

# Social Entrepreneurial Opportunity

What is a Social Entrepreneurial Opportunity?

*Ratio-economic vs. effectuation approach*

5 case studies on social businesses in India

## Master Thesis

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## Abstract

This research was set up to gain understanding on the concept 'social entrepreneurial opportunity', which is considered a key focus of social entrepreneurship research. Due to the infancy of the social entrepreneurship field of research, this research aims to explore the concept 'social entrepreneurial opportunity' on the basis of theoretical views and approaches from entrepreneurship research. This research is based on five multiple case studies of social enterprises. The cases were selected based on their level of similarity on the factors: for-profit orientation, the primacy of the social goal, and the country India as location of operations.

This research used the ratio-economic and the effectuation approach to entrepreneurial opportunity to validate to what extent these approaches together can explain social entrepreneurial opportunity. Furthermore, two internally consistent related views: the discovery view and the creative view were employed to find out whether these theories may adequately explain the nature of social entrepreneurial opportunity in particular. In addition, this research shows the relevancy of using determinants of social entrepreneurial opportunity to gain an in-depth understanding on the nature of social entrepreneurial opportunity.

In contrast to previous studies on social entrepreneurial opportunity, this research has found strong support for the creative view. Furthermore, the extent to which the approaches economic rationality and effectuation are applicable are discussed where the elements of the effectuation approach were found to be dominant.

Since case study research was used, the results need to be interpreted in the light of the individual circumstances, and are only indicative and not representative to a larger population. In addition, it should be noted that the choice of a comparative multiple view on theoretical approaches implies a less in-depth focus on either one. Future research is suggested to clarify why the underlying theoretical elements in the effectuation approach were not applicable, despite the strong support of all other theoretical elements for this approach.

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## Preface

The submission of this thesis expectedly marks the end of a phase full of academic learning. After submission of this thesis I expect, however to continue learning. New experiences are ahead which are possible thanks to the skills I have been learning throughout my entire education period. Although the result presented here is due to my own efforts concerning the process of the research itself, however, I have come this far thanks to a lot of people that supported me throughout the process. I'd like to thank first my parents for unconditionally supporting me. The support of my supervisors was crucial to me even though the process evolved slightly differently compared to the program standards. I'd like to thank my girlfriend Babita, family and friends who have provided support including some of the necessary relaxation. I'd like to thank Jorien to get me in touch with the interesting network of social enterprises in Rotterdam. I'd like to thank my library companions for the productive but convenient times in the last two months. Also I'd like to thank both the University of Newcastle Business School and the Faculty of Economics and Business of the University of Groningen for enabling me to pursue this 'opportunity'.

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Groningen, January 2014

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## List of abbreviations

SE:	Social Entrepreneurship
TE:	Traditional Entrepreneurship
OR:	Opportunity Recognition
SEO:	Social Entrepreneurial Opportunity
DV:	Discovery View
CV:	Creative View

## 1. Introduction

Since the 1990s businesses and the non-profit sector have been undergoing a period of transition. This transition these sectors face has become more close to the extent to which they include profits. This has resulted in the boundaries between the for-profit and non-profit sector to become blurred (Mair and Marti, 2006, Martin and Osberg, 2007). On the one hand, corporations are increasingly being expected to act in the interest of society by contributing to sustainable development (Seelos and Mair, 2006). Corporations today take part in social and environmental challenges and are ultimately being evaluated in terms of the extent to which they meet socio-ethical standards indicated by their desired role in society as “corporate citizen”. On the other hand, organisations in the non-profit sector: non-governmental-organisations (NGO’s) in the non-profit sector are increasingly... are increasingly being expected to operate more entrepreneurially and operate market oriented. These NGO’s have become more subject to competition and have restricted access to government subsidies (Weerawardena and Mort, 2012). NGO’s are thus inclined to operate more entrepreneurially and find alternative ways of funding their organisations. As a result, traditional for-profit organisations and non-profit organisations have come close to each other on a non-profit to for-profit spectrum.

A number of reasons are responsible for this period of transition. In developing countries, this transition includes the decline of the welfare state as a result of liberalisation policies starting in the 1970s and 1980s (Bridge et al., 2003). These policies have resulted in governments’ struggle to deliver welfare services to the socio-economic less affluent segments of society (O’neill and Cromie, 2003). A similar reason can be given for the before mentioned transition in developing countries where liberalisation policy have had similar effects, although here it should be noted that governments have traditionally not been able to deliver welfare services to an even greater part of society due to corruption practices.

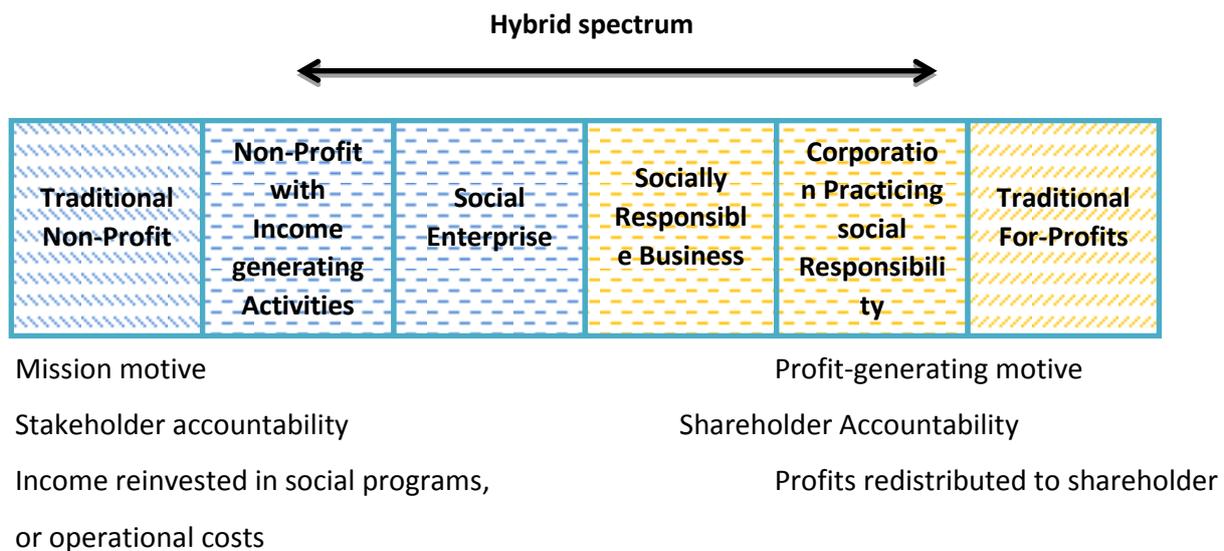


Figure 1.1 – Hybrid spectrum (adapted from Alter, 2007)

In between corporations and non-profits on the hybrid spectrum (refer to figure 1.1) is where social enterprises have gained prominence. Social enterprises, in fact, reflect the above mentioned blurred distinction of private and public organisation that can be symbolised with the term hybrid organisation (Grassl, 2012). This hybridity arises as a result of the nature of the mission of social enterprises: they achieve social benefit by engaging in trade. Social enterprises are established as a response to distrust in the ability of NGO's, "apathy of the private sector" and "impotence of the government to provide services to the people" (Robinson, 2006:96). They take on social and environmental challenges that remain unsolved by traditional for-profit organisations and non-profit organisations (Mair and Marti, 2006). Their contribution to the public domain are being described in terms that refer to the simultaneous pursuit of social and economic value, for instance "blended value" (Nicholls, 2009:18) or "shared value" (Porter and Kramer, 2011:5).

While entrepreneurship that is focused on economic value creation has received significant attention in entrepreneurship research, social entrepreneurship which is aimed at creating social value only recently has attracted attention from scholars (Mair and Marti, 2006). Social entrepreneurship can be defined as the process of creating a social enterprise and involves activities that are associated with the perception of opportunities by the entrepreneur: recognition and evaluation; and the pursuit of those social opportunities (Haugh, 2005, Certo

and Miller, 2008). This definition contrast the definition of traditional entrepreneurship where opportunities differ since opportunities are exploited instead of pursued (Certo and Miller, 2006). Social entrepreneurship is often described as being innovative in finding solutions to the societal problems addressed (Mair and Marti, 2006, Dees, 1998). Despite the gaining presence of social enterprises and the increasing attention from the academic field, the study on social entrepreneurship is still emerging as an area of academic research. The SE discipline has barely moved past conceptual and definitional problems as it has been, to date, mostly concerned with defining and describing the concept of SE (Mair and Marti, 2006, Hockerts, 2006). Apart from issues concerning the definition or the boundaries of the field, scholars also have disputed to what extent social entrepreneurship should be considered a separate research domain or whether it should be an integral part of the entrepreneurship research discipline. Insufficient conceptual and empirical research has been conducted to ascertain this. Mair and Marti (2006) therefore postulate the need for a theoretical framework on SE for which research need to focus on conceptual understanding of SE including opportunity.

The study of social entrepreneurial opportunity, or simply *opportunity* has recently been introduced as a key focus of SE research (Haugh, 2005, Lehner and Kansikas 2011). For instance, Austin et al. (2006) suggests that the concept of opportunity is mostly distinct in the comparison between social entrepreneurship and traditional entrepreneurship. In their PCDO-framework on social entrepreneurship that refers to people, context, deal and opportunity, they suggest opportunity to be most distinctively and fundamentally different owing to the different value orientations of the two kinds of entrepreneurship. The concept entrepreneurial opportunity is particularly interesting since several other scholars have also suggested the concept to be fundamentally distinct from traditional entrepreneurship which is more commercially oriented (Robinson, 2006, Dorado, 2006, Cajaiba-Santana, 2011). Since social entrepreneurial opportunities are suggested to be different they need to be viewed in their own light. There are several reasons mentioned in the literature why opportunities may be different compared to traditional entrepreneurship, however, insufficient empirical research has yet been conducted to confirm these differences.

In fact, research on this topic has insufficiently covered yet what a social entrepreneurial opportunity is and how social opportunities come to be (see for instance: Korsgaard, 2011, Robinson, 2006, Corner and Ho, 2010). The study of social entrepreneurial opportunity thus far

has dealt with the relationship with entrepreneur and opportunity, the relationship with entrepreneur and its social context, and institutional structures and opportunity. Concerning the relationship of the entrepreneur and its context, Dees (2001) has identified a number of characteristics of the entrepreneur that enable the entrepreneur to recognise and pursue a social opportunity. In addition, Mair and Noboa (2004) have found the pursuit of opportunities on itself to be distinct by their focus on the intensions and motivations of entrepreneurs that trigger one to pursue an opportunity. The relationship of opportunity with the social context is empirically explored by Shaw and Carter (2007) who postulate that SE opportunities are strongly influenced by their social context and suggest this to be a key aspect of the nature of social entrepreneurial opportunity. Concerning the relationship between opportunity and institutional structures, Robinson (2006) has found that opportunities are strongly influenced by social structures as well as institutional structures that function as barriers to entry. The questions on whether and how a social entrepreneurial opportunity is different, and how social opportunities are formed, still remain unsatisfactorily answered and therefore require additional empirical evidence (Certo and Miller, 2008, Mair and Marti, 2006, Weerawardena and Mort, 2012).

This research thus focuses on SE opportunity for broadly two reasons. On the one hand, because opportunity has been appointed as a key theme of research with a fairly limited understanding. On the other hand, an empirical studies on social entrepreneurial opportunity is encouraged and may eventually contribute as valuable input for the formulation of a theoretical framework on SE (Mair and Marti ,2006). In addition, this research may facilitate the discussion concerning the extent to which social entrepreneurship is different and how SE research can be placed in light of the wider entrepreneurship research it originates from. Since a great body of research suggests social entrepreneurial opportunities are different in the sense that they are presumed to be socially constructed, specific attention is paid to this assumed aspect of social entrepreneurial opportunity. This research therefore has the aim to build on the work of previous studies that have focused on the key topic of opportunities in SE research and aims to add empirically based insights on the nature of social entrepreneurial opportunity. The main research question therefore is:

**What is a social entrepreneurial opportunity?**

The following four sub questions are formulated that together aim to answer the main research question:

1. How can social entrepreneurship be differentiated from traditional entrepreneurship?
2. What is typical about social entrepreneurial opportunity?
3. What is the nature of social entrepreneurial opportunity?
4. How can the opportunity development process be identified?

In order to answer the research question, this research was designed as a qualitative and interpretative multiple case study aimed at exploring the concept of opportunity and explaining its relation to the wider field of social entrepreneurship and entrepreneurship research. The data for the literature analysis was extracted from key (social) entrepreneurship journals and other relevant academic articles on (social) entrepreneurship. In addition, for the empirical research, data was extracted from person-to-person semi-structured interviews and formal company reports.

This research aims to achieve the following objectives:

- Describe how the concept of social entrepreneurship overlaps and deviates traditional entrepreneurship research.
- Provide determinants of social entrepreneurial opportunity to facilitate the empirical analysis on social entrepreneurial opportunity.
- Analyse based on empirical data which theories on the nature of social entrepreneurial opportunity apply.
- Find out to what extent the approaches ratio economic and effectuation apply to the social

The academic and managerial contribution of this study are specified in the next two sections:

#### **Academic relevance**

- Contribute to SE research to help establish its theoretical framework by focusing on the fundamentals of the concept of opportunity. This may eventually add to the recognition of social entrepreneurship as a distinct field of study.
- Facilitate to extend the research on social entrepreneurship which has been largely concerned with discussing and describing definitions.
- Summarize research that has been performed on social entrepreneurial opportunity
- Conduct empirical research on social entrepreneurial opportunity
- Critically reflect research on the fundamentals of SE opportunity and whether entrepreneurship theories are applicable.

### Managerial relevance

- Practitioners have shown increasing interest in social entrepreneurship reflecting the desire for knowledge in this field.
- Help to differentiate between a traditional for-profit company and social enterprise with a for-profit orientation by way of the articulated particularities of social entrepreneurial opportunity.
- When referring to social entrepreneurs, their activity of finding and pursuing opportunities may be put in a new light considering the nature of SE opportunity that is distinctively related to social entrepreneurs.
- The theoretical arguments of this study may be used to find recognition or legitimacy of social enterprises as a distinct field of organisation.

This research report is organized in the following order. A literature review is presented in the second chapter, before describing the relation and phenomena of interest. Chapter three contains a description of the methodology that concerns the research strategies and measures that was being used in the empirical research. Chapter four then discusses the findings from the empirical research that was conducted in the form of five case studies. Chapter five then continues with a discussion that empirically analyses the nature of opportunity with the theories described in chapter two. Finally, chapter six concludes with the most important findings, implications, specifies the limitations of the study, and provides recommendations for future research.

## 2. Literature review

In the literature review, part one introduces the concept of social entrepreneurship and to what extent it overlaps and deviates from entrepreneurship research. In this part, definitions are provided for concepts associated with social entrepreneurship being used in this research including social entrepreneurship itself, traditional entrepreneurship, social entrepreneur and social enterprise. In addition, the specific type of social enterprises: social business is introduced in this part. Part two presents the concept of social entrepreneurial opportunity and discusses the existing literature on this topic. Part three presents the theories on the nature of social entrepreneurial opportunity that function as lenses through which the concept is interpreted in the discussion of the empirical results.

### 2.1 Social Entrepreneurship and Traditional Entrepreneurship

Research on Social Entrepreneurship (SE) has been growing in attention from scholarly interest since the last two decades (Short et al. 2009, Mair and Marti, 2006). The SE research field as it is today is mostly concerned with describing the phenomena and has been dominated by attempts to set the boundaries of the field (Short et al., 2009). Common criticisms are that this field lacks empirical and analytical rigour to become an established field of research (Mair and Marti, 2006, Short, 2009, Dees, 1998). Short et al. (2009) for instance, state that social entrepreneurship research is dominated by conceptual articles and that empirical research lacks formal hypothesis required to form a decent research discipline.

There is significant dispute on what constitutes social entrepreneurship and on its scope (Mair and Marti, 2006), however, the phenomena unified and coherent theoretical framework (Weerawardena and Mort, 2006). In addition, key concepts and constructs are varying significantly and require more clarity (Mair and Marti, 2006), which is illustrated by (Weerawardena and Mort, 2006:21): “social entrepreneurship remains an ill-defined concept”. Reflecting on the infancy of the social entrepreneurship domain, Mair and Marti (2006) postulate the need for a theoretical framework of social entrepreneurship.

The current lack of equivocality on the understanding of key concepts and constructs in SE are also observable in the various definitions on Social Entrepreneurship in the SE literature (Certo and Miller, 2008, Short, 2009). As Dees (1998:1) has described more than a decade ago, “Social

entrepreneurship means different things to different people”, and today this evaluation is still valid since no consensus still exist on the definition of the concept SE. Definitions on SE that have been used recently mostly refer to either the process of creating a social enterprise or behaviour of actors in such an organisation (Haugh, 2005, Certo and Miller, 2008, Mair and Marti, 2006). Definitions on social entrepreneurs refer to the founder of the initiative (Mair and Marti, 2006), and definitions on social enterprises refer to the outcome of the entrepreneurial process (Mair and Marti, 2006). How these concepts relate to each other is explained by Brouard and Larivet (2010:30) who describe the interrelations as follows: “social entrepreneurship leads to the creation or the development of a social enterprise that involves at least one social entrepreneur”.

Definitions on Social Entrepreneurship vary in terms of the extent to which profits are pursued or they consider only certain aspects of entrepreneurship such as the outcome or the process of entrepreneurship. Social entrepreneurship is by some scholars (for instance Austin et al., 2003, Weerawardena and Mort, 2006) interpreted as a non-profit phenomenon that pursue social value. These type of definitions are interpreted as a type of entrepreneurship pursued by enterprises that deviate from non-profits since they operate more entrepreneurially and they are inclined to find alternative funding than government subsidies (Austin et al., 2003, Weerawardena and Mort, 2006). An example of a narrow non-profit definition is: “social entrepreneurship means non-profit organisations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission” (Lasprogata and Cotton, 2003:413).

Another group of scholars interpret social entrepreneurship as the socially responsible practice of business (Sagawa & Segal, 2000; Waddock, 1988). A typical definition that has a stronger profit and market orientation is (Cochran, 2007: 451): “Social entrepreneurship is the process of applying the principles of business and entrepreneurship to social problems”. Another group of scholars interprets social entrepreneurship as a means to alleviate social problems and catalyse social transformation. A typical definition of this type is employed by Wei-Skillern et al. (2007: 4): “We define social entrepreneurship as an innovative, social value creating activity that can occur within or across the non-profit, business, or government sector”. This last definition is in line with most recent definitions that are less broad in scope and not tied to either one organisational form (Kickul and Lyons, 2012). In this research the following definition of SE is used based on Mair

and Marti (2006) as a process involving the innovative use and combination of resources to pursue social entrepreneurial opportunities that produce social value.

<i>Scope</i>		<i>Definition</i>	<i>Author</i>	<i>Year</i>
<i>Broad</i>		“We define social entrepreneurship as an innovative, social value creating activity that can occur within or across the non-profit, business, or government sector”	Wei-Skillern et al.	2007
<i>Narrow</i>	<i>Non-profit</i>	“Social entrepreneurship means non-profit organisations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission.”	Lasprogata and Cotton	2003
	<i>For-profit</i>	“Social entrepreneurship is the process of applying the principles of business and entrepreneurship to social problems”	Cochran	2007

*Table 2.1 Varying definitions of SE*

The widely varying definitions indicate that interpretations on the meaning of Social Entrepreneurship differ as well. Research on SE can be broadly differentiated in two schools of thought based on the different meaning of social entrepreneurship and social entrepreneurs (Hoogendoorn et al. (2009). identified the Social Enterprise School (SES) and the Social Innovation School (SIS). The first is the Social Enterprise School (SES) that restricts the social enterprise in its definition to be a non-profit organisation. This school focuses on the creation and management of social enterprises through earned-income strategies to raise money for their activities (Lehner and Kaniskas, 2012). The second school is the Social Innovation School (SIS) that focuses on new and improved ways to address social problems and draws on strategic entrepreneurship theories that considers “simultaneous opportunity- seeking and advantage-seeking behaviours and results in superior firm performance” (Ireland et al., 2003:963). This school allows both a for-profit and non-profit orientation and is not restricted to a particular organisational structure (Mosher-Williams, 2006). Considerable attention in this approach is paid to the entrepreneurial process of discovery, evaluation, and exploitation of opportunities (Lehner and Kaniskas, 2012). The focus of this research is in line with Social Innovation School

because of the profit orientation and the attention that this school pays to the entrepreneurial process.

	American Tradition		European Tradition	
	Social Innovation School (SIS)	Social Enterprise School (SES)	EMES Approach	UK Approach
<b>Unit of observation</b>	Individual	Enterprise	Enterprise	Enterprise
<b>Link mission services</b>	Direct	Direct/indirect	Direct	Direct/indirect
<b>Legal structure</b>	No constraints	Non-profit	Some constraints	No constraints
<b>Innovation</b>	Prerequisite	Not emphasised	n/a	n/a
<b>Profit distribution</b>	No constraints	Constraint	Limited	Limited
<b>Earned income</b>	n/a	Prerequisite	n/a	Important
<b>Governance</b>	n/a	n/a	Multiple stakeholder involvement emphasized	Multiple stakeholder involvement recommended

*Table 2.2 Social Entrepreneurship Schools of thought (adapted from Hoogendoorn et al., 2009)*

Although diverse differences exist in both SE definitions and its attached meaning, some variation may exist in terms of the types of social entrepreneurship. In their extensive discussion on the different dimensions on social entrepreneurship, Zahra et al. (2009) state that, equal to traditional entrepreneurship (TE), there useful variation exist in terms of types of social entrepreneurship. The typologies postulated by Zahra et al. (2009) form a novel contribution since they provide theoretical foundations to social entrepreneurship field of research, and act as a theoretical foundation to build theories on the antecedents, processes and consequences of various forms of social entrepreneurship (Smith and Stevens, 2010).

Similar to traditional entrepreneurship there are different types of social entrepreneurship, Zahra et al. (2009) comes up with three types of social entrepreneurship: the social bricoleur,

social constructionist and social engineer. Firstly, a social bricoleur is a type of social entrepreneurship that is small scale and local in scope. Social enterprises with this kind of entrepreneurship address local social needs for which required prior knowledge of the entrepreneur is typically tacit. Secondly, social constructionists is a type of social entrepreneurship that is small to large scale in its orientation and has a broader market focus than social bricoleur. Its primary focus is on local concerns and solutions, however, this type of social entrepreneurship may be typically scaled out to other industries or geographical areas. Thirdly, the social engineer type of entrepreneurship evolves from the desire to follow broadly stated social aims by the entrepreneur and that institutional structures need to be changed in order to gain organisational legitimacy. It aims to replace existing functions that are initially performed by institutions by challenging the rules of the game.

## 2.2 How can social entrepreneurship be differentiated from traditional entrepreneurship?

Social entrepreneurship as a field of research is widely considered to be part of the entrepreneurship research discipline (Henton et al 1997 in Brouard and Larivet, 2010, Certo and Miller, 2008). Although some studies have questioned whether this is actually the case, for instance Austin et al. (2006), it has become common practice to apply entrepreneurial theories in social entrepreneurship research (Weerawardena, 2012). Generally stated, entrepreneurship is concerned with the identification, evaluation, and exploitation of opportunities (Shane and Venkataraman, 2000). Following Certo and Miller (2008), social entrepreneurship can be simply described in a similar way as being concerned with the identification, evaluation, and exploitation of social opportunities. However, a number of reasons can be opted for this description to be too simplistic.

Although there is significant overlap between social and traditional entrepreneurship, the rationale behind social entrepreneurship is fundamentally different from traditional entrepreneurship. In traditional entrepreneurship opportunities need to be seen as a way to induce a profit for personal gain resulting from the value added. This personal wealth generation is where social entrepreneurship departs from traditional entrepreneurship. Although social entrepreneurship is also concerned with a process where opportunity is being developed, it differs in the goals that are being achieved since social entrepreneurship is

concerned with the creation of social value instead of the generation of personal wealth (Austin et al., 2006). This social value may involve a wide variety of attributes concerning value to people and/or the environment: “fulfilment of basic and long-standing needs such as providing food, water, shelter, education, and medical services to those members of society who are in need” (Certo and Miller, 2008:267). Most literature distinguish social entrepreneurship from entrepreneurship on the key position of social wealth creation in its mission statement (Weerawardena and Mort, 2006, Dees, 1998, Nicholls, 2006a). Social value creation is served as primary objective of the organisation, while economic value creation comes secondary (Mair and Marti, 2003). This economic value creation is also required to ensure the sustainability of the initiative.

### **Social Enterprise as a business**

Although social enterprises are not widely recognized as a separate legal entity, in the literature social enterprises with a profit motive are referred to as social ventures (Sharir and Lerner, 2006, Dees and Anderson, 2002) or social businesses (Yunus, 2010, Dees, 1998). The definition of social business following Yunus (2010:311) is: “a no loss, no dividend, self-sustaining social business that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor”. In contrast to business, social business puts its emphasis on cooperation with stakeholders instead of competition as a way to achieve its objectives (Othmar and Lehner, 2012, Yunus, 2010). Social business as a particular form of a social enterprise can be defined as (Dees and Anderson (2003:1):

1. “Legally incorporated as for-profit entities, with one or more owners who have a formal right to control the firm and who are entitled to its residual earnings and net assets. For-profit forms include proprietorships, partnerships, corporations, limited liability companies, and cooperatives.
2. Explicitly designed to serve a social purpose while making a profit. Having a social purpose involves a commitment to creating value for a community or society rather than just wealth for the owners or personal satisfaction for customers.”

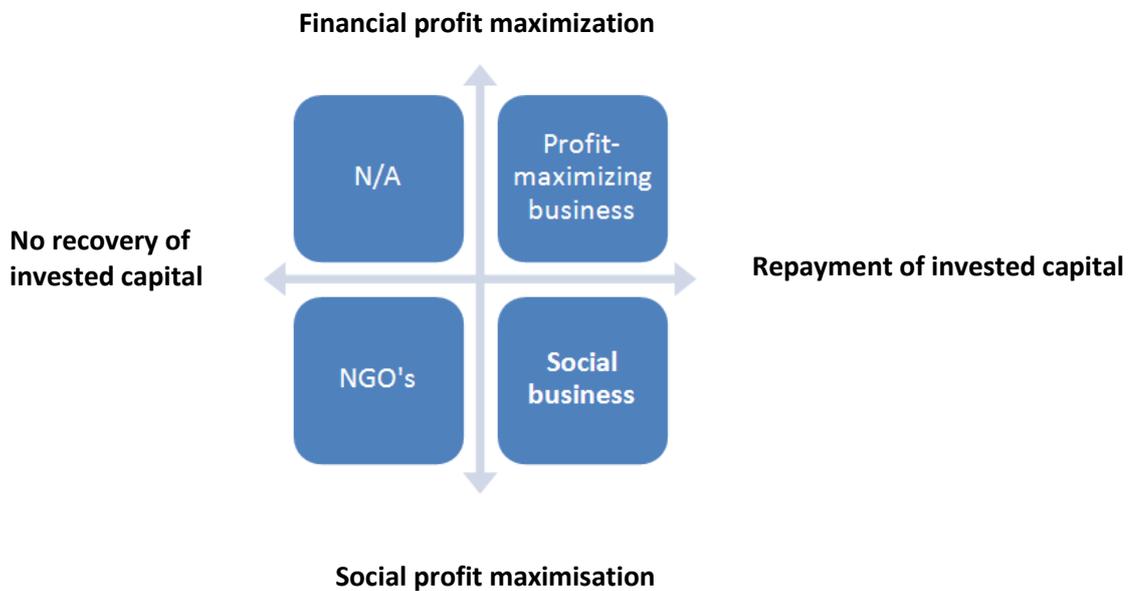


Figure 2.1 Quadrant on Social Business vs. non-profit organisations based on Yunus (2010)

### 2.3 What is typical about Social Entrepreneurial Opportunity?

In the previous section the relative position of social entrepreneurship in the entrepreneurship literature was analysed where it was found that scholars agree that social entrepreneurship has significant overlap with traditional entrepreneurship, and also it was shown that SE differs in a number of respects. Since the field of research was identified to be in need for a more profound conceptual understanding social entrepreneurship research has turned to the study of the key concepts of entrepreneurship. Entrepreneurship research can be subdivided into three categories (Robison, 2006):

1. Research examining entrepreneurs
2. Research examining the entrepreneurial process
3. Research examining the entrepreneurial opportunity

In this research the focus is on the third category, social entrepreneurial opportunities. These are discussed on its conceptual understanding and evaluated in terms of the determinants of social entrepreneurial opportunity. In this section of the literature review, first the central role opportunity plays in the entrepreneurial process is discussed, followed by the identification of

particularities of social entrepreneurial opportunity. Lastly, the different views and theories associated with the nature i.e. nature of opportunities are introduced.

### **Opportunities and the Social Entrepreneurial process**

The study of opportunities has been acknowledged as a key concept in entrepreneurship research (Certo and Miller, 2008). Opportunity in its broadest sense can be defined following McKendall and Wagner (1997:9): “Whereas motive refers to the arousal of behaviour, opportunity means the presence of favourable combination of circumstances that makes a particular course of action possible” (MnKendall and Wagner, 1997. Favourable combinations of circumstances alone, however, would not automatically incline an entrepreneur to use his or her idea. Opportunity in entrepreneurship research in fact, is concerned with the identification by an entrepreneur to a specific problem and a specific solution to address this problem. A more commonly applied definition of opportunity is of Eckhard and Shane(2003): “Entrepreneurial opportunity can be defined as situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means-ends relationships”. Means in entrepreneurship research refers to the actions whereas ends refers to achievement those actions pursue (Eckhard and Shane, 2003).

The concept of opportunity forms a central place in the entrepreneurial process and is an essential precondition in initiating a new venture (Shaw and Carter, 2007, Gartner et al., 1989; Vesper, 1990; Gartner and Starr, 1993). The entrepreneurial process of social entrepreneurship compared to traditional entrepreneurship follows similar stages, recognition, evaluation, and exploitation or pursuance of opportunities that in the case of social entrepreneurship result in social value (Certo and Miller, 2008). The entrepreneurial process of social entrepreneurship has been specifically described by Guglu, Dees, and Anderson, (2002:1): “First, a social entrepreneur generates a promising idea. Second, a social entrepreneur attempts to develop that idea into an attractive opportunity”. In the first step, the success of the idea generation phase is attributed to the individual social entrepreneur’s experience, background, and environment. In the second step, the success is dependent on the individual social entrepreneurs’ skill at adopting an entrepreneurial mindset.

Although the social entrepreneurial process follows similar steps, two differences can be noticed in the opportunity process of SE. The first difference in the entrepreneurial process concerns the goal orientation. SE in the entrepreneurial process following Certo and Miller (2008) is the

creation of social value as main objective instead of economic value. Whereas traditional entrepreneurship exploits unmet needs that are commercially exploitable, social entrepreneurs pursue unmet needs which may involve a much wider range of needs: social, for instance a community or public need (Korsgaard, 2011). Another difference is the non-linear fashion along with the social entrepreneurial process unfolds. Social entrepreneurs are found to constantly move forwards and backwards between the phases of recognition and exploitation by engaging stakeholders throughout the process (Othmar and Lehner, 2012). Throughout the opportunity development process, points of evaluation occur which may add new dimensions to the opportunity or reformulate the original opportunity (Ardcihvili et al. , 2003). This is consistent with Dees (1998) who describes the entrepreneurial process as an iterative process.

The first phase in the entrepreneurial process, opportunity recognition, is most relevant to this research since the nature of social entrepreneurial opportunity directly relates with an entrepreneur recognizing an opportunity. Opportunity in social entrepreneurship precedes the recognition of social needs or social assets that can lead to the identification of promising ideas (Guclu, Dees and Anderson, 2002). For social entrepreneurs, a promising idea that qualifies for an opportunity is one that has sufficient potential for positive social impact and which justifies the investment of time, energy, and money required to pursue.

### **Particularities of social entrepreneurial opportunity**

Since the field of research was identified to be in need for a more profound conceptual understanding, social entrepreneurship scholars have turned their attention to the study of the key concepts of social entrepreneurship. The study of opportunities, as one of these concept, has become a dominant focus of entrepreneurship research after the concept was extensively described in the seminal paper of Shane and Venkataraman (2000). Although there is still debate on the definition of opportunity in entrepreneurship research, opportunities are not described in vague terms such as is the case in definitions on social opportunity (Weerawardena and Mort, 2012). A reason may be that social opportunities are complicated due to the combination of economic and non-economic aims (Baker, Gedajlovic, and Lubatkin, 2005). A variety of theories are employed to differentiate social entrepreneurial opportunity and the social entrepreneurial process. Zahra et al. (2008) approached social opportunities from the behavioural theory of the firm and views opportunities as the result of individuals who engage

in satisficing decisions (Zahra et al, 2008). Robinson (2006), used the Austrian approach that approaches social entrepreneurial opportunities to arise as a result of disequilibrium of markets.

### Characteristics of SE Opportunity

SE research identified a number of characteristics of social opportunities such as first, the embeddedness of social opportunities in social sector markets, second, as coming into existence as a result with interactions with social context, and third, that they are socially constructed.

1. Social entrepreneurial opportunities are embedded in social sector markets (Robinson, 2006).

Entrepreneurship research has a particular market orientation: social sector market. Social sector markets concern a social, community or public need which remains unmet by both the public sector and the established charity sector (Leadbeater, 1997; Prabhu,1999). There are differences as to the extent social and traditional opportunities exists in markets. Obviously, it depends on the type of social enterprise to the extent to which the social opportunity may be considered a market based opportunity. In contrast to a market based opportunity, social enterprises are limited by cultural and economic barriers to entry, specifically social and institutional barriers to entry (Robinson, 2012).

2. Social entrepreneurial opportunities emerge from its relationship with the social context.

Differences as to the extent to which opportunity emerges from its relationship to and interactions with the social context. (building on social market). Local phenomenon (Mair and Marti, 2006). Research on entrepreneurial opportunity in SE has focused on the relation between the entrepreneur and its context. For instance, Weerawardena and Mort (2006) describe state that social entrepreneurship opportunity may only emerge when individuals create entrepreneurial ventures in order to address clearly identified social needs. Dees and Anderson (2002) specify the contextual condition where social entrepreneurs find opportunity as disequilibria in that may even be social opportunities themselves.

3. Social entrepreneurial are socially constructed (Robinson, 2006). Robinson

Mair and Marti (2006) postulate the study of social entrepreneurial opportunity not to treat it as an independent phenomenon, however, as a phenomenon in which social entrepreneurship is viewed as a construction process between entrepreneurial opportunity and the entrepreneur. Since social entrepreneurs act directly upon social system in order to create social change, the

interplay between individuals and their context is crucial to the study of this kind of social opportunity. For SE specifically this has empirically been demonstrated: Shaw and Carter, 2007 and Parkinson and Howorth, 2008.

### **Determinants of Social Opportunities**

Zahra et al (2008) has used behavioural theory of the firm and came up with a total of five determinants of social opportunities and are specifically applicable to SE that is oriented at a global level. The determinants that define social opportunities are pervasiveness, relevancy, urgency, accessibility, and radicalness. Below they are briefly explained:

#### **1. Pervasiveness**

Pervasiveness refers to the prevalence of needs in society including the problem of poverty or other social concerns. It is a subjective concepts since it is the interpretation of the entrepreneur who considers whether a situation is salient and worth of attention. In line with the view that social entrepreneurs function to spot these unmet needs Leadbeater (1997:11): “they excel at spotting unmet needs and mobilising underutilised resource to meet these needs”. To a commercial opportunity, pervasiveness is not a key requirement since some traditional entrepreneurs develop and focus on narrowly defined niches (Porter, 1980).

#### **2. Relevance**

Relevance means that there is a match between an opportunities salience and his/her background, values, capacities (i.e. talents, skills), and resources. Social entrepreneurs thus identify a situation as an opportunity when they think they will be able to use their abilities to act upon the social opportunity. This is consistent with the opportunity recognition model of Ardichvilli et al. (2003). These scholars state that opportunities are typically influenced by the alertness of entrepreneurs, its relevant knowledge, personal characteristics and its social network and is consistent of with the perception of prior knowledge to be a defining aspect of opportunity recognition. Access to the opportunity by other entrepreneurs typically is considered a structural disadvantage due to low mobility barriers (Porter, 1980) which limits an entrepreneurs capability to make profit.

#### **3. Urgency**

Urgency refers to social entrepreneurs’ perceived need to respond in a timely fashion to events or situations that represent an event or particular misfit, such as hurricanes or bush fires. A sense of urgency is involved so social opportunities require an immediate response. Urgent needs are generally not considered to be part of determinants of commercial opportunities since urgency

in opportunities are not expected commercial entrepreneurs to yield sustainable competitive advantages (Porter, 1980)

#### 4. Accessibility

Accessibility refers to the level of perceived difficulty of addressing a social need for traditional governments or non-governmental organisations. These niches may be an opportunity for social entrepreneurs when these institutional organisations are not capable of fulfilling the identified social need (Austin et al., 2006). Social enterprises then need to gain legitimacy, funding and other resources to ensure they are capable of pursuing the opportunity. The concept of accessibility is similar to the concept of entry barriers in strategic management (Zahra et al, 2008), however, they tend to behave in opposite ways. An entry barrier to a business limits new entry in an industry and functions as the protection of rivals (Porter, 1980), whereas limited accessibility in social welfare context may encourage social entrepreneurs to prove its stance (Zahra, 2008).

#### 5. Radicalness

Radicalness refers to the extent to which a major social innovation or change is necessary to address a particular problem. Social innovation is concerned with “processes of social change and the transformation of society as a whole” (Tepsi, 2012:6) Traditional established welfare organisations are often not able to take on a social opportunity that is too radical for them. The radicalness of an opportunity determines why social entrepreneurs are attracted. Robinson (2008) confirms this by its empirical evidence that social entrepreneurs are challenging institutions in order to pursue opportunities. Commercial entrepreneurs are expected not to be encouraged to be guided by radicalness since these opportunities require heavy investments which may limit profitability (Zahra, 2008).

Dimension	Social Opportunity	Commercial Opportunity
Pervasiveness	+	+/-
Relevance	+	+
Urgency (social)	+	+/-
Accessibility to others	+	-
Radicalness solution	+	-

Table 2.3 Applicability of opportunity attributes, adapted from Zahra (2008)

## 2.4 Theories on Social Entrepreneurial Opportunity process

The process of social entrepreneurial opportunity may be understood from the two internally consistent visions that dominated entrepreneurship research: creative view and discovery view (Shane and Venkararaman, 2000). The discovery view is a classical approach to the nature and process of entrepreneurial opportunity and is characterised with a causal decision logic. The creative view on the other hand is a relatively novel view that has been developed in the entrepreneurship research discipline and is based on effect-based logic rather than causal decision logic. In the review on the two views the theoretical underpinnings: economic-rationality and effectuation are explained. This theoretical background is required in order to critically appraise the two research questions of the empirical part: What is typical about social entrepreneurial opportunity? And what is the nature of social entrepreneurial opportunity?

### Discovery view

The discovery view theorizes that opportunities are objective phenomena that exist independent of entrepreneurs and exist before an entrepreneur discovers these opportunities. Opportunities are being found by entrepreneur(s) as a result of the value of imperfect availability of information to a (prospective) entrepreneur (Shane and Venkataraman, 2000). It is the ability of an entrepreneur to perceive the information that results in an opportunity to be found.

An entrepreneur on this view that addresses a social issue would begin with a desired outcome in mind, for instance a kind of social enterprise, and then bring together the means (i.e. resources) necessary to achieve that particular outcome (Shane and Venkataraman, 2000). Entrepreneurs follow a normative decision-making process to implement this precise idea. Normative choices involve gathering all relevant information, generating and systematically evaluating this information. The discovery view in particular is frequently found in social entrepreneurship (Korsgaard, 2011, Shaw and Carter, Corner and Ho, 2010). Only few articles that have found creative view to be the appropriate view.

### Economic rationality theoretical perspective

The study of entrepreneurial opportunity, similar to most entrepreneurship research, is vested in the economics research discipline. The discovery view is based on economic disequilibrium theory originally developed by Kirzner (1973) that interpreted opportunities as the chance to find a market need, interest, or gap by way of resources to provide added value. Kirzner (1973:3) refers to these opportunities as: “imprecisely-defined market need, or under-employed resources or capabilities”. In this view the market takes a central role and is viewed as alive and

flux (Sarasvathy, 2003). Opportunities exist as a result of market imperfections and are waiting to be found or discovered, independently of the actions and perceptions of entrepreneurs (Alvarez and Barney, 2007). Opportunities that are discovered are subsequently evaluated and eventually exploited in the form of an established venture if all of these steps are successfully undertaken (Casson, 2005). Opportunities are thus considered in this view as an objective phenomenon and exist separate from human perception and are waited to be discovered or noticed by individuals who are alert (Alvarez and Barney, 2007).

### **Creative view**

Opportunities in the creative view are not found nor they are available prior to entrepreneurial activity such as in the discovery view. In the creative view, typically entrepreneurs start with a set of means or resources where ends or goals gradually developed in the creative process of deploying them (Sarasvathy, 2001). Opportunities in the creative view are thus a rather subjective phenomena as they are being formed a result of an interaction process or enactment between an entrepreneur and its context (Shane and Venkataraman, 2000, Alvarez and Barney, 2007). In this interactive process opportunities are created after a non-linear series of decisions made and creative thinking or innovation of the (prospective) entrepreneur. This view assumes intense interaction of the (prospective) entrepreneur in its context, knowledge sharing and the ability to manage conflicts may result in an entrepreneurial opportunity.

### **Effectuation theoretical perspective**

The creative view is based on principles of effectuation (Sarasvathy, 2005). Effectuation views the nature of social opportunities as a series of decisions made in the absence of any structure that would make normative techniques possible, decisions such as how and who to hire for an organization that does not yet exist (Sarasvathy, 2001; Sarasvathy, Dew, Velamuri, & Venkataraman, 2003). A key principle of effectuation is that an entrepreneur begins not with a precise product, service, or venture in mind, but with a set of means that can be used to address a good idea (Sarasvathy, 2001). Effectuating entrepreneurs would try to shape and create a solution to a social need based on resources at hand rather than trying to predict what the ideal solution would be and assemble resources to manifest it. Effectuation processes thus seem to include the very creation of entrepreneurial opportunities since the entrepreneur combines means to enact one of many outcomes made possible by the unique combination of means or resources which are accessible to the entrepreneur at a given point in time (Sarasvathy, 2001). As such, the opportunities that do emerge in time are created, not found or discovered.

In contrast to the economic rationality approach, effectuation views the entrepreneurial process as actor-dependent rather than outcome dependent. Entrepreneur, as actors, are seen as molders and creators of their environment rather than predictors of and reactors to occurrences in the world” (Sarasvathy, 2001). As a contrast with the rational/economic approach to entrepreneurship, effectuation envisions the entrepreneurial process as actor-dependent not outcome dependent.

Fisher (2012) has compared the two approaches and built a framework that considers the subelements of the both the economic rationality approach and the effectuation approach. The framework concerns the identified elements of the both theories and is used in the empirical analysis part to substantiate the findings.

### **Creative vs. discovery view in SE research**

Critics of the discovery view state that the discovery view cannot not fully represent the entrepreneurial process” (Eckhard and Shane, 2003). The creative view holds that entrepreneurs seek to optimise the gains of a large group of stakeholders and thus identify opportunities post hoc (Eckhardt and Shane, 2003). Also critics have brought in concepts such as bricolage and effectuation to show that entrepreneurial opportunities do not start with resource mobilisation (Korsgaard, 2011).

In Social entrepreneurship most of the empirical and conceptual SE literature have used the discovered view of opportunity. Only a few articles view SE opportunity as being created or constructed. Monllor and Attaran (2008) view social opportunities to exist as a result of an interaction process with its environment and present a creativity model. Roberts and Woods (2005) and Cajaiba-Santana (2011) argue that social opportunities are constructed other than discovered.

Despite the frequent use of the discovery view in SE literature, the nature of social entrepreneurial opportunity cannot be easily identified as either created or discovered since the underlying theoretical considerations of discovery theory are largely market oriented and as Othmar and Lehner (2012) state SE opportunity seems to share processes from both views. In line with their critics on the discovery and creative view, the elements that together form the nature of an opportunity are presented by a framework of identification (Fisher, 2012)so it could be distinguished now on the sub elements.

View		Key determinants
<b>Discovery view</b>	<i>Description</i>	<p>SEO is an objective phenomenon: information is readily available and networks are known.</p> <p>Existence independent from entrepreneur</p> <p>Tools to manage failure in innovation processes.</p> <p>Strategies are vital to succeed in competition.</p>
	<i>Means-end</i>	Outcome is given
	<i>Decision making</i>	<p>Causal decision logic</p> <p>Decision makers deal with a measurable or predictable future and gather systematic information and analyses in certain bounds.</p>
	<i>Theoretical base</i>	Economic rationality
<b>Creative view</b>	<i>Description</i>	<p>Opportunities are searched for and found</p> <p>Information is shared imperfectly</p> <p>Information and possible networks are unknown or partially recognized.</p> <p>Employing of tools to manage failure.</p> <p>Through creative processes, knowledge on managing conflicts is built.</p>
	<i>Means-end</i>	Means are given
	<i>Decision making</i>	<p>Effect-based decision logic</p> <p>Decision makers deal with unpredictable phenomena and gather information through experimental and iterative learning techniques that are aimed at discovering the future.</p>
	<i>Theoretical base</i>	Effectuation

Table 2.4 Views on the Nature of Entrepreneurial Opportunity

### 3. Methodology

As explained in the introduction, this research aims to explore the concept social entrepreneurial opportunity and specifically aims to find the extent to which this concept can be explained from theories of entrepreneurship research. Research with this particular focus is commonly associated with entrepreneurship literature as it concerns the study of the process of entrepreneurial opportunity (Robinson, 2006, Weerawardena and Mort, 2006).

Research question:

#### **What is a social entrepreneurial opportunity?**

This section is aimed to justify the methodology that was chosen for this particular study. In order to be able to answer the research question and draw scientifically qualified conclusions a clear explanation and justification is required of all choices related to the methodology (Thomas, 2004). The methods used and its limitations and risks are discussed, and also the measures are described that may help mitigate the risks.

#### 3.1 Research design

##### Research philosophy

The research philosophy provides guidance for conducting the research ( ) and requires the description of the role of the researcher and the extent to which the researcher adheres to main standards of the research paradigm. In order for the research to best reflect the situation in its practical setting, the role of the researcher needs to be neutral during the whole research process. In the process of data collection this may ask for additional caution since conducting semi-structured interviews is a technique susceptible for biases (Thomas, 2004).

Since the study objectifies to gain understanding on the meaning and the interpretation that social entrepreneurs assign to interactions with their social environment, the research approach is inherently interpretative. An interpretative approach allows the study of people in their natural context and thereby allows social, economic, cultural or physical contextual influences on the meaning a study aims to interpret (Hennink, 2012). By following this approach, the observations in this study therefore needs to be interpreted as representing meanings rather than facts (Hennink, 2012). The interpretative approach of research underlies qualitative research which therefore seems appropriate as a type of research method of choice.

## Research approach

Apart from the interpretative nature of the research question, two other reasons have led to the choice of qualitative research as the most appropriate research approach. Firstly, the choice of qualitative research seems logical given by the early state of the SE research discipline (Weerawardena and Mort, 2006), as termed by Nicholls (2010) as a pre-paradigmatic state. To illustrate, research has been mostly concerned with describing concepts related to SE (Nicholls, 2010), and there is a lack of specific theoretically strong research (Short et al., 2009). This lack of theoretically strong research also explains the lack of quantitative deductive approaches and the abundance of case study research (Short et al., 2009). Secondly, qualitative research seems more appropriate because of the richness and depth of the type of analysis which resembles the type of research questions of interest (Corbetta, 2003). The desired richness and depth of the analysis comes from the perspectives of entrepreneurs in their specific context. This is in line with Hennink et al. (2012) who state that qualitative research is useful to exploring new topics and understand complex issues. In addition, they state that in particular, qualitative research is typically used to gain an in-depth understanding of research that embraces perspectives of the population and its context.

In contrast to qualitative data, quantitative research data is limited to numerical relationships, in which the findings are following a generalized form (Yin, 2003). Moreover, quantitative research main aim is to count issues, find relationships in data, and generalise findings to a larger population (Hennink, 2012).

There are several limitations associated with the choice of qualitative research approach. The limitations of this approach are mainly the limited ability to generalise to a wider population which quantitative research is more prone to (Yin, 2003). However the goal of this research is not so much to provide this generalizability to a larger population, rather it aims to explore and describe a phenomenon of interest on which insufficient research has conducted for quantitative research to effectively conduct.

## Research strategy

Following Yin (2003), three purposes in qualitative research may be followed: exploratory, descriptive, and explanatory. The research question in this study is concerned with 'what' and is suggested to answer with typical corresponding research purposes exploratory and / or

explanatory research (Yin, 2003). Exploratory research is used when there is insufficient knowledge about why a phenomenon occurs (Thomas, 2004). It aims to examine a new interest and is generally unstructured (Thomas, 2004). An explanatory purpose may be used once the main concepts and the relationships among them are defined which was performed in the literature review (Thomas, 2004). One other research purpose is descriptive research. A descriptive research purpose is being followed to provide systematic information about a phenomenon (Thomas, 2004).

Both exploratory and explanatory research purposes are justified for this research since social entrepreneurial opportunity is a relatively new subject of study and thus need to be explored, however since concepts can be described using entrepreneurship theory, there are also sufficient grounds to use an explanatory approach.

The various concepts used in the research have been described, however this research is largely conceptual and theoretical and therefore caution should go to the use of definitions and concepts. This was reflected in the disagreement regarding the appropriate definition of several concepts in social entrepreneurship. Both exploratory and explanatory strategy are commonly addressed by case study research which also seemed to be appropriate for this research (Yin, 2003).

### **Case study research**

The case study method is appropriate for this research for the following two reasons. First, case study research offers the tools that enable a desired in-depth understanding of the concept of interest. This can be achieved with a relatively low number of observations and offers a significant amount of data at the same time which is preferable for the relatively short time frame of this research. Alternative research methods would include surveys, interviews, or historical analysis (Yin, 2003). However, since the research aims to view opportunities in its natural context, factual data from company reports are used in combination with the larger possibilities to reach in-depth understanding on the concept that is more associated with interviews rather than surveys.

Case study research can be defined as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used” Yin (2003:13). The case study research method sufficiently covers the context and objective of this

research since the boundaries between the phenomenon and the context are indeed not clearly evident and also the study of the phenomenon in a real-life context may provide the desired in-depth insights on the concept social entrepreneurial opportunity. Other aspects of case study as a method is described as follows by Yin (2003:p. 15) “the case study is a way of investigating an empirical topic by following a set of pre-specified procedures”. The pre-specified procedures of this research are

A review of the literature is conducted in order to prepare the researcher to analyse entrepreneurial opportunity. Second, entrepreneurial opportunity need to be defined before theoretical perspectives can be introduced to evaluate which one appropriates or which combination appropriates. Therefore, the determinants of social entrepreneurial opportunity are analysed first before the theoretical perspectives are used as a tool to understand the social entrepreneurial process.

Yin (2003) states three conditions on which case study as a research strategy may depend. eFirstly, regarding the extent of control, no control is required over behavioural events which is aimed to be limited by the use of open-ended questions in the conducted interviews and the use of company reports. Secondly, the case study concerns a historical dimension by analysing the conditions that have influenced the formation of the opportunity in the past. Since memories of the respondents on the exact process may weaken over time, the case studies were selected on the condition that the entrepreneurial process did not started more than three years in the past which was considered short enough to remember sufficient details.

*Table 3.1 - Criteria Case Study research Yin (2003)*

<b>Criteria for case study research</b>	<b>Justification</b>
(1). the extent of control of the research on the subject of interest.	No control over behavioural events is required.
(2). the dimension of historical or contemporary.	The research considers a historical dimension.
(3). The type of question	What questions refer to the need for an exploratory or an explanatory approach. Apart from case study research also historical analysis and surveys would apply.

## Case selection

In qualitative research random sampling is not a typical sampling procedure since the research focuses on the particular phenomenon or object. The case selection process therefore involves a representative sample that allows for “useful variation on the dimensions of theoretical interest” (Seawright, Gerring, 2008: p.296). Research may consider cases that are typical, diverse, extreme, deviant, influential, similar or most different cases (Seawright, Gerring, 2008). The case studies selected in this research are selected on their similarity which is explained in the next section.

In order to find social entrepreneurs several organisations were approached that offer a platform for these social entrepreneurs for sharing knowledge and helping start-up the social business. Cases were drawn from two of these organisations; the first is based in Rotterdam of which four cases were drawn and one case was selected from such organisation that is based in London, United Kingdom. The network organisations are international network organisation that helps set up innovative sustainable companies and to provide a platform for knowledge sharing. In both organisations, more than half of the social businesses in their account are located in developing countries.

## Case selection criteria

Social businesses were identified based on the intention to the primacy of the social goal. The focus of the case studies is on social enterprises that have started in the last two years and have past the stage of orientation and are either about to get established or are recently established. The cases were selected on the following aspects: a for-profit orientation, the primacy of the social goal, and the country India as location of operations.

The number of cases to select to study depends on the purpose of the research and the features of each case (Yin, 2003). Multiple cases are suitable for this study since the main purpose of this research is exploring and explaining the phenomenon social entrepreneurial opportunity since multiple cases are considered to better represent the expected variation of data. “Multiple-case designs can serve various purposes: exploration, testing, building theories or explanations” (Mills, 2010: p.614). Since the goal of this research is to build theories, each additional case may increase the validity of the claims of the research. For this study after five case studies it was concluded there was sufficient empirical material since results after the third and fourth case study showed increasing similarity of the results. With this number of cases it was also thought that sufficient attention could be paid to the intrinsic features of each case in its individual context.

## Data collection

Case studies use a wide variety of data collection methods and using more than one data collection method per case is commonplace and so also this research has made use of a variety of techniques (Thomas, 2004). In this research two data collection methods are used: semi-structured interviews and official reports. Semi-structured interviews is a qualitative research technique that involves person to person interviews. The interview questions were semi-structured in the sense that the subjects of interest were defined, however they were open questions that allows the interviewee to select the information that it considers most important in his view and allows for the expression of specific thoughts, feelings and behaviour on these topics (Hennink, 2010). Due to the geographical distance between the researcher and the interviewees who were at the time of the interviews mostly (four out of five) located in India, it was efficient to approach all of these entrepreneurs via Voice over Internet with the program Skype. The interviews took on average 50 minutes with. Besides semi-structured interviews, official company documents that were published by the social business were being analysed.

## Data Analysis

Qualitative data analysis involves the systematic analysis of data including transcripts from the conducted interviews and company reports which were being used for this research (Hennink, 2010). Data analysis usually involves the following elements: “reducing accumulated data to a manageable amount, developing summaries, looking for patterns and applying statistical techniques” (Cooper and Schindler, 2005:70). This research bases its empirical findings on both interviews and company reports. This data contain words that are representing meaning, however, meanings must be interpreted and conclusions need to be drawn (Patton, 2001).

In order to properly interpret the data, data is arranged, categorized and ordered (source).

The first step in the analysis was to select the areas of interest that could be deduced from the main research question:

- Determinants of social entrepreneurial opportunity
- Process of social entrepreneurial opportunity

These areas of interest were used in the transcripts for the semi-structured interviews as key topics and were further broken down based on the analytical framework of Fisher (2012).

In addition, personal characteristics and traits were added since it entrepreneurial opportunities were regarded by a number of scholars (Ardichvilli, 2003, Cajaiba-Santana, 2011) to arise from the interaction between context and the entrepreneur. In addition, this data would allow for the interpretation of the relevance of the entrepreneurial opportunity to the entrepreneur.

First, data was collected from formal company reports on social business related aspects such as the background of the social business in order to, firstly, gain understanding on the similarities and differences of the companies, and secondly, in order to write a narrative on the background of the social businesses. Second, interviews were planned with entrepreneurs of the respectful companies. The interviewees were either Dutch and UK citizens and since the researcher is confident in its understanding of the both cultures, it facilitates the communication and the understanding of the research. At the start of the interview it was asked whether it was a problem to record the audio, however no respondent said to have an issue with this. As a researcher my task was to state the open-ended questions, carefully listen to the respondent and help the interviewee in case he or she deviates from the topic of interest (Patton, 2001). The interviews were all transcribed and then all elements that were considered relevant were coded and compared with other cases by cross-case comparisons in order to understand

similarities and differences to the cases(Hennink, 2010). The data analysis was followed by representing the key facts on the analysis in tables and formulating the corresponding narratives on the opportunities.

## Quality standards

Research quality standards were reviewed in order to assure the research is conducted in an appropriate fashion. A researcher, indeed needs to be fully aware of the research subject, the problem and purpose. In addition, any researcher should have considered both reliability and validity to judge the quality of the research in all its phases: the design of the study, the data gathering and the analysis phase Patton (2001).

### Reliability

Reliability is concerned with the trustworthiness and consistency of the data and whether the arguments used throughout the text are sound (Cooper and Schindler, 2005). Lincoln & Guba (1985) mention the following supporting elements of reliability:

#### *Dependability*

The evidence for the claims in this research should be reflected from future attempts of the research in similar situations. The dependability aspect is controlled for by providing the reader with an interview guide which reflects the type of questions asked in the interview.

Furthermore, the research process has been described thoroughly so the researcher may be given clarity on the particular steps the researcher has taken before arriving at the conclusions.

#### *Confirmability*

Confirmability of the research means the extent of control the researcher had during the data analysis. Since the researcher was aware of its professional role to be neutral, possible biases that come from subjectivity and personal influences was minimised. The researcher also aimed to be open to multiple possibilities or ways to perceive (Patton, 2002).

## Validity

Validity of the findings concerns the credibility of the findings. The validity is ensured by being transparent in the phases of the research, consistency in results, and control of unwanted influences (). In this research validity is ensured by displaying both the core interpretations of the data and the conclusions drawn from this data. Validity can be further subdivided into internal validity and external validity. Internal validity concerns whether the results of the research are legitimate in the way respondents were selected, data was recorded and analysis was performed. External validity on the other hand concerns the transferability of the results to other contexts, for instance other interviewees that in this case meet similar selection criteria. The degree to which the findings can be generalised is, however, limited due to the research method that was being applied (Yin, 2003). In fact, generalisability in qualitative research in general is limited due to the small sample size on the one hand, and a level of attention to the individual context of the subject considered (Yin, 2003). The results of this research, however, can only be perceived as being indicative for the type of cases presented and need to be viewed in the light of the individual circumstances.

<b><u>Research philosophy</u></b> Interpretative
<b><u>Research approach</u></b> Qualitative
<b><u>Strategy</u></b> Case study research
<b><u>Data</u></b> Academic literature Interview data Company reports
<b><u>Data analysis</u></b> Data reduction Data display Drawing conclusions

*Table 3.2 Summary of research methodology*

## Ethical considerations

This research strictly follows the procedures set out in the Newcastle University Code of Good Practice. The following ethical issues related to this code of good practice are relevant to be raised. The five interviewees were all informed of the goal of the interview and were asked for consent on recording the interview and using the recording for data analysis. It was explicitly mentioned that the recording would not be shared with anybody that falls outside direct concern of this research. Furthermore, the anonymity of the respondents was ensured by the use of pseudonyms for the case studies and by changing all details that may reveal the identity of the respondent but not change the nature of the information. In addition the researcher is critical in forming its interpretations since the research deals with the views of the interviewees and the interviewer which are subjective.

## 4. Empirical Findings

This section presents the main findings of the case studies that form the empirical data of this research (refer to Appendix 2 for case study descriptions). The social enterprises are homogenous with respect to their for-profit motive and their location of operation. However, with respect to the industry they are active in the case studies differ. For instance, the social enterprise described in case study two is active in the transportation industry whereas the social enterprise in case study one is active in the food and agriculture industry. For ethical reasons no identities of the companies are revealed and transcripts are not being quoted since it is understood these do not jeopardize the results of the study.

First a general description is provided on the social venture case studies: background and social & economic. Afterwards, the empirical findings on the research questions are presented.

### 4.1 Case descriptions

	<b>Case 1 – Ethical Salt</b>	<b>Case 2 – United Rickshaws</b>	<b>Case 3 - Slum Dweller Meal Service (SDMS)</b>	<b>Case 4 - Scented Jewels from the Blinds</b>	<b>Case 5 - India Jewellery Solution</b>
<b>Location of operations</b>	Ahmedabad, Gujarat, India	Bangalore, Karnataka, India	Gurgaon, Haryana, India	Ahmedabad, Gujarat, India	Currently only India
<b>Type of organisation</b>	Social business	Private limited company (Pvt. Ltd.)	Private company limited by shares (Pvt. Ltd.)	Community Interest Company (CIC)	n/a
<b>Profit orientation</b>	Yes	Yes	Yes	yes	yes
<b>Year of incorporation</b>	2013	2011	2012	2011	2013
<b>Number of employees</b>	<5	>50	10+	<5	<5
<b>Interviewee: function</b>	CEO Co-founder	Business developer	Co-founder CEO	Co-founder	Co-founder
<b>Month of interview conducted</b>	May 2013	June 2013	June 2013	September 2013	October 2013

*Table 4.1 – General Case details*

## 4.2 What are the determinants of social entrepreneurial opportunity?

### Pervasiveness

Pervasiveness refers to the prevalence of the identified need. The entrepreneurs in all cases recognize the need for change in society. The need in society mostly is a concern over poverty and thereby improving the socio-economic position of people in case 1, 2, 4, 5. Case 3, however, concerns another poverty related aspect, that of lack of hygiene. In addition to improving people's socio-economic position, it aims to reduce the environmental strain their products produce. The unmet need that is being identified by the entrepreneur concerns:

- Limited access to markets due to an overreliance on local middlemen which charge high rates and only access local markets (case 1 and case 5).
- A lack of access to financial and social services (case 2).
- A lack of employability and social recognition of blind people in (case 4)
- A lack of access to nutritious food and hygienically prepared food (case 3)

### Relevancy

The relevancy concerned the match between an entrepreneurs' characteristics and resource that fit. Entrepreneur showed to draw on the following relevant experiences and knowledge:

- Previous experiences: cultural experience in the host country.

Most cases showed relevant cultural experience in host country (case 1, 2, 3, 4). Case one concerns an entrepreneur that has performed consultancy work in India for half a year. Case 2 and 3 concern entrepreneurs who draw on experiences of establishing a business in India before. Case 5 uses his experiences in ecommerce environments, however nothing related to the host country such as in the other cases (cases 1 - 4).

- Knowledge: business skills and cultural knowledge.

All entrepreneurs characterise relevant knowledge being it cultural knowledge (case 1, 2, 3, 4) technical knowledge (Case 1, 4), business skills (Case 1, 2, 3, 5). Case 4 has received guidance from university in discovering the social need, however this entrepreneur drew on his technical know-how as engineer and designer.

### **Urgency involved**

Urgency refers to the perceived need to respond to the social need. None of the cases have reported an urgent situation that requires an immediate solution. Case 1 for instance concerns a social need for which the business plan had already been ready for about a year. All cases represent a social need that the entrepreneurs have considered to be a need to which the social venture aim to contribute solving in the long-run.

### **Perfectly accessible**

Accessibility refers to the perceived level difficulty to address the social need. All cases do not report a social need that is currently addressed by institutions such as social welfare organisations. All cases, except case 4 even report to be facilitated in developing the opportunity by the help of two NGO's. Case 4 in contrast shows that NGO's are blocking the entrepreneur in developing the opportunity since there is a conflict of ideas to solve this social problem.

### **Radicalness**

Radicalness refers to extent to which social innovation is necessary to address a particular problem. In all cases a level of radicalness is applicable. To establish a new way of working (re)education is considered a prerequisite in cases 1, 3 and 4, and is exercised by either the entrepreneur or an NGO. Another way radicalness is determined is through changing habits of people (Case 3) by aiming to change what and the way they cook.

Table 4.2 - Determinants of entrepreneurial opportunity (Zahra et al., 2008)

Determinants of entrepreneurial opportunity	Case 1 – Ethical Salt	Case 2 – United Rickshaws	Case 3 - Slum Dweller Meal Service (SDMS)	Case 4 - Scented Jewels from the Blinds	Case 5 - India Jewellery Solution
<b>Pervasiveness</b>	Concern of entrepreneur over poverty in rural India	Concern of entrepreneur over the environmental friendliness of rickshaws in India	Entrepreneurs' concern on the hygiene of Indian meals consumed in slums	Perception of low socio-economic position of blind people	Consideration that local artisans have limited power to market.
<b>Relevancy</b>	Knowledge on agricultural extraction techniques and experience in management skills in the country of operation were perceived as useful and relevant to apply.	Aiming to improve not only the efficiency of the rickshaws but also the socio-economic position of rickshaw drivers	Entrepreneur was personally affected by the story and believed by his experience of setting up other business and spec. the persistence will facilitate the process of shaping the opportunity.	Relevant since it was initially part of a university course, furthermore it fitted because of the openness of communication and the relevant background as a designer of the entrepreneur.	Experience in e-commerce and experience with socially responsible companies the entrepreneur believed to be capable of making the project work.
<b>Urgency</b>	No urgency since the entrepreneur has started to work out the idea after one year.	No sense of urgency	No sense of urgency	No sense of urgency	No sense of urgency
<b>Accessibility</b>	There is easy access to address the social need and even two NGO's are facilitating the entrepreneur to visit and develop plans with local salt farmers.	Limited: difficulty in getting approval (?).	Limited. Two ngo refused to work together	Accessible. supportive	Accessible. No limitations

<p><b>Radicalness</b></p>	<p>Radicalness is applicable since entrepreneur aims to change the way of extracting salt by educating the salt farmers and investing in techniques that can raise efficiency. However, no formal institutions are limiting the entrepreneur from doing this.</p>	<p>Radicalness is applicable. Delivering a package of services that is contrary to how rickshaw drivers are used to be organised.</p>	<p>Radicalness is applicable. Changing the habits of slum dwellers. Education: teaching hygiene principles to the people who will prepare the meals.</p>	<p>Radicalness is applicable. An Ambitious re-education program in cooperation with two NGO's is as the first part of the social venture, to provide blind people the possibility to earn a living. Also raising awareness, across India by the help of an NGO, the second part of the program, can be considered radical.</p>	<p>Radicalness is applicable. The entrepreneur aims to replicate an ecommerce platform in a different market and different location.</p>
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### 4.3 What is the nature of social entrepreneurial opportunity?

#### *Support for the discovery view*

When looking at the very beginning of entrepreneurial opportunity almost all cases (4 out of 5 cases) report the opportunity recognized by the entrepreneur started with the desire for a change in society with a rather abstract conception of how the desired situation should be. This is in line with the discovery view on the nature of opportunities that describes opportunities to start with a desired outcome in mind and then assembles the needs to achieve this. The ideas start with the idea or spark that socio-economic situation of people in developing countries can be improved, being it a healthy living or higher wages, by a combination of resources or means that still needed to be mobilised. There is one exception to the cases where the nature of the opportunity is different (case 5). In this case, the idea was to apply a technique available to the entrepreneur in a different setting and a new market which is in line with the creative view on the nature of entrepreneurial opportunity. This entrepreneur already has the means, namely an ecommerce environment which is used in a different context.

#### *Improving socio-economic conditions*

All cases are aimed at specific poverty related problems namely improving the socio-economic conditions of employees. Case 1, 2 and 5 aim to provide market access. Case four for instance aspires to raise awareness in society through offering education about preventable blindness on the label of the product. Apart from providing market access, branding (case 1,4) is another way to establish an improved socio-economic situation (all cases except case 4), or to raise awareness (branding). Case 3 aims to improve the socio-economic situation of the general public living in slums by providing access to healthy food and case 2 for the provision of financial services to buy the vehicle and social services (case 3).

#### *Increase market access*

Confirming the nature of a social business is the finding that all cases except case 3 find a solution in trading to achieve a social need. The link between the identified factors and outcomes of interest in particular is to improve market access. Case 2 deserves particular attention since this social business aims to provide market access by providing financial services.

A rickshaw can be financed relatively cheaply so the person may gain access to its customer market. Case 3 is different however since this case aims access to healthy food.

### *From abstract ends to more concrete ends through interactions with social context*

In contrast to the discovery view that views opportunities are objective phenomena that exist separate from the entrepreneur, opportunities were far from concrete. Almost all cases are not specific yet as to how the particular ends should be like. For instance, case one started with an idea that was inspired by a book and which particularly includes the start of a service to the poor by applying technical know-how the entrepreneur learned as an engineer student. Only after the entrepreneur has visited local people the entrepreneur could formulate more precise ends. Also case three was far from being concrete in the entrepreneurs' formulating ends, since the initial idea was to improve access to healthy food which can be attained in a number of ways. Until only after getting into contact with local people, the entrepreneur formulated a more concrete ends the entrepreneur preferred to attain.

### *Changing ends along the way*

Another exception is the change of the original idea. In case 2 originally the aim was to make rickshaws in India more fuel efficient . However, while developing the idea and communicating with local rickshaw drivers the entrepreneur discovered it could change the idea from a one-sided end: contributing to a cleaner environment, to a two-sided end that included improving the socio-economic situation of rickshaw drivers in India by providing them access to social and financial services.

## 4.4 How can the opportunity development process be identified?

This part of the findings concern the identification of the opportunity development process. Can it be identified with either the economic rationality approach or the effectuation approach?

### **Economic rationality approach**

Part of the economic rationality approach is the discovery view that interprets opportunities to arise from the formulating of ends first, rather than needs. Although the very beginning of the entrepreneurial process in all except one case was in line with the discovery approach, the ends

cannot be considered as objective phenomena that exists independent from the entrepreneur. In all cases, Also in the phase of opportunity development where the opportunity becomes more elaborate, other parts of the economic rationality approach to opportunities were found not to be applicable. The findings on the factors that determine whether economic rationality approach or effectuation approach applies is discussed in this section.

## **Elements of economic rationality approach**

### ***Analyzing expected returns***

The entrepreneurs observed in the cases, have generally mentioned to calculate expected returns while developing the opportunity. For an opportunity to become feasible, entrepreneur from cases 1, 2, 3, and 5 mentioned to what extent the social business may benefit from providing the service or making the product. The entrepreneur from case 4 did not mention the expected returns, however this entrepreneur outsourced most of the work to two NGO's where it did not have many expenditures apart from the costs to license its brand.

### ***Doing competitive analysis***

The entrepreneurs in 3 out of 5 cases have performed competitive analyses. The entrepreneur in case 3 stated that since it aims to provide a solution only locally, it is simply aware that no competition exists yet. In case 4 however there was nothing mentioned on competition since the entrepreneur was not aware of any similar awareness campaign.

### ***Controlling the future***

All cases except case 4 have shown to be controlling for the future. The cases mentioned to have an action plan how it can fulfil its social objective in the long run. They mostly state that earnings are reinvested in order to scale out the social impact. The one cases that formed the exception (case 4) mentioned that it was impossible to control for the future since it was impossible to establish a long-term working relationship with local NGOs.

### ***Causation between factors identified and outcomes of interest***

The theoretical elements that support causation between factors identified and outcomes of interest were only found to apply in case 5 since it considered an market that already existent and thereby the entrepreneur can expect lower levels of uncertainty.

### *Decision-making process*

The decision process does not unfold via causal decision logic in all cases except case 5. In addition, supports varies to the extent that ratio economic decision theory applies. The cases provide either limited support for the causal decision logic (cases 2, 3) since there was only support for systematic information gathering but not on predictable results, or no support for the casual decision logic (case 4) since neither systematic information gathering and predictable results applied.

### *Link with underlying theoretical assumptions*

The underlying assumption of a static and linear environment only applies to case 1. Predictable aspects of an uncertain future are discernible and measurable only applies to cases 2 and 5.

### **Effectuation**

#### *Relation between factors identified and outcomes of interest.*

Effectuation as relation between the factors identified and outcomes of interest seems to support the majority of the cases. The two theoretical arguments that has resulted to this conclusion is the representation of high levels of uncertainty in 4 cases and exploiting new markets in 3 cases (cases 1, 3, 4).

### *Decision-making process*

In a total number of 4 cases, entrepreneurs said to use experimental and iterative learning techniques in the opportunity development process. However, in only one case the entrepreneur said the relationship between the identified factors and the ends are predictable which is case 5. All other cases represent entrepreneurs who view the view the relationship between the identified factors and the ends as unpredictable.

### *Link with underlying theoretical assumptions*

The assumptions underlying the effectuation approach to entrepreneurial opportunity are convincingly represented in the five cases. In all cases it was mentioned that entrepreneurial opportunities are subjective, socially constructed, and created through a process of enactment to at least a fair degree. In addition, the following to received moderate support. Dynamic, nonlinear, and ecological environments was recognized in three cases and the future as unknowable and not measurable was also recognized by three cases.

Table 4.3 - Discovery/Ratio-economic view on social entrepreneurial opportunity

Applicability of Discovery view on Social Entrepreneurial Opportunity		Case 1 – Ethical Salt	Case 2 – United Rickshaws	Case 3 - Slum Dweller Meal Service (SDMS)	Case 4 - Scented Jewels from the Blinds	Case 5 - India Jewellery Solution
What factors are part of the explanation?	Starting with ends	Applicable. The entrepreneur said he looked for a way to enact on poverty related problems and said he was inspired by successful business cases from the book of Prahalad (2009): the bottom of the pyramid and made a business case on the application of the technology on salt mining in an undefined developing country.	Applicable. United Rickshaws started with the entrepreneur being worried about the consequences of the polluting rickshaws driving around in India. Afterwards, the entrepreneur decided to look for ways to achieve this (the means) and got in touch with an entrepreneur that suggested to look for ways to achieve fuel efficiency and limited exhaustion.	Applicable. SDMS started with a concern of a philanthropist over the health consequences of Indian people living in poor conditions. Afterwards he got in touch with an entrepreneur who decided to look for the requirements. After the precise identification of the ends, the entrepreneur started looking for means to achieve this.	Applicable. SJB started with the ends by expressing the social recognition that needs to be established by creating an awareness campaign for preventable blindness. Afterwards, the means to attain this were defined, by educating a craft and branding the art products.	Not applicable.
	Analyzing expected return	Applicable. Calculating investment returns	Applicable. Calculating the feasibility of installing the technical application in the rickshaws where initially the technique developed by Dutch and Indian universities did not prove to be feasible.	Applicable. The entrepreneur explained that Indian meals can be offered cheaply because they are centrally bought.	Not applicable. Most of the operations of the social business was expected to be done by two NGO's. Eventually only the brand would be licensed to these NGO's which was considered to be cost effective.	Applicable. The entrepreneur decided to sent relatively low cost student trainees to scout for customer . The commission fees therefore could be remained relatively low to still expect sufficient returns.
	Doing competitive analysis	Applicable. The entrepreneur explained	Applicable. The entrepreneur	Not applicable. The entrepreneur said not	Not applicable. The entrepreneur	Applicable. The entrepreneur has

		the significance of the massive supply of salt generated by the chemical industry. Salt is considered a waste product and therefore has a rather low market price. The entrepreneur did not mention any other competitors including premium salt brands.	mentioned that a real threat on competition was not yet existent. The combination of offering services additional to the rickshaw has made the companies competition even less stringent.	to be aware of the existence of any other services like those of SDMS initially.	explained that there have not been any campaigns to raise awareness for preventable blindness and neither the craft scent beading did exist yet.	performed a competitive analysis and found there was no similar service that also integrated a platform for customers to share ideas.
	Controlling the future	Applicable.  The entrepreneur explained to be focusing on selling salt premium price initially and then with generated cash starting to make the production process more efficient.	Applicable.  Initially when the business was only concerned with environmental value creation, the entrepreneur did not control for the future. The entrepreneur, however, has made long-term agreements with financial and social service providers when communication with rickshaw drivers progressed. Funds generated were said to be invested in the business to be able to meet its long-term social goals.	Not applicable.  The entrepreneur has been concerned with ensuring the access to healthy food by establishing his supply chain. The ultimate goal was to deliver SDMS services and not so much yet the sustainable delivery.	Applicable.  Long-term licenses were provided to two NGO's which ensures sufficient revenues.	Applicable.  Although artisans may register for free, a constant supply is controlled for by local scouts.

<p><b>How are the factors identified related to outcomes of interest?</b></p>	<p>Causation processes:  Identifying and exploiting opportunities in existing markets with lower levels of uncertainty.</p>	<p><b>Causation process is not applicable.</b>  The identified need to improve the socio-economic position of the farmers are aimed to achieve by providing the possibility to increase income. One, by providing a brand to sell at a premium price and two, to invest in new productivity enhancing machinery.</p>	<p><b>Causation process is not applicable.</b>  Contributing to a cleaner environment by making rickshaws fuel efficient and improving rickshaw drivers' socio-economic position by a combined provision of affordable social and financial services.</p>	<p><b>Causation process is not applicable.</b>  The identified need is aimed to achieve by focusing on educating the people who prepare the meals, and to deliver food with a high nutrition level by buying this type of food centrally.</p>	<p><b>Causation process is not applicable.</b>  The identified need is the lack of social recognition to which the brand and the associated new craft can offer a solution.</p>	<p><b>Causation process is applicable.</b>  First means were formulated to use the ecommerce environment for a different kind of setting. Lower level of uncertainty is only concerned regarding the fact that markets are not new to the entrepreneur.</p>
<p><b>Why can we expect the proposed relationships to exist?</b></p>	<p>Decision theory:  Decision makers dealing with measurable or predictable future will do systematic information gathering and analysis within certain bounds  (Simon, 1959).</p>	<p>Systematic information gathering and analysis applies.  The expectation are that returns will increase once the brand will show its desired premium characters and once investments will prove to be effective in lowering production costs. Progress is going to be evaluated at different stages based on the market price of that moment.</p>	<p>Systematic information gathering and analysis applies. The information necessary to develop the opportunity is extracted from the different phases of the process: research and development phase, feasibility study, and possibility for including social and financial services. However, providing energy efficient rickshaws and providing financial and social services to its customers have proven to be very unpredictable.</p>	<p>Limited systematic information gathering and analysis applies. The entrepreneur went to local communities and conditioned himself to be there one week to get informed about the needs of the slum dwellers. Afterwards he would get into touch with two NGO's to reflect the information he gathered and in order to develop a plan together.</p>	<p>No systematic information gathering and analysis applies.  The entrepreneur has got into contact with blind people through NGO's as intermediary and gradually developed the idea with more significance in the form of teaching a new art and selling a brand to raise awareness for preventable blindness. It is unpredictable since increasing awareness depends on the success of the brand and whether blind people have been able to adequately learn the new skill.</p>	<p>Systematic information gathering and analysis applies. The entrepreneur has set one month to gather information from local artisans whether the expected need does exist. Afterwards some adaptations could be done and a possible second visit should be scheduled. It is predictable that the socio-economic situation of the artisans improve since it is expected demand will be there for the products and the middleman rate is significantly lower.</p>

<b>Who, Where, When?</b> <b>The assumptions and limitations underlying the theory (boundary conditions)</b>	Static, linear environment.	<b>Applicable.</b> Salt harvest can be perfectly prospected.	<b>Non-applicable.</b> Service package contains many stakes to maintain	<b>Non-applicable.</b> Many stakes to maintain	<b>Non-applicable</b> Many stakes to maintain	<b>Applicable</b> e-commerce environment can be controlled for.
	Predictable aspects of an uncertain future are discernible and measurable	<b>No.</b> The uncertain future concerns the ability to effectively use the machinery which Ethical Salt invests in. Also the extent to which consumers will be willing to pay for the premium price remains unsure as long as the entrepreneur does not perform marketing research.	<b>Yes.</b> Expectations are that the solution package will maintain valuable to its customers, and the agreements with the different partners are long-term oriented.	<b>No.</b> Main partners have been proven to be unreliable.	<b>No.</b> Complex network of organisations of educating blind people, branding and packaging the SJB-products is highly dependent on each other and are therefore difficult to quantify.	<b>Yes.</b> The uncertain future concerns constant supply and demand since the platform is perfectly controllable. Since supply is related to the activities of local scouts and demand to their marketing campaigns, future is discernible and measurable.
	Entrepreneurial opportunities are objective and identifiable a priori.	Yes. The entrepreneur developed a business plan in the Netherlands for Indian soil. The entrepreneur thought the opportunity would already be rather objective .	No. Extensive talks with local rickshaw drivers and several service providers are necessary to develop the opportunity any further.	No. Only until after the entrepreneur went into conversations with slum dwellers for a week, the entrepreneur was getting a sense of what solution could be offered.	No. The opportunity to creating awareness through a branding campaign has only become more concrete until after NGO's were visited and with the NGO's help several blind communities.	Yes. The entrepreneur thought the opportunity could be perfectly identified and worked out in theory. The practical side of the opportunity the entrepreneur said to experience once in India.

Table 4.4 Creative/effectuation view on social entrepreneurial opportunity

Applicability of Creative view on Social Entrepreneurial Opportunity		Case 1 – Ethical Salt	Case 2 – United Rickshaws	Case 3 - Slum Dweller Meal Service (SDMS)	Case 4 - Scented Jewels from the Blinds	Case 5 - India Jewellery Solution
What factors are part of the explanation?	Starting with means	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable</b>	<b>Not applicable.</b>	<b>Applicable.</b> More can be achieved with ecommerce technology than simply delivering sales platforms. The entrepreneur looked for ways to use the same means to achieve different aims.
	Effects that can be created with those means	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	<b>Not applicable.</b>	Improving the socio-economic situation of artisans by providing them wider market access against a lower rate than through conventional traders.
How are the factors identified related to outcomes of interest?	Effectuation processes as identifying and exploiting opportunities in new markets with high levels of uncertainty.	New market: premium salt.  High levels of uncertainty: belief that there is a market available for premium salt. No market research.  In order to be able to develop the opportunity, extensive conversations were held with farmers and. This field research was facilitated by two NGO's with which the social business has	Existing market of providing rickshaws rental services and high uncertainty concerning the uncommon package of services (financial and social) provided.	It concerns a new market and high uncertainty. Since it is unexplored terrain to the researcher and in general, the entrepreneur qualified the markets as uncertain . The entrepreneur aimed to develop the opportunity by 'going native' and thus visited the local dwellers.	New market and high uncertainty.  Through the interaction with blind people, and talks with the NGO the entrepreneur developed scent beading.	Existing market and moderate uncertainty.  The market is known to the entrepreneur since he has build and used these ecommerce environments before. However, concerning their clients the supplier market is unknown and therefore somewhat uncertain. Since no big investments need to be made, the market is only moderately uncertain.

		entered into partnership with.				
<b>Why can we expect the proposed relationships to exist?</b>	Decision makers dealing with unpredictable phenomena will gather information through experimental and iterative learning techniques aimed at discovering the future.	Unpredictable. Experimental and iterative learning techniques were applicable. The entrepreneur explained that the business plan was eventually far from complete and experienced several drawbacks.	Unpredictable. Experimental and iterative learning techniques applied. The entrepreneur initially only aimed at reducing the environmental consequences of rickshaws driving around, however after extensive talks with local rickshaw drivers the entrepreneur discovered the possibility to combine the rental of rickshaws with services that provide rickshaw drivers more security,	Unpredictable. experimental and iterative learning techniques. The entrepreneur learned from his visits to slum dwellers and said to have identified their needs so he could more easily develop the original idea.	Unpredictable. experimental and iterative learning techniques applied since the entrepreneur developed the opportunity based on the result of consultations with two NGO's and a community of blind people.	Predictable since there are sufficient artisans that would be willing to change middleman. In addition, since the social business concerns an ecommerce environment, much can be controlled for.
<b>Who, Where, When?</b>	Dynamic, nonlinear, and ecological environments.	Yes	No	Yes	Yes	No
<b>The assumptions and limitations underlying the theory (boundary conditions)</b>	Future is unknowable and not measurable.	No	Yes	Yes	Yes	No
	Entrepreneurial opportunities are subjective, socially constructed, and created through a process of enactment.	Yes, although much could be planned for.	Yes	Yes	Yes	Yes, fair degree.

## 5. Discussion

Since there is significant debate whether social entrepreneurship research is considered to be either a separate field or part of the entrepreneurship research discipline, several authors have claimed the need for improved conceptual understanding of the various aspects of social entrepreneurship. The main objective of this research was therefore to explore the concept social entrepreneurial opportunity, and specifically to find to what extent the concept can be explained by traditional entrepreneurship theories.

The first aim of the research concerned the need to distinguish social entrepreneurship from the more established entrepreneurship research discipline which was approached by reviewing the literature. Mapping out the points of distinction facilitated the interpretation of the concept social entrepreneurial opportunity for a number of reasons. First, social entrepreneurship main point of distinction is its goal orientation which was seen reflected in opportunities which further strengthened the view to focus research on this aspect. Second, since it was found that there is significant overlap between the two fields, theories from the entrepreneurship research were considered to allow for its application in SE.

Since social entrepreneurial opportunity is suggested to differ in a number of ways (Robinson, 2006, Korsgaard, 2012, Cajaiba-Santana, 2011, Monllor and Attaran, 2008, Roberts and Woods, 2005), the second goal of the research was to employ determinants for social entrepreneurial opportunity, on the one hand to empirically examine its applicability and on the other hand to provide insights in the several aspects of the entrepreneurial opportunity. The determinants of social entrepreneurial opportunity formulated by Zahra et al. (2008) were found to be helpful in determining social entrepreneurial opportunity. Especially pervasiveness was a determinant that showed strong applicability. All entrepreneurs in the cases referred to prevalence with the need for socio-economic change. This directly reflects the core of social entrepreneurial opportunity which is oriented towards solving social problems (Cajaiba-Santana, 2011, Dees, Certo and Miller, Korsgaard, 2012). The determinant 'relevance' of the social entrepreneurial opportunity to the entrepreneur also showed significant overlap with previous literature that associated both relevant knowledge and previous experience determinant to opportunity recognition (Ardichvili, 2003). Specifically applicable to SEO compared to traditional entrepreneurship were only accessibility and radicalness. It is remarkable that accessibility and

radicalness were found to be determinants to the case studies since these determinants are not determinants of entrepreneurial opportunities in traditional entrepreneurship research. Whereas accessibility implies low mobility barriers which is a threat to profitability to traditional for-profit companies, accessibility is a positive condition to social entrepreneurial opportunities since the entrepreneur facing accessibility to the social need is less being hampered by social and institutional barriers. In contrast to traditional entrepreneurship, social entrepreneurship is more concerned with achieving its social goal whether this is achieved through one organisation or another (Weerawardena and Mort, 2012). This is also in line with what Robinson (2006) states that social entrepreneurial opportunities are rather concerned with social and institutional institutions such as support organisations or a political will to change systems. Whereas radicalness goes together with concerns over whether initial heavy investments are appropriate and do not distort potential over profits (Porter, 1980), this determinant of entrepreneurial opportunity forms a central element in social entrepreneurial opportunity. The level of radicalness is necessary to achieve the social objective is fundamental to social entrepreneurship. Changing people's habits, offering re-education, and changing the way a capital intensive product is accessible are all examples from the cases of social innovation that show the significance of efforts in achieving the social goal. This finding can be placed in the body of research that approaches social entrepreneurship from a rather broad angle such as Alvord (2004) that considers social entrepreneurship as a means to alleviate social problems and support social innovation.

The second objective of the research concerns the empirical analysis of the nature of social entrepreneurial opportunity. The nature of entrepreneurial opportunity refers to the very beginning of entrepreneurial activity. The cases were univocal with regard to the nature of SEO since all except for one case showed that entrepreneurial activity started with the formulation of ends before resource mobilisation. Most other aspects on the nature of social entrepreneurial opportunity, however, were found to be in support of the creative view. The most prominent feature was that opportunities were searched for and formed through a creative process of interaction with its expected stakeholders. This finding contrasts, the expectation that a for-profit company can be placed in the discovery view since it shares the most with traditional entrepreneurship theory which is based on similar ratio-economic theoretical assumptions. Previous research on social enterprises are also contrasted since the majority of previous research has either explicitly or implicitly indicated social entrepreneurial opportunity to be placed in the discovery view (Dorado, 2006, Roberts and Woods, 2005, Shaw

and Carter, 2007). However, this research confirms the more recent research that have found support for the creative view (Monllor and Attaran 2008 Cajaiba-Santana 2011, Korsgaard, 2011). A possible reason, is the recent focus of entrepreneurial opportunities in their relationship with entrepreneurs and the social context (Cajaiba-Santana, 2011).

The third objective concerned the extent to which the approaches economic rationality and effectuation apply to social entrepreneurial opportunity. All of the cases convincingly supported the main factors of the ratio economic theory, being it analysing expected returns, doing competitive analysis, and controlling for the future. However, the cases did not sufficiently support all other elements of the theory including its elements of causation, its elements for causal decision logic, and the underlying theoretical considerations. In effect, effectuation was found to hold for the all these elements that were underrepresented by economic rationality theory. This empirical finding is remarkable since the underlying philosophy of traditional entrepreneurship is considered to be strongly in line with economic rationality theory (2001). Only corner and Ho (2010) have previously theorised on effectuation as an approach to study social entrepreneurial opportunity. These scholars have specifically indicated that social entrepreneurial opportunity may be viewed as to exist on a spectrum of effectuation and economic rationality. Empirical research however had not yet covered the applicability of the specific elements of the both approaches to social entrepreneurial opportunity.

## 6. Conclusion

The research question that this study aimed to answer is: what is a social entrepreneurial opportunity? The areas of interest that were deduced from this main research question were the determinants of social entrepreneurial opportunity and the process of social entrepreneurial opportunity. Both areas of interest led to some interesting results which are highlighted in this section.

Firstly, the determinants accessibility and radicalness were found to be specific determinants with strong support, thereby confirming (Zahra et al, 2008). Accessibility refers to level of perceived difficulty in addressing a social need, and radicalness refers to the extent to which significant social innovation are deemed necessary. With this finding social entrepreneurial opportunities are clearly diverging from traditional entrepreneurship since these two elements are considered to be unattractive to a traditional for-profit oriented business. Reasons that were provided for accessibility include that accessibility is considered a positive condition to a social entrepreneur since it indicates lower institutional barriers to entry (Robinson, 2012), whereas accessibility poses a threat to profitability due to the associated lower profit potential associated with low mobility barriers (Porter, 1980). Reasons that were provided for radicalness in case of social entrepreneurial opportunity included the urgent nature social problems often face and the nature of social innovation of changing behavioural patterns and institutional mechanisms.

Secondly, regarding the process of entrepreneurship, the case studies showed strong support for the effectuation approach of entrepreneurship due to the shown effect-based logic of the entrepreneurs, and the iterative learning techniques involved, the representation of high levels of uncertainty and the exploitation of new markets. Also strong support was found for the creative view on social entrepreneurial opportunity because forming the opportunity involves an iterative learning approach and significant involvement of shareholders. Due to the iterative learning approach and the number of different stakeholders engaged during the process from abstract ends to more concrete solutions, social entrepreneurship is coined with the term 'socially constructed phenomenon'.

## 7. Recommendations

### Recommendations for management

- People who intend to get involved in social entrepreneurship are suggested to share their ideas with other people since they are developed by learning from interactions with entrepreneurs' social environment. Social entrepreneurs may derive identity from both the grounds on which they recognise, develop and pursue opportunities.
- Entrepreneurs who are not yet familiar with social entrepreneurship may be inspired by this concept as SE specifically shows that resource mobilisation(means) do not necessarily need to precede the pursuing of the opportunity.
- Due to the increased attention for the desired and expected role of business in society, perhaps the elements such as iterative learning and stakeholder engagement in an early stage that were identified in this research, can be applied in other contexts to enlarge the influence on society.

### Recommendations for governments

- Since legal entities for social enterprises are currently no common practice yet, governments are motivated to develop such legal standards. Legal standards are suggested to safeguard social businesses to effectively reinvest profits without being taxed.
- Create a favourable entrepreneurial climate for social entrepreneurs since they have shown to be effective in solving problems society faces.

## 8. Limitations

- Lack of theoretical strong literature on social entrepreneurial opportunity. Conceptually vague. Therefore, significant portion of the literature used are theoretical material from traditional entrepreneurship research
- This research is not generalisable to a large population since a case study research may not provide statistical evidence, however the research is suggested to be indicative since multiple case studies have led to similar results.
- There are some other known issues with the case studies. The entrepreneur of one case originated from the UK whereas four originated from the Netherlands. The reason for this

representation difference is that two social enterprise network organisations were approached and it turned out to be that most potential interviewees willing to participate were associated with the Rotterdam based network organisation. Although the entrepreneurs now do arise from different cultural backgrounds it was not expected to influence the quality of the research.

## 9. Future research

Future research is suggested on the following areas:

- The entrepreneurship theory that was considered in this research involved several underlying assumptions that did not seem to fit social entrepreneurship research. Future research should critically reflect to what extent they are appropriate analytical tools to use in SE research.
- This study has selected social enterprises which were profit oriented. Comparative research on for-profit vs non-profit is therefore suggested since the theoretical considerations only contain value for Social Entrepreneurship Research that is for-profit oriented.
- There were significant indications to view social entrepreneurship as a 'socially constructed phenomenon'. Future research is suggested that address the interrelations between the entrepreneurs, the opportunity and the social context, for instance structuration theory or bricolage (Fisher, 2012).
- Research on social entrepreneurial opportunity was summarised for the purposes of this study, however a meta study that includes a more extensive set of research papers would be recommended.

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# Appendices

## Appendix 1 - Interview guide

### Introduction

#### Ethical note

- Permission for recording the interview
- Note that it will be used strictly confidential.

#### Entrepreneur (characterising):

1. How would you be typically described?
  - Personal characteristics
  - Perception of him/her by others.
2. Which relevant work experience did you have before you started this social business?
  - Knowledge on the field of the social enterprise (special interest and accumulated knowledge).
  - Application of the knowledge in the social business

#### Opportunity:

1. Could you tell me how the social business did start from the very beginning?
  - Means first or ends first?
  - Controlling for the future
  - Whom has been consulted or partnered up with?
  - Why did this opportunity appeal to you?
2. Which came first to you: the business idea or your decision to start some kind of business?
  - Were resources or goals perceived to be primary?
3. Did you do calculate any expected returns in this early stage?
4. Did you do perform any competitive analysis in this early stage?
5. Which markets did you consider?
  - New or existing market?
  - Familiar with the market?
6. How did you make the decision to go for this particular market?
  - Any calculations made?
  - Predictability of the market
  - Way of analysing
  - Experimental, experiential learning?

#### Concluding remarks

Are there any issues remaining you'd like to tell?

Do you have any comments or suggestions?

## Appendix 2 – Description of case studies

### Case 1 - Ethical Salt

#### **Social business**

Ethical Salt is a type of social enterprise that allows salt farmers in the Indian province Gujarat, to sell their salt at a premium price. Ethical Salt requires that salt is produced eco friendly, is healthy to consume, and is fair-trade. The farmers should qualify in these conditions in order for them to become a contract supplier of Ethical Salt. In addition, salt farmers are provided with advice, agricultural techniques and machinery to increase their productivity. The advancements in production should make the salt cheaper to produce. The social business provides premium salt to a wide variety of Indian supermarkets and uses advanced marketing techniques in order to meet Indian middle and high class customer expectations of premium brands.

#### **Social objective**

Salt farmers in Gujarat live in poor conditions and barely earn sufficient income to survive. The low level of the price of salt is affected by the chemical industry that supplies salt in enormous quantities as it is considered a waste product. Salt farmers are thus inclined to sell their salt at a low price. Ethical Salt operations aims to have impact on two terrains. On the one hand, Indian salt farmers based in Gujarat receive the chance to earn a better living since as a contract supplier they receive more income . On the other hand, the process of farming salt is made more sustainable by making it more eco-friendly.

#### **Financial objective**

Ethical sells salt at a premium price since the commodity meets high standards on both the product and the brand to the customer. The generated surplus of cash from sales are reinvested in the social business in order to continue to invest in more efficient and eco-friendly production techniques and increase the number of contract farmers. For instance, existing diesel generators that are polluting are replaced by more productive pumps that are also supplied by energy from local windmills or photovoltaic cells.

#### **OPPORTUNITY**

The entrepreneur was one of the students who were working on windmill technology and figured this technique could be applied that may benefit people in a developing country and developed a business plan which was part of an academic course. The idea was to guarantee a constant supply of salt for the local farmers and help receive an above-market price by market

the products as premium products. After one year, when the entrepreneur was in India for a consultancy internship the entrepreneur got in touch with a spin-off social business that supported the business plan and brought him into contact with two local NGO's: one general agricultural organization and one specifically focused on improving the socio-economic condition of local farmers. The entrepreneur then decided to choose to work closely with these NGO's. The initial idea of buying the salt from the local salt producers was then changed now he realized branding would be insufficient to arrive at a price that is high enough to be called fair-trade. A professor at his university whom he asked for advice got him in touch with a Dutch manufacturing social business that supplies low-cost windmills which were considered well suited to function in a high temperature climate.

## Case 2 – United Rickshaws

### Social business

United Rickshaws Pvt. Ltd. is a type of social enterprise that provides environmentally friendly auto rickshaws to its customers who are not able to either buy or lease an auto rickshaw. Auto rickshaws are a common mode of transportation and is being used for private use or as a way to provide taxi services. The social business is funded on the following principles: to provide alternative revenue for its users, to access to financial and social services, to ensure auto-rickshaws are clean.

### Social objective

In India there are currently five million auto rickshaw drivers that on average work more than twelve hours a day on a daily earned income of about three dollars only. This daily income is shared by on average three other family members making it less than the poverty threshold of one dollar a day per person. Since the rickshaw drivers also do not have access to social security and insurances these people face difficulty to move out of poverty. The rickshaw driver does not possess the auto rickshaw and thus has to constantly deduct parts of his daily revenue on the weekly hire of the auto rickshaw.

United Rickshaws has respond to the disadvantaged position of the rickshaw drivers by offering them services that enable them to earn a better living and eventually move out of the poverty trap. United rickshaws impact is twofold, on the one hand it offers increases in the socio-economic situation of the rickshaw drivers, and on the other hand it aims to contribute environmentally by solely offering auto environmentally less polluting auto rickshaws . United

Rickshaws offers their customers access to financial services, social security, higher incomes and eventually ownership of the rickshaw. Eventually the social business aims to provide these services to a total number of two-hundred-thousand people in India in a five year timeframe and one million in a ten year timeframe. In addition Rickshaw United deliver only clean rickshaws so to have a positive environmental impact. The social business is funded on the following principles: to provide a fair loan so Rickshaw drivers can buy their own vehicle, to provide additional streams of income such as advertising, and to provide clean technology which means the lowest fuel cost and the less harmful for the environment.

### **Financial objective**

Rickshaw United is financed by a Dutch public investor organization. The social business acts as an intermediary between rickshaw drivers and the various service providers. The social business charges a fee for the package of services and states to reinvest their profits in their business. Based on the social business principles, rickshaw drivers have gained over 70% more income by bringing them in the social mainstream and reducing pollution levels.

### **OPPORTUNITY**

After several visits in India the initiator of Rickshaw United noticed the need to make Rickshaws more fuel efficient due to the heavy smog that these vehicles cause in India. The initiator figured technology should be developed in order for the Rickshaws to become more fuel efficient. The initiator set up a challenge among two technical universities and two universities of applied sciences in the Netherlands and two Indian universities. The goal of the challenge was to design a kit that could be easily integrated in a Rickshaw and make it more fuel efficient. The students were selected and designs were made. At the final event where all students have presented their designs one design was picked that would enter a test phase. With the winning design the initiator went to India where he found out that the design was not economically feasible. At his visit in India he met an entrepreneur at a local event where he decided to team up and do it all differently by not only focusing on improving the fuel efficiency of the rickshaw but also including some aspects that may help the rickshaw drivers themselves. The initiator and the Indian entrepreneur visited many rickshaw drivers and looked at their needs and how they could be fulfilled in a commercial manner. Based on was noticed on their disadvantaged socio-economic the entrepreneur decided to build partnerships for a more complete service provision than simply offering a tool to make rickshaws more fuel efficient. The main NGO Rickshaw United worked together with was a rural development organization.

## Case 3 - Slum Dweller Meal Service

### ABOUT/BACKGROUND

Slum Dweller Meal Service (SDMS) meals is a social business that sells hygienically prepared and healthy Indian food to people who live in socially deprived areas. The people living in these communities are called slum dwellers. The food they prepare is usually good in taste, however they are not hygienically prepared and could cause potential fatal diseases such as diarrhea. Slum Dweller Meal Service (SDMS) serves in the need to provide more hygienic food and for an affordable price. The social business has started a chain of so called community kitchens where local women prepare Indian meals following the hygienic standards and nutritious conditions set by SDMS.

### Social objective

Slum dwellers are offered access to meals that are at least twice as nutritious compared to their current meals. In addition, the risks of significant diseases is limited by the hygienic preparation of the meals . Slum dwellers that buy their meals at a community kitchen run by SDMS can save a significant one hundred rupees a month. Since a lower proportion of income is spent on food more prosperity enables for instance women to have time to work instead of cooking.

### Financial objective

Although the meals are sold at a lower price than what the slum dwellers are used to pay, more efficient use of the capacity of a number of kitchens enables the social business to earn profits. These profits are aimed to extend the business concept to other communities in India.

### OPPORTUNITY

An impact investor and philanthropist from Gurcon was concerned about malnutrition and access to hygienic food. In 2011, he wondered whether the concept of a fast food restaurant service could perhaps also be applied for the delivery of Indian meals. This idea that was far from being concrete he shared with an entrepreneur from the Netherlands who agreed he would find out the feasibility of the idea and started to identify the needs and requirements of the slum dwellers. The entrepreneur got in touch with an NGO that helped build up a network. They spent two days in the slums and found out that the way meals that were being prepared and the type of food were almost perfectly similar. The entrepreneur came up with the idea to establish community kitchens where food would need to qualify hygienic standards. Since the people living in the small communities are poor the entrepreneur continued to find out whether

he could ensure a sufficiently low price for the meals. He partnered up with trade unions however these were very corrupt and thereby unable to work together with and he partnered up with several other partners that partially turned out to be unreliable as well. Eventually he found a way to ensure prices were low by setting up a system of community kitchens and a central delivery units that could buy ingredients in larger quantities and therefore cheaper.

#### Case 4 - Scented Jewels from the Blinds

##### About/Background

Scented Jewels from the Blind (SJB) is a social business that enables blind artisans in India to work in a craft called `scent-beading`. SJB is a network-orientated system that has developed scent beading as an art that is free to grow and develop throughout the blind community. Blind artisans are offered jewellery components with a predefined pallet of colors and scents. Through innovative design and marketing the jewellery is sold to the rapidly growing middle class in India under the Jewels from the Blind brand.

##### Social objective

SJB aims to raise awareness of the problem of blindness in India. India has the largest populations of blind people which is according to SJB 80% preventable. Not only do these people face difficulty to earn a living, also their social stance is affected by this stigma. The new scent-breading technique has the potential to help the blind community to earn a sustainable living. The social business works closely together with two local NGO's that provides two forms of education. On the one hand measures are taught to overcome preventable blindness such as decent nutrition and wearing sunglasses. On the other hand, blind people are taught to become scent beaders. By licensing the brand the social business together with the NGO's provides the opportunity for a sustainable income, improve their social standing, and generate awareness on preventable blindness.

##### Financial objective

SJB is a specific type of organization: a Community Interest Social business that is incorporated in the United Kingdom. SJB charges service fees for licensing its brand to the blind artisans. Although the social business generates profits, it may not recoup these investments.

##### Opportunity

As part of a course at a design institute in Ahmedabad, the entrepreneur looked for ways to launch a societal awareness campaign. This campaigning was a challenge among universities in

India. The entrepreneur who was part of the winning team selected to raise awareness for blind people and went out to see what they could mean for them. The students worked in collaboration with an NGO that brought them into contact with local blind artisan. The entrepreneur visited blind people that have followed education but have limited possibility to carry this out. Some have Artistic skills such as jewellery making skills and carpentry skills but unable to carry them out. In terms of long-term employment due to the social stigma on blind people and lack of confidence. They are thus found to be barely able to sustain in their live., income is insufficient, Several people that were met in family blind so unable to fall back upon someone. From the awareness campaign for these blind people the entrepreneur has after finishing the course entered into further conversations with NGO's, blind people and a school for blind people. Provides sustainable source of income, expected sell at a high price because of the label, a skill to teach to other blind people, social recognition because of this. By trying to make blindness an advantage for the craftsman we developed the new craft of Scent-beading.

## **Case 5 - India Jewellery Solution**

### **About/Background**

India Jewellery Solution (IJS) is a marketplace where artisans in India are empowered to offer their unique artistic products to a worldwide market. The social business's website serves as a platform where artisans can put their kinds of products that are conditioned by IJS. Conditions include the product category of jewellery, home decoration and gadgets, the condition that the products are easy to send and that the products are priced in the middle segment. To consumers the social business provides an online community where people can share reviews and make collections of the products they like.

### **Social perspective/impact**

The social business aims to contribute to sustainable growth of artisans to empower these people in their own livelihoods. Artisans usually do not have access to markets beyond the local market and oftentimes they depend on a number of intermediaries. Their income is fairly limited mostly due to the charges of these intermediaries since they catch more than 90% of the sale price. This limits them to grow their business and move out of poverty since opportunities to gain more on their own initiatives are not within their reach.

### **Financial perspective**

IJS acts as an online intermediary in a different way than local intermediaries. IJS deducts a fixed percentage fifteen percent of each sale. The profits are invested in extending the services to a greater number of artisans.

### **Opportunity**

The entrepreneur develops e-commerce websites for several organizations in the Netherlands. The entrepreneur wondered in which other ways he could exploit this platform technique. The entrepreneur found out while talking with a friend that a supply chain of products one buys from developing countries was oftentimes rather complicated. The entrepreneur was convinced e-commerce could be a solution to this problem. The entrepreneur recruited trainees with whom the entrepreneur has visited India a multiple times in order to develop the business concept.