more familiar these methods will become. This will decrease the level of risk associated with creating social and ecological value, and hopefully move societies in the right direction. A crucial step will be to try to align the interests of every actor involved with social entrepreneurship. By making all actors realize that collective effort produces more positive outcomes, the "profit-norm" can steadily be changed to include social and ecological value, making it easier for social enterprises to construct new, hybrid business models. To do so, this thesis proposes the following actions. These are generalized pieces of advice, applicable to all social entrepreneurial initiatives and related actors around the globe, as supported by the universally applicable nature of the Schwartz values.

1. Social entrepreneurs should aim to **make their implicit value propositions into concrete, explicit definitions of success**, by including all the tangible and intangible elements that lead to that definition of success in the business model. One could ask themselves questions such as: What is the social/ecological/economic value that I create? How can this be measured and/or assessed? How am I operating on a local/national/regional/global scale? Which governmental/political/organizational/communal/personal aspects should I include in the business model to make it complete and understandable?

The key here is to define the value creation process as well as possible to be able to work more effectively, but especially to inform external actors about the risks and benefits involved. Also, by making use of a good story-telling and communicating normative goals, an emotional connection can be established. Invest time and effort into **educating** potential impact investors on the social mission and the desired outcomes of social entrepreneurship, and make sure not to neglect the economic value created. By gaining a more in-depth understanding of the processes and outcomes, one can lower the risk perceived by funders.

2. This also works the other way around. Social entrepreneurs should invest time and effort into **understanding the perspective of potential impact investors**, who are often used to more traditional business methods. By understanding how to convince investors of the potential value of social entrepreneurship, and of how it would benefit themselves as well, SEs can partly facilitate their own growth by taking down barriers to accessing capital, thereby also increasing their opportunities to meet increasing demand. Through mutual understanding, the conflicting interests can become the same interests, just from different angles. As investors also pursue individual gains, SEs should make clear that collective interests are also in the best long-term *personal* interest of investors.

Investors themselves should also realize that attractive investment options are there, they are just not seeing them yet. In **educating themselves**, they should ask questions such as: How can I look across my portfolio to stimulate cooperation between the businesses? How will these enterprises' long-term goals impact my personal situation, or my own communities? How do the ambitions of social entrepreneurs align with my own ambitions and views?

3. SEs should focus on **involving all their stakeholders**. Social entrepreneurship can only achieve scale with the support of communities. Social enterprises could, for example, intensively use social media to increase the reach, i.e. the number of people that are informed about their social mission. Again, **communicating a well-defined success image** is crucial to transforming communal interests. By communicating the positive short and long-term outcomes of their pioneering initiatives, communities will be more inclined to engage. Work out ambitious ideas into explicit transaction models that state the methods of transaction, as well as concrete examples of the economic/social/ecological value created, so that others within the community will be enabled to understand and participate in the initiative more easily.
4. Also, an important role herein lies with **support organizations**. Next to supporting social enterprises with funding or network opportunities, increased utilization of their own experience can help setting up events or training programs in which the different actors can come together, interact and share their ideas as well as concerns. This way, all actors can be **connected** to collectively produce solutions and new cooperative initiatives. Also, SEs that are backed up by experienced SOGs will be perceived less risky by investors, thereby increasing their funding and scaling options.
5. From a policy-making perspective, **stimulating social entrepreneurship using favourable business policies** relating to, for example, taxes, or easier access to specialized funds will increase the attractiveness of social entrepreneurship as a career option. One could also think of ways to stimulate sustainable developments within business, or to facilitate the access to loans for highly innovative initiatives by increasing pay-back periods or decreasing interests based on the level of social or ecological value that is created.

6. CONCLUSION

Social entrepreneurship remains a relatively unexplored research as well as practical business field. While countless initiatives have been carried out that combine the creation of social, ecological and economic value, many issues still exist that need to be addressed. This thesis hopes to add a bit of structure to the relatively abstract concept. A stimulation of social entrepreneurship would increase the number of social enterprise cases, and thereby the amount of qualitative as well as quantitative data available to study the use of their innovative, hybrid business models.

This thesis addressed the following research question: **What lessons can we learn from social entrepreneurs to stimulate New Business Model development?** By collecting and interpreting insights from social entrepreneurship experts, a value-mapping overview was constructed regarding the motivational values of social entrepreneurs. Thereafter, the most important actors and most common issues related to social entrepreneurship were assessed. When analysing these issues while keeping in mind the motivational values of related actors, a large misalignment in interests was found between social entrepreneurs on the one hand, and especially investors on the other. These interests correlate with their motivational values, as these values are what makes people *set goals and act*. These interests can only be aligned through harmonizing the motivational values, i.e. by improving the understanding and convincing external actors of social entrepreneurship of the long-term benefits of their Triple Bottom Line. Only then will their perceived risk of social entrepreneurship decrease and will social entrepreneurs finally have easier access to capital and be able to focus more on their missions and achieving systems change rather than on their issues.

“Social enterprises are the R&D labs of our society.”

With this beautiful quote, one of the interviewees accurately captured the influence social enterprises can also have on established businesses and models. Social entrepreneurs are the perfect example of leading by example by “just doing it”. They enthusiastically pave the road for followers and large corporates, by making obstacles and benefits visible to the larger public.

To align the interests of all actors involved, this thesis provides several constructive, generalizable pieces of advice that address the current main attention points. Following

this advice should be a step in the right direction to facilitate an increase in social entrepreneurship and thereby New Business Model development to speed up the systems change our world needs so badly.

6.1 Limitations and Suggestions for Future Research

This research contributed to the existing literature by providing structured insights into the motivational values that drive social entrepreneurs, and the practical implications that result out of these. However, several limitations of this research should be noted.

Firstly, this thesis provides a generalized picture. It talks of social entrepreneurs as being one homogeneous group, without diving into the personal level. As different individuals have different value prioritizations, the values of SEs may not always be consistent with these results when zooming in on an individual level. Future practical case research with multiple SEs could provide more insights in this regard.

Furthermore, this thesis focuses on the motivational aspects as well as actors concerning social entrepreneurship. Apart from funding, it does not apply focus to the operational aspects of running a social enterprise. The development of NBS would benefit greatly from practical examples and insights from experienced serial social entrepreneurs and/or SOGs to develop best practices and facilitate comparison among social enterprises.

Also, this thesis speaks of risk perceptions without elaborating on the deeper constructs that risk contains. For example, which factors contribute most to the risky image investors have of social entrepreneurship? Future research in this area could facilitate the design of educational material or training programs for SEs and external actors.

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8. APPENDIX

General theme and question structure

1. Introduction interview and interviewee

- a.** Motivation interviewee to engage with SOG
- b.** Drivers to enable SEs over other career options
- c.** Interviewee's SOG's sustainable impact

2. Social entrepreneurship

- a.** Comparison social and commercial entrepreneurship
- b.** Motivation SEs; actors involved; financial aspect
- c.** Ensuring sustainability within social entrepreneurship
- d.** Success and how to measure this for SEs

3. Scaling up social enterprises

- a.** Short and long-term view SEs
- b.** Actors involved with perform social entrepreneurship
- c.** Issues encountered with increasing scale and impact
- d.** Tips for growing social enterprises

4. Final comments

- a.** Future of social entrepreneurship
- b.** Any topic-related subjects not yet addressed

The order of the questions above is not strict. Questions can be asked and answered in a different order, and can be returned to in later stages of the interview, depending on the flow of the conversation. Answers often relate to multiple questions. There are no right or wrong answers. Secondary questions or side notes are highly encouraged.

Interview Roos Nijpels (Both ENDS)

Introduction

Zal ik eerst even toelichten waar ik mee bezig ben? Ik ben dus een thesis aan het schrijven, en doe onder andere onderzoek naar sociaal ondernemerschap. Ken je Jan Jonker toevallig? Dit is een academicus, een Nederlander die zich bezighoudt met het proberen te modelleren van businessmodellen waarbij niet alleen geld centraal staat, zoals in traditionele businessmodellen, maar waarbij sociale of ecologische waarde écht ingebouwd wordt in een model waar een bedrijf op gerund kan worden, waar je dus echt ondernemerschap op kunt drijven. Dat is niet zo makkelijk.

Nee, inderdaad.

Deze waardes zijn zoveel moeilijker te meten dan geld. Ik probeer middels deze thesis te kijken wat voor problemen, of welke kansen juist, sociale ondernemers tegenkomen bij het uitbreiden van hun initiatieven en hoe ik dit kan linken aan nieuwe businessmodellen om te zien hoe zij hiermee om gaan. Ik probeer dit in kaart te brengen door vooral heel veel meningen en inzichten bij elkaar te brengen en dit te vergelijken met hetgeen wat er al over businessmodellen bekend is. Ik ben heel blij dat je even tijd voor me hebt!

Gelijk even twee dingen die in me op komen. Ten eerste, volg je een bepaalde definitie van wat een sociale onderneming is? Of een sociaal businessmodel? Of is dat meer de vraag die je bij iedereen neerlegt?

Niet zozeer wat de definitie is. Er zijn ontzettend veel definities. Ik ga er voor mezelf meer vanuit dat een sociaal ondernemer niet alleen winst in de zin van geld achterna gaat, maar dat het vaak mensen zijn die dmv hun bedrijven of initiatieven die twee andere types waarde willen creëren en iets meer willen doen dan enkel voor zichzelf een bedrijf runnen. Ze willen ook de mensen die vlak om hun heen staan, of in een grotere kring, de maatschappij, positief beïnvloeden en zorgen dat ze middels hun inspanningen bij kunnen dragen aan een verandering van een maatschappij of groep mensen. Dit kan op hele kleine of hele grote schaal zijn. Er zit een bepaald 'groter goed' achter, het is niet alleen puur willen verkopen of een bedrijf willen runnen. Daar ga ik voor mezelf van uit. Klopt dat ongeveer volgens jou?

Ik denk dat dat inderdaad de theorie is, haha. Nee je hebt gelijk. Ik denk dat je ook wel de nodige sociale ondernemers ziet die inzien: als ik niet sociaal of duurzaam onderneem heeft mijn business uiteindelijk geen toekomst, en daarom doe ik het. Ze scoren dus verschillend op

verschillende onderdelen, ik denk dat daar wel een marge in zit. Wat is echt je intrinsieke motivatie om het te doen?

Dat klopt, er zit wel een verschil tussen CSR en sociaal ondernemerschap.

Ja, klopt. Maar er zit een groot grijs gebied. Iedereen op dat vlak is al wel beter bezig dan iemand die zich er helemaal niet mee bezighoudt, maar je komt in de praktijk nog wel van alles tegen. Wat doen ze nou echt, en wat zeggen ze te doen? Ook, toen jij het zojuist over die businessmodellen had: waar wij heel erg mee bezig geweest zijn is het volgende. Wij leggen onder andere voedselbossen wereldwijd aan, dat is de Nederlandse term, en wij hebben ook bedacht om dat heel erg te richten op ecologische ontwikkeling en sociale ontwikkeling, maar óók aantonen dat het economisch haalbaar is en een duurzaam alternatief is voor grootschalige intensieve landbouw die nu plaatsvindt. Wij hebben dus ook een businessmodel opgezet waarin je zo'n complex productiesysteem met een doorlooptijd van de komende 25 jaar in kaart kunt brengen. Dit is nu wel vooral economisch, omdat dat bij ons juist nog ontbreekt. Er zijn talloze onderbouwingen waarom ontwikkelingswerk sociaal verantwoord is, maar het is niet altijd economisch onderbouwd. Het is de opschaling en ook de economische termen en schaal is dan de vaste onderbouwing die wij zochten. We zijn nu samen met een aantal studenten onderzoek aan het doen naar de indicatoren die je kunt koppelen om ook aan een economisch model, sociale en andere winsten vast te maken. Ik denk dat het wel eens interessant is om door te praten met jou of Jan Jonker, om eens kennis uit te wisselen over dit modelleren. Dat klinkt interessant van mijn kant!

Key terms derived from answers above: Combine s+e+e value; sustainable; alternative; social pressure

Start interviewvragen

Ik zou het eerst graag hebben over waar jij zelf mee bezig bent, wat jou drijft. Jullie zijn bezig met lokale initiatieven, maar ik vind dat je zelf ook wel valt binnen het hele brede profiel van sociaal ondernemer. Ik vind het tof dat Both ENDS in die zin zelf een sociale onderneming is die zich ook bezighoudt met kleinere initiatieven, vandaar dat ik ook graag met jullie een interview wil doen, omdat bij jullie heel veel kennis ligt en ik dat goed kan gebruiken voor deze thesis. Ten eerste, wat is jouw motivatie om überhaupt bij Both ENDS te gaan?

Dan moet je eigenlijk iets eerder beginnen. Ik heb ontwikkelingsstudies gestudeerd, dus ik heb altijd al een passie gehad voor "hoe breng je mensen bij elkaar?" en hoe maak je het mogelijk dat mensen en natuur zich kan ontwikkelen op een zo duurzaam mogelijke manier? Hoe geef je kansen aan mensen? Daarna ben ik bij Cordaid begonnen, één van de grootste ontwikkelingsorganisaties in Nederland. Daar ben ik Both ENDS tegengekomen. Ik werkte vanuit Cordaid aan het ondersteunen van economische ontwikkelingsprogramma's voor voornamelijk inheemse bevolkingsgroepen in de resterende regenwouden. Vanuit de start van mijn werk kwam ik dus al tegen "hoe breng je sociale ontwikkeling in een ecologisch kwetsbaar gebied op gang met economisch rendement?" Hoe kun je dus zorgen dat mensen die in en om de regenwouden wonen ook een voldoende inkomen kunnen hebben, en aantonen dat regenwoud economisch ook interessanter is dan een plat weggekapte palmolieplantage bijvoorbeeld. Toen heb ik Both ENDS leren kennen als een organisatie die pioniers en experts, voorlopers op verschillende terreinen, bij elkaar brengt. Deze inspireren elkaar en Both ENDS koppelt de mooiste voorbeelden aan elkaar om op die manier te werken aan systeemverandering. Dat is nog steeds wat we doen, en wat mij heel erg aantrekt is: laten zien waar het huidige systeem schuurt. Wat gaat er fout? Wat is de impact van grote investeringen en van grote bedrijven, vooral in het buitenland, op milieu en op lokale gemeenschappen? Ik wil niet alleen aantonen: dit gaat niet goed, stop ermee, maar we werken ook aan een alternatief. We kunnen ook zeggen: we snappen dat je wilt investeren, dat je wilt ondernemen, maar wij kijken hoe dat anders en hoe dat beter kan. Dan kom je op dat raakvlak tussen sociaal, economisch en ecologisch. Toen Cordaid ging reorganiseren in 2011/2012 heb ik met het programma wat toen Rich Forests is gaan heten de overstap gemaakt naar Both ENDS. Toen kwam ik dus nog meer in een omgeving terecht waar dat concept van 'aantonen wat niet goed gaat en kans geven aan positieve toekomstplannen'. Sindsdien ben ik daar maar gebleven.

Key terms derived from answers above: Involve and enable people; combine s+e+e value; connect; systems change; pioneers

Kan ik me voorstellen! Om daar even op door te gaan, je bent daar sindsdien gebleven. Er zijn natuurlijk ontzettend veel andere dingen die je ook met je leven kunt doen. Wat is voor jou nou de grootste drijfveer om dit te blijven doen? Wat maakt dat jij je hierin herkent, zijn er bepaalde waarden die je hier persoonlijk mee deelt?

Ik word heel blij van mensen en omgevingen waar iets moois gecreëerd wordt. Als ik daar op de één of andere manier aan kan bijdragen, vind ik dat heel mooi. Als ik terugga naar plekken waar ik jaren geleden ben geweest, en ik heb een project kunnen koppelen aan een fonds en er is iets gebeurd, en nu is er in plaats van een kale akker een bos en hebben de mensen daar inkomen uit, dan vind ik dat heel mooi. Dat geldt wereldwijd. Dat is het fijne van Rich Forests, die werken wereldwijd, ook in Nederland, dus ik kan het soms ook bijna in m'n eigen achtertuin zien. Dat is vooral mijn drijfveer, denk ik. Mooie dingen laten zien en vooral constructieve mensen ontmoeten die zoeken naar mogelijkheden om er iets moois van te maken. Mensen die zoeken naar het 'samen meer' en niet alleen voor de eigen winst en maximale productie/leven gaan ten koste van wat dan ook. Als je dat een aantal keer gezien hebt, geeft je dat zoveel boost dat je eigenlijk niks anders meer wilt. Ik werk ook binnen Both ENDS heel duidelijk aan de kant van 'het alternatief, laten zien hoe het anders kan', en ik vind het heel knap dat collega's kunnen werken met aantonen hoe het juist niet goed gaat. Daar heb ik veel bewondering voor, dat zijn vaak hele zware omstandigheden. Dat motiveert juist nog meer om hard te werken aan de andere kant. Als je hoort dat mensen omgebracht worden omdat ze opkomen voor hun landrechten, ten gunste van een grote plantage met zoveel investeerders en zoveel grote banken erachter, dan wordt je wel gemotiveerder om aan de andere kant te kiezen.

Key terms derived from answers above: Positive emotions; meaning in life, actual social impact; together more; adding value for and with others; enabling; development; constructive

Heeft dat ook veel met die ervaringen te maken? Of bestond die drijfveer al toen je vanuit je studie bij Cordaid terecht kwam?

Daarvoor al wel, denk ik. Je kiest al een studie vanuit je achtergrond. Het is al een deel van je opvoeding. Hoe kijk je naar mensen, de wereld, inclusiviteit en exclusiviteit, de relatie mens/natuur? Ik was als jong kind al geïnteresseerd in 'hoe doen die Indianen dat nog?', van die zwartwitverhalen over hun samenhang met de natuur. Die stereotypen krijg je als kind mee en dat vond ik heel erg boeiend, en ik ben altijd met ondersteuning van anderen of hulp bezig geweest. Dus ja, dat is iets wat je opvoeding deels meegeeft. Hoe sta je in het leven?

Key terms derived from answers above: Including people; inclusivity vs exclusivity; human vs nature

Alle projecten waar je mee bezig bent, Rich Forests, Both ENDS, de positieve impact die je hiermee maakt, of het beleid wat je hiermee beïnvloedt. Hoe zorg je ervoor dat dit blijvend is? Dat dit geen dingen zijn waar je misschien over een jaar opnieuw tegenaan moet schoppen?

Tja, dat gebeurt. Dat is een continue strijd, denk ik. Je maakt het zo duurzaam mogelijk door zo hoog mogelijk te scoren op sociaal/economisch en ecologisch. Als je alleen projecten uitvoert die aansluiten op de intrinsieke motivatie van de mensen die er lokaal bij betrokken zijn, en als dat voldoende afgestemd en ingebed is met de omgeving en lokale mensen, bereik je dat. Ik heb heel veel moeite met heel goed bedoelde projecten die van bovenaf bedacht zijn en uitgevoerd worden, want daarbij merk je dat het effect op de iets langere termijn veel lager is. Je kunt veel beter eerst zoeken naar lokale pioniers, visionairs in de gemeenschappen, die iets vorm willen geven, dat kansen geven en laten groeien en groter maken en inspireren door uitwisseling naar projecten en plekken waar ze al een stapje verder zijn. Dan is het vanuit lokale motivatie gedreven en niet door een stafmedewerker die af en toe langs komt. Of wat ook vaak gebeurt vanuit organisaties van hogerop, of overheden die zeggen: dit moet gebeuren, dat heeft vaak meer kortetermijneffecten. Zo duurzaam mogelijk betekent zo laag mogelijk beginnen. Dat geldt voor hele korte ketens, maar ook voor hele lange ketens, zeker als je het over handel hebt natuurlijk.

Key terms derived from answers above: Align value creation with intrinsic motivation; local motivation; sustainable impact; local vs top-down; grow; inspire; sustainable means as local as possible

Laten we het over sociale ondernemers hebben. Je had het net al even over wat de definitie van sociaal ondernemerschap is, er bestaat een heel groot grijs gebied. Als je nou een paar hoofddingen zou kunnen noemen waarin zij verschillen van traditionele, commerciële ondernemers, waar liggen die verschillen dan?

Daar zit denk ik een verschil tussen theorie en praktijk. In principe denk ik dat een sociaal ondernemer, onder een brede definitie, niet alleen gaat voor de winst en meer doet dan zich

alleen houden aan alle minimale internationale standaarden. Maar eigenlijk, als je je als ondernemer zou houden aan alle goede internationale standaarden, ben je al een aardig sociale ondernemer. Dat is al iets dat in heel veel gevallen niet gebeurt. Een échte sociaal ondernemer in hart en nieren wil verder gaan en wil inderdaad minimaal zorgen dat zijn eigen productie of zijn eigen keten geen negatieve impact heeft op diversiteit en sociale omstandigheden. En een ééchéte sociale ondernemer heeft een positieve impact hierop, maar daar zijn er maar heel weinig van. Ook degenen die zich profileren als sociaal ondernemers, dat is goed, maar het kan in veel gevallen nog veel beter. Een sociaal ondernemer die zegt: een deel van mijn winst herinvesteer ik in een project, waardoor ik bijvoorbeeld in de theeproductie afkoop wat de negatieve waarde is op de biodiversiteit, vind ik nog geen sociaal ondernemer in die zin dat hij ook zijn hele productiesysteem zou kunnen omvormen. Die voldoet wel aan de definitie, waarschijnlijk is z'n CO2 uitstoot neutraal of misschien zelfs positief, maar daarmee ben je voor mij nog geen sociaal ondernemer in hart en nieren.

Er zit ook wel verschil tussen een duurzaam en sociaal ondernemer, maar het zijn wel vrij abstracte definities inderdaad.

Klopt. En als je ondernemer nog even uitbreidt: ook qua social equity, het sociale hieraan is dat je terugbetalingstermijn wat langer is, maar in veel gevallen is je rente hoger omdat het risico van de investeerder hoger is, dus hier is veel kritiek op. Je kunt inderdaad een wat duurzamer sociaal project gefinancierd krijgen, wat moeilijk door normale banken gebeurt (dit heet dan sociaal krediet), maar uiteindelijk is het enige voordeel hiervan dat je wat langer mag doen over de terugbetaling maar je bent financieel slechter af omdat het risico van de verstrekker, en daarmee jouw rente hoger is. Ook daar zit nog een gat tussen het termgebruik en de werkelijkheid.

Key terms derived from answers above: Different definitions; social and ecological impact; go further; high risk perception among investors; longer payback periods; financial issues

Er zit ook een groot verschil tussen degene voor wie sociale ondernemers bezig zijn, en voor wie traditionele ondernemers bezig zijn. Bij sociaal ondernemers houdt die zich bijvoorbeeld veel bezig met de mensen om hem heen, de grotere maatschappij of, als je nog groter denkt,

met volgende generaties. Hij wil er zorg voor dragen dat bepaalde grondstoffen en het milieu behouden blijven. Merken jullie binnen Both ENDS dat mensen hier heel bewust mee bezig zijn?

Wij kijken naar sociale ondernemers en met projecten die we doen proberen we linken te leggen tussen producenten, bijvoorbeeld uit voedselbossen wereldwijd, en opkopers/importeurs en we ondersteunen sociale ondernemers hierin. Ja, ik denk dat er een verschil zit tussen wat mensen doen in Nederland - wat voor partij zeg je te zijn en hoe is de relatie met je productiegebied, en hoe ver gaat dit terug? Zeker als je nog subsuppliers hebt. Je hebt vaak een link met een directe producent, waar je het nodige voor kunt, maar er zijn vaak nog andere leveranciers op subniveaus die veelal buiten beeld blijven. Hoe ver moet je hier in gaan? Elke sociaal ondernemers kan alleen blijven bestaan als die rendabel is. Afhankelijk van zowel zijn product als zijn bedrijfsstructuur en of hij investeerders heeft of niet, of een grote lening die binnen een aantal jaar afgelost moet worden, merk je dat er bepaalde concessies gedaan moeten worden. Er komt op een gegeven moment financiële druk die échte duurzaamheid even kan laten verwateren. Je ziet, binnen de keurmerkendiscussie, dat sociaal ondernemerschap soms is: "ja, we werken aan continue verbetering, maar we zijn nog niet zo goed bezig, maar ondertussen zeggen we al wel dat we hier en hier aan werken." Dat is waar, maar in hoeverre ben je dan echt duurzaam en hoe lang mag die termijn zijn? Dat is vaak in het kader van: we moeten volume draaien om rendabel te worden, dus nu kopen we ook nog even bij andere partijen in om volume te draaien. Zodra we rendabel zijn, gaan we wel weer duurzaam verder. Of dat ook daadwerkelijk gebeurt is altijd maar afwachten. Dat speelt nog wel een rol denk ik. Heb je ook investeerders die op korte en lange termijn willen en kunnen denken, en duurzaam kunnen denken, of heb je die niet? Je kunt ook bewust klein blijven. Er zijn sociale ondernemers die zeggen: we willen niet groeien, want dit kunnen we goed behappen en beheersen. Zo weten we zeker dat we aan onze eigen normen en waarden gaan voldoen. Als we gaan groeien weten we dit niet meer zeker en wordt dit te lastig. Daar zitten uitdagingen, denk ik.

Key terms derived from answers above: Investors should be more patient with SE than CE; long-term view; growth outpaces capabilities; external financial pressure; lost potential; responsibility; transparency; combine s+e+e value

Je begon net al over financiële druk. Op een gegeven moment wordt groei zo groot dat het dus moeilijk te behappen wordt. Zou je dat misschien iets concreter kunnen uitleggen? Op welk moment gebeurt dit? Zitten er bepaalde fases in die groei? Wanneer komt die financiële druk echt erbij kijken?

Ik heb daar nooit echt heel specifiek over nagedacht, misschien is dit wat van de hak op de tak, maar wat ik generaliserend zie is dit. Een nieuw traject opbouwen en op een duurzame manier produceren kost tijd. Heb je daarvoor een investering moeten doen, dan moet dat binnen een bepaalde tijdspanne terugbetaald worden, dit geeft tijdsdruk om je onderneming rendabel te krijgen. Die druk kan er dan binnen een jaar of 3/4/5 zijn. In een aantal gevallen heb je wel langere mogelijkheden, hoor. Je kunt ook tegen zo'n cyclus aanlopen: kijk naar Tony's Chocolonely's, die waren zo succesvol dat ze niet aan de vraag konden voldoen. Wat doe je dan? Zeg je sorry, of ga je toch uitbreiden en kom je in een traject van: "we werken aan verbetering" terecht. Ben je dan nog geloofwaardig of niet? Dan heb je een spanningsveld tussen het behouden van je geloofwaardigheid en het snel willen/moeten opschalen vanwege succes en groei. Dus, bij succes en ook juist bij geen succes kom je financiële druk tegen. In dat laatste geval, wat ga je dan doen? Je hebt toch een bepaalde periode waarin je rendabel moet worden. Ik denk dat dat de belangrijkste factoren zijn, tenzij je kiest voor een schaal die voor jou gewoon 'goed genoeg' is. Je kunt zeggen: oké, ik ben een sociaal ondernemer. Dit is wat ik nodig heb, dit is wat ik opzet, en daar houdt mijn ambitie op. Ook je ambitieniveau (wil ik het stukje wat ik opzet gewoon goed uitvoeren, of heb je de ambitie om meer richting stichting en systeemverandering te trekken? Hoe groter, hoe meer, hoe beter) heeft ermee te maken. Heb je die grotere ambitie, dan moet je door. Dan moet je ook manieren vinden om op te kunnen schalen en meer te kunnen gaan doen.

Key terms derived from answers above: Financial pressure vs sustainability; scale vs integrity; system change; social ambition

En wanneer bepaalde sociale ondernemingen wel echt succesvol worden, op zo'n manier dat ze ook winst gaan maken en dat zouden kunnen herinvesteren in waar ze mee bezig zijn, merk je dan misschien een verandering aan de sociale ondernemingen naarmate ze meer winst gaan maken? Doet succes iets met die ondernemingen, of blijven ze vaak wel bij zichzelf?

Daar zou ik niks statistisch verantwoord over kunnen zeggen. Dat verschilt enorm per locatie en regio. Een onderneming opzetten in Afrika is totaal anders dan een onderneming in Nederland of Azië. In de meeste Afrikaanse landen is het nog steeds zo dat je elk beetje inkomen deelt met de hele familie. Dit zijn hele andere sociale structuren. Er gebeurt daar heel iets anders met eventuele winsten en verwachtingen. Wat je ook binnen Nederlandse familieondernemingen ziet, is dat je één hele duurzame ondernemer kunt hebben, maar als de rest voor het geld gaat, geeft dat ook spanning over hoe ze dingen aan gaan pakken. Hetzelfde geldt voor gemeenschappen. Het is niet voor niets dat binnen de reguliere economie verdeel-en-heers nog steeds zo succesvol is. De aanleg van palmolieplantages bijvoorbeeld. Wat vaak gebeurt is dat een bedrijf naar gemeenschappen gaat, met gronden. Die bedrijven houden vaak mooie verhalen voor hoeveel inkomsten dat land kan genereren als zij dat land maar aan plantagebedrijven geven. Die bedrijven kappen dat dan, maken akkers en leggen palmolieplantages aan. De dorpelingen kunnen daar dan werken en krijgen daar zogenaamd prachtige bedragen voor betaald. De helft van dat dorp denkt dan 'geld! Goed, gaan we doen' en de andere helft van het dorp heeft twijfelt. De dorpsoudste worden in veel gevallen extra omgekocht, en zo moet het hele dorp mee overstag. Uiteindelijk zijn die beloftes vaak veel minder mooi dan ze waren, zit zo'n heel dorp in de shit. Hetzelfde principe kom je overal tegen waar meerdere mensen betrokken. Als niet meer dan de helft een lange termijnvisie heeft en het gevoel heeft en weet dat het economisch interessanter is om op een duurzame manier te ondernemen, heeft het geen zin. Altijd zal meer dan de helft van dorpelingen voor het geld gaan. Je kunt denk ik alleen goed sociaal ondernemen als je er een goed economisch verhaal onder hebt liggen dat mensen kunnen inzien en kunnen snappen. Dat is in de ene omstandigheid moeilijker dan de andere, maar met de klimaatcrisis wordt dat wel steeds duidelijker, maar het is nog niet overal even ingebed. Je blijft de grootste ondernemingen hebben, die met de mooiste verhalen naar mensen toegaan, maar uiteindelijk op de lange termijn een slecht effect, slechte impact hebben. Prik daar maar eens doorheen als gewone boer in het achterland van Afrika.

Key terms derived from answers above: Financial tension; divided interests; short vs long-term view; openness; define proper economic goals; quantify long-term plans; combine s+e+e value to ensure sustainability

Nog één vraag over sociale ondernemers. Er zijn steeds meer onderzoeken die suggereren dat sociale ondernemers een wat zwak ondernemend profiel onderleggen. Het typische traject van een ondernemer om een bedrijf op te zetten, houdt vaak in dat diegene in ieder geval affiniteit heeft met zaken doen, geld verdienen, marketing bijvoorbeeld. Zij weten hoe ze een bedrijf runnen en bouwen dan een bedrijf om een idee heen. Weten vaak hoe dit uitgebreid wordt. Sociale ondernemers hebben vaak een iets ander profiel, dat zul je herkennen, en zijn vaak meer begaan met de 'missie' dan met het daadwerkelijke zakendoen. Ze zijn meer gedreven vanuit intrinsieke motivatie en willen het 'grotere goed' dienen, maar hebben minder vertrouwen in hun eigen zakelijke skills. Daardoor kan het zijn dat sociale ondernemers meer belang hebben bij stichtingen, non-profits die ze ondersteunen dmv netwerken, certificaten en dergelijke. Daar zijn jullie onder andere mee bezig. Wat voor partijen zijn er nou dat sociale ondernemers zich ook op hun gemak voelen binnen de zakenwereld? Wie hebben ze vaak nodig om te zorgen dat ze kunnen opboksen tegen mensen die een meer traditioneel ondernemend profiel hebben dan zij, die meer op geld uit zijn.

Daar zijn twee kanten aan denk ik. Het is een breed spectrum. Ik denk dat je de pioniers hebt, de échte voorlopers op sociaal ondernemerschapsgebied, met 'ondernemerschap' tussen haakjes om het vooral om het sociale gaat. Dat zijn vaak de plaveiers van de weg die er gaat komen. Ook als je bijvoorbeeld binnen de voedselbossenwereld kijkt, de permacultuurbeweging in Nederland is al heel lang gaande. Staat bekend als een enorme geitenwollensokkengemeenschap van mensen die heel erg goed en duurzaam aan het landbouwen zijn maar ook op kleine schaal pionieren, zij zijn vaak hooguit rendabel voor zichzelf. Maar hieruit voort komt wel zoveel kennis en ervaring dat het nu langzaam mogelijk is dat de echte ondernemers binnen die groep het op grotere schaal gaan doen en hun praktijkervaring met de duurzame aspecten meenemen in een wél economisch haalbaar, duurzaam businessmodel. Ook betreft microkredieten, bijvoorbeeld, sociale financiering voor de armen, ook daarbinnen is slechts 5% enigszins 'ondernemer' en zet maar 2% een echt handeltje op en haalt het verder op die economische ladder. Dat wil niet zeggen dat microkrediet voor die andere 95% niet interessant is, want ze zijn er wel sociaal bij geholpen. Ze kunnen bijv schoolgeld betalen, een koe kopen en melk hebben voor hun eigen gezin, wat dan ook. Dit zie je ook binnen sociale ondernemers denk ik. Maar 2-5% zijn echt succesvol en gaan groeien. Die 5% wil je graag stimuleren om succesvol te zijn en anderen te inspireren, maar ook om te laten zien aan de hele andere kant - de niet-sociale ondernemers - van 'verrek, als je het duurzamer aanpakt heb je op de lange termijn misschien wel een rendabeler

businessmodel dan de manier waarop je nu aan het ondernemen bent. Zeker met toenemende druk op natuurlijk hulpbronnen - bijv weer de grote theeplantages en bedrijven, die zien ook wel in dat wanneer ze zo doorgaan als nu, ze over 15-20 jaar volledig out of business zijn. Willen zij zich aanpassen, móeten ze wel iets met al die lessen van die gekke sociale ondernemers. Ik denk dat daar uiteindelijk een veel grotere uitdaging zit. Dat zijn de grote jongens, degenen die een grotere impact op de maatschappij gaan hebben. Het gaat mij veel meer om: hoe zorg je dat de grote commerciële ondernemers sociale en duurzame aspecten ook als intrinsieke waarde mee gaan nemen, omdat het nodig is voor hun businessmodel, en hoe laat je dit groeien door het stimuleren van kleine, succesvolle initiatieven? Deels speel je hier als stichting een rol in, om op zijn minst de zichtbaarheid te vergroten en ze inderdaad in contact te brengen met mensen die hen verder helpen. Ik kan me voorstellen dat er kritieken zijn dat dat marktverstoring teweegbrengt, want je beïnvloedt het economische systeem, maar dat gebeurt denk ik continu. De lobbymachines van de hele grote partijen zijn net zo goed met marktverstoring bezig, natuurlijk, richting politiek en onderzoek.

Key terms derived from answers above: Pioneers vs other entrepreneurs; local examples provide practical insights; 2-5% really scale up; sustainable business model; leading by example; long-term sustainable profit; time period; increase visibility; influence large corporates' intrinsic motivation

Betreft het opschalen van sociale ondernemingen. Je noemde net al dat sociale ondernemers wellicht verschillende korte- en langetermijnvisies hebben. Waar zit het grootste verschil in tussen die twee?

Als je echt sociaal wilt ondernemen móet je een langetermijnvisie hebben, omdat het vaak langer duurt voor je je opstartkapitaal terugverdient.

Zijn mensen zich daar altijd bewust van?

Dat vraag ik me af. Weet ik niet. Er zit natuurlijk een groot verschil tussen mensen. Als jij een kans zit om van koffiedrek champignons te gaan kweken, ben je misschien wel binnen 1-2 jaar rendabel, maar ga je cacao importeren uit een ander land en moet je daarvoor een plantage omvormen en mensen mobiliseren, dan ben je veel langer bezig. Dat hangt dus natuurlijk heel erg van je industrie af. Stap je binnen de circulaire economie en heb je een nieuw product

ontwikkeld, of ben je een keten aan het hervormen? Ik denk wel dat een langetermijnvisie - wat doet dit voor de wereld? - belangrijk is om te hebben.

Key terms derived from answers above: Exceptions; radical innovations; long-term view; longer payback period; greater good; mission

Zou je een voorbeeld kunnen noemen van een sociaal ondernemer of van een initiatief waarbij het echt niet mogelijk is of was om uit te gaan breiden, om het echt op een grotere schaal te gaan doen? Terwijl de wil wel aanwezig was.

*Ja, dat kan wel. Het hangt er dan wel vanaf hóe je uitbreidt. Wat we ondersteund hebben, bijvoorbeeld, zijn *laat een product zien* dit soort dingen. Dit zijn schriften met een koft van bambang, een riet dat voorkomt in drassig regenwoudgebied. De lokale gemeenschappen halen dat uit het bos, verwerken dat tot matten, van oudsher om op te zitten, maar tegenwoordig maken ze ze op andere maten en worden deze door andere groepen verwerkt tot tassen, schriften, verpakkingen, van alles. Daar is een economie uit ontstaan. Deze tassen worden o.a. in Indonesië en Filipijnen gemaakt, verkocht in Japan voor €150/€200 per stuk. De mensen die erbij betrokken zijn, hebben een goed inkomen. Ze hebben vooral toegang tot de lokale en regionale markt, af en toe tot grote internationale markten. Er was een grotere speler uit Amerika die dit groot weg wilde zetten, vergelijk het met een ouderwetse V&D uit Nederland. Dan heb je volume nodig, massa. Dat kan niet altijd, want de bron waar dit vandaan komt is een regenwoud. Haal je daar meer uit dan de zogenaamde 'carrying capacity' van het bos, dan roof je het leeg in plaats van het in stand te houden. Dat is de ene kant. Aan de andere kant heb je soms - ander voorbeeld, oliehoudende noten in Indonesië. Een persoon kan max 40kg per dag oogsten. Ook al is er 100kg te oogsten per dag, per persoon, er zijn gewoon niet meer mensen. Ook al is er dan een grotere vraag naar een duurzaam product - deze olie is een alternatief voor palmolie - er was toen onvoldoende capaciteit om aan de vraag te voldoen. Dat is niet iets wat niet oplosbaar is, alleen niet op dat moment. Met een eenmalige grotere order kun je het niet oplossen, maar weet je dat er een continue vraag is naar een groter volume, kun je uitbreiden in gebied of bijv bepaalde soorten gaan aanplanten of oogsttechnieken gaan verbeteren zodat je op een bepaalde manier wel 100kg noten kunt gaan oogsten, of meer*

plantjes aanplanten zodat je meer riet hebt (bembang). Het hangt dan meer af de continuïteit van de marktvraag af of je kunt investeren om iets meer waard te gaan maken.

Het heeft dus ook wel te maken met jezelf op een gegeven moment tegenwerken, omdat je eigen groei hetgeen tegen kan gaan wat je in eerste instantie graag wilt promoten of behouden juist.

Je moet wel een bepaalde groeischaal hebben. Als je duurzaam wilt blijven, moet je dus ook binnen de grenzen van wat duurzaam is blijven. Zowel sociaal - hoeveel mankracht heb je en hoe geef je dat vorm - als ecologisch - ga je niet overharvesten? En als een product te interessant wordt, komen er geen mensen van buiten om het product eruit te halen? Dat risico loop je ook altijd natuurlijk. Hoe populair wil je zijn, dat soort dingen spelen allemaal mee.

Key terms derived from answers above: (Carrying) capacity; responsible sustainable growth; one-time vs continuous demand; growth scale; social + ecological scale

Je zou het liefst iedereen willen bereiken, maar je moet opereren binnen de grenzen van je eigen duurzaamheid dus. En, beetje ander onderwerp, zie jij een verschil tussen hoe sociale ondernemers hun succes meten? Wanneer vindt een sociaal ondernemer eigenlijk dat hij eigenlijk geslaagd is binnen hetgeen waar hij mee bezig is? Dat heeft natuurlijk niet met geld te maken. Specifiek wat betreft het meten, in het verantwoorden van datgene waar ze mee bezig zijn.

Daar zit denk ik een verschil in of je een lokale sociale onderneming hebt die opgezet is vanuit de aloude ontwikkelingssamenwerking, economische ontwikkeling. Daar gaat het over, bijvoorbeeld, die inheemse bevolkingsgroepen, is dat inclusief / participatief / hoe is de man/vrouw verhouding? Dat zijn andere waardes die gemeten worden. Ook, wat is het huishoudinkomen totaal? Hoe zijn deze inkomsten veranderd? Maar dan heb je de echte meting op lokaal niveau. De meeste sociale ondernemers die we kennen zijn de NLse ondernemers die iets produceren of iets op de markt zetten. Je moet binnen je keten wel differentiëren waar je het over hebt als je het over sociale ondernemers hebt. Ik denk dat de meeste NLse sociale ondernemers toch zeggen: ik ben geslaagd omdat ik én economisch rendabel ben en nog steeds een goeie boterham kan verdienen, terwijl ik voldoe aan bepaalde sociale en duurzaamheidseisen die ik mezelf heb opgelegd, waardoor ik vind dat ik goed bezig ben. Dat

varieert natuurlijk nog steeds op een schaal van: nouja, eigenlijk ben je net goed bezig, tot écht goed bezig.

Is dat ook vaak voldoende om het te verantwoorden tegenover partijen waarvan je wellicht een lening of andere middelen verlangt?

Degene die het natuurlijk het beste zien, zijn zij die zich in de markt zetten als sociale ondernemers. We doen goed, want we dragen bij aan dit en dit en dit. Voor de verborgen sociale ondernemers zal dat wellicht voldoende zijn om een sociaal krediet te verkrijgen, van Triodos Bank wellicht, om het te verantwoorden. Maar véél sociale ondernemers gebruiken het ook als branding. In dat geval móet je juist je publiek een goed verhaal vertellen.

Daar wringt ook wel iets he.

Ja, enorm! Ik gaf laatst een presentatie op een basisschool. Ik vroeg die kinderen, komt dit uit een bos of niet? Ik kwam ook een theezakje tegen die er super duurzaam uitzag. Bosvruchten thee, uit een bos, met een fairtradelogo en een aapje op de verpakking. Ik dacht, ik ga eens echt kijken waar dat nou vandaan kwam. Kwam gewoon van een monocultuurplantage die geld geven om een stukje regenwoud ergens te laten staan. Dan denk ik, tja, dan ben je dus enorm met branding bezig, iedereen koopt zo'n zakje thee omdat het er supergoed uitziet, maar je verhaal klopt gewoon niet. Of nouja, klopt wel, maar het is niet écht.

Dat is meer een imagematig, duurzaam marketingverhaal inderdaad.

Ik neem aan dat jullie ook veel initiatieven hebben gezien die heel succesvol zijn geweest, ook die minder succesvol zijn geweest. Als je nou een tip zou kunnen geven voor iemand die zichzelf ziet als sociaal ondernemer, om ook daadwerkelijk te gaan groeien. Om de impact die hij maakt op de mensen om zich heen zo groot mogelijk te maken. Wat voor tip zou je dan geven?

Geef coeigenaarschap, betrokkenheid aan alle partijen die er iets mee te maken hebben. Dus echt ook van producenten af tot dat laagste niveau, zeker als je een hele lange keten hebt, en zo mogelijk zelfs ook je consumenten. Op die manier creëer je betrokkenheid, zodat je met elkaar weet waar je aan werkt en naartoe werkt. Consumenten willen graag in groeiende mate een eerlijk product kopen, en hier ook iets over te zeggen hebben. Je zei een tijdje terug iets over die nieuwe soorten businessmodellen. Ik heb ook in een groep gezeten, "Radical Ketenvernieuwing", een denktankgroep die zich bezighield met hoe je dat nou kunt gaan doen. Daar zat o.a. een man bij die namens een pensioensfonds miljarden investeert, en dus ook

nadenkt over concepten om pensioenen bijvoorbeeld bijvoorbeeld in natura te kunnen uitbetalen. Dus in plaats van je geld om voedsel te kopen, kun je een link leggen toegang tot voedsel die voldoet aan bepaalde duurzaamheidsstandaarden en -eisen. Op die manier komt het geld dat nu in pensioensfondsen gebruikt wordt, terecht bij producenten bij voedsel dat jij, als je 60, 70+ bent zou kunnen gaan consumeren. Op die manier heb je een veel directe relatie, een link tussen consument en producent en de hele keten.

Mooie ideeën zijn dat!

Dat zijn superideeën. Je merkt nu wel dat dat nog een stap te ver is, maar er zijn wel concepten voor. Een student die ik daar toen bij begeleid heb, gaat nu een coöperatieve veganistische supermarkt in Rotterdam opzetten, met het liefst (krijgt ze ook niet van start af voor elkaar) dat jij als consument meeïnvesteert in het product dat je koopt, maar dat ook richting de toekomstige generatie doet. Op die manier stel je consumenten gerust dat het voedsel alleen beter en duurzamer geproduceerd wordt. Dat zijn wel modellen die op kleinere schaal interessant kunnen zijn. Als dat opgepakt wordt door echte bevlogen ondernemers met een sociale mindset, "we gaan het gewoon anders doen!", dan zet je hele mooie dingen neer.

Key terms derived from answers above: Social thresholds; inclusivity; measurement; SE as branding; involve external actors; local stakeholders; involve consumers; direct link between source and end point

Nog één laatste, brede vraag. Er zijn ook veel stemmen die vinden dat ondernemerschap niet het geschikte vehikel is om een circulaire of deeleconomie op gang te brengen, omdat de grote bedrijven toch vaak achterblijven. Volgens hen is het een beetje trappen tegen stoelpoten die toch niet omvallen. Daar ben ik het niet noodzakelijk mee eens, maar er gaat wel tijd overheen voor we daar echt meer over kunnen zeggen. Heb jij een bepaalde toekomstvisie voor sociaal ondernemerschap? Denk je dat het echt groter kan worden, dat het écht aan kan slaan?

Ik denk dat dingen op dit moment al heel hard gaan. Zeker de jongere generatie waar jij toe behoort, zie je verschuiven van het individueel streven naar zoveel mogelijk macht en geld, en daar je status uit halen, naar het halen van je status uit "wat zet jij voor iets moois neer, en hoe werk jij samen met anderen?". Je ziet ook meer en meer grotere, bestaande bedrijven en onderzoeksinstellingen, die in plaats van naast elkaar werken en allemaal voor hun eigen gewin

gaan, zien dat wanneer ze uitwisselen, ze samen verder komen. Dat is een fase, een start waarop de circulaire economie gaat draaien en zo groot kan worden dat die grote bedrijven die níet meewerken vanzelf om gaan vallen, omdat ze niet meer als duurzaam gezien worden of omdat hun producten niet meer aanslaan bij de consument. Mensen hebben het over niches en percentages waarin dingen beginnen, maar dat gaat op een gegeven moment wel zo hard draaien dat de grote massa wel meegaat. Een termijn durf ik niet te geven wat dat betreft. Dat verschilt ook per sector, denk ik.

Dat ben ik met je eens. Dat heeft vooral te maken met iedereen betrekken, "leading by example". Wanneer je zoveel mogelijk partijen betreft, kun je een positieve invloed hebben op de mindset van mensen. Dat gaat langzaam, maar je kunt het bijna niet tegenhouden als dat op een gegeven moment een sneeuwbal is die groter en groter wordt.

En het "samen meer" ook. Mensen vinden het fijn vinden om erkenning te voelen, en status. Wanneer er scheef gekeken wordt vanwege die twee grote dieselslurpende auto's die je voor je villa hebt staan, en wanneer er veel meer gewaardeerd wordt wat jij voor moois opgezet hebt en je kunt toevallig ook nog in die villa wonen, dan is dat wezenlijk anders. Die kant gaan we wel langzaam op, denk ik.

Key terms derived from answers above: Collective future achievements; social status through cooperation; together more; generations; shifting social equilibrium; recognition

Afsluiting interview

Kleine tip nog (om gevraagd): ik vraag me af in hoeverre je het financiële verhaal achter sociaal ondernemerschap genoeg meeneemt. Probeer daar ook op te letten.

Interview Henrik Hünting - Ideas in Motion

Introduction

Firstly, what made you decide to join Ideas in Motion? In what way did you identify with them that you joined them, and not any other organisation?

Actually, I wasn't choosing Ideas in Motion. It was more like they chose me. They came to me. I wasn't particularly interested in social entrepreneurship, because I didn't know much about it. I didn't know what kind of impact you can have. I was more focused on my own career path, but then I met Max (one of the founders). He told me they were in the early stage of developing a NPO, social entrepreneurship organisation. He told me about the concept and I was like, okay, this makes so much sense. I wanted to give something back from my academic background, because I was so privileged. I was thinking about how I could best support Ideas in Motion as the SE company, but also the entrepreneurs we support. It wasn't like building up this SE company, it was more like 'how can I support the local entrepreneur'? It was more of a passion. I developed a kind of passion for it, because I started working, contacting universities, talking with local entrepreneurs in Africa, and it all felt really meaningful for me. Although I started on a very local level, with projects, we could have a really big impact on others. Then, after speaking to loads of universities, convincing the first students to go over, like you for example. I got the feedback from the local entrepreneur, but also from you. I've read your blogpost, saw your pictures, saw that you were having but also that the local entrepreneurs were so happy to have you there and said that you made quite a huge impact for them, although it may have felt like a rather small impact for you. This keeps me going and makes me want to do more, although I'm somehow limited in my time.

Key terms derived from answers above: Intrinsic motivation; giving back; passion; meaningful; impact

Is that still going on, too? You have been doing this for two year, almost. Is that motivation still continuing, is it still the same or did you change in your motivation?

It is still the same. I had the first experience with students last year, 9 in total. 6 from Newcastle and Groningen. That was kind of my test and learn scenario. I was not expecting that kind of positive feedback, made me want to keep on going. Setting my goals and objectives higher, convincing more students, helping people in my organisation to profit from my learnings and share my experiences with them and making them more professional. The learnings that I gained with you, helped us to convince more people from Maastricht, Italy and New York. Now, we moved from about 20 projects in 2016 to around 50 projects in 2017. Getting this feedback, motivating others in my organisation, helping them becoming more structural, learning how to deal with unis and companies, that learning curve is really steep within a SE. You need to think out of the box and not be limited to corporate structures. You get the freedom to develop something and create experiences, either good or bad. You learn from these and share this with other. I think there is no company that is like a social startup, where you have such a steep learning curve and where you can have such a big impact in such a short time.

Key terms derived from answers above: Recognition; pioneering; sharing experiences and learnings; impact

Is that the biggest difference, would you say, between corporate and social enterprises? I mean, you have your corporate job as well. And you spend loads of time for that, and loads of time for Ideas in Motion. What are the biggest factors that make you also want to spend your free time or the time that you have on Ideas in Motion? It's not what you earn your money with, right, that's your other job. What motivates you after a day's work to still put time and energy into something that you don't earn any money from?

My regular job is not particularly meaningful. It doesn't really help others. It's more like, I sell chocolate (at Mars). People don't need chocolate. It makes them happier, yes, but they don't need chocolate to survive or to grow their business, to get a higher standard of living, or to participate in the global economy. We all have that in developed economies. I just want to make a small kind of impact on the capacity I have. I want to have a 100% productivity on my capacity. The time that I have next to my regular job, I also want to spend as effectively as possible. The good thing about doing this SE stuff, is that I can utilize all the professional things that I learn within my MNC. I'm doing technically the same, business development, within my regular company, and SE gives me a broader perspective, and I can utilize this to give it a

meaning. It's also two factors. I'm helping a local entrepreneur, while I'm 6000 miles away. But also, seeing that you, or the university itself, has so much fun when going on these projects and seeing that you also develop. You get the cultural experience, you get prepared for your job. I was really happy with my own universities, Newcastle and Groningen, and thought: okay, why not also share a little bit with them? And your universities in turn, benefit from your experiences. That way, you can also make an academic impact. There are so many different areas where it can help. I'm also focused on my own career and development, but I think this goes hand in hand, to do something good while you're improving yourself. I'm learning so much from all of these experiences. I told you about Nico and Gerwin, the 2 early-stage founders. Talking to them, listening to their vision and what they want to achieve, also gives me the strength to keep on and have a Skype interview at 20:30 although getting home from work 35 minutes ago, haha.

Key terms derived from answers above: Meaningful; enable others; privileged; standard of living; broader perspective; giving back; combine s+e+e value; vision

Thank you so much for that! Really appreciate it. Next, I'm curious, with the entrepreneurs that you provide students and professionals for. Do you account for them having some kind of sustainable impact? Sustainable in a way that the entrepreneurs also profit from the experience after the experts have left? In which way do you guys account for this, or is this something that grows naturally?

That is actually one of our major focus points. Our first initial idea was to give some entrepreneurship classes in Kigali. Local entrepreneurs come in, we bring Master's students and they should teach entrepreneurship. That was the first idea when starting Ideas in Motion. Nico and Gerwin flew to Kigali and presented their idea and they got burned down. The people said "are you crazy? We don't need this kind of support, like teaching classes. The entrepreneurs will not take care of the knowledge, or they won't even attend. They're not interested in that." The people there want face to face consultancy, and not in basic areas like 'okay, let's talk about marketing'. They have actual problems they face and we want our experts to focus only on these problems. For example, we have a project description that says that the entrepreneur needs skills in marketing and sales, or for example creating a website. Our main goal is to get such qualified experts, who can help the entrepreneurs to work on a specific

project, sharing their knowledge and expertise, so that next time when the entrepreneur faces a similar issue, he can help himself. We don't want our students or experts to work as a daily employee, we rather make the entrepreneur also sensible for the fact that they should ask specific strategic questions and not just let the experts work on normal stuff.

Secondly, what makes us sustainable is that we try to match your qualifications with specific projects. We scan your cv, we share this with the entrepreneurs, and they can then say: this is what I'm looking for, and he can accept or reject. This is a kind of quality level that we try to focus on, we want to make sure the fit is really good. Also, we get the feedback from the entrepreneur right after you've been there. So he evaluates you as the expert and Ideas in Motion as the service. There are open questions and tick-the-box questions. That way, going from project to project, we want to improve our service and processes to make them even more efficient and productive. Also, this year we start the first follow-up projects. So, you've been working on a specific project last year. Then the entrepreneur said: okay, this was so helpful for me, I would like to have another follow-up entrepreneur or one to work on a different problem. We collected the feedback from the entrepreneurs and will give this to the new experts of this year, so that they will not start from scratch, but so that they can do so from a higher level. It doesn't end after the expert leaves. It goes further on, we still stay in contact. As you've seen, we send out these newsletter in which we advertise projects after someone's been on them. Thereby, we create awareness for this project again. In general, for all the entrepreneurs there, we advertise in newsletters. Also, tomorrow, for example, we are in the German Bundestag with Angela Merkel. Here, we're giving a little keynote speech and doing a presentation. Showing some examples about our work and what we have done for the entrepreneurs. This way, the entrepreneurs get some visibility as well. The next step in our evolution is to be some kind of exiligator, funding platform. When we believe in certain projects, we want to be able to find investors to invest directly into them. I think there certainly are some sustainable points in what we do, but still we need to make it even more sustainable. We've talked about business sustainability, but not yet all other sorts of sustainability, like ecological.

Key terms derived from answers above: Strong focus on creating sustainable value; managing growth; growth potential; sharing knowledge and expertise; feedback; awareness; visibility; funding and accelerator

You mentioned the funding there. I'd like to ask some questions also on a more general SE level. SE is a really broad concept, there are loads of definitions for it...

I think I'm actually the only one, because I did entrepreneurship in Groningen, that knows how broad SE is. But I think almost none of my colleagues would put themselves into boxes.

They just do what they like to do?

We do what we believe is correct and right. We have a relatively clear focus, but you can ask 15 from us, and probably only Gerwin, Nico and me will know what kind of entrepreneur we are.

Do you think that is also a characteristic of SE? That they're not in it for the entrepreneurship itself, for the business of it, but just because they do what they like?

*Well, we are not in university anymore. I think we don't think in theoretical concepts anymore. We just want to have a lasting sustainable impact at, in marketing language, you would say Point of Sale, at the **Point of Entrepreneurship**, can I coin that term? What we want to do is to have the best impact possible in Rwanda, Kenya, at the Point of Entrepreneurship, where the local entrepreneurs are. Where we as an NGO provide our knowledge, expertise and help them. We don't think theoretically. What we do is, we give ourselves a little focus and say, okay, we can do anything but we see opportunities in digitalization in Africa, for example. Therefore, we want to get more experts that know about this, find entrepreneurs who need this, and link them. As you've seen, everyone over there use smartphones, they pay using smartphones. Internet and phones are so important...*

People often have a smartphone before they have decent shoes...

Yes! We want to leverage this and help it grow even faster by facilitating their entrepreneurship. Also, we've been told by the German government, that if we're too broad in our focus, we could be replaced. If we want to be supported by the German government, we need to narrow down and become an expert in something.

Key terms derived from answers above: Intrinsic motivation; clear focus; Point of Entrepreneurship; local impact; government

If they're going to fund you, they need to have the idea that you have a clear focus and plan, of course.

Indeed. Coming back to the sustainable impact after the expert leaves. This year, we started putting much more focus on the qualification of the experts. We have experienced experts, who e.g. were in traineeships or gap years between their bachelors and masters, who have profound internship experience. We found out that these people were much better at supporting the entrepreneur and being more hands-on. They have more practical experience. When we take students from the UK, e.g., where they don't put much focus on internships, students who are only in their 2nd year, we doubt whether this person can really make an impact in a foreign country, with foreign laws and a foreign culture with their limited experience. We want to raise our own expert-standards, from time to time, to even better match certain high-profile projects with high-profile students. This is also a progress that we're making at the moment, to be even more successful and sustainable with the entrepreneurs.

It is really fulfilling to see how the students are enjoying their stay, but this is not our focus. There were people asking if they can do a project for 2 weeks. We said no, 4 weeks is the minimum, and already quite tough. You need a week to get in, 2 weeks to work and in your last week you're already leaving. We advise people to go for 2 months or longer.

Also, there was an article in the Frankfurter Allgemeine Zeitung last week about students who do voluntary work in Africa.

Freiwillige im Ausland

Mal kurz die Welt retten

Nach dem Abitur arbeiten viele Jugendliche in afrikanischen Ländern in Waisenhäusern als Helfer oder bauen Schulen auf. Das schadet oft mehr, als dass es nutzt.

It's very cynical, is it?

Yes, very. We are facing this same problem. We want to offer a service, solutions that don't harm entrepreneurship, but actually help Africa to grow. It is also about this old thing "oh, the white people, after they did their A-levels come back to Africa to help us, who don't know anything and can't even get our health on track and stuff. They'll go to the local kindergarten to teach some English". This just carries on the stereotypes of the tension between black and white, it's a weird, humiliating kind of help. Instead, you'd want local people to be able to actually help themselves. I'll share the article with you.

Key terms derived from answers above: Managing continuous growth; enable others; fulfilling

I could talk about this for a long time as well, actually, but let's leave that for later. I'd like to ask some questions about the money-aspect of SE. Two questions. To what extent are SE actually influenced by money? Of course, there is some kind of role money plays as you need it to keep your business going. It's not the key role, but still. To what extent see SE money as the end goal, or as a means to reach an end goal?

Also, more specifically, how does the financing work with SE. There is a difference with CE, of course, which can get commercial loans from banks. They offer some kind of prospect that, by selling their products or services, they will earn money so that the investor will get the money back. Since SE aims to create other types of value, too, more abstract, social or environmental value, how does that work with financing?

I will start with the second question and tell you how we financed ourselves. When we started, we did crowdfunding. This was necessary and helpful to create some awareness and for us to build our website, have our first marketing expenditures in the form of some booklets, leaflets, develop our corporate Idego identity. In general, to set up a structure, or even to travel to ministries or unis to tell about the service we offer, that costs money. Not a lot, but we needed money to start. Also, private funding from friends and family was an important factor right at the beginning. Our friends and families were quite generous and donated 50s, 200s and even 500 euros to get it started, get it going.

They got nothing in return?

Nothing. A receipt, to withdraw it from their taxes, haha. Nothing else. Then, besides going to unis and companies, we also went to other NGOs like Lion's Club and Rotary. They saw our idea and financed us also. Money is very important at this stage now, after being 3 years in the business and having great successes in the 2nd and 3rd year. We are now in so many government organisations, like the German Ministry of Foreign Trade and Development and the GIZA. They want to support us, but we are kind of limited in the time we can invest in our social enterprise. Therefore, we are now thinking about employing two more people. We need money to employ them, of course. They will deal with all the applications, visas, communicating

with the entrepreneurs and stuff so that we can focus on the strategic things. On the operative level, we want to hire 1 or 2 people. This is also the reason why we take part in competitions, and why we stay in contact with the German Ministry that supports us. They have funds of, like, €50 million per year to support Africa and digitalization in Africa. They asked us to write a business case and tell how many entrepreneurs we can support. E.g., if you can support 150 people, you have such a big impact, so we will finance you. However, we couldn't mention an exact number of people we could support. For us, it is not about the quantity, but about the quality of the help we can provide.

But, back to money. Finance is highly important if you want to grow even more. It helps you, but only as long as you actually have the capacity, the people to actually work on it.

Key terms derived from answers above: Initial funding; managing growth; capital access; government as funders; external hiring; measuring success to get funding; quality and quantity; capacity

We probably agree that most SEs are not mainly driven by money. Would you say that it is completely neglected in your case?

Yes, it is completely neglected. Last year, someone asked me: Henrik, what if someone offers you a million dollars for your NGO? I was like, wow, that's a lot. But, for us it is our passion. We all have our regular jobs, but we want to gain these experiences besides our regular jobs. We want to become more professional, and employ people to be able to help even more people in Africa, handle more projects, but nobody of us wants to earn money with that. We just do it out of curiosity to learn more, out of the desire to help people. Money is not at all a question.

Key terms derived from answers above: No economic incentive at all; social value creation; enable

That's a clear answer, thank you! And, something not money-related: Either from your own experience or with SE in general, when do SEs consider themselves successful? Is there any

measure that you can use? It is not money of course. Is there some kind of saturation point at which you can say that you're successful as a SE?

There are 2 kinds of successful, I think. Within our organisation: when people talk about our organisation, we will get even more people to volunteer for our organisations. Therefore, we need a bigger capacity. We grew from a few people in the beginning, 3,5 years ago, to a group of over 20 people now. This gives us the confidence that we're on the right track, doing the right things.

The other thing is: On a very micro level. My personal success, that keeps me going, is on the one hand reading about your experience. How you helped local entrepreneurs, having a good time, enjoying yourself over there. But also, what we also do: Nico, when he gets the feedback from the entrepreneurs, he shares it with us. This gives us the confidence that although we're all working on different things, everyone really has an impact within our organisation in the end. These small successes keep the motivation high and make us feel successful personally and as a group.

Then, there is also another kind of success, next to these qualitative successes. Also, we gave ourselves numbers. Last year, for example, we wanted to do 50 projects, but we just did 25. But, it wasn't unsuccessful. It was succesful, because we helped 25 people. That just made us more realistic, and this year we were thinking: let's do 100 projects. Wait, no, let's do 50 projects, but make them have a really high qualitative level.

So that's the internal perspective. The external perspective is: if we work with governments. For example, we are in constant talks with the German government about Africa, sharing our experiences and thoughts, but we also engage in conversation with governments in Africa. Their (Africa's) expectations in us are not very high. They're happy, they see that we have an impact, but they don't measure us. They don't force us, put pressure on us. The German government, however, has a lot of criteria that we have to meet. For example, narrow down your focus, become an expert in digitalization, do at least 50 projects, and they put pressure on us this way. They tell us that if you want to have financial support, we have do to this and that. So that's not our own motivation, that is internal, but it also provides certain external motivation.

We have seen that we can grow internally, organically, in a really good way. But still, if we want to professionalise our service even more, like employing 1 or 2 people, we should also consider if this is the time to fulfill the criteria of the German government. If they can measure,

okay, you did 100 projects, we will be successful in their eyes and it will help us to grow with external help.

Key terms derived from answers above: Increasing scale as measure of success; positive feedback; recognition; setting quantitative goals; internal/external perspective; external criteria for funding; external pressure

I see, that's a very structured answer, thank you. The last two questions are specifically about the growing process. You start the SE with an idea, with an action, and at some point you reach the boundaries of what you can achieve just by goodwill, within the revenue models that you're working in, with the financial constraints that you have. At some point, growth is going to have some implications.

Firstly, do you think that SEs always have a clear short and long term view when they start an enterprise?

I think that almost all SEs start with a very naive way of thinking. When other people look at them, they probably think: oh this is ridiculous, why is he doing that? But, the SE who is really passionate about something, keeps on going and as I said earlier in my little story about having an idea, going to Africa and present your idea like Nico did and seeing that it didn't work. It kept him going, it made him change his thinking and really try to feel what local people feel and need over there and adapt his model. He kept on, he grew and further developed his idea. I think that short-term oriented SE stop working on something once they notice that they have some obstacles initially. However, people who are really passionate about having an impact and who can deal with those obstacles, they have a long-term oriented view. Also, I think that these little success factors that you have over time forms you to become a long-term oriented entrepreneur, rather than just staying on your initial level.

So it comes with success as well, does it? Once you see that you're doing something good, you might start to believe in it even more than you did at first.

Exactly. Once you see that you're on the right track, you just go for it. Also, things might come automatically. For example, there was this Hamburg startup that wanted to support social

projects in Cuba. They sourced water, put a tag on it with a logo and it said: this is for projects in Cuba. They went to large organisations and said, hey, take these and for every euro you spend, we donate 10 cents to social projects in Cuba. This project went viral. It started in Hamburg, is now all over Germany. Both companies I worked with in Hamburg, Unilever and GM, use it now. It's called Viva con Agua. It got so much popularity, so many celebrities jumped on this train and advertised the project. They just started with an idea, but formed into a long-term oriented entrepreneur as they noticed their social business model was working out.

Key terms derived from answers above: pioneering; passionate; impact; overcoming obstacles; long-term view; incremental success provides motivation

You mentioned the word business model there. * short introduction about New Business Models, building a business around social or ecological value, not just economic value. Putting something different central than just money - trading economy, for example*. This implies that you would need to adjust some laws, in order to create an environment in which you can let SE thrive. There are still quite some obstacles keeping such an economy from really happening. One of the things that I'm interested in is how SEs contribute to this development by growing their businesses and leading by example. Then, the external factors that are involved which keep them from growing often have to do with money. But also, there are actors involved. Governments, people around you, other businesses. Could you perhaps mention the main actors that you think have been important, or are important for an organisation such as yourself that you mainly rely on if you want to increase your impact, if you really want to increase your scale?

For us specifically, we rely on the German government. We need to be in these circles, BMZ and GIZ, because these expert communities provide us with the information about big German companies who want to invest in Africa, and big German NGOs and about what the government itself wants to contribute to Africa. Within this community, you have these 3 big players: big MNCs, the government itself, and NGOs/NPOs like us. So, this is one big source we need to thrive.

The other one is foundations. We are a small, but fast-growing SE, but we need funding and networks. These 2 things, mainly. Networks are even more important, I think. We are talking to

the Bill Gates Foundation, the Internet.org foundation, one of the most promising foundations at the moment, the Guido Westerweller Foundation founded by a very popular German minister who died of cancer. One of the smartest ministers we had in a long time. By utilizing this network, working with them, getting other contacts who can help you is the most important thing to grow and get a reach into the countries you want to work in. Me, personally, I was pretty good with business contacts. I had contacts in Google, AirBNB, Facebook, but also local companies in Africa. I was talking to them about us, and then suddenly we became part of Internet.org, part of the Google Impact Challenge and got \$10.000 per month for SEO. Another friend of mine, he managed to get Salesforce accounts for free. And my local contacts, who are now in our Advisory Boards, are management consultants for Africa. They have the expertise, they fly there every fortnight, and they support us by being on our advisory board. When we want to grow, we also want to become an accelerator for smaller organisations. We want to be able to provide our expertise about Africa for smaller and bigger organisations, and enable them to also enter Africa. This is not our main focus, but something for the future.

So, foundations are very important, governments and governmental organisations, communities in Germany. Also, we are really close with the United Nations, but that is more to inform us on policy updates on a macro level in certain African countries. It's not a source of networking or money.

Also, what is very important, is to know exactly what the needs are of the people in the countries that you want to support. We know pretty good what the specific needs in Rwanda are, but we decided only to go to a certain country and help their entrepreneurs when we know exactly what the local conditions and needs are. This is why my friends went to Kenya 2 weeks ago to speak to knowledge hubs, unis, government organisations to get a grasp about the political environment. This is a hugely important source of information for us.

On a sidenote, by the way. I think that we are still mainly focussing on the business value that we add. The social value, we add by empowering, enabling local entrepreneurs to grow their businesses and create jobs and participate in national and international trade. Thereby, we create social value because people create a higher standard of living for themselves. Their employment rates increase, they can consume more, etc. Also, ecological value. We are working on farming projects, or projects like Clean Water Rwanda, where we also try to make an ecological impact, but it is interconnected. It starts with the business value for us, but it flows into the other two areas through helping the local ideas to flourish. The business concept does

not revolve mainly around creating social and ecological value, it goes hand in hand with business value.

*I am highly interested in the concepts you explained. *explains he has always been interested in the circular economy, wants to inform himself more about this* In order for this to happen, people need to really change their mindset. If we can contribute just a little bit to this, that would be nice. *a bit of talk about circular economy**

Key terms derived from answers above: Government; experts circles; (local) communities; respond to local needs; mission; foundations; funding; networks; increased growth possibilities; policy-makers; combine interconnected s+e+e value; enable; intrinsic motivation

Last question. If you could give any tips to SEs to grow. Not to start, but to grow, to increase the scale and impact of their organisations, what would that be?

I'll start with a very generic one. This applies to all entrepreneurs, but also to SEs. When you face obstacles, try to overcome these and keep on working. Try to deal with not being successful and turn it around. Evaluate how you can become successful instead.

So that's very generic, but highly important. But also, if you want to grow as a SE, it is so important to have a network. Do good and talk about it. Engage others in the good things that you do. You have to evaluate what kind of network helps you to grow your business? Figure out what kind of organisations can help you with bringing you forward. The thing is, it takes a LOT of research and a lot of effort to get into these networks, to benefit from these networks, and to convince the people in them that your service is unique and that there's a specific need to grow your social enterprise.

So, dealing with obstacles, getting into networks, utilizing networks, and thirdly: motivating and involving the people within your organisation to keep on going. From our perspective, we don't earn any money. There is not monetary benefit for us. But, there are other benefits for us, as I mentioned in the beginning. There are other things that motivate me. What we establish, for example, every 2 weeks we have a status update. Every 4 weeks, we have a huge Google hangout with everyone within our organisation. We share our experiences, getting to know what happens in other departments and we share success stories. That motivates the others,

which in turn motivates yourself. Motivation is also in the top 3. So deal with obstacles, get into networks and utilize these, and keep the motivation as high as you can.

Key terms derived from answers above: Perseverance; overcome obstacles; networking; involving others; recognition; motivation

Ending comments, end of the interview

Interview Till Schopen, Ashoka - 13-06-17

introduction interview

You work for Ashoka. How did you come across Ashoka, what made you identify with the organization that you decided to join them. Could you elaborate on how that happened?

Let me just take you through my career trajectory for a bit. I feel like it's always important to talk people through that, because then it makes a bit more sense. Maybe now, it's not so strange anymore, but when I started, I was a little bit the weird one out. I had a bit of a weird thing going on. I started studying when I was 20. I came to Tilburg to study Business, because I thought: Business is good, you can make a lot of money out of that. And money makes the world go round, right? I wanted to be part of that thing, in which you could have an influence, be part of society in such a way. I was excited about it, I went to Tilburg, but already in the first year I realized: what they teach here is crazy. There was no speaking of 'how to change the world' in any way. You learn about money, about accounting, organizational structures, but you don't really learn how to use these things to make any kind of difference in society, not even in a hugely profitable way. I didn't learn how to set up Apple or something like that. I didn't learn how to use hugely profitable products to really change the life of people. Because in my opinion, that's what business does. You produce products, and people buy them, to change their life to some extent. You spend this €1500 on a Macbook because you think it's going to make a big impact in your life. Actually, I think businesses should always be making impact in a certain way, however you define impact. Not talking about social impact necessarily, but just any impact. So I hated my studies, I thought it was boring and lame. I was kind of slipping away, traveling a lot and reading about things that I found interesting. However, I was getting quite frustrated. Then, I was lucky enough to come across the book by Muhammad Yunus: Building Social Business. It's a quite basic book, about the concept and idea of SE, not necessarily about

social business, but back then, 12 years ago, it was already a pretty new idea, certainly to me. I started to really like the idea to change people's life with entrepreneurship and business. Also, the idea that you don't change their life, but you give people the opportunity to change their own life and do their own things. After all, that's what happens to us as well. We, here in the Netherlands, are given the chance to attend good universities, to get money from the state, student jobs and start whatever you want. You're pretty empowered to change the world around you. Many people don't do it, but you CAN. I love the idea of SE so that you can empower people to affect the world around them positively. I believe that's what everyone wants to a certain degree anyway.

So I did that, I was done with my bachelors. Wrote my thesis about business models at the BOP and how you can be successful at the BOP. Apparently, some people liked it, and then I got to go to India for a year to work for the GIZ, and I was really focused on SE. How do you build SE on the ground in India? The GIZ is a pretty crazy organization, in a good way. They are a development organization. Back in the day, we made many mistakes, tried to build things (factories e.g.) that didn't work, but they really restructured and made some really good things happen. My problem was called 'Private Sector Development' and we were doing many things with entrepreneurs. My boss was young, around 30 at the time, and I was in my mid-twenties. Sounds like I'm really old by the way, but I'm not, haha. I'm 31, but I'm just keeping a timeline here. So we were doing lots of entrepreneurial work. Landscape studies, bringing people from all over India together to focus over one thing, like water or sanitation or whatever. Basically, we were channeling public money pools from the Indian and German governments, and support organizations like incubators, or people like Ashoka or the Skoll Foundation to create a more defined ecosystem in India. India is huge! 1.3 billion people. Even if you look at one region, like Delhi, where I was, that has 22 million people. That's more than the entire Netherlands in one city. It's quite disperse, and more disorganized. So we tried to get that together. In the course of that, I came across Ashoka. Of course, they were always working with the entrepreneurs, they knew exactly which ones were where. They have a really good overview of the groundwork. They exactly know which ones are starting to become really, really big. Ashoka is famous for picking up entrepreneurs right before they really hit the spot, and help them to scale. So they also did that there. By then, I was mostly thinking about SE for the better part of my days. Working with SEs, I saw many models. Some really innovative, some less, and different ideas of what SEship really means. Of course, the definition is really difficult. I think it's also not so necessary to have a good definition of it. In academic terms, yes, but not in practical

terms. I think it is important to give people the room to do good things and not narrow them down with structures and ideas too much. What you see now (I'm gonna come to that later) is that the perception of how SE and businesses should look like, is really different in e.g. The Netherlands than the USA or Germany.

Key terms derived from answers above: Impact; make a difference; social impact; enable; empower; giving back; professional approach by SOGs; Point of Entrepreneurship; innovative business models; perceptions

How is it different?

Well, the Dutch are traders, in my opinion. They have this merchant mindset. A lot of things are about money here, but on the other hand, they are very social people. They want to do something good. What you see a lot in the NL, are a lot of for-profit models being used. Or, they want to finance their operations with hybrid models. They get a foundation, and through this foundation ("stichting") they set up a BV, so that it's easier for funders to invest into the models. If you put your BV under the umbrella of a foundation, all the profit generated goes to the foundation. There is no way around it. By doing that, you basically prevent that people are trying to make a lot of money from a social enterprise. That can be a good thing, or a bad thing, because now in the NL everybody thinks they need to have for-profit models. This is not true, but it is becoming cooler to have a for-profit than to have a non-profit model. When you tell people you have a foundation, or a social enterprise, people often look at you weird. However, in my opinion, that's not right. It is not about how you generate your profit and how you put in into an organizational structure, but it's about: how do you spend the money you make, and how entrepreneurial are you in your operations? There are foundations who are hugely innovative, and good at generating a LOT of cash, many millions of euros, but they are still definitely a foundation. They keep their money within the foundation and function like an enterprise.

So then I came back and started working for a financial investor, as I was interested in the financial aspect of the equation. I hated it though, felt so bitter. I was hanging around with finance people in Amsterdam. I have nothing against them, they are very important, but it was just not my crowd. People often walked up to me like: "how many millions of assets in

management does your fund have", blabla. It was a different mindset than mine. Also, Amsterdam is a city of hypes. SE is a hype. Everybody wants to do it right now. People think they're doing it, but they're not. It's become like the cool thing now, and many people don't want to be the odd one out that is not social. Basically, with impact investment you saw that people were doing what they did because they wanted to be 'cool', not because they were (for a large part) interested. And people have stupid ideas about 'impact'. I was helping to build this impact investor, an incubation platform that would support social businesses in Western Africa, mostly in Ghana. We were really closely working with this one enterprise I was supporting, and we tried to raise money for them. It was crazy. They had a really decent model, what they were doing was just selling bottled water. Depends how you look at it, but they were doing it in a social way, how they were structured and reinvesting profits in different sanitation projects etc. It was profitable, they were making some money, but they just needed more investment to make it big all over Ghana. It was really not so risky when you looked at all the numbers. But it was crazy how much risk all of these investors perceived. They wanted REALLY high returns, and when you look at impact investing, normally you forgo some returns for the impact they're making. The risk appetite should be a little higher, because the markets are mostly a bit less stable or the model is not super clear. But, as soon as you talk about investing in social enterprises, people pull back because they perceive it as very risky and they desire very high rates. I thought that was idiotic, so I stopped with it. Two months later, my girlfriend told me: Ashoka is setting up in the NL, so you should apply! So I did that. They had just launched, and I knew them from India, which was helpful. I applied and became an intern with them. So I did the intern then, became a trainee and was during my Master's thesis in Entrepreneurship in Amsterdam at the same time, wrote the thesis with Ashoka, and transformed the contract into a professional position. So that's how I ended up at Ashoka.

I think, the reason I tell all of these things, is that maybe if I talk about some things, you might think that I have some strange, radical ideas, but that's because of the things I did before Ashoka.

Key terms derived from answers above: Combine s+e+e value; hybrid models; social prejudice; funders; investors; foundations; shifting mindsets; SE = higher perceived risk; misalignment investors' perceptions and actual risk profile

Not at all, that's a really structured answer, thank you for that. Now that you're part of Ashoka, you are doing the Venture Fellowship program, which has to do with finding these social innovators, identifying these projects that have huge potential and then selecting them. I'm curious: you search for those projects, innovations, ideas that are scalable. The ones that have the potential to get out of that startup phase and really grow and make an impact. But, how do you select those ones that are suitable for that out of the pool that are less suitable? How do you identify the winners from the rest? Could you share some insight in that?

Of course, I understand. So, Ashoka has 5 criteria when it comes to selection:

1) Innovative. Is this really a new idea? A new idea nowadays is not necessarily something you've never heard of. It could be a new idea in a different setting. A very easy example is this: we all have proper water, sanitation in the NL, right? We don't have to worry about that. But if you bring that idea to all over India, if you find a model that brings that to India, you're going to be the most sought-after social entrepreneur in the world. The idea itself is not new, but you figure out the details of how to plug in this idea in a different context. So a lot of the time, a new idea doesn't have to be 100% unique, but it's about how you approach new ideas. How do you restructure your business model to make it really happen? With business model, I mean everything that's attached to it. What is the proposition that you give out, how do you generate revenue, for all your beneficiaries, how do you structure operations, how do you scale, how do you make use of your ecosystem and the government, etc? A lot of times, it boils down to the nitty gritty details that make someone innovative or not. Another example: an Ashoka fellow called Joost van Engen, he has a SE called Healthy Entrepreneurs. What he does is, he distributes essential medicine and supplements and hygiene products to really, really hard-to-reach target markets. We're talking about the Congo, but he doesn't go to Kinshasa for example, but he goes to the Northern Congo, areas affected with territorial wars related to mineral mining for example, and he reaches those areas and does so in a really good way. He restructured his supply chain in such a way that at all times, with all products available, he uses local entrepreneurs to trade them. He trains them, gives them an iPad and makes sure that they can function stand-alone, so that they can make an income and get a certain status from the rest of their society, and just go in and make a change for the people around them. So, it's about the how, about what's new in what he does. Beautiful example.

2) Does it make social impact? That's quite easy to understand, I think. You can normally tell if something has an impact on society or not. At least from a gut feeling. I'm not talking about measurement right now.

3) *Entrepreneurial quality. How good of an entrepreneur is the person? We select people, not organizations. The Fellowship goes to the person. We select them for a lifetime. What we normally see is that these people are serial entrepreneurs. They have one good idea, and many good ideas coming afterwards. They don't stick with just one. They scale it to a certain degree, let it go, give it to someone who's better at managing it when it's really big and then start a new thing themselves.*

4) *Creativity. How creative is a person in reaching his or her goal?*

5) *Ethical fibre. Herewith, we mean: how good of a person is that entrepreneur? Are they really in it full-hearted? It is really an obsession, in a good way? A true passion? Is it somebody who believes in the idea because they think it's kind of cool, or is it someone that, once you talk to them, you get goosebumps. You know when you hear persons being obsessed with something? If they're really truly passionate about it, they'll tell you a different story than someone who's not. They're going to be all over the place when talking to you, giving example, their eyes sparkling, they have crazy ideas. They do stupid things because they feel this need to try and they don't care if they fail. People like: "I gave up my profitable enterprise, and restructured it into a cooperative structure because I came to a realization that profit needs to be shared, and not kept for myself", so they hand away potentially millions of euros because they believe in sharing, for example. That's always a good indicator that you're dealing with a more morally developed person.*

Also, I think, when I select these entrepreneurs, that is only the first stage of the process. We find them as a team, then I review and analyze them in the selection process to really split the 'normal, social entrepreneurs, changemakers' from the potential Ashoka Fellows. Firstly, I look a lot at the idea itself, of course. Most ideas are not new. I think 95% falls off there already, simply because it exists already. Also, the execution might not be new. The second thing I personally look at is the person. When people are incredibly inspirational and really driven, you feel that the creativity part is coming out a lot more than with other people. They're truly acting according to their own nature. Also, they typically really have a strong story or cultural experience, beginning in their childhood or youth, where they feel like there is some part of them that messes with them for decades already. They're so sick of a certain thing that they want to change it, deep from the inside.

I hope that's a good answer for you, although it's mostly a lot about a gut feeling? I've seen lots of enterprises and entrepreneurs, so I think I became pretty good at realizing what's a good idea and what is not.

Key terms derived from answers above: Innovative vs unique; scalable = innovative, social impact, entrepreneurial quality, creativity, ethical fibre; business models; taking the extra step; enable locals; entrepreneurial mindset; genuine intrinsic motivation; interest; social mission

That is such a useful explanation, actually. Really structured, it's based partly on a gut feeling but also on pretty strict criteria which you apply. It makes a lot of sense, thank you. One last question about Ashoka, for now, or maybe two. There exists criticism, mostly academic, on social entrepreneurs that you might have heard of. *explains how SEs often have a weaker entrepreneurial profile than CEs. SEs less focused on making money, more on the social mission, etc.* What is your view on this? Would you say that's perhaps one of the reasons why Ashoka does what they do, or what is your opinion on this?

I think you're right, yes. They have a less appealing entrepreneurial profile. BUT, what you normally see in the business world is that people who set up businesses, commercial enterprises, are the people who get killed quickly if they have a crappy business. With a CE, there is money involved, people hate it when you take that money away. So if you're an investor, and you invest €100.000 in a business and you get equity, but you see people running your equity into the ground, you get pissed off. The incentive for people to perform in certain ways is slightly higher, because... What I'm saying is quite two-sides. One, people who start commercial enterprises don't get anywhere if they don't do it well. There is a pretty clear cut-off. Most people cannot finance their own operations because commercial business models mostly require some large financing, even in the beginning, but the money is there because it's something people are used to, with their way of thinking. People are willing to drop cash in that, you can go to a bank and get a €50K loan if you do it a bit smart. That means you either operate, or you don't. There is nothing else people hang on to. You can think "oh but the product is so nice!" but people don't give a damn about your product if you're not successful and making money in the commercial world.

Then, it's important to realise that the majority of all CEs fail. They just fail. Maybe, it's not the right way of looking at it to say that a lot of these CEs have a better entrepreneurial profile, because I think the success rate of CEs is also very low, in fact. You only 'see' the stars of commercial entrepreneurship, of which you can say that they have a very good entrepreneurial profile, while there is an entire batch, say 75%, of people who fail big time, about which nobody really knows. They probably have a pretty weak entrepreneurial profile as well.

On the other hand, with SE, you see a lot of people who start social enterprises.. in one way or the other, not just Ashoka Fellows. I'm not saying that Ashoka Fellows are the holy grail, there are really amazing social enterprises out there which are equally amazing to Ashoka Fellows, but we select on certain criteria. We don't select artists and technological innovations, according to these 5 criteria. If people don't fall into our perception of social innovations, we don't select them. Doesn't mean that our perception is the one, but you have to have a focus as an organization, we have that one. But then, what you see with social entrepreneurs, is that there are a lot of young, motivated people who want to do something good instead of working for e.g. PwC or McKinsey. They don't want to anymore. They don't pursue a 14-hour day, just make some rich people richer, but really do something for their surroundings. They feel empowered to do so. They read this business books, read about social business, know about agile, lean organizations, you probably know a lot of people like that or maybe you're one of them yourself. So they think: hey, we have a different mindset. Our generation thinks: we can make that happen! I just need to have a good idea, some cool people around me, raise some funds. Not €50K, but if I raise €8K, we can at least put a structure on the ground and go do something until we make money and really build a product that's making a difference. Then, maybe we will take some grants, from the EU or Stichting Doen, or the Postcode Loterij. We, at Ashoka, see this happen, it works. So many people do this. I think a lot of people feel quite empowered to start a social enterprise because they feel that the stakes are lower. It's not like you're putting yourself on the line as much as with a commercial enterprise. Many times, with commercial enterprises, if you run that into the ground, you bring yourself into bankruptcy, and that's not a good feeling to have. You're €100K in debt, add your student debt of €30K and you have €130K debt! How do you get out of that? That's a lot of money. So, people are pretty averse of doing that. Within the SE field, the perception is that you can do things easier. You start a small organization, you get some cash for it. I feel that, and that relates to the entrepreneurial profile, many people often have no experience in building organizations. Many times, they lack 10-15 years of corporate experience that backs what they're doing. I'm not

saying this in a bad way, but I think it's just the reality. What you really see with a lot of these entrepreneurs who really make things happen, is that they DO have very strong entrepreneurial profiles. For example, you can check out our Ashoka Fellows. I'm not saying they have the kind of profile that is business school/for-profit/McKinsey, but they have a very strong entrepreneurial drive throughout all of their life, even stronger than CEs. I talk to these people a lot. I do not select them, I only find them, and then we take them through at least 6 months of selection procedure, which is really intense. We really take their lives inside out, ask very private questions so you get to know the person behind the enterprise. When you hear how they are, you realize that these people are born entrepreneurs. And their parents, or their school teachers for example, gave them the opportunity and stimulated them to be like that.

So I think you're right, but you should look at it correctly and fairly. Check out Bas van Abel from Fairphone, for example. His LinkedIn is very modest, but you'll be mindblown if you hear his story. He was working for Waag Society as a developer, as a programmer. Then he became Creative Director of Waag Society, a think tank in Amsterdam focusing on how to use technology for social good. After that, he was also setting up FABlab, do you know that? He set that up in the Netherlands, and that's not a small feat. Then he worked with MIT FABlabs to create a documentation system, which nobody was able to do in 10 years, a system of how they can document everything that's happening in FABlabs. It's crazy. So he did that, and then he was asked by a friend... he's a creative guy right. Product designer, engineer, and he's young, 38 by now. Then he was asked by a friend: 'hey, we want to have a campaign about what's happening with conflict minerals. Our phones contain conflict minerals, they are not sustainably built, and we want to have a campaign but something out of the extraordinary, not the normal creative campaign thing. So Bas got into it and he was like: Let's build a fair phone? Let's go and build a smartphone, make it fair, modular-built so people can reshuffle the parts of it. We'll go to Rwanda, Congo. He sources from the conflicted areas and tried to build mines together with the local people, so that from artisinal mining, you get conflict-free minerals, without slave labor or child labor, and he made sure that money didn't flow into regional conflicts. That's a CRAZY idea. None of these big organizations have been able to do this remotely. Within 18 months, that guy who had never built a smartphone, had built an organization with €16 million in revenue, €2.6 million profit, building a freaking smartphone. He had 30 employees, sources wolfram, tantalum, tin from fair sources. They added the fair gold mine from Peru. It also changed the way gold was traded in China. The phone was produced in China. He went to the OECD, the Chine Gold Exchange, lobbied like hell. He said:

I have gold, and I need that to be in my phone, but it needs to be traceable in the Chinese Gold Exchange, but it's not at the moment. They said: well most gold we use is Chinese gold, so it's fair, because Chinese is fair, that was their logic, haha. He changed that through a LOT of lobbying, and now in China, gold is traceable, which is an incredibly achievement. That shows you how driven these people are. THAT's an entrepreneurial profile. If you look further back into his youth, he always felt empowered to undertake very creative projects. The stories are maybe not so out there, a lot of times, but they definitely are there.

Key terms derived from answers above: CE = more short-term; CE = higher initial financing; CE lacks social mission; meaningful work; do good for your community; SE = relatively low starting capital; grants; short-term risk; intrinsic drive leads to strong entrepreneurial profiles; social mission; combine s+e+e value; fair value creation; driven; empowered

By the way, I'm not saying it's my criticism necessarily. It's an opinion out there. I'm inclined to agree with you more, that SEs are basically CEs+1, because I think that there is more of a long-term view there. There is more of an intrinsic motivation, something that makes them persevere, go on where others stop, makes them more motivated to overcome obstacles and look for other ways to get to where they desire to be. But it's academic criticism, and I'm curious for your view.

I understand! I'm always a big fan of criticism, because in my opinion it's the only way to improve things.

Exactly, it gets a discussion going. *Bit of talk about Fairphone*. Then, we talked about the finance aspect a little bit already. You talked about funding, and getting those initial funds started. Could you perhaps point out what the biggest attention points are when you compare the funding of SEs to CEs? It's harder to get a commercial loan as a SE, but it might be easier to get something going as you can start on a smaller scale. But more specifically, when you reach this point in your growth where you can say that your social enterprise is successful, that people are seeing the potential, you grow beyond this initial startup capital phase. What happens then? What are the important things that SEs have to consider then? Which actors come into play, for example?

*In my experience, there are few really impactful social businesses that are completely generating their own revenue. There are some examples, FairPhone is one of them, there is this pretty amazing company from Jos de Blok called Buurtzorg which also made that happen, but there are couple of points here. In my opinion, it's not necessary to constantly generate your own profit or need your revenue stream to be self-sustainable. What you need in social entrepreneurship is hybrid financing models. You need **patient capital**. A long-term view is one thing. If you want to change society, a long-term view is often much more insightful and impactful than a short-term view, but investors' mindsets are often much more short-term. When you talk about a 10-year payback period, a lot of people are thrown off, even in the social financing world. Then, I think there is a disproportionate risk-aversity towards social businesses from investors. I think that's a problem. They are unnecessarily risk-averse. People are crazy, they invest €100 million in something like HelloFresh. Sure, cool idea, but it might as well have not worked out as well. They were also just a couple of guys from uni, with very little experience. Now, they're running a billion-euro company, but there are many examples where something similar failed. I think the problem within social enterprises is, that, when you look at social investors, they have a portfolio of investments and it's more difficult to hedge the risk. These businesses are not super profitable, but there is money in there and they need it back at least break-even. Many investors don't really understand the nitty gritty of making social impact, I think, which makes their life as an investor difficult. Often, social entrepreneurship markets are often perceived as more risky. I wouldn't necessarily agree with that, as other markets are also highly unpredictable. Often when you talk about real innovations, a market is not yet there. How do you predict a market that does not exist yet? When you build a Fairphone, you don't know if people want it as it does not really exist yet. I think it's important to keep the social impact into consideration.*

When you look at other finance option, it depends also on the ecosystem. Social business right now in the NL has a lot of support, from organizations with a lot of money, such as Stichting DOEN, PostcodeLoterij etc., really large funding organizations with really big money pools that are able to give you money/grants. That kind of balances out the investors' story. I think that the investment landscape here is still quite underdeveloped, though. Does that answer your question?

Key terms derived from answers above: Hybrid financing models; patient capital; long-term view; misalignment; investors prefer economic value; short-term; innovation bears risk; social impact attracts foundations

Yes, it does. Let me ask a related question, though. Those investors that are a bit more risk-averse, when it comes to social enterprises. If you'd still like to attract money from them, or from anyone actually, there is some kind of promise you make, for example to increase in scale with a certain percentage. You expect something to happen within 10 years, or 2 years, or any period, and you attract investors by those expectations. To measure that, however, is difficult. Could you perhaps give some insights into how you often see SEs handle this?

That depends on the model, but you have impact measurement frameworks of course. One of them that many people are using is the SRS model. You can measure impact, to a certain degree. These methods are becoming more and more standardized, which is good to compare results across markets and regions. I think that is really helpful. This takes the pressure of measuring away, for a part. There is this huge misperception, also from the investors' side. Many of them talk about impact, but are actually talking about outcomes. For example, let's say I have this social enterprise and we have this tool kit which is about illiterate people in India become literate. We distributed it, we reached 40 million people. That's a huge impact. You can say that, but to say 'the toolkit reached 40 million people' does not say anything at all. You don't know that they do with it. They might take it and sell it at the next market for €5 and get some food from that money. Or they might send their kids to school, although that might be good impact, haha. You don't know what happens with that. Many foundations or impact investors really want numbers, though. They want to know "we reached 30 million people!". I read that all the time. I think that's crazy. You can say that you reached them, but with what? What does that actually mean? You reached 30 million people with essential medicine, for example, something that they need to stay healthy, but does that mean that they use it correctly? If I gave you a few antibiotics, you wouldn't know how to use them, right? You need a prescription. You don't know if they're the right pills for your disease or not. So saying that you reached so many people is not enough. You need to measure: how are they taking the pills? Are they taking them for the right reasons? Are they taking the entire cycle of pills in a responsible way? Does it actually cure them? AND, what is actually happening after curing them? Hopefully, they won't stay in bed, they can go to work again. Make money, send kids to school. There is an impact on the local economy as they have money to spend, right? THAT is what you

should mention when you talk about impact, but it's very complex to measure this. If investors demand impact measurement, sometimes they demand unrealistic things. You cannot measure your entire impact chain. I think that in general there is still a lack of impact measurement knowledge. How do you compare impacts, for example. This is much easier for CE. The impact you make is not so critical. If 10 million people buy your Macbook, they're probably using it. It's a different world. It's about where your responsibility stops, as well. Take the example of apps. Let's talk about Slack. If they say, we sold Slack to 20 million businesses, that would be really cool. But now, those 20 million are not using it, that would really be a problem. Most investors would then be like, what is your retention rate? What is the usage frequency, are people also acquiring more customers through Slack? It has to do with a long-term view. Slack might make a billion euros in a year, but then collapse due to a lack of long-term view (just an example). So you see how this is a difficult question, as I'm also struggling with this a lot in my work. When I hear people talking about impact, a proper measurement and management system is much needed in my opinion.

Key terms derived from answers above: Social Reporting Standards; impact vs outcomes; measure impact; misperception; reach vs impact; look beyond numbers; compare social impact; lack of impact measurement knowledge; long-term view

I agree, fully. In the thesis, I'm also trying to structure or at least identify who are the different actors that are involved in SE. You have the SEs themselves. You have the people they want to impact, which might be a close community, or a wider community, or even other generations. But then, for the financing part, there are also different actors involved. These might be governments, institutions, foundations, networks, countries, politicians even. Would you say that some of those actors could be negatively involved, that they could be hindering SEs from growing?

That could be all the ones you named. I think there is not really an opposition to SEship, most people like it. Especially, when you talk to 'money people', hardcore commercial, kind of the asshole-types, even they like it. It's appealing in a way. It's still a business that you can grow in a certain way, depending on how you look at it. All these actors that you name, governments, banks, support organizations, they are doing good things but they can also be a limiting factor. Maybe, in an ideal world, social enterprises would have really good models and are really

scalable (which there exist many of, actually!), but in reality many of them are quite misunderstood. For example, talking about governments. There is this amazing guy, he has a social enterprise called Herenboeren, changing the way agriculture is working in the NLs. He uses all these things that are detrimental to it and kicks them out of his model, and sets up an entirely different model. He also does not take any bank loans. In the NLs, farmers actually (mostly) don't make money through the sales of produce, they rather make money from the rising land prices. The reason why in the NLs there are so many high-scale farmers, is that farmers are incentivised to buy as much land as possible and produce food on there. Of course, the food is sold, covering some basic operations, but the real gains come from the land prices. Actually, most Dutch farmers are bankrupt in you look at the production numbers, but they're held up by the rising land prices. Banks, of course, have an interest in giving you a loan if you invest in land. It's a safe asset, it's an appreciating asset. So that guy has an amazing idea, I'm just saying this to give you an insight into how this works.

I did not know that. It seems like they're getting the money for the wrong things then.

Of course, it's crazy. Think about what that means. If you're incentivized to buy more land, and you make money that way, then you want more and more land. You try to expand your land. But, you need to still grow stuff on it. You cannot just leave land flat, there are regulations for that, that is not allowed. So you keep producing on an increasing scale. You produce a LOT of vegetables, and you try to push as much of that into the supermarket. Then, the consumer buys a couple of them and a lot is thrown away. By the way, 18% of products is already killed at the producer because it does not have the right shape, for example. Supermarkets are actually becoming less wasteful, they waste around 12% now. That's still a pretty sizeable waste, though. We live in a supply-driven food system, not demand-system. Farmers are saying, hey, we have loads of zucchinis, mangos, potatoes, take what you want. They're not saying: What do you actually eat? Maybe one mango, 5 apples, one kilo of potatoes? Alright, we'll produce that for you. They do not make focused use of the limited amount of available land. That doesn't happen as farmers do not want to have a small plot, because then they don't get a bank loan, they don't get money from an appreciation asset. That is such an unhealthy market, really crazy. So this guy found a model of how to overcome that. He has a cooperative network of farms, working with exactly the opposite model. Really interesting business model, you should look at it. It's called Herenboeren. Or write me an email if you like more information about it. Then, the problem he has illustrate what the problems are with governments. Governments are actually quite in favor of his model, as it brings together farmers, forestry, improves local engagement

as local communities own the farms through cooperatives, it gets a community together and active. But, in the NLs, there are regulations. He wants to have pigs, for example, on the farm, which are 'barn animals'. That's what they're called. If you have more than 4 pigs, they need to be in a barn. The Dutch government says that pigs belong in a farm, which of course is stupid, because there was no barn when there were pigs. Pigs can exist without barns, no problem. The thing with pigs is, when one gets injured, the other pigs eat that pig. They can be pretty brutal. Pigs normally live in caves, in natural environments, which are round. When they injure themselves, they huddle against the wall and that closes their wound so that the pig doesn't get eaten. Around 20% of the pigs in stables, large pig farms, die from wounds because of small spaces and they cannot huddle against a cave wall. So he wanted to build caves for the pigs. But there is a government regulation that does not allow you to do that. You're not allowed to, because they're 'barn animals', they belong in a barn. So, while the government likes the model and supports him with money, at the same time they are saying 'you cannot do that'. In this case, they are really being a hindrance. He now worked out a 'green deal', basically an exception making his farms a nature-inclusive reserve so that these barn regulations don't apply anymore. This is just one example, on a very small level, how governments can be a hindrance. There are many more examples, such a required irrigation systems in a country like the NLs where it rains 150 days a year. Doesn't matter if you use it, but you have to have it in place.

Then, other players: support organizations. If you take e.g. Ashoka. I think we do many great things, but we're not a funding organization. We have our own idea of social innovation, that's limited as well of course. I tell most of the entrepreneurs that I meet: no, we cannot support you. I tell only the select few ones that we can support them. That's also a problem, I think. Who are we to say you a social innovation should look like? Of course, we also have to have credibility in the market. We need to have our own focus in the market, as in a way we are competing a bit against other ideas. There are many for-profit ideas in the NLs now, which we think is good, but we also think there is a lot of social innovation happening in hybrid or non-profit models.

Then, when you look at foundations such as the Postcode Loterij. Yes, they give money to SEs, but they also work from a limited point of view. They do not understand all models out there, as there are just so much and they do not have the full view. It also takes quite a lot of time and energy to get money from the Postcode Loterij.

I wouldn't know, however, of any organization which is purely detrimental to SEship. I don't see that.

Key terms derived from answers above: Governments; banks; support organizations; foundations; policies might hinder social value creation; regulations promote economic value; supply vs demand-driven; cooperation; improve local engagement; community-building; social innovation

Alright, thank you. I'm asking these questions in a generic way, as they answer always is "it depends", of course. Any player could enable or rather hinder SEs. Networks are always a positive thing, but they still need to be utilized in a positive way. It depends on the enterprise, the entrepreneur, the country, the situation. In that regards, thank you for your insights! It helps me put it all into perspective.

Now, you have a lot of experience with entrepreneurs, through your studies, in India, with Ashoka. From the ones that you've seen successfully grow from a small scale to quite large enterprises, if you could generalize their situations and derive maybe 1 or 2 tips for small-scale, or to-be-large-scale enterprises, what would you say to them?

I think, you need very, very, very high intrinsic motivation being an SE. That is really what makes a difference at the end, on the long term. Do not be afraid of change. Often, people are hanging on to their idea of the world, and their model, because it's their model. I see that a lot, that people have this certain idea, and when I talk to them and tell about a similar idea, I get a lot of pushback. People quickly get defensive when their methods are being questioned. That usually typifies the people who are not really getting anywhere. I know a lot entrepreneurs who I've known e.g. for 2 years, but have not achieved any real growth. If you talk to really big, successful entrepreneurs, they get excited about problems. They get a kick out of it. This guy Geert from Herenboeren for example, he's like: "yeah we were talking to governments and they put this big roadblock in front of us. We were thinking about, how can we manage this, how can we manouvre around it? So I contacted the state secretary, I prepared this 40-page document, fully political style, lawyers helped me with it. It's backed by multiple universities, went to the government, showed this document, what we're doing and how we need this exception from government regulations and how it's going to benefit the entire region." And boom, that's how you get something done. One of the definitions of SEship is to create opportunities out of problems, right? Find problems, create opportunities out of the challenges they bring. That's what real SEs do. I don't care if they're so commercially minded, that's not

so critical. The good SEs like problems, they see it as just another cool thing to solve. I think most of the things I'm saying are focused less on the organization, more on the person him/herself.

In terms of the organization, it's more difficult to say. In a commercial world, there are commercial models. They all function really similarly in a way. There is this same kind of structure. They have their hierarchies, different spinoffs, everything, but it's all about the flow of money. When you understand this flow, you get how the business model works.

In social entrepreneurship, this is less generic. Successful social enterprises strike the right financing balance. They understand that they should be dogmatic. Now, everybody wants to be fully self-sufficient and work only on their own revenues and on a commercial model, but why won't you just keep that commercial model, but for other parts of your business allow other aspects to step in? For example, allow foundations that are interested to invest into your business. This might increase your social impact so much. For example, with conflict areas in Congo, you will decrease the conflicts most when you offer people something to earn money from other than what the conflict is about. So allow these foundations to engage with you, allow other players to come in.

*That's from an organizational perspective. Last thing: your pay, your salary. Make sure your employees get paid a proper salary. There is this crazy, ridiculous attitude in the non-profit sector, or in the social enterprise sector, that people are all underpaid. Of course, you cannot compare Goldman Sachs with salaries in Fairphone, but there should be a **healthy balance**, because after all, you need to attract the best talent possible. If you want to build an organization that is mission-driven, you don't only need the smartest people but also the ones that are most compatible with your mission. So those people should be mission-driven too. If you want to keep them mission-driven, you need to pay them at least a salary that makes them forgo some other salaries. You need to have this balance that makes them prefer you over other career options. I think there are few organizations that really strike this balance right, and that can be a real risk for your organization.*

Key terms derived from answers above: High intrinsic motivation; embrace change; drive; entrepreneurial profile; opportunities vs problems; balance s+e+e values; cooperate; include; engage; healthy balance; offer fair salary; mission-driven

I understand, you need to be able to attract talent, of course. We haven't really been talking about talent, or other career options. If you are a talented person, if you're good at something, you might also go to some large corporation, some MNC and try to develop yourself within that. Now, as a social enterprise, your social mission might not be enough to offbalance the career plan that such an organization might give someone. You simply need to reward them as well, strike a balance between your mission and the rest that you have to offer.

Like I said, we haven't been talking about large corporations. One of the things that drives this thinking about New Business Models, and social value/ecological value, is the systems change that you also talk about with Ashoka. Trying to run not just local communities, but also bigger economies or even societies, on other value than merely economic value. It's about these different types of economies like trading economies or bio-based economies. As a last kind of statement, many people believe that entrepreneurship is not such a suitable vehicle to achieve a systems change, as you work with small startups or smaller companies, while there lies a lot of power with big corporations. In that respect, how do you see the future of social entrepreneurship? Do you see it as something that is becoming more and more promising? Something that might be achieving a change in mindset among people? Or do MNCs have to be on board first, before something like that happens, or how does that relate to each other in your opinion?

That is a good question. In my opinion, which might even differ from the Ashoka view a little bit, is this. When you look at entrepreneurship, or at how many people are employed by enterprises and how much money they generate compared to MNCs, you will pretty quickly come to the conclusion that MNCs are critically important. And they are doing good work too! What do you want to do? If you want to have a gigantic tax advisory as a social enterprise, that will most likely not work. At least, I can't see how that would work. The way Ashoka looks at this is that social enterprises are the R&D labs of the world. They show how things can be done. There is this misconception that people think that social enterprises are only impactful when they REALLY have scale, big scale. But actually, this is not really necessary. One of the things you see, e.g. with Fairphone which is quite an easy to understand example and I like it, is that they set up the fair goldmine in Peru. A normal goldmine would produce 2-3 kgs of gold per year. Firstly, in my opinion, this sounds like really little. But Fairphone buys only 200 grams of that. The rest is bought by Apple and Samsung and such companies. So there is already a Ripple effect. So in this case, Fairphone sets that up, but other people also buy that gold. And

they can do so because the locals need to sell that gold. And it's still gold, which has its price, just like other minerals. Now, you as a consumer, when you start bitching against Apple and say "conflict mineral, you guys shouldn't sponsor conflicts in areas", then Apple says: "look, we want to, but we cannot, we don't have full oversight in the supply chain. We can only control for the first 3 years.", and consumers often reluctantly agree with that answer. Now, Fairphone comes and shows that it is actually possible, and Apple needs to respond to that. If all consumers would now email Apple and say: we don't want conflict minerals anymore, they would really need to react. So looking at social enterprises as the R&D lab of society is a good idea.

Of course, there are some models that can scale, like Buurtzorg, and reach a LOT of people, but those are often quite unique models. Furthermore, you also need to see the change within the big organizations, big corporates. That is also why we work with them at Ashoka. In general, they are very impactful. Any organization is still built of people, and people normally DO care in one way or another, even in really large corporates. I know, because I worked with them. They also try to make an impact and build that into their work. In that respect, having those organizations on board and making their visions and actions move more towards the social space, is going to be really important, and there definitely is a role for SEs there.

I don't think that SEs are the answer to anything. They will not change the world by themselves. They will change the world because they influence others. Instead of going to McKinsey, talented people might work for social enterprises, or supporting organization, or set up a social enterprise themselves, thereby creating a positive thing instead of purely working for money at some big corporation, advising companies how to make more profits through crazy derivatives, for example.

Also, I think that social entrepreneurship makes people rethink their methods. I think that smaller organizations can easier show what's possible than larger organizations. H&M, for example, their supply chain is incredibly complex. They find it difficult to set up a supply chain that really makes sure there is no slave or child labor. Surely they do not want that, but a smaller organization simply has more control, you could relatively easy make sure that such kinds of labor are ruled out. I think it's about showing how to do it and allowing for larger organizations to adapt. Show that things work, and allow others the time to adopt new methods from lessons that they learned from you. Even banks are interested in moving towards impact investments, sustainable finance, UN principals for responsible investing, etc. The world is changing, but it's changing slowly.

Key terms derived from answers above: SE = R&D labs of societies; lead by example; small impact is impact too; ripple effect; impact; influence others; rethink existing methods

I agree. I guess it's about changing mindsets, leading by example, and it's nice to see that confirmed by an expert like yourself. Also, whenever you make an impact, through some kind of social enterprise or some kind of idea, then the impact that you will make is going to be on a lot of people, potentially. If you would only change mindsets a little bit, you're also going to change that of the McKinsey people at some point. You will not just impact the periphery of society, if you persevere you can change mindsets of many more people involved. So I agree, I think entrepreneurship is a strong tool to 'lead by example' and show larger corporations the way, take away risk and uncertainty with the more robust and standardized organizations.

finishing comments, thank yous, ending the interview