



Social Entrepreneurship: Business Models and Earned Income Strategies

Bachelor Thesis for Obtaining the Degree

Bachelor of Business Administration

Tourism and Hospitality Management

Submitted to Prof. Dr. Lund-Durlacher

Sebastian Ferrari

1111532

Vienna, 2nd June 2014

Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

Date

Signature

Abstract

This research explores social entrepreneurship from a business perspective. It aims at making a significant contribution to this topic's literature in order to foster the perfervid debate taking place in academia. Starting out its journey with the scrutiny of the phenomenon's definition, this study discards the concept's erroneous synonymousness with corporate social responsibility. Subsequently proceeding with a thorough examination of pertinent subject matters, it not only reviews the various schools of thought, but also gives an account of the social entrepreneurs and their endeavors to address society's most pressing needs by means of a market-based approach. Most importantly, this paper zeroes in on social business models and their respective earned income strategies. Besides, it touches upon performance measurement and impact assessment methods as well as future exit strategies of the studied social businesses. The research component is qualitative and consists of twelve in-depth interviews with respondents from all over the world. Interestingly enough, several organizations operate in the tourism industry, which is deemed to be the chief catalyst for social entrepreneurship. The findings are to some extent in line with the literature review, but also provide the reader with unexampled insights into the field of social entrepreneurship. For instance, consisting of for-profit as well as non-profit subunits, some of the participant organizations manage to combine external as well as internal revenue streams. Because of this earned income strategy they tend to be relatively successful. In conclusion, the author draws this paper to a close by suggesting future research avenues.

Table of Contents

Affidavit.....	3
Abstract.....	4
Table of Contents	5
List of Tables	8
List of Figures	8
List of Abbreviations	9
Acknowledgements.....	10
1 Introduction	11
1.1 Objectives.....	12
2 Literature Review.....	13
2.1 Corporate (Social) Responsibility	13
2.2 Entrepreneurship	17
2.3 Social Entrepreneurs.....	20
2.4 Base of the Pyramid Market	23
2.5 Schools of Thought.....	26
2.6 The Business Model	28
2.7 Social Business Structures.....	30
2.8 Financial Aspects.....	33
3 Research Design.....	34
3.1 Framework	34
3.2 Methodology.....	35
3.3 Interview	37
4 Results.....	39
4.1 Population Sample description.....	39
4.2 Sampling Units	41

5	Interpretation and Discussion.....	44
5.1	First Question.....	44
5.2	Second Question	46
5.3	Third Question	48
5.4	Fourth Question.....	50
5.5	Fifth Question	52
6	Limitations.....	55
7	Conclusive Thoughts	56
8	Future Research Avenues	58
9	Bibliography	59
9.1	Book and Papers	59
9.2	Internet Sources.....	62
10	Appendices.....	64
10.1	Appendix 1	64
10.2	Appendix 2	65
10.3	Appendix 3	66
10.4	Appendix 4	67
10.5	Appendix 5	68
10.5.1	Mammu.....	68
10.5.2	TravelGiver	71
10.5.3	Risflecting.....	74
10.5.4	The One Brand	77
10.5.5	Tribewanted	81
10.5.6	Grameen Creative Lab.....	87
10.5.7	Jane Acton - Nature Workshop	90
10.5.8	Variomondo	94
10.5.9	Lalaland	96

10.5.10	Iziko lo Lwazi	98
10.5.11	PEPY Tours.....	102
10.5.12	Sumak Travel.....	104

List of Tables

Table 1: Social Action Framework.....	17
Table 2: Dimensions of social entrepreneurship	23
Table 3: Sample composition.....	41

List of Figures

Figure 1: CSR Pyramid	14
Figure 2: The virtuous circle.....	15
Figure 3: Pure forms of social engagement	19
Figure 4: Types of social entrepreneurs.....	22
Figure 5: BOP Pyramid	24
Figure 6: BOP sectors	25
Figure 7: Mindset 3.0	26
Figure 8: Schools of Thought.....	28
Figure 9: Business Model Canvas.....	29
Figure 10: Client client-consultant system infrastructure	33
Figure 11: Blended Value Accounting Spectrum	34
Figure 12: Research Framework	35
Figure 13: Rubin's Vase	36
Figure 14: Sample's location	40
Figure 15: Geographic distribution	40
Figure 16: Pommes et Oranges (Cézanne, 1899).....	57

List of Abbreviations

BEE	Black economic empowerment
BOP	Base of the Pyramid
CIC	Community interest company
CCSI	Client-consultant system infrastructure
CSR	Corporate social responsibility
GCL	Grameen Creative Lab
IFPSE	International For-Profit Social Entrepreneur
NGO	Non-governmental organization
NPO	Non-profit organization
PR	Public Relations
SAF	Social Action Framework
SEO	Search engine optimization
UN	United Nations
UK	United Kingdom
WOM	Word of mouth

Acknowledgements

"At times our own light goes out and is rekindled by a spark from another person. Each of us has cause to think with deep gratitude of those who have lighted the flame within us." (Albert Schweitzer)

First of all, I would like to express my profound gratitude to Prof. Dr. Lund-Durlacher, Dean of the Tourism and Service Management department at MODUL University Vienna, for introducing me to social entrepreneurship and supervising this research with forbearing patience. I would also like to extend my sincere appreciation to Roberto Daniele, Senior Lecturer in Entrepreneurship and Marketing at Oxford School of Hospitality Management, whose mesmerizing lecture turned my spark of interest into an ignited flame of passion. Moreover, I am indebted to Fritz-Francke Weltmann of the Grameen Creative Lab, who gave me interesting food for thought and to Dr. Paul Martin Frentz, founder and managing director of pcb - the profit cell builders, who provided me with his expert advice. Lastly, I would like to say thank you to Helene Gorny, soon-to-be graduate of MODUL University's MSC in Sustainable Development, Management, and Policy, for her constructive feedback.

1 Introduction

Social entrepreneurship is a relatively complex phenomenon, which has been gaining more and more importance over the last decades. Even though social enterprises have been existing for a few decades now, academic researchers only started to thoroughly investigate this topic in the last years. Consequently, there is still considerable confusion with regard to the definition of social entrepreneurship. Stressing the importance of the shared value's concept, Michael Porter claims that it should absolutely not be mistaken for corporate social responsibility, which is rather considered as a "*side agenda*" (Driver, 2012). By means of the Social Action Framework it can be argued that these concepts considerably differ from one another on a strategic, tactical as well as operational level (Massetti, 2012).

Furthermore, it is probably true to say that the social enterprise deserves particular attention as well. Indeed, such an organization might take forms ranging from the non-profit to the for-profit sector. That being so, a great variety of significantly different structures currently exists. Interestingly enough though, it is argued that there are three overarching business models, which are referred to as *leveraged nonprofit*, *hybrid nonprofit* and *social business venture* (Elkington and Hartigan, 2008). Considering the sustainability of corporate structures, those situated in the non-profit area are not self-sufficient in the long run simply due to the fact that they necessarily depend on charitable donations. Having the opportunity of reinvesting their own income, those located in the for-profit region are not confronted with this problem.

It should also be kept in mind that some businesses are to be found in neither end of the spectrum. These hybrid models combine elements from both extremes and lie somewhere in the middle of the continuum. Furthermore, income generating strategies are a crucial issue due to the fact that social businesses ensure their self-sustenance in several ways. It is maintained that these organizations struggle to attract investors due to their exiguous profits. On this account it is deduced that the social sector stands in need of objective and consistent value reporting procedures (Bugg-Levine et al., 2012). The harmonious integration of the most pioneering performance measurement as well as impact assessment techniques results in the *Blended Value Accounting* framework, which reckons with the complexity of social businesses (Nicholls, 2009). However, since

the author's research reveals that this approach still remains a theoretical abstraction - for the time being - trying to contrast social business models and their respective income strategies is like comparing apples and oranges.

What is more, looking ahead to the future one is led to wonder: What are social businesses going to do once the social problem they address will have been solved? This issue should be a noteworthy concern, not only because it seriously questions the economic postulate of unlimited growth, but also because it parenthetically implies that social enterprises might end up being perceived as nothing more than a mere trend. Curiously enough, Trexler (2008) argues that being a temporary reality could eventually turn out to be social entrepreneurship's greatest achievement. In fact, rather than forcing this concept into one single definition, this phenomenon is regarded as a "*hybridizing algorithm*", which results from the erroneous distinction between non- and for-profit corporate identities (Trexler, 2008). Ultimately, it is the author's firm belief that these topics will be the major talking points of a heated debate in academia.

1.1 Objectives

The purpose of this research is to discover the various business models for organizations operating in the field of social entrepreneurship. At this point in time, this notion is just broadly defined as: "*The plan implemented by a company to generate revenue and make a profit from operations*" (Investopedia.com, 2014). Additionally, particular emphasis is going to be placed on social enterprises' income generating activities and their future exit strategies. In this respect, the main research questions of this paper are as follows:

- Q1: What are the business models in the field of social entrepreneurship ?
- Q2: Which income strategies do social businesses use for self-sustainability ?
- Q3: To what extent are the explored models and strategies effective ?
- Q4: What are future exit strategies of social businesses going to look like ?

This study consists in basic research. According to Patton (2002) it is intended to enhance the comprehension of a specifically defined topic. By that means it contributes to the already existing literature with theoretical models, which could ideally be

generalized. This research approach is based on the belief that everything is structured in an intelligible manner and its conclusive results tend to be posted on academic books and journals (Patton, 2002). In the next section, the already existing literature on social entrepreneurship is attentively reviewed in order to provide the reader with a fairly comprehensive overview of the topic. It stands to reason that special emphasis is placed on the subtopics that are most relevant to this research's subject. Besides, scrutinizing these published works represents a good starting point for the subsequent evaluation of the study's findings.

2 Literature Review

2.1 Corporate (Social) Responsibility

It goes without saying, that scrutinizing the concept of corporate responsibility is de rigueur to the thorough understanding of social entrepreneurship. This subject has been debated for a relatively long time and it is rather interesting to observe the diverging and conflicting points of view on this topic.

On the one hand, there are those who argue against the organization's accountability for social issues such as Friedman (1970) for instance. This economist vehemently argues that being factitious entities, businesses do not have social responsibilities as opposed to private persons and takes the case of the manager to elucidates this assertion. Indeed, the latter is employed by the owners and is therefore exclusively bound to carry out his job in consonance with their objectives, while demonstrating respect for societal regulations. Notwithstanding, it should be kept in mind that the manager is an individual person as well. It follows that he could rightly decide to take up various responsibilities and is actually allowed to do so as long as he makes use of his own personal resources. Moreover, the executive should not endeavor being socially responsible in his role, because he would end up running against the organizational goals. Further complications resulting from such behavior should attentively be considered. First of all, the manager would turn into an unelected public servant, which is clearly unacceptable. Additionally, he would not have the adequate competencies for carrying out these activities and might end up being dismissed. Furthermore, the principles of unanimity and conformity are recognized as being of crucial importance to

the proper functioning of the market and politics. Ultimately this article defines social responsibility as a “*fundamentally subversive doctrine*” and concludes:

“there is only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” (Friedman, 1970)

Opponents of this viewpoint argue in favor of Corporate Social Responsibility, which is often also simply referred to as CSR. In consideration of the extensive academic research carried out on this specific subject, it is worth analyzing it in further detail. Two definitions capture one’s attention due to their striking simplicity. First, Lamb et al. (2011) define it as “*a business concern for society’s welfare*” and identify sustainability as its most critical element for gaining a competitive advantage. In addition , they make reference to the so-called Pyramid of Corporate Social Responsibility (Figure 1), which shows that CSR consists of economic, legal, ethical as well as philanthropic responsibilities. It stands to reason that a company’s profitability is the essential prerequisite for the fulfillment of the other organizational duties.

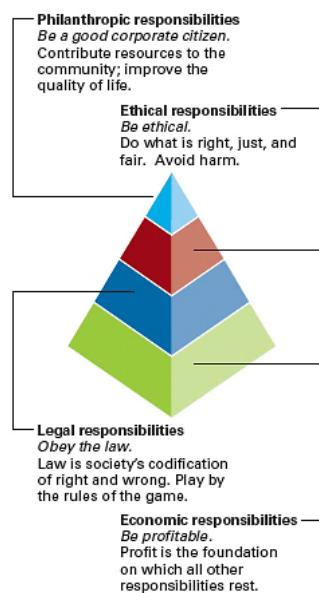
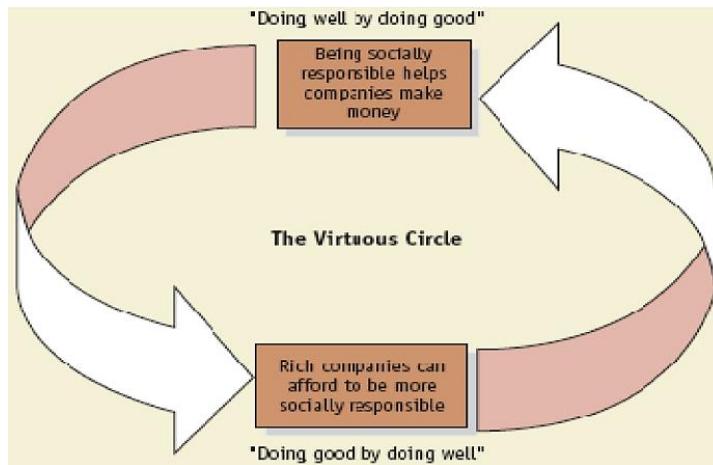


Figure 1: CSR Pyramid
(Lamb et al., 2011)

Second, Greenberg (2010) defines it as “*business practices that adhere to ethical values that comply with legal requirements, that demonstrate respect for individuals, and that*

promote the betterment of the community at large and the environment” and further draws the reader’s attention to the so-called Virtuous Circle (Figure 2). This examines the mutually beneficial relationship between an organization’s social responsibility and its therefore improved financial performance.



**Figure 2: The virtuous circle
(Greenberg, 2010)**

Furthermore, Porter et al. (2007) exhaustively reflects on the connection between sustainable competitive advantage and corporate social responsibility. In the first place, a brief historic excursus points out that most corporations only took up this practice after having been subject to great public pressures. Although this shows that businesses started to be held responsible for social and environmental concerns, the measures taken were merely unsubstantial actions focused on the outward appearance of the organization. On the contrary, it is highly recommended to concentrate on the interconnection between the company and the community. Indeed, the valuable insight into this elemental interdependence should lead both parties to act pursuant to the notion of shared value. In order to do so, it is imperative to understand the influence of business on society and vice versa. Moreover, rather than endeavoring to deal with each and every social problem, devoting its resources to one matter of concern is definitely the most felicitous resolution. Besides, enterprises ought to classify the multifarious issues before establishing their program. To be more precise, the three different classifications in order of increasing organizational involvement are: *Generic Social Impacts*, Value Chain Social Impacts and Social Dimension of Competitive Context. It follows that depending on the selected category, a company either engages

in Responsive or Strategic CSR. On the grounds of this reasoning, Corporate Social Responsibility should be regarded as an essential feature that enables organizations to make a meaningful contribution to the economy's growth, while harmoniously integrating with society (Porter et al., 2007).

Withal, social entrepreneurship is not synonymous with corporate social responsibility. In spite of their erroneous interchangeability, there is a noteworthy difference between these two notions. Indeed, Driver (2012) carried out an interview with Michael E. Porter, who distinguishes one from the other. In more detail, special emphasis is put on the aforementioned concept of shared value. This essentially relates to the idea of addressing social and environmental problems while concurrently generating financial worth, which is usually measured in terms of financial gains. It is consequently argued that combining returns with a social purpose revolutionizes our contemporary understanding of capitalism. Hence, the phenomenon of social entrepreneurship should absolutely not be mistaken for corporate social responsibility. Moreover, Massetti (2012) supports Porter's point of view insofar as the definition of social enterprise is distinguished from the one of corporate social responsibility by means of the Social Action Framework (SAF), which examines the commercial and moral aspects of corporate social action. Based on the analysis of this duality, the SAF suggest that these concepts differ on a strategic, tactical as well as operational level. The dissimilarities are further illustrated in Table 1, which points out that most actions of a social enterprise coincide with the company's mission. Moreover, these activities are socially fair, improve communities' well-being to the same extent as they enhance the organization's prosperity, and bring about social as well as financial benefits (Massetti, 2012).

Organizational Approach/ SAF Criteria, Requirements	Social Enterprise	Corporate Social Responsibility	Not-for-profit Charity
Strategic			
Social legitimacy	✓	✓	✓
Mission congruence	✓		✓
Tactical			
Always Community internalizing	✓		✓
Compliance-driven Community internalization		✓	
Operational			
Profits required from resources consumed	✓		
Clear social contributions	✓		

**Table 1: Social Action Framework
(Massetti, 2012)**

2.2 Entrepreneurship

Social entrepreneurship being a complicated phenomenon, it is probably true to say that decomposing it into its constituent parts is necessary to gain a thorough understanding of this notion. In fact, this approach enables us to analyze its two fundamental elements independently from one another.

To begin with, the first aspect is **social**. According to the Oxford Dictionaries, this term dates back to the late middle English and originally comes from old French or Latin and is defined as: "*relating to society or its organization*" (Oxforddictionaries.com, 2014). Even though this explanation appears to be relatively straightforward, its limitations ought to be precisely delineated. Mair et al. (2006) argue that this feature is not necessarily synonymous with altruism, as individuals might also engage in social entrepreneurship to pursue selfish goals, while improving society's well-being at the same time. Notwithstanding, it is pointed out that the financial value resulting from the creative integration of resources to tackle social issues should be considered as a means to an end - the creation of social value. Peredo et al. (2006) partly assent to this point of view, which they argue just reflects the case of the not-for-profit organizations. In fact, it is further claimed that for-profit entities with social goals might as well be classified as

social enterprises. The business models ranging along the continuum are going to be scrutinized in more detail later on in this paper (Section 2.7).

Moreover, the second aspect is **entrepreneurship**. As stated in the Oxford Online Dictionaries, this term is a derivative noun of entrepreneur and is defined as: “*a person who sets up a business or businesses, taking on financial risks in the hope of profit*” (Oxforddictionaries.com, 2014). It goes without saying that this description is at most a good starting point for further elaboration. Indeed, Peredo et al. (2006) assert that such an objective interpretation is excessively simplistic as it would just vaguely refer to a manager running a traditional business with social goals. Additionally, particular attention is drawn to the character of the entrepreneur, who is recognized as being a person that identifies opportunities and subsequently takes up risky challenges in the eager pursuit of social innovation in spite of its limited resources. Mair et al. (2006) agree with this perspective to a certain extent insofar as seizing opportunities is acknowledged to be a crucial element in social entrepreneurship. Nevertheless, in contrast with the behavioral analysis, which exclusively focuses on the person’s traits and attitude, it is argued that regarding this phenomenon as a process would be a worthwhile endeavor.

At this point one is led to wonder what actually distinguishes social entrepreneurship from traditional entrepreneurship. Martin et al. (2007) claim that the most essential difference lies in the organization’s value proposition. In more detail, in the latter case it is merely market-driven and ultimately aims at profit generation as opposed to the former case in which it predominantly focuses on contributing to the society’s welfare. In light of this consideration, social entrepreneurship is defined as follows:

“We define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the

targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.”
 (Martin et al., 2007, p. 35)

Furthermore, it is specified that on a purely theoretical basis social entrepreneurship is separate from social service provision, whose range of influence is narrowly restricted to the surrounding environment. It also differs from social activism, whose approach is to encourage other entities to addressing social matters of concern (Figure 3). It is important to bear in mind that in reality it might be quite difficult to accurately distinguish one from the other due to the fact that organizations tend to adopt hybrid business models (Martin et al., 2007).

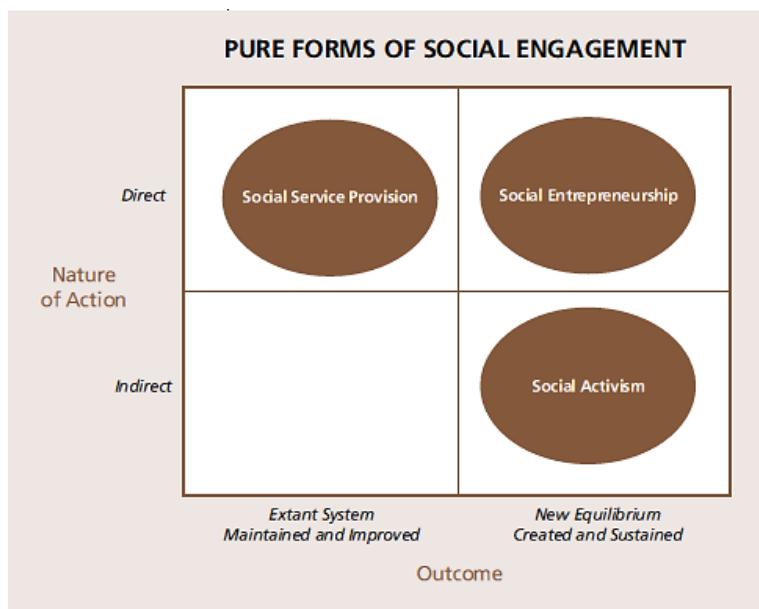


Figure 3: Pure forms of social engagement
 (Martin et al., 2007)

Moreover, even though social entrepreneurship bears some resemblance to other forms of entrepreneurship, it is important to keep in mind that it is a unique phenomenon with its own distinguishing characteristics. Indeed, Dacin et al. (2010) provide an overview of conventional, institutional as well as cultural entrepreneurship. In brief, the first one offers products and services in order to generate profits, the second one leverages resources to revolutionize existing institutions and the third one

sets up new standards to promote spread of culture. In contrast, social entrepreneurship endeavors bringing about social change in order to enhance social prosperity. In consequence, it is inferred that these types of entrepreneurship are confronted to a certain extent with one common problem: resistance to change (Dacin et al., 2010).

2.3 Social Entrepreneurs

Social entrepreneurs are beyond the shadow of a doubt a unique genre of entrepreneurs. Indeed, Dees (1998) asserts that they distinguish themselves from the crowd due to their distinctive traits. First of all, they are drivers of structural change in society, whose mission is to create social value in the long run. Besides, they seize opportunities and tenaciously persevere in achieving their objectives. More importantly, it should be pointed out that although being a pioneer entails some degree of uncertainty, it is not necessarily synonymous with creating something brand new. In fact, these entrepreneurs might as well just inventively use already existing tools. Additionally, their audacious undertakings are not constrained by their limited resources, which tend to be used in a cost-effective way. Social entrepreneurs strive to reach a thorough understanding of their stakeholders and show a genuine feeling of responsibility for their satisfaction (Dees, 1998). Moreover, although it is beyond the bounds of possibility to picture a universally valid portrait of such individuals, several common denominators could be found. Indeed, Elkington and Hartigan (2008) argue that they disregard ideological restriction, resolve social issues in a pragmatic way, bring about change offering products and services, concentrate on generating social value, start their business off before being completely equipped, firmly believe every person may play a part in sustainable growth, exhibit considerable resolution, are enthusiastic about change and interested in assessing their performance, and manifest a natural restlessness. Thus, social entrepreneurs are referred to as being unreasonable based on George Bernhard Shaw's quote:

"The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore, all progress

depends on the unreasonable man.” (Shaw, 1903, cited in Elkington and Hartigan, 2008, p. xi)

In addition, another noteworthy feature is the visionary personality of these entrepreneurs. Grenier (2010) investigates the interconnection between their actions and visions, which - contrary to common expectations - stem from ideas they truly believe in, instead of comprising a picture of the future. Curiously enough, activities tend to be in line with their visions, thereby converting these into actual plans of action. Devising strategies to achieve their objectives is self-evident. What's more, these persons are remarkably autonomous and retain an aura of self-confidence. Taking these attributes into consideration, it is probably true to say that the following definition accurately depicts social entrepreneurs:

“people with new ideas to address major problems who are relentless in the pursuit of their visions, people who simply will not take “no” for an answer, who will not give up until they have spread their ideas as far as they possibly can.” (Bornstein, 2004, cited in Grenier, 2010, p. 52)

Furthermore, social entrepreneurs could also be categorized according to their peculiar characteristics. Zahra et al. (2009) identify three distinct types of entrepreneurs (Appendix 1). First of all, there are the *Social Bricoleurs*, who concentrate on social issues affecting the local community and its immediate environment. Although the range and impact of their activities is considerably limited, they tend to be quite independent and relatively fast in taking action as few resources are needed. Besides, their specialized competences enable them to tackle specific problems, thereby remarkably contributing to the upkeep of social tranquility. Then there are the *Social Constructionists*, who set up and run organizations focusing on social issues that are neglected by the current system either due to regulatory constraints or simply because of insufficient interest. Considering that they preserve social stability, they do not have to stand up to fierce rivalry. On the contrary, averting potential complications they tend to be gladly accepted by other companies. Lastly there are the *Social Engineers*, who found innovative social structures intended to take the place of existing frameworks that fail to appropriately address pressing social issues. In virtue of their creatively disruptive attitude, they challenge the current status quo and substantially encourage change. It stands to reason that forasmuch ingrained organizations could possibly feel

menaced by their ascent, establishing themselves requires strenuous efforts (Zahra et al., 2009).

Interestingly enough, this classification represents the starting point for further academic research. Indeed, Smith et al. (2010) evaluate these categories in terms of geography and structural embeddedness. While the former concept refers to the physical location of the entrepreneurs, the latter relates to the type of ties they establish with other entities. It is asserted that these two variables are inversely related one to another (Fig. 4).

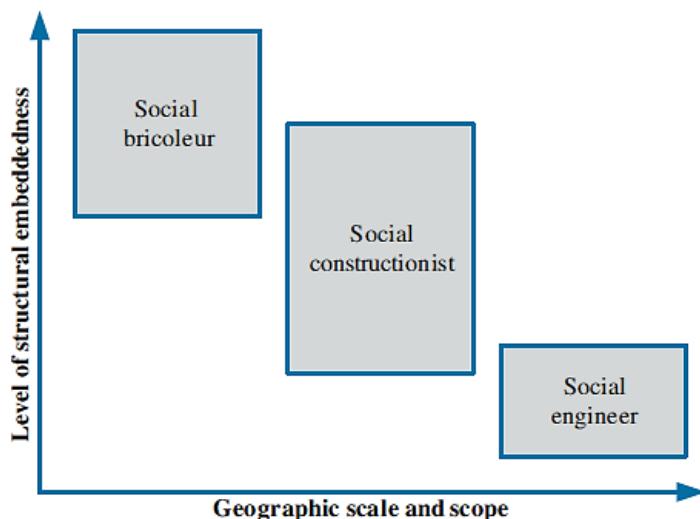


Figure 4: Types of social entrepreneurs
(Smith et al., 2010)

On the one hand, entrepreneurs trying to solve social issues on a small scale tend to establish embedded relationships based on mutual trust with the local society. Thus, in view of this closeness, meticulous assessment of their achievements is not strictly necessary. With regard to their organization's growth, they scale deep using the dissemination method, which involves few resources. On the other hand, entrepreneurs attempting to resolve social matters on a large scale are apt to set up insubstantial arm's-length relationships with their various partners. Hence, in light of this remoteness, rigorous measurement of their accomplishments is inevitably required. Concerning the expansion of their business, they scale up employing the branching method, which entails many resources (Smith et. al, 2010). Moreover, it should also be

noticed that the social entrepreneur's geographic reach captures significant attention in academic research. Indeed, as can easily be grasped from Table 2, Marshall (2010) makes a clear distinction between entrepreneurs operating within national boundaries and those active beyond borders. Particular attention is drawn to the *International For-Profit Social Entrepreneur (IFPSE)*, who has every confidence in market-based strategies (Appendix 2). Concentrating on global issues, this type of entrepreneur not only deals with complexity, but also takes high risks such as shortage of resources for instance. Moreover, this entrepreneur also takes occasion to raise the recipient country's consumer awareness about their present conduct's repercussions on the source country's society by appealing to their moral conscience. Despite having great knowledge of other cultures, the IFPSE recognizes the significance of strategic collaboration with aligned organizations in gaining a deeper understanding of customs and practices to achieve corporate objectives. In this regard, it is worth mentioning that the business's financial results are only relevant to the extent that the social issue is improved. Should such a matter of concern be permanently solved, in the eyes of the International For-Profit Social Entrepreneur the enterprise would lose the reason of its existence (Marshall, 2010).

Dimensions of for-profit entrepreneurship: commercial-social and domestic-international		
Mission primacy	Geographic scope	
	Domestic	International
Commercial	All commercial transactions occur within the borders of one country. Success measured primarily by profitability of the firm	Some portion of the commercial transactions occurs between at least two countries. Success measured primarily by the profitability of the firm
Social	All commercial transactions occur within the borders of one country. Mission to alleviate a social and/or environmental challenge – considered above or at parity with profitability of the firm	Some portion of the commercial transactions occurs between at least two countries. Mission to alleviate a social and/or environmental challenge – considered above or at parity with profitability of the firm

**Table 2: Dimensions of social entrepreneurship
(Marshall, 2010)**

2.4 Base of the Pyramid Market

Bearing in mind that social entrepreneurs endeavor solving humanity's most pressing needs, it only seems fair to include a brief description of the disruptive business

environment they are operating in: the Base of the Pyramid (BOP). According to Hammond et al. (2007) this term indicates persons with yearly earnings below \$3000. Astonishingly enough, this part of the world's population includes four billion people, who altogether form a consumer market worth \$5 trillion (Fig. 5). Having said that, it should also be noted that poverty is not the only distinguishing feature of the BOP. In fact, it is argued that people living in such impecunious circumstances generally cannot even fulfill basic necessities such as access to health and financial services. Moreover, since the majority is not sufficiently integrated into the official financial system, their commercial chances are considerably restricted. It is worth pointing out that the so-called informal economy is a serious matter of concern, as it leads to the belief that people at the BOP exclusively base their income on unrecorded activities. In addition, these people also tend to be charged unreasonably high prices for essential products. For instance, being confronted with extortionate loan interest fees from pawnbrokers would be a brilliant example of their underprivileged conditions.



Figure 5: BOP Pyramid
(Hammond et al., 2007)

Furthermore, it is crucial to take a closer look at the BOP market composition itself. As can easily be grasped from Figure 6 the largest branch is food (\$2895 billion), while the smallest one is water (\$20 billion). It is also relevant to mention the existence of in-between sectors such as energy, housing, transportation and health for instance. The Information and Communication Technology division is marked as being small, but taking into consideration the exponential growth of this industry area, it may expand very quickly in the near future.

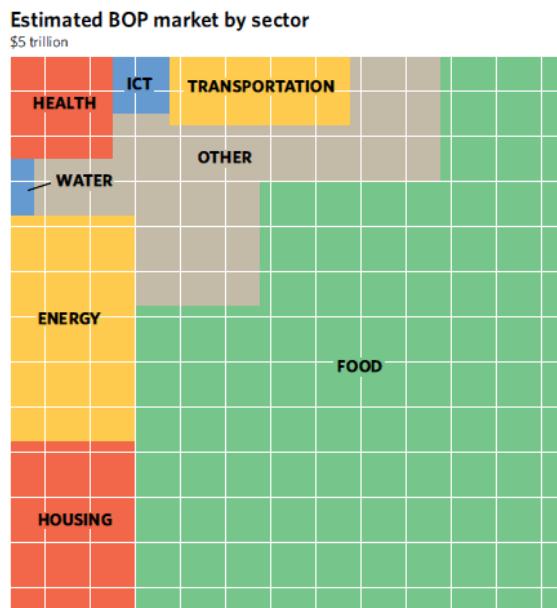
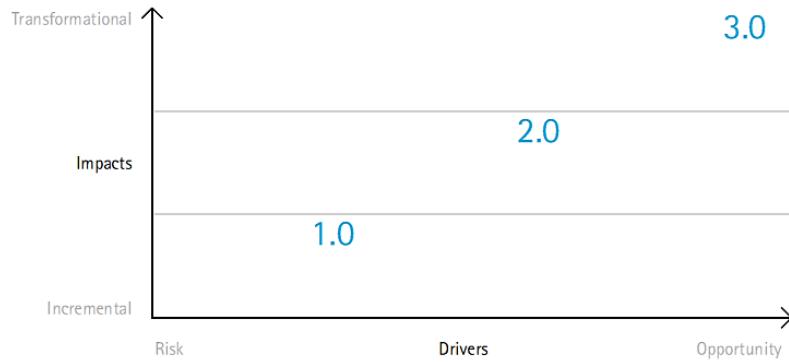


Figure 6: BOP sectors
(Hammond et al., 2007)

With regard to perspectives on poverty reduction, it is vehemently asserted that a market-based approach would be the most successful strategy. Importantly, the latter differs from the traditional way of thinking insofar as it realizes that the BOP's imminent difficulties can only be solved through sustainable solutions. Being aware that poverty does not necessarily exclude trade, it considers people to be buyers and sellers, and therefore tries to enhance the market's competitiveness. In addition, being cognizant of life on the breadline, it encourages the development of business concepts that could bring reasonably priced products to the market. In response to the critical opprobrium manifested by the opponents of the market-based approach, it should be pointed out that the establishment of for-profit undertakings comes with noteworthy positive side effects. In fact, with new entries prices move down, customer choice gets larger and employment is generated. Considering that charitable institution simply cannot raise funds for \$4 billion people, it is necessary to draw the attention of for-profit businesses toward the BOP market in order to start eradicating the issue of poverty at its core (Hammond et al. 2007).

Interestingly enough, the importance of identifying sustainable ways to effectively deal with social issues is acknowledged by others as well. To be more precise, SustainAbility (2007) defines this way of thinking by means of an IT metaphor: *Mindset 3.0*. This

differentiates itself from the previous attitudes by focusing on the aforementioned concept of creative destruction (Fig. 7).



**Figure 7: Mindset 3.0
(SustainAbility, 2007)**

It is then argued that this innovative perspective comprises five crucial elements. To start with, social entrepreneurs not only think in terms of systems when devising their corporate strategy, but also spur end users to participate in the creation of goods and services. Additionally, they explore new business models, investigate the notion of value and place special emphasis on the value chain's transparency. Finally, the focus of their activities lies on the BOP market (SustainAbility, 2007).

2.5 Schools of Thought

Considering that social entrepreneurship has continuously been gaining more importance in the field of academic research, it should come as no surprise that various schools of thought developed in the course of time. Interestingly enough, once again geography deserves particular attention. Indeed, Bacq et al. (2011) argue that different transatlantic notions of capitalism and government's functions lead to dissimilar understandings of social entrepreneurship. The three principal schools of thought are: the American Social Innovation School, the American Social Enterprise School and the EMES Network. From the names it can easily be inferred that the first two are situated in the US, whereas the third one is to be found on the other side of the Atlantic. These different perspectives on social entrepreneurship are scrutinized using Gartner's (1985,

cited in Bacq et al., 2011) theoretical model, which incorporates four main variables. It is argued that the entrepreneur plays a central role in the Social Innovation School, is of secondary importance to the Social Enterprise School and relatively irrelevant to the EMES network, which puts emphasis on the collective aspects of entrepreneurship. Besides, while the social mission is recognized as being crucial by all schools of thought, the Social Innovation School and the EMES network specify its connection to the organization's commercial activities as compulsory. In contrast, the Social Enterprise School is more permissive in that regard. Additionally, the social venture is a fairly contentious issue. On the one hand, it is of great significance to the Social Innovation School and to the EMES network, even though it should be pointed out that the former is not as strict about the organization's legal form and division of profits as the latter. On the other hand, it is unimportant to the Social Enterprise School, which only attends to not-for-profit companies and therefore interdicts income sharing. The fourth and last variable consists of social entrepreneurship's surrounding environment, which was barely researched. The crucial characteristics of these schools of thought are shown in Appendix 3 (Bacq et al., 2011).

Moreover, the schools of thought topic captures the attention of further academic research. Indeed, Hoogendoorn et al. (2010) not only agree with the above-mentioned classification, but also identify a fourth point of view: the UK approach. Even though these perspectives strongly focus on generating social value, they considerably differ from one another in several ways. In the first place, the Social Innovation School closely observes the individual entrepreneur, whereas all the other ones keep an eye on the social enterprise. Moreover, the Social Enterprise School and the UK approach do not necessarily require a direct tie-up between the organization's social mission and its business activities as opposed to the two other approaches, which consider this link to be of crucial importance. Besides, the Social Innovation School and the UK approach do not impose any constraint concerning the company's legal form, whereas the other perspectives are much more restrictive about it. Additionally, the Social Innovation School is grounded in innovation, while the other approaches only partly recognize its importance. On top of that, it is also the only school of thought that does not limit profit distribution. What is more, the Social Enterprise School and the UK approach accept income generating activities as necessary for the business's self-sustainability, while the other ones do not share this point of view. Lastly, the European tradition encourages

the involvement of various stakeholders as opposed to the American tradition, which discourages it. In brief, these differences are shown in Figure 8.

Distinctions	American Tradition		European Tradition	
	Social Innovation School	Social Enterprise School	EMES Approach	UK Approach
Unit of observation	Individual	Enterprise	Enterprise	Enterprise
Link mission - services	Direct	Direct / indirect	Direct	Direct / indirect
Legal structure	No constraints	Nonprofit	Some constraints	No constraints
Innovation	Prerequisite	Not emphasised	Not emphasised	Not emphasised
Profit distribution	No constraint	Constraint	Limited constraint	Limited constraint
Earned income	Not emphasised	Prerequisite	Not emphasised	Important
Governance	Not emphasised	Not emphasised	Multiple stakeholder involvement emphasised	Multiple stakeholder involvement recommended

Figure 8: Schools of Thought
(Hoogendoorn et al., 2010)

Furthermore, their thorough review of thirty-one empirical studies identifies the essential features of each school of thought following the previously mentioned four elements of Gartner's (1985, cited in Hoogendoorn et al., 2010) theoretical construct: individual, process, organization and environment. The Social Innovation School is characterized by the entrepreneur's personality and innovative change. The Social Enterprise School is marked by earned income activities and profit sharing restrictions. The EMES approach distinguishes itself from the other perspectives by virtue of independent governance. The UK approach differentiates itself from the other schools of thought through a flexible attitude (Hoogendoorn et al., 2010).

2.6 The Business Model

To start with, it is certainly worth providing a clear and concise definition of this notion. According to Osterwalder et al. (2009, p. 14) "*a business model describes the rationale of how an organization creates, delivers, and captures value.*" Moreover, it is argued that it consists of nine essential elements, which are hereinafter referred to as so-called building blocks. These are visually represented below in the resulting Business Model Canvas (Fig. 9).

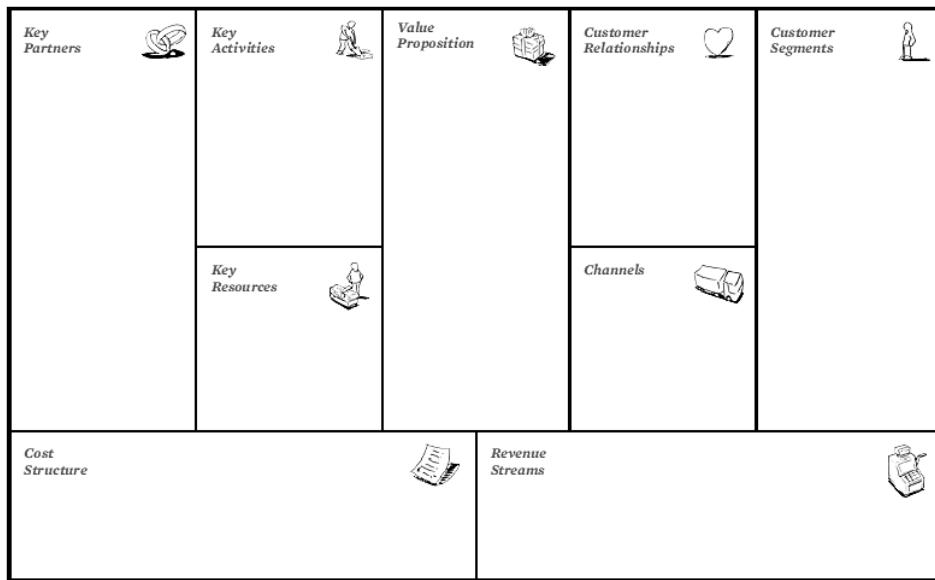


Figure 9: Business Model Canvas
(Osterwalder et al., 2009)

The **Customer Segments** block identifies the categories of customers the organization is targeting and tries to understand their needs and wants. In general, corporate approaches could be reduced to just three chief master plans: undifferentiated, concentrated and multi-segment strategy.

The **Value Proposition** block gives details of the products and services a company offers to its clients in order to meet their requirements. By doing so it actually generates value, which consists of quantitative aspects as well as qualitative aspects such as price and design for instance.

The **Channels** block specifies in what manner a firm gets in touch with the selected consumer segment in order to convey its merchandise. This tends to take place in sequential stages and could be done in a direct or indirect way.

The **Customer Relationships** block delineates the sort of interconnections an organization sets up with its different customer groups, varying from automated services that rely on technology to personal assistance that rests on true communication. This is usually done to acquire new customers, retain existing one or to improve selling performance.

The **Revenue Streams** block refers to the cash flows relative to the various consumer groups. With regard to the pricing method, a firm could opt for either fixed or dynamic pricing strategies. As a general rule, revenues stem from single or repeated instalments.

The **Key Resources** block points out an organization's fundamental possessions, which are classified as physical, intellectual, human and financial resources. Interestingly enough, these do not have to be necessarily owned by a company; they could also be just rented out and obtained by associates.

The **Key Activities** block outlines the basic activities of a business in order to run well. These could possibly be grouped into production, problem solving and platform actions.

The **Key Partnerships** block shows the cooperation between a company and its suppliers. Such associations promote economies of scale, risk minimization, purchase of specific assets and might occur in several legal forms.

The **Cost Structure** block indicates the expenses necessary to run an enterprise, which usually include both fixed and variable costs. The growth of a commercial undertaking could also result in economies of scope. Although it seems reasonable to be looking for very little costs, it should be noted that a business model could also be value-driven (Osterwalder et al., 2009).

2.7 Social Business Structures

It goes without saying that social entrepreneurship is a substantially distinct business branch, which extends across various sectors of the economy. In its complexity this field is also considerably diverse, which makes it rather difficult to group social enterprises into clearly delineated categories. Interestingly enough though, Elkington and Hartigan (2008) managed to identify three underlying business structures. These are defined as follows below:

- Leveraged nonprofit
- Hybrid nonprofit
- Social business

The core business models seek to solve social issues that have been forsaken by the traditional economic system. Needless to say, each one adopts a different approach. In what follows these concepts are scrutinized.

The leveraged nonprofit venture provides poverty-stricken people with access to reasonably priced goods and services. The goal is not only to foster change, but also to empower the underprivileged. Although this type of business tends to engage in various partnerships, it should be pointed out that excessive reliance on external financial support is disregarded. In fact, this represents an almost unsurmountable obstacle to the organization's expansion due to the fact that there are not enough philanthropic benefactors in proportion to the existing nonprofit institutions.

The hybrid nonprofit venture also deals with penurious people neglected by the established economy, but profits are managed in a somewhat different way. Indeed, the organization is legitimized to sell products in order to recuperate a certain portion of its expenses. The social entrepreneur writes a marketing plan to make sure that the goods actually reach the targeted audience and tries to obtain financial resources in order to strengthen the company's doing. It is worth noticing that this combination of nonprofit organization and income generating strategies is thought to be the business model with the greatest potential.

The social business venture is established with the particular purpose of bringing about change. The financial gains put back into the organization in order to encourage its growth and increase its outreach. It should be noted that this business model differs to a great extent from the previously mentioned ones. Indeed, finding an equilibrium between the economic viability and the social objectives is believed to be the social entrepreneur's toughest challenge. Nonetheless it is worth noticing that these strenuous efforts are counterbalanced by the surprising ease of building partnerships with convention enterprises (Elkington and Hartigan, 2008).

Furthermore, it is also relevant to briefly acknowledge the academic research focusing on tourism, because this sector lends itself to social entrepreneurship. Interestingly enough, von der Weppen and Cochrane (2012) carried out a remarkably representative study about social business models in the tourism branch. These are succinctly described in Appendix 4. It is ascertained that on the whole Service Subsidization

Model is the prevalently adopted corporate structure. In more detail though, it is argued that lodging establishments tend to integrate it with the Employment Model, whereas travel agents show a clear preference for the Market Intermediary Model. Surprisingly neither the Enterprise Support Model nor the Fee-for-Service Model caught the attention of social enterprises. Moreover, pivotal success features were closely examined as well. It is asserted that the strongest business models incorporate internal earnings coming from operations as well as external financial resources. Indeed there can be no doubt that such a dual anatomy enables the social organization to rely on different sources of income and therefore facilitates the achievement of its objectives. It stands to reason that these two distinct facets need to be attentively considered and continuously balanced in order to ensure the firm's success (von der Weppen and Cochrane, 2012).

In addition to scrutinizing already existing business structures, academic researchers also created novel models from scratch. Katzenstein and Chrispin (2011) recognized the importance of understanding intercultural aspects in the Africa and developed the so-called "*client-consultant system infrastructure*" (CCSI), which is shown in more detail in Figure 10. This graphic visualization represents the core essence of the business model and should be considered as the organization's fulcrum. In fact, it brings together the heterogeneous corporate units. It goes without saying that creating such a system is a demanding, yet worthwhile endeavor. Moreover, it is argued that the CCSI is subject to what is referred to as structural coupling. This concept specifies the strategic alignment process, which is theorized to result from the reciprocal influence between the organization's elements. This, in turn, enables the CCSI to put establishing a new corporate culture. Besides coordinating the company's internal activities, it also establishes connections with external partners. In this sense, it could be seen as a network of networks, which does well out of substantial synergies. Additionally, the CCSI is further enhanced by (inter-)penetration. This notion denotes the reciprocal impact between the organization and its surrounding environment. Last but not least, it is pertinent mentioning that the CCSI is founded upon participatory action research, which could straightforwardly be defined as "*learning by doing*" (Katzenstein and Chrispin, 2011).

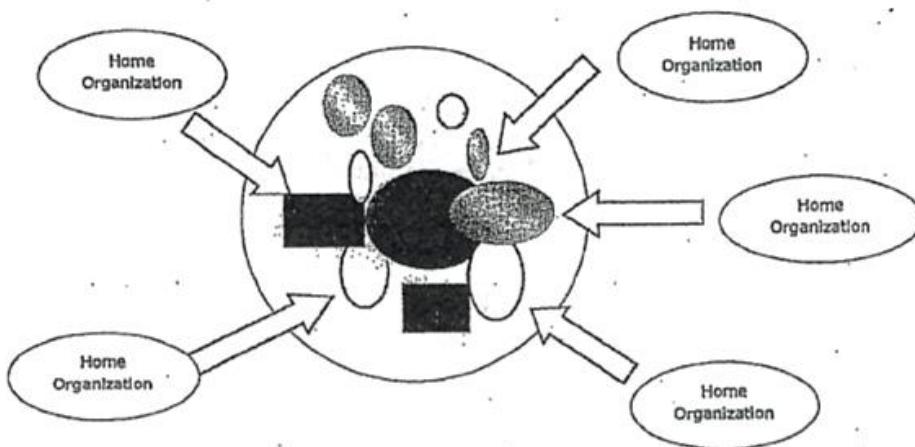


Figure 10: Client client-consultant system infrastructure
(Katzenstein and Chrispin, 2011)

2.8 Financial Aspects

In light of the business complexity appurtenant to social entrepreneurship, it might be reasonable to assume that financial considerations are worthy of attention. In more detail, performance measurement and impact assessment are core subject matters in academia. For instance, Bugg-Levine et al. (2012) recognize that the shortage of capital investment represents the major stumbling block in social entrepreneurship. It is further maintained that these businesses tend to be excluded from the current economic system, due to the fact that they do not generate sufficient returns to attract financial capital. In consequence they perforce have to rely on magnanimous benefactors to sustain themselves over time. Keeping in mind that objective and consistent ratings are of crucial importance to decision-making investors, it is argued that the social sector should ameliorate its present-time reporting system (Bugg-Levine et al., 2012).

Interestingly enough, other researchers concur with the above-mentioned perspective. Indeed, Nicholls (2009) contends that hitherto this branch was subject to substantially restricted *compte rendus* for several reasons. To begin with, it is necessary to determine the features that need to be evaluated. Subsequently, it is imperative to decide on how the previously established aspects could possibly be quantified. Considering that the long-established accounting approaches are ill-suited to deal with the twofold nature of social enterprises, this is probably easier said than done. In due

course, the aim of such quantification should be ascertained. It is further asserted that social entrepreneurship seizes the opportunity to pioneer brand new reporting systems. In view of the multifarious corporate structures of social businesses, the most propitious methods are thought to be the following: annual report of audited financial accounts, social return on investment model, community interest company activity report enhanced social audit and trustees' report of charity objectives. In combination these techniques lay the foundation of what is referred to as "*Blended Value Accounting*" (Fig. 11). This abstraction incorporates a wide range of performance measurement and impact assessment approaches, whence it is able to fully comprehend the intricacy inherent to social businesses. (Nicholls, 2009)

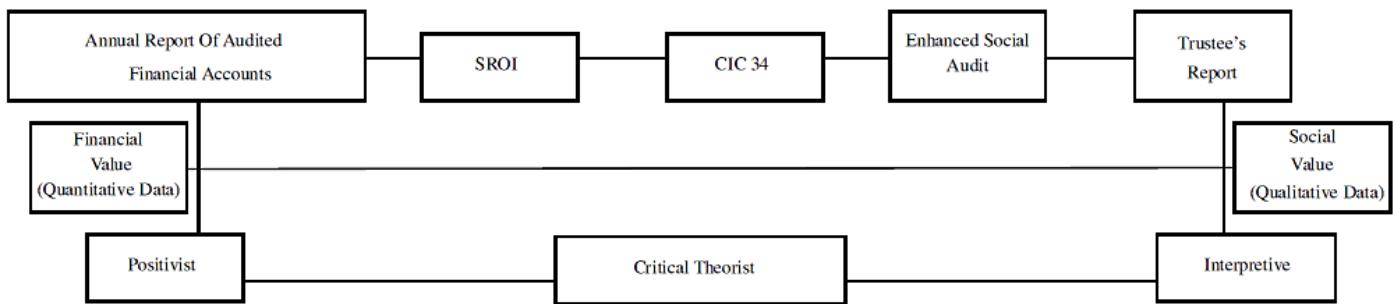
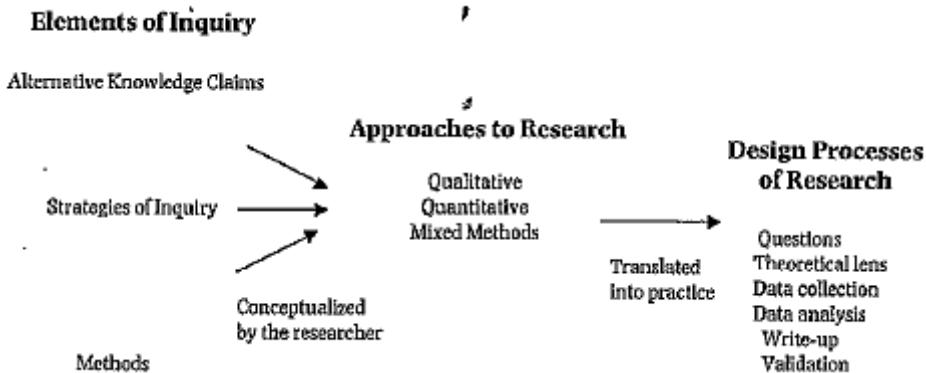


Figure 11: Blended Value Accounting Spectrum
(Nicholls, 2009)

3 Research Design

3.1 Framework

This section provides a clear overview of the author's research design. Creswell (2003) argues that such framework should begin with the determination of three crucial elements. First, knowledge claims are theoretical suppositions. Second, strategies are broad guidelines. Third, methods are specific plans of action. Together, these components form the so-called elements of inquiry determining the research approach, which is subsequently converted into research design processes (Fig. 12).



**Figure 12: Research Framework
(Creswell, 2003)**

To begin with, the constructivist perspective assumes that meaning results from the human interaction with the surrounding environment. It reasonably follows that the respondents' private background exerts influence on their opinion and the investigators' personal history has an effect on their inferences. Moreover, case studies constitute a qualitative approach par excellence, as they comprehensively and thoroughly look into a certain topic. It is worth mentioning that this type of research strongly focuses on the interpretation of the data. (Creswell, 2003). In this regard, it is probably true to say that it is the most appropriate way of carrying out an inclusive investigation about social entrepreneurship. Indeed, Hair et al. (2008) assert that qualitative research methods aim at finding out new concepts and revealing hidden patterns. Since academic research about this topic is still in its early stage, there is enough room for further innovative contributions. Also, it is argued that these techniques are usually apt to exploratory studies taking place within a short period of time. Needless to say, that this perfectly corresponds to the bachelor thesis project. It is also probably relevant to briefly consider the pros and cons of this approach: fully comprehensive data leads to accurate inferences, however, these tend to represent a small sample and therefore cannot be generalized (Hair et al, 2008).

3.2 Methodology

With regard to the research method, the case study is most suitable for the author's investigation. Indeed, Yin (2014) asserts that such empirical technique fits in substance

exploratory research queries, that are likely to be expressed in the form of so-called “what” questions. In addition, this approach is claimed to be appropriate for the detailed inspection of current phenomena, whose functioning cannot be controlled. It is further asserted that the case study’s distinguishing feature lies in the handling of various references, such as documents and interviews for instance. In connection with this, its definition is made up of two parts, respectively relating to its range and characteristics. More specifically, the case study enquires a present event based on several sources of information. In spite of its adequacy, this approach has some limitations as well. In fact it stands in need of greater diligence, tends to be erroneously mixed up with teaching tools, leads to non-generalizable results, requires an excessive amount of time and does not have evident benefits in comparison with other research procedures. In consequence of this, it is probably true to say that carrying out a fine case study is a tough challenge (Yin, 2014).

With respect to the data collection method, in-depth interviews satisfy the requirements of this research study. Interestingly enough, Kvale et al. (2009) maintain that the day-to-day, tête-à-tête discussion lays the foundation of this technique. Consequently it follows that the exchange of perspectives between two individuals, literally denominated inter-view, leads to the comprehensive understanding of a clearly defined topic. For a better understanding, Rubin’s illustration (Fig. 13) proves to be an emblematic visual representation of this concept. Drawing the observer’s attention either to the vis-à-vis faces or on the vase, this figure depicts the binary nature of interviews.

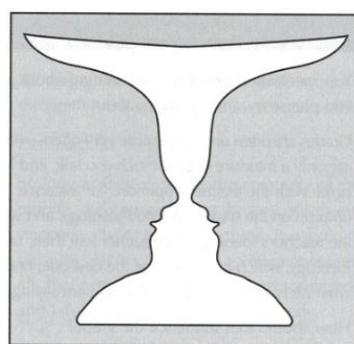


Figure 13: Rubin’s Vase
(Kvale et al., 2009)

Furthermore, it is worth taking a closer look at certain aspects that praise this research technique. To begin with, the investigated themes generally relate to the respondent's daily life and their boundaries are clearly defined. The ultimate goal is to gain an accurate and meaningful understanding of these talking points. Besides spurring participants on to provide subtly different recounts of specific events, this type of interview strives for highly qualitative information. The unbiased questioner is open-minded and guides the discussion through open-ended questions. This person's sensitivity and field of expertise influence the outcomes of such dialogue. Moreover, the answers provided by the interviewee could occasionally be inconsistent and equivocal, thereby leaving considerable room for interpretation. What is more, this person might eventually have seconds thoughts about the debated subject matters, as the conversation tends to stimulate further reconsideration. In this regard, a good qualitative interview could actually turn out to be a constructive adventure (Kvale et al., 2009).

With reference to the sampling methodology, a nonprobability approach is taken. According to Hair et al. (2008) judgment sampling relies on the researcher's personal opinion to choose the most suitable respondents for the study. In view of the highly subjective nature of this technique, to err on the side of caution results must be interpreted with due care (Hair et al., 2008).

3.3 Interview

This part defines the structure of the research interview and specifies its main themes as well as its minor subtopics. The conversation takes place via Skype and is recorded through MP3 Skype Recorder with the consent of the other party. The dialogue begins with a short introduction of the interviewer and a subsequent formal presentation of the interviewee.

- ***Q1: Could you please briefly introduce yourself?***

Name, surname, gender, age, position, background...

Afterwards, the respondent is requested to provide an introductory overview of the organization he/she is currently working for. This includes general corporate information such as listed below.

➤ ***Q2: Please tell me something about your organization.***

History, mission and vision statement, brand attributes, positioning, ownership, organizational structure...

Later on, the participant is required to come up with a provisory definition of the term "Social Business" in his/her own words. In addition to that, the reason why the company under scrutiny should be classified as such type of venture is analyzed.

➤ ***Q3.1: What is your definition of social business ?***

Respondent's definition of this notion.

➤ ***Q3.2: Why is your business a social business?***

Investigate substantial reasons.

➤ ***Q3.3:What social issue do you deal with?***

Discover why and how.

Then the business model of the interviewee's firm is thoroughly inspected. To be more precise, the nine constituent elements (customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, cost structure) of the previously mentioned Business Model Canvas must be identified.

➤ ***Q4: What is the (social) business model of your company?***

Analytical Tool: Canvas business model

Income generating strategy/ social mission.

After that, the respondent's point of view on social impact tries to be ascertained. In more detail, it first needs to be determined whether it actually matters or not. In the former case, the participant should briefly suggest how an overall impact measurement standard could possibly be implemented. Subsequently, the interviewee is encouraged to reflect on the organization's theoretical exit strategy.

➤ ***Q5.1: What is your perspective on impact assessment ?***

Determine participant's point of view about this issue.

➤ ***Q5.2:What would be your exit strategy ?***

Future development plans once the social problem is solved.

In conclusion, the interviewee is thanked for the valuable contribution to this academic research and is kindly invited to send the interviewer written documents about the organization being considered. Moreover, the recorded conversation is carefully transcribed by the author and sent to the respondent via email before becoming integral part of the bachelor thesis.

4 Results

4.1 Population Sample description

The sample of this research consists of twelve social businesses, which agreed to actively take part in this research project, thereby remarkably contributing to its evolution. Interestingly enough the author managed to gather an international sample, whose units are spread across the globe. Indeed, three quarters of the interviewees ($n=9$) are based in Europe, while the remaining one quarter ($n=3$) is located elsewhere overseas. Moreover examining the European part of the sample more attentively, it is can easily be noticed that there are slightly more respondents from the Mainland ($n=5$) than the Islands ($n=4$). It is also worth mentioning that this descriptive aspect is further visualized in Figure 14, which clearly takes a Europe-centric approach to represent this feature of the sample.

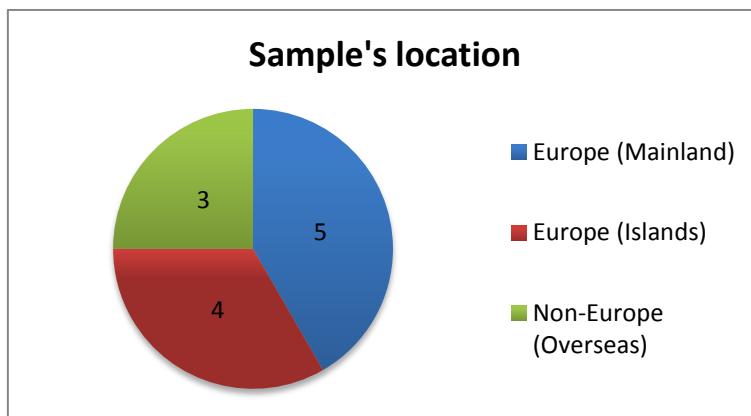


Figure 14: Sample's location

Furthermore, the countries where the interviewed social enterprises have their head office are shown in Figure 15 in order to provide an exhaustive picture of the sample's international aspect. As can immediately be grasped from this graphical visualization, respondents come from four seven different countries spread across four continents: Europe, Australia, Africa and Asia.



Figure 15: Geographic distribution
(Traveltip.org, 2014)

In addition to that, the sample's constituent elements are shown in Table 3, which points out the organization's country of residence as well as its respective contact person. Considering that these companies are relatively specific social businesses, the following section is going to provide a concise introduction of each one based on the chronological order of the in-depth interviews.

Interview Person	Company's Name	Country
Fionn Dobbin	Mammu	Latvija
Kimi Anderson	TravelGiver	Australia
Gerald Koller	Risflecting	Austria
Ian Spooner	The One Brand	United Kingdom
Ben Keene	Tribewanted	United Kingdom
Fritz-Francke Weltmann	Grameen Creative Lab	Germany
Jane Acton	Nature Workshops	United Kingdom
Markus Feix	Variomondo	Germany
Ilona Geimer	Lalaland	Germany
Alison Prest	Iziko lo Lwazi	South Africa
Sarah Brown	PepyTours	Cambodia
Felipe Zalamea	Sumak Travel	United Kingdom

Table 3: Sample composition

4.2 Sampling Units

MAMMU is a fashion enterprise, which not only produces high-quality accessories, but also provides struggling mothers in financial distress with flexible working hours. In fact, in Latvia there is a considerable number of single mothers that simply cannot take up full-time jobs due to the fact that this would be detrimental to their work-life balance. This situation is further exacerbated by the restricted places in educational institutions. Since employing a nanny tends to be excessively expensive, these mothers are forced to continuously take care of their children. In consequence of this they eventually end up living on social benefits, which are generally quite low (Mammu.lv, n.d.).

TravelGiver is a website where travelers can make their online bookings. It enables socially responsible voyagers that are pressed for time to make a donation to a specific activity of their choice without incurring further expenses. Users of this website can investigate the project database in order to select the one that impasses them the most. Following their booking and its related benefaction, these journeymen are given

the chance to share their adventures and keep track of the supported communities through online reviews (TravelGiver.com, 2013).

Risflecting fosters health furtherance on an international scale. Believing that human beings tend to strive for a “euphoric state of mind”, this organization recognizes the hazards of the risks run by people looking for such rhapsodic excitement. It places special emphasis on prevention by encouraging these persons to become aware of potential consequences and to behave reasonably, both alone and in group settings (Risflecting.at, n.d.).

The **One** Brand is a foundation that formally belongs to Global Ethics. The core idea was spontaneously developed by a group of friends that gathered together in a local pub in 2003. Surprisingly enough, only one year later the business was officially started. This organization brings bottled water and other products to the marketplace and distinguishes itself from the crowd by devolving all its profits to projects in troubled areas across the world. Working with institutions on-site, the company has brought together approximately eight million pounds, which in turn improved around two million lives (Onedifference.org, 2013).

Tribewanted encourages the development of local communities. Acknowledging the crucial role tourism plays in their growth, this business creates off-grid escapades to tourists. Partnering with local communities in Fiji Island, Sierra Leone, Italy and Mozambique, this company not only provides people with the opportunity to spend memorable holidays, but also gives them the chance of significantly contributing to the area’s overall improvement. What is more, there is also the possibility to join an either monthly or lifetime membership. The organization has brought about three million dollar in earnings, which were used to supported their projects (Tribewanted.com, n.d.).

The Grameen Creative Lab (GCL) promotes the spread of the social business concept on a global scale. Firmly being convinced that the poor stagnate in their poverty-stricken environment due to a lack of favorable occasions, this organization challenges the current economic system. Because of that it stimulates the development of enterprises that instead of exclusively focusing on personal benefits, concentrate their attention on ameliorating society’s well-being. Among its corporate goals the rise of consciousness,

establishment of a movement, networking with universities and brand fortification should be mentioned (Grameencreativelab.com, n.d.).

Nature Workshops organizes outdoor events as well as workshops. Giving credence to McMillan's quote "the best classroom is roofed only by the sky", this company seeks to draw special attention to nature's importance in relation with fun, well-being and learning. It especially deals with underprivileged people, who live on the margin. The company is structured on a flat hierarchy, intends to deliver outstanding service and consistently assesses the influence of its activities. (Natureworkshops.co.uk, n.d.).

Variomondo is an online shopping portal. It offers products coming from sheltered workshops, fair-trade articles and eco-fashion merchandise. All the items available online are manufactured, transported and traded in compliance with social and ecological criteria. The company is very transparent in terms of value chain and really documents the quality of its products. The goal of this enterprise is to bring disabled people better into work. Being a social business, it strictly follows the guidelines of Nobel peace prize laureate Prof. Yunus and is therefore not a profit-oriented undertaking (Variomondo.com, 2012).

Lalaland is a social business that offers families a "tender, playful and caring" environment. It consists of a Café and a Bed & Breakfast. The former predominantly welcomes mothers with very young children, who do not want to be perceived as a disturbing element. It cooperates with local sustainable suppliers and place value on fresh ingredients for their creatively designed menu. The latter has three distinct guest rooms and primarily targets families with young infants (Lalaland-wiesbaden.de, n.d.).

Iziko Lo Lwazi is a not-for-profit organization, whose name literally stands for "*Centre of Learning*". It manufactures hand-made office items by decorating reprocessed paper with beads. The objective of this enterprise is to provide women with education and competencies so that they can reach a position of employment. Taking into consideration that it is very difficult to obtain proper instruction in South Africa, an enterprise development program, which enables people to simultaneously learn and work, is offered. Additionally, the company underwrites the Black Economic Empowerment (BEE) and even received a certification for its efforts (Izikoll.co.za, n.d.).

The **PEPY** Family is made up of two components: PEPY NGO, which runs youth leadership and educational programs in rural areas and PEPY Tours, which actually supports them from a financial perspective. The latter started off with the purpose of improving education in Cambodia. In order to achieve this objective it invested time in people and ran short-term volunteer experiences to connect participants. Allowing tourists to give while they travel lead the enterprise to unwittingly give a wrong impression. Consequently the corporate philosophy to: *we must learn before we can help*. This tour operator links inspired persons with inventive ideas, pushes them to become aware of their capabilities and to cause changes to happen, and supplies them with the necessary resources (Pepyours.com, 2013).

Sumak Travel is a trustworthy tour operator, which cooperates with Latin-American tour operators. In the Quechua language *Sumak Kawsay* stands for “good living”, under which the company understands a concern for both the civilization and the environment. Being an ethical enterprise it offers judicious voyagers genuine adventures and thereby empowers this continent’s communities. It is a for-profit business, but return maximization is not its primary goal. On the contrary, the company puts half of its financial gains back into own growth and the other half into local projects. The social business aspect stays in the background, as the enterprise strongly concentrates its attention on providing customers with extraordinarily high service quality (Sumak-travel.org, n.d.).

5 Interpretation and Discussion

This section analyzes the interviews and presents the research’s major findings. Being structured along the previously mentioned questions (Section 3.3), this part includes noteworthy quotations from certain respondents on which the author comments. For more detailed information, the transcriptions of the interviews are to be found in the Appendix (Section 9.5).

5.1 First Question

The respondents generally first introduced themselves and then briefly described their personal background. Curiously enough, some already pointed out the reason why they decided to become active in the field of social entrepreneurship. It is rather interesting

to notice that the motives of a few participants were in line with certain distinguishing features of social entrepreneurs put forward by Elkington and Hartigan (2008). In more detail, these are the pragmatic resolution of social issues, change through the offer of products and services, and focus on the generation of social value.

Ben (R5): *I was working in the travel industry and volunteered in gap tourism in West Africa. [...] I could see the benefits for the travelers, but not necessarily for the community. [...] I was thinking how one might solve this problem and had the idea of building an online community around a destination.*

Markus (R8): *I founded Variomondo to work with sheltered workshops. My brother is working in such a place and he just gets some pocket money out of it [...] He was dissatisfied for a long time, because as an intellectually disabled person one does not have the chance to change employers and depends on the workshops [...] I wanted to create alternatives, other activities in this perspective.*

Others embraced social entrepreneurship in the pursuit of their personal interests. It is important to emphasize that none of these were of monetary nature. On the contrary, the respondents displayed a great deal of enthusiasm for specific subjects.

Jane (R7): *My interests are - academically and personally, professionally and passionately - how human beings as a species interact with the natural world. [...] As a single mum I had to bring up my daughter and prioritize making an income for a long time. Circumstances changed and I was able to finally realize my dream of being ethno-botanist.*

Sarah (R11): *I have always been interested in both education and communication, and my work history has included both. Working with PEPY Tours has allowed me to combine those interests, which has been great.*

Additionally others recognized their golden opportunity in life and acted accordingly. This behavior partly matches the description of social entrepreneurs brought by Dees

(1998), who argues that these people seize the chance and are persistent in striving towards their objectives.

Kimi (R2): I wanted to do more myself for others, but it was hard to find information about what people are doing and about what each person can do to help. I saw the big opportunity to get information on one platform. I had this idea for a couple of years, but did not work out how to monetize it. It took me a while to work out a business model...

Besides, one respondent revealed an interesting insights into the unconventional creation of the organization's business concept. Indeed, in this case the core idea spontaneously emerged from an informal conversation.

Ian (R4): The idea actually came in a pub, where our friends got together to watch the Grand National and have some drinks. Someone had a newspaper with an article that claimed one billion people in world would not have access to clean water. Being a bunch of marketers the conversation quickly turned in what we could do about that - launch a bottled water brand that would give away all profits to fund water projects in Africa or any other part of world.

5.2 Second Question

In general the respondents started the description of their organization from a somewhat broad perspective. It could be noticed that some went into more detail than others. Most importantly, several findings bespeak the author's literature review. To be more precise, they validate one of the crucial determinants of success indicated by von der Weppen and Cochrane (2012). Their study asserts that successful business models integrate internal income with external capital in order to rely on various revenue streams.

Gerald (R3): There are two companies. The first one handles the course of business: "Forum Lebensqualität". This organization sets educational impulses in Europe in three areas: Rausch and risk pedagogy, life quality

and the building of relationships [...] The second part of the company is relatively new: "Risflecting Pool". It only deals with Rausch and risk pedagogy.

Ian (R4): *The business set up as Global Ethics owns the One Brand. It is a limited company that makes profits - it just happens to give them all away instead of paying them in forms of dividends to shareholders. The best would be to call it a philanthropic business. [...] The One Foundation is a UK registered charity that was started with the express purpose of receiving funds generated by the business.*

Ben (R5): *There is a private limited company and a community interest company that works a bit like a cooperative: the company is not limited by shareholders and when it makes a profit, this gets reimbursed in its reason of existence.*

Furthermore other findings were also in tune with certain aspects of the analyzed literature. More specifically, empowering customers and end users, some social entrepreneurs testify to some extent to the market-based approach recommended by Hammond et al. (2007). Indeed the latter recognizes the importance of regarding people as buyers and sellers in order to implement sustainable solutions. What is more, the attitude of these respondents corresponds to certain features of the Mindset 3.0 forged by SustainAbility (2007). In more detail, these are the examination of their value concept and the importance attributed to their supply chain's transparency

Fionn (R1): *People are given possibility to fix the world through consumer behavior. Mammu sells more than just a piece of fashion; it is an attitude, a lifestyle. Customers can buy themselves a good conscience, a little bit of good karma. People who do not have the time to be part of social businesses, but do not want to donate can do something good by being a consumer. Mammu is the Wikipedia of fashion: just connecting dots.*

Felipe (R12): *We think that donations are counterproductive and the best we can do is through business: empower local communities. That is why we prefers social investment or impact investment, instead of donations. This*

is key in our model. The local communities our company works with are tired of the patronizing approach of receiving money for free and this is why we want to create initiatives that solve their problems in the long term - lasting solutions. The way our business is operating makes them independent and self-sufficient.

5.3 Third Question

The respondents usually came up with their own definition of social business. It is worth pointing out that their understanding of this concept varied to some extent. Nevertheless, two perspectives show a remarkable resemblance. Their common denominator is the reverence for Professor Yunus, which exerts a considerable influence on their attitude and behavior.

Fionn (R1): *In my opinion there is only one definition and no other: business fighting against a tension in society. It is not profit driven; all profit goes back into the company for further business development.*

Markus (R8): *There is only one definition, which is the one of Prof. Yunus. In the end it comes down to the application of funds - no dividends are given to investors and owners - and a social problem has to be solved.*

In this regard it should also be noticed that one participant openly expressed his concern at Professor Yunus' explanation of social business.

Fritz (R6): *Definitions are always a sore spot and there is a gap on the theoretical side of social business. There are seven principles, but beyond that there is no concrete definition of what social business is. These principles are just reference points that raise further questions when one goes into them.*

Furthermore, another respondent's line of thought concurred with Driver (2012), whose detailed account of the interview with Michael E. Porter revealed the latter's distinction between corporate social responsibility and social entrepreneurship: one has only been regarded as a kind of side-agenda, whereas the other one radically changes the present-

day notion of capitalism. Consequently, it might be also inferred that the respondent's reasoning is consistent with the Social Action Framework developed by Massetti (2012). In fact this sheds light on the organizational differences between these two business concepts.

Ben (R5): *Nowadays a CSR strategy is not enough -ten years ago it was the leading way of thinking about the future of responsible business - One really needs to be thinking of how to shift their thinking from the bottom line to consider the impact the impact on people, or the bottom line is going to be screwed later on. Social business is just more long-term thinking.*

Surprisingly enough one participant even considered defining social business as being superfluous, because in his opinion it is nothing more than an organization.

Gerald (R3): *I do not have a social business definition and would first have to think of whether I can and want to understand one. I understands social entrepreneurship, but am not satisfied with social business - it is simply a business. Why should one put "social" before it ?*

Additionally, other respondents elucidated the meaning of social business in their own words. It should be noted that their perspectives are reconcilable with the third corporate structure proposed by Elkington and Hartigan (2008), who argue that such ventures reinvest their profits into the company so as to promote its expansion.

Kimi (R2): *Social business is a sustainable business model that is not necessarily not-for-profit. It needs to be profitable to keep growing, to be responsible, sustainable and invest in the future.*

Felipe (R2): *For me it is a private company which has the primary goal to generate positive impact. [...]To keep it simple: a private company, for-profit, but the primary goal is to generate positive impact.*

Besides, two interviewees raised doubts about their organization being able to be classified as a social business. In spite of the initial feeling of uncertainty, both

eventually came to the conclusion that their companies could possibly be interpreted as such.

Ian (R4): *Global Ethics and The One Brand have actually been awarded several Social Enterprise awards over the years. Duncan would say they are not a social enterprise though. In the UK there is a strict definition: one that takes grants into the business as well as making profits and does good business. We have never taken any funding into the business and in that sense are not a social enterprise. In the loosest sense of the word we are, because we are a business set up for social good.*

Fritz (R6): *The GCL does not directly solve any social problem, but solves issues indirectly by spreading the concept and supporting people in setting up social businesses. Due to this it might become difficult to argue whether the Grameen Creative Lab actually is a social business, but I would still consider it to be a social business. It is designed to address and to tackle almost every social problem.*

Lastly, one respondent stressed the importance of an external validation of the social business status and was especially proud of their official accreditation.

Jane (R7): *Our organization holds the social enterprise mark. In order to attain such accreditation, it has to comply with a set of criteria, which are relating to its constitution [...] Roughly half of the income should come from the private sector and the company has to show evidence of how the profits were spent in social ways.*

5.4 Fourth Question

It came as no surprise that the majority of the respondents was not familiar with the Business Canvas Model theorized by Osterwalder et al. (2009). Nevertheless following the author's compendious elucidation of this framework, all participants thoroughly described their organization's building blocks. Unfortunately though, only a small number of commonalities could be unearthed.

To begin with, several social entrepreneurs enable others to do good through the consumption of their goods and services. Moreover, they specifically focus on a well-defined target audience, which is usually not only concerned about society's overall well-being, but is also aware of their impact as buyers. Additionally, these business reinvest the entire profits into the enterprise instead of distributing them in form of dividends among the various shareholders.

Fionn (R1): *We give people the chance to do good through consuming, thereby differing from other scarf accessory brands. [...] Mammu targets people who understand what situation the world is in and understand what power they have as consumers. [...] The profit goes into the company and is not taken out, that's why Mammu is 100% a social business.*

Ben (R5): *There is a broad range of people visiting and staying with Tribewanted with a big range of motivations. The key thing is that they are curious; in the sense that they want to learn about the destinations - it is a healthy curiosity. Also they want to feel like they want to know the money they spend goes back in the community. They care about how their money is spent and its impact and want to connect with likeminded people. [...] The company decides with the members how this gets reinvested. The important thing is that it has to reinvest money into the projects, which are ultimately the reasons why it exists. Money cannot be taken out by directors and/or shareholders.*

Interestingly enough, the behavior of other social entrepreneurs was congruous with the above-mentioned attitude. However, it should be pointed out that their activities predominantly revolve around offering the end users an easy way to act responsibly by bridging the their gap between intention and action.

Kimi (R2): *Basically giving while you travel without paying more - that is what it all comes down to. It is all about doing something you are already doing, but just one extra click and you get to help and it is not costing you a cent extra. [...] There is a massive gap between intention and action; I want to bridge intention and encourage people to do something and actually act on it. [...] The mission of my social business is not to solely set up a*

company to make money, but to help or have a long lasting impact and to leave the world in a better place as it is or is found today.

Ian (R4): *We are of value to the CSR of a customer. So by purchasing this bottled water they are able to make social impact and claim donation at no cost to their business. [...] A certain mindset would buy into our product: people that are looking to do more good in the world, but that need to be given an easy way of integrating doing good in their lives, so that they will embrace it. [...] There is a small margin left on the sale of each product, which is the profit - that is what we donate. The One Brand donates 100% of its net profit.*

5.5 Fifth Question

Notwithstanding the fact that each and every respondent cognizes the importance of performance measurement and impact assessment in social entrepreneurship, their standpoints on social reporting varies notably. To begin with, several participants lay emphasis on the social reporting procedures. Curiously enough, their perspectives come into conflict with one another. In point of fact, one answer was to some extent in line with Bugg-Levine et al. (2012) who stress the urgency of objectively quantified evidence. Another reply disagrees with the exigency of numerical reports and argues for the target audience's emotional involvement. Additionally, one response keeps the golden mean and is therefore in tune with Nicholls (2009), who propounds the Blended Value Accounting theory.

Fritz (R6): *Impact measurement questions whether it is ultimately makes sense to run the social business: is it worth the effort and does it actually solve the problem? From this perspective, impact assessment is important and should be quantified. Only offering „anecdotal evidence“ is a bit weak, but examples are nice to illustrate the results. One needs to have a benchmark - this is incredibly difficult.*

Ben (R5): *Ultimately it is necessary to change behavior. Statistics and data play a part, but what drives behavioral changes is emotional engagement*

and empathy. The most important thing is engaging people with projects and this is what Tribewanted is trying to achieve. Between the option of telling a great story or have smart measuring tool, I would go for the story every time.

Jane (R7): *I am a scientist. It is important to measure ourselves in a way that creates numbers. We have to know when something is making a difference. Soft outcomes are lovely qualitative evidence that gives the humans story behind the numbers. Both are important.*

Moreover, some participants zero in on impact assessment and further elaborate on their own organization's metrics, which are designed to convey their business model's effectuality to the general public.

Gerald (R3): *For me the most exciting methodology is language analysis. Through a certain impact people begin to use it a new and conscious way and with this new cultural processes get started.*

Ian (R4): *Concerning the assessment of social impact The One Brand measures that in terms of lives changed. Each water, hygiene and sanitation project varies by country etc... but what can be measured is the number of lives that it has impacted. The way we measure our impact is in lives changed.*

Besides, some respondents partly sympathized with the desirability of social reporting, but failed to agree on its momentousness. In fact, they did either not look at it as social business's prime concern or were simply putting this topic down as a relatively superfluous undertaking.

Fionn (R1): *I do not have to do it (~ measure impact) for myself. People who need these numbers can check yearly sales reports. Not all is countable and I am not interested in that. I am doing it (~ running Mammu) for myself and not for some douchebag wanting numbers.*

Felipe (R12): *I think this is very important and it should be incorporated into the business plan of every company. [...] I thinks it is important, but*

does not think it should be a priority. The priority should be to generate surplus - to make sure the business is viable and then start measuring and worrying about social impact as a priority.

Concerning the exit strategy, the respondents are unanimous in their agreement that this is a theoretical matter of concern. Amongst the various expressions of views, one participant attains distinction providing without a shadow of a doubt the most emblematic asseveration.

Fionn (R1): *I will become president and get a peace Nobel prize. I would be something God-like and people would be praying to me in the morning and donating me fruits and vodka.*

Interestingly enough, other social entrepreneurs maintain that they do not have to grapple with this question, as the social issues they address are neither going to be resolved both in the short and nor in the long run.

Gerald (R3): *As a cultural worker, I am not confronted with this problem; there are completely new themes keeping me wide awake. I focus on meta-subjects and the causal, and am not dependent on problems.*

Sarah (R11): *We work with young people ('the leaders of tomorrow'), encouraging them to ask questions, think critically, contemplate complex issues, and examine their role as a global citizen. In that sense the social issue it addresses will never be 'solved'!*

Besides, hypothesizing that a solution to the point at issue was found, one interviewee argues that the social business should attempt to find some other justification for existing. In addition, another one asserts that successfully reaching the social objectives would deprive the organization of its continuance rationale.

Markus (R8): *The goals of Varioomondo are permanent and never to be reached. However, should these be attainable and the social business was still running financially, then this would lose its raison d'être and would have to look for a new one.*

Fritz (R6): Once the purpose has been achieved, the question revolves around what happens with the value of the organization. [...] The starting point of social enterprises is the willingness to solve a problem. Should they succeed the problem does not exist anymore and the company has no reason of existence.

In contrast to the above-mentioned perspective, one respondent contends that the enterprise would continue to exist. It might be altered in terms of its structure, but it would certainly further reinvest in society.

Alison (R10): I think it would remain a social business in a different format. In today's society there is a huge gap between have and have-nots. Wherever in the world one is, one has to put money back into society.

Finally, being extremely confident in the future appearance of new social issues, another participant is not at all disquieted by this question and has not yet thought of developing an exit strategy for the company.

Ilona (R9): The organization does not have an exit strategy yet. There will surely be other problems and one can have a look at other aspects. There are always some social issues.

6 Limitations

The value of this research is slightly restricted by several limitations, but it is beyond doubt worth examining these in more detail. First of all, it should be noted that a judgment sampling approach was adopted. Although, the author's selection of the social businesses is based on expert advice, the investigation's findings should be interpreted with prudence. Even though the sample itself is geographically well distributed, the reader should also be mindful of its size. Indeed, consisting of only twelve respondents, the conclusions cannot be generalized to the entire field of entrepreneurship. Instead, they should be regarded as an invaluable insight into the various business models and income generating strategies of social enterprises.

7 Conclusive Thoughts

In conclusion, this study contributes to the academic research on social entrepreneurship putting forward an encyclopedic scrutiny of the subject. Moreover, it exhaustively explores the currently existing business models and income generating strategies in order to foster the perfervid debate taking place in academia. Interestingly enough, the research results were in harmony with the research's line of reasoning. The most significant findings are presented in the following section.

First of all, even though the literature on business strategies is still in its infancy, some remarkable papers could already be identified. Indeed, Elkington and Hartigan (2008) provide an insightful categorization of the various corporate structures of social enterprises: leveraged nonprofit, hybrid nonprofit and social business venture. The author's research clearly demonstrates that the latter corporate form is favored on several occasions. The chief motives are thought to be potential reinvestment of the organization's profits and its affinity with the traditional economic system.

Moreover, von der Weppen and Cochrane (2012) ascertain that the most thriving business models combine internal and external sources of income. Indeed, such strategic integration of diverse revenue streams smooths the path for the accomplishment of the enterprise's social and financial objectives. The author's investigation irrefutably substantiates this assertion, since several case studies comprise a for-profit company as well as a non-profit organization. For instance, Global Ethics is a limited company in charge of the trading, whereas One is simply a trademark and only has value as a brand. Another clear example is Tribewanted, which is made up of two companies: the limited company, which has several shareholders and the community interest company, which exclusively generates a so-called surplus. Besides, with PEPY NGO carrying out youth programs in Cambodia and PEPY Tours ensuring its financial viability, the PEPY Family is considered to be a representative case as well.

Furthermore, drawing a comparison between the efficacy of the business models and their respective different income generating strategies is a fairly complex undertaking. Concerning the literature, Bugg-Levine et al. (2009) emphasize the crucial importance of equitable indicators for the funding of these organizations, and Nicholls (2009) comes up with the Blended Value Accounting framework, which gives thought to the complex

nature of social enterprises. The author research confirms that the absence of an established social reporting system obstructs the juxtaposition of contrastive social businesses. In fact, the general consensus is that performance measurement and impact assessment are of great value to the further evolution of social entrepreneurship. From these findings it is inferred that without a standardized evaluation of social enterprises' (in-) effectiveness, contrasting them with each other is like comparing apples and oranges. Even though at first it might seem a pindaric flight, the author associates this idiom with Cézanne's chef d'œuvre *Pommes et Oranges* (Fig. 16). In point of fact, the Musée d'Orsay (2006) classify this it as a still life painting, that dates back to 1899. It is further argued: "*Cézanne brings new life to a genre traditional in French painting since Chardin.*" (Musée d'Orsay, 2006) In a similar way social entrepreneurship revolutionizes the way business is done by taking up a market-based approach to address society's most pressing needs. Zeroing in on sustainability, it endeavors creating long lasting solutions that empower the underprivileged to independently get out of poverty.



**Figure 16: Pommes et Oranges (Cézanne, 1899)
(Musée d'Orsay, 2006)**

Lastly, the outcomes related to the exit strategies are peculiarly intriguing. Based on the author's research, this is generally not believed to be a matter of concern simply due to the fact that its underlying assumption – the eradication of social issues – is absurdly unrealistic. Nonetheless, in the unlikely event that these objectives might be achieved, it is maintained that the organization would have to take up new social challenges in order not to lose its *raison d'être*. This indisputably bespeaks the supremacy of the social enterprise's social mission.

8 Future Research Avenues

Finally, the author would like to draw the reader's attention to future research opportunities. First of all, it is highly recommended to closely investigate performance measurement and impact assessment practices. Indeed, this would lay the foundation for the development of a systematic social reporting system. Moreover, it is also strongly advised to attentively consider the tourism industry. In fact, this sector could potentially turn out to be social entrepreneurship's key catalyst. Last but not least, the author firmly believes in research's contribution to the growth of this creatively disruptive way of doing business and thus zealously advocates further exploration.

9 Bibliography

9.1 Book and Papers

Bacq, S.; Janssen, F. (2011). *The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria*. Entrepreneurship & Regional Development, Vol. 23, N. 5-6, pp. 373-403.

Bugg-Levine, A.; Kogut B.; Kulatilaka, N. (2012). *A New Approach to Funding Social Enterprises: Unbundling societal benefits and financial returns can dramatically increase investment*. Harvard Business Review, Vol. 90, N. 1/2, pp. 118-123.

Creswell, John W. (2003). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. 2nd ed. Thousand Oaks, CA: Sage Publications.

Dacin, Peter A.; Dacin, M. Tina; Matear, M. (2010). *Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here*. Academy of Management Perspectives, Vol. 24, N. 3, pp. 37-57.

Deed, Gregory J. (1998). *The Meaning of "Social Entrepreneurship"*. [Online] Available at:

<http://csi.gsb.stanford.edu/sites/csi.gsb.stanford.edu/files/TheMeaningofsocialEntrepreneurship.pdf>. Retrieved on: 14 February 2014.

Driver, M. (2012). *An Interview With Michael Porter: Social Entrepreneurship and the Transformation of Capitalism*. Academy of Management Learning & Education, Vol. 11, N. 3, pp. 421-431.

Elkington, J.; Hartigan, P. (2008). *The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World*. 1st ed. Boston, Mass.: Harvard Business Press.

Friedman, M. (1970). *The Social Responsibility of Business is to Increase its Profits*. [Online] <http://www.colorado.edu/studentgroups/libertarians/issues/friedman-social-resp-business.html>. The New York Times Magazine. Retrieved on: 12 February 2014.

Greenberg, J. (2010). *Behavior in Organizations*. 10th ed. Upper Saddle River, N.J.: Pearson Prentice Hall.

Grenier, Paola (n.d.). *Vision and Values: The Relationship between the Visions and actions of Social Entrepreneurs*. In Hockerts, K.; Mair, J.; Robinson, J. (2010). *Values and Opportunities in Social Entrepreneurship*. 1st ed. Hounds-mills, Basingstoke, Hampshire: Palgrave Macmillan, pp. 52 - 70.

Hair, Jr., Joseph; Wolfinbarger, M.; Bush R.; Ortinau D. (2008). *Essentials of Marketing Research*. 1st ed. Boston: McGraw-Hill Higher Education.

Hammond, Allen L.; Kramer, William J.; Katz, Robert S.; Tran, Julia T.; Walker, Courtland. (2007). *The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid*. Washington, DC: World Resources Institute and International Finance Corporation, pp. 3 - 33 [Online] Available at: http://www.wri.org/sites/default/files/pdf/n4b_fulltext_hi.pdf. Retrieved on: 13 May 2014

Hoogendorn, B.; Pennings, E.; Thurik, R. (2010). *What Do We Know about Social Entrepreneurship? An Analysis of Empirical Research*. International Review of Entrepreneurship, Vol. 8, N. 2, pp. 71 - 112.

Katzenstein, J.; Chrispin, B. (2011). *Social entrepreneurship and a new model for international development in the 21st century*. Journal of Developmental Entrepreneurship, Vol. 16, N. 1, pp. 87 - 102.

Kvale, S.; Brinkmann, S. (2009). *InterViews: learning the craft of qualitative research interviewing*. 2nd ed. Thousand Oaks, CA: Sage Publications.

Lamb, Charles W.; Hair, Jr. Joseph F.; McDaniel, C. (2011). *MKTG5*. 1st ed. Mason, OH: South-Western Cengage Learning.

Mair, J.; Martí, I. (2006). *Social entrepreneurship research: A source of explanation, prediction, and delight*. Journal of World Business, Vol. 41, N. 1, pp. 36 - 44.

Marshall, R. (2011). *Conceptualizing the international for-profit social entrepreneur*. Journal of Business Ethics, Vol. 98, N. 2, pp. 183 - 198.

Martin, R. and Osberg, S. (2007). *Social entrepreneurship: The case for definition.* *Stanford social innovation review*, Vol. 5, N. 2, pp.28 - 39.

Massetti, B. (2012). *The Duality of Social Enterprise: A Framework for Social Action.* *Review of Business*. Vol. 33, N. 1, pp. 50-64.

Nicholls, A. (2009). 'We do good things, don't we?': 'Blended Value Accounting' in social entrepreneurship. *Accounting, Organizations and Society*, Vol. 34, N. 6-7, pp. 755-769.

Osterwalder, A.; Pigneur Y. ; Clark, T. (2009). *Business Model Generation*. 1st ed. Hoboken, NJ: Wiley, pp. 14 – 44. [Online] Available at: http://www.businessmodelgeneration.com/downloads/businessmodelgeneration_preview.pdf. Retrieved on: 26 February 2014.

Patton, Michael Q. (2002). *Qualitative Research & Evaluation Methods*. 3rd ed. Thousand Oaks, CA.: Sage Publications.

Peredo, Ana M.; McLean, M. (2006). *Social Entrepreneurship: A critical review of the concept*. *Journal of World Business*, Vol. 41, N. 1, pp. 56 - 65.

Porter, Michael E.; Kramer. (2006). *Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility*. In Porter, Michael E.; Kramer, Mark R.; Zadek S. (2007). *Redefining Corporate Social Responsibility* (HBR Article Collection). Harvard Business Review, pp. 4 - 17. [Online] Available at: http://www.score-social.com/Coleccion_HBR.pdf. Retrieved on: 14 February 2014.

Smith, Brett R.; Stevens, Christopher E. (2010). *Different types of social entrepreneurship: The role of geography and embeddedness on the measurement and scaling of social value*. *Entrepreneurship & Regional Development*, Vol. 22, N. 6, pp. 575–598.

SustainAbility (2007). *Growing Opportunity: Entrepreneurial Solutions to Insoluble Problems*. London: SustainAbility and The Skoll Foundation, pp. 23 – 29. [Online] Available at: http://www.sustainability.com/library/growing-opportunity#.U4em6Pl_ult. Retrieved on: 29 May 2014.

Trexler, J. (2008). *Social Entrepreneurship as an Algorithm: Is Social Enterprise Sustainable? Emergence: Complexity & Organization*, Vol. 10, N. 3, pp. 65-85.

Von der Weppen, J.; Cochrane, J. (2012). *Social enterprises in tourism: an exploratory study of operational models and success factors*. Journal of Sustainable Tourism, Vol. 20, N. 3, pp. 497-511.

Yin, Robert K. (2014). *Case study research: Design and Methods*. 5th edition. Thousand Oaks, CA: Sage Publications.

Zahra, Shaker A.; Gedajlovic, E.; Neubaum, Donald O.; Shulman, Joel M. (2009). *A typology of social entrepreneurs: Motives, search processes and ethical challenges*. Journal of Business Venturing, Vol. 24, N. 5, pp. 519 - 532.

9.2 Internet Sources

Grameen Creative Lab (n.d.) *Passion for social business*. [Online] Available at: <http://www.grameencreativelab.com/>. Retrieved on: 21 May 2014.

Investopedia (2014). *Dictionary*. [Online] Available at: <http://www.investopedia.com/dictionary/>. Retrieved on: 03 March 2014.

Iziko lo Lwazi (n.d.) [Online] Available at: <http://www.izikoll.co.za/>. Retrieved on: 21 May 2014.

Lalaland (n.d.) [Online] Available at: <http://www.lalaland-wiesbaden.de/>. Retrieved on: 21 May 2014.

Mammu (n.d.) [Online] Available at: <http://mammu.lv/>. Retrieved on: 21 May 2014.

Musée d'Orsay (2006). *Paul Cézanne: Pommes et oranges*. [Online] Available at: <http://www.musee-orsay.fr/fr/collections/oeuvres-commentees/peinture.html>. Retrieved on: 29 May 2014.

Nature Workshops (n.d.) [Online] Available at: <http://www.natureworkshops.co.uk/>. Retrieved on: 21 May 2014.

One Difference (2013) *Do one good thing.* [Online] Available at: <http://onedifference.org/>. Retrieved on: 21 May 2014.

Oxford University Press. (2014). *Oxford Dictionaries.* [Online] Available at: <http://www.oxforddictionaries.com/>. Retrieved on: 10 February 2014.

PEPY Tours (2013) *Adventurous Living, responsible giving.* [Online] Available at: <http://pepytours.com/>. Retrieved on: 21 May 2014.

Risflecting (n.d.) *Leben in Rausch- und Risikobalance.* [Online] Available at: <http://www.risflecting.at/>. Retrieved on: 21 May 2014.

Sumak Travel (n.d.) *Authentic, experience-rich eco travel to Latin America.* [Online] Available at: <http://www.sumak-travel.org/>. Retrieved on: 21 May 2014.

TravelGiver (2013) *Give while you travel.* [Online] Available at: <http://travelgiver.com/>. Retrieved on: 21 May 2014.

Traveltip (2014). [Online]. Available at: http://www.traveltip.org/countries_visited.php. Retrieved on: 14 May 2014.

Tribewanted (n.d.) *Off grid community experiences in Europe & Africa.* [Online] Available at: <http://www.tribewanted.com/>. Retrieved on: 21 May 2014.

Variomondo (2012) *Shoppen für eine bessere Welt.* [Online] Available at: <http://www.variomondo.com/>. Retrieved on: 21 May 2014.

10 Appendices

10.1 Appendix 1

Table 2
A typology of social entrepreneurship.

Type	Social Bricoleur	Social Constructionists	Social Engineer
Theoretical inspiration	Hayek	Kirzner	Schumpeter
What they do?	Perceive and act upon opportunities to address a local social needs they are motivated and have the expertise and resources to address.	Build and operate alternative structures to provide goods and services addressing social needs that governments, agencies, and businesses cannot.	Creation of newer, more effective social systems designed to replace existing ones when they are ill-suited to address significant social needs.
Scale, scope and timing	Small scale, local in scope—often episodic in nature.	Small to large scale, local to international in scope, designed to be institutionalized to address an ongoing social need.	Very large scale that is national to international in scope and which seeks to build lasting structures that will challenge existing order. Some social needs are not amenable to amelioration within existing social structures. Entrenched incumbents can thwart actions to address social needs that undermine their own interests and source of power.
Why they are necessary?	Knowledge about social needs and the abilities to address them are widely scattered. Many social needs are non-discriminable or easily misunderstood from afar, requiring local agents to detect and address them.	Laws, regulation, political acceptability, inefficiencies and/or lack of will prevent existing governmental and business organizations from addressing many important social needs effectively.	
Social Significance	Collectively, their actions help maintain social harmony in the face of social problems	They mend the social fabric where it is torn, address acute social needs within existing broader social structures, and help maintain social harmony.	They seek to rip apart existing social structures and replace them with new ones. They represent an important force for social change in the face of entrenched incumbents.
Effect on Social Equilibrium	Atomistic actions by local social entrepreneurs move us closer to a theoretical “social equilibrium.”	Addressing gaps in the provision of socially significant goods and service creates new “social equilibriums.”	Fractures existing social equilibrium and seeks to replace it with a more socially efficient one
Source of Discretion	Being on the spot with the skills to address local problems not on others’ “radars.” Local scope means they have limited resource requirements and are fairly autonomous. Small scale and local scope allows for quick response times.	They address needs left un-addressed and have limited/no competition. They may even be welcomed and be seen as a “release valve” preventing negative publicity/social problems that may adversely affect existing governmental and business organizations.	Popular support to the extent that existing social structures and incumbents are incapable of addressing important social needs.
Limits to Discretion	Not much aside from local laws and regulations. However, the limited resources and expertise they possess limit their ability to address other needs or expand geographically.	Need to acquire financial and human resources necessary to fulfill mission and institutionalize as a going concern. Funder demands oversight. Professional volunteers and employees are needed to operate organization.	Seen as fundamentally illegitimate by established parties that see them as a threat, which brings scrutiny and attempts to undermine the ability of the social engineers to bring about change. The perceived illegitimacy will inhibit the ability to raise financial and human resources from traditional sources. As a consequence, they may become captive of the parties that supply it with needed resources.

(Zahra et al., 2009)

10.2 Appendix 2

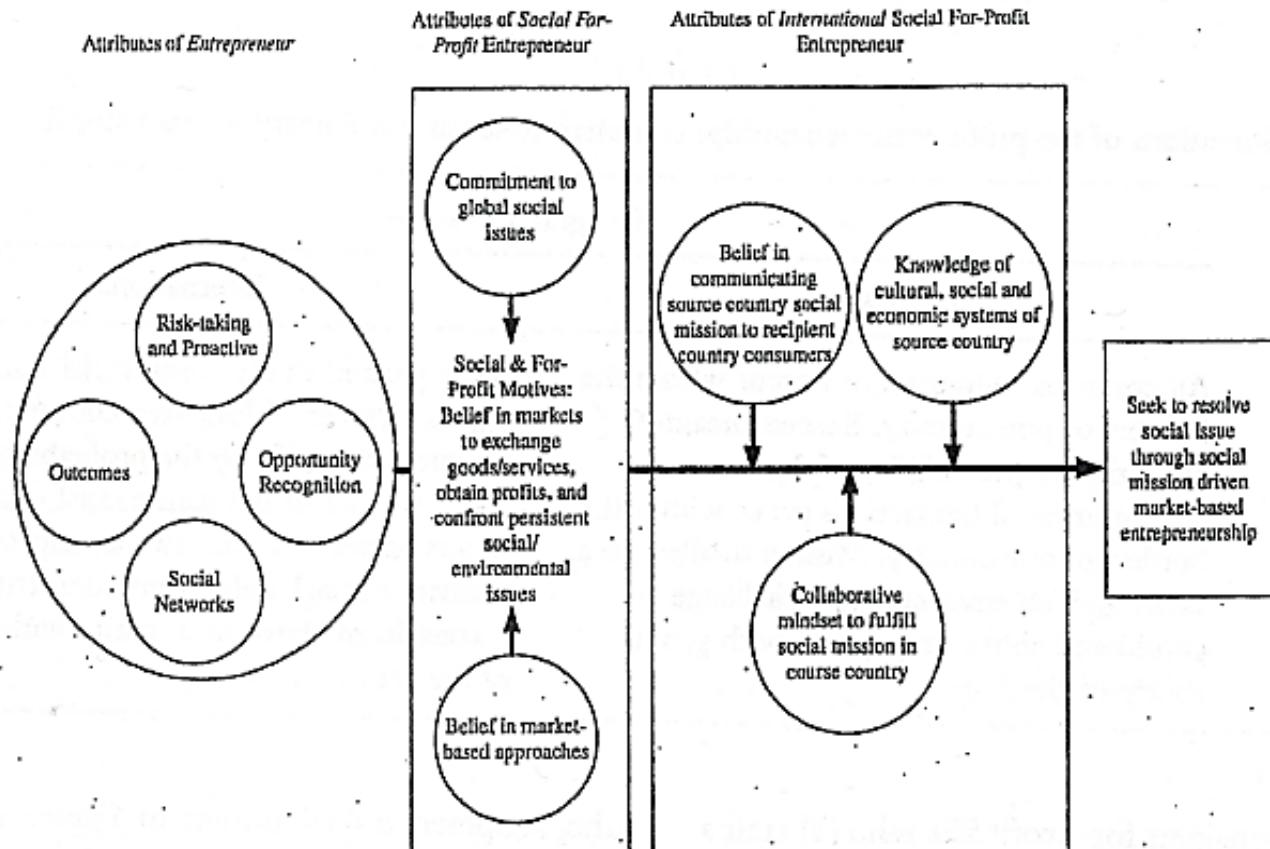


Figure 1. Proposed model of international for-profit social entrepreneurs.

(Marshall, 2010)

10.3 Appendix 3

Table 1. Summary of the literature review's outcomes.

Variables	Criteria	American tradition		European tradition
		The Social Innovation School	The Social Enterprise School	The EMES network
Individual	1. The entrepreneur	Central figure	Secondary role	Collective action: 'initiative launched by a group of citizens'
Process	2. The mission	Mission is at the core of the social innovation process	The first objective of social entrepreneurship is to pursue social goals	'Explicit aim to benefit the community'
	3. Link mission-productive activities	Direct	No constraint: social entrepreneurship consists in the implementation by non-profits of commercial dynamics in order to fund their social activities	Direct: 'the nature of the economic activity must be linked to the social mission'
Organization	4. The enterprise	Secondary importance: activity set up by a social entrepreneur	Central: stress on the risks associated with market income	Central: 'significant level of economic risk'
	5. The legal form	No clear constraint: the choice regarding the legal form should rather be dictated by the nature of the social needs addressed and the amount of resources needed	Social enterprises are non-profit organizations (Later: any business that trades for a social purpose)	Some constraints: new specific legal forms have been created to encourage and support social enterprises + in some cases, use of traditional business legal forms
	6. Profit distribution	No constraint	Profit non-distribution constraint (Later: some profit distribution permitted)	Limited: 'organizations that avoid a profit-maximizing behaviour'

Source: Partially adapted from Degroote (2008).

(Bacq et al., 2011)

10.4 Appendix 4

Table 1. Operational models of social enterprise.

Operational model and level of integration	Model description
Entrepreneur Support Model	Sells business support and financial services to individuals/small firms, which then sell products/services on the open market.
Market Intermediary Model	Provides services to small producers to help them access markets, e.g. product development. Products are purchased at fair prices and sold on at a margin.
Employment Model	Provides employment opportunities/job training for people with high barriers to employment through enterprises that sell products or services on the open market.
Fee-for-Service Model	Commercialises its services, then sells them to individuals, firms, communities or a third party payer.
Market Linkage Model	Facilitates trading between small producers/local firms/cooperatives and external markets, e.g. through market information.
Service Subsidisation Model	Sells products/services externally. Business mandate is separate from social mission, but business activities are often mission-related. Income is used to subsidise/fund social programmes.
Organisational Support Model	Sells products/services externally. Business activities separate from social programmes and unrelated to the mission. Income is used to cover programme costs and operating expenses of parent organisation.

Source: Alter (2006, pp. 212–227). By permission of Oxford University Press.

Von der Weppen and Cochrane (2012)

10.5 Appendix 5

10.5.1 Mammu

First Question: The respondent wants to know what is the author's knowledge about him and offered to send links about his person, because in an interview he does not want to just scratch the surface, but go a bit deeper into the topic.

Second Question: Mammu was founded by Fionn Dobbin and Andris Rubins as a company that would support mothers in need who have to combine childcare and money, but that cannot find a job because of the fixed working hours on the market. Mammu supports them by training: it shows them how to do fashion accessories. Mothers can work from home - they produce and then Mammu buys from them. The company is meant to be a crafts and fashion label and not a "*pity-for-mothers label*". The money generated stays in the company and no profit is taken. From a design point of view, there are a lot of diverse collections. It is important to have high quality accessories from excellent designers to try having a broad product collection. That is why they only work with excellent photographers and the best models. It is important to work with best available; there are no compromises in high quality fashion. They do not want to look like some kind of charity company, they are a fashion label. Their products are found in design boutiques and are communicated on an international level. They do not want to and cannot compete with mainstream fashion labels - these have nothing to do with them. With regard to positioning, their way of communicating and how the brand is built is very open. Mammu targets many different niches. These are the LOHAS: people with a large healthy and sustainability. They have quite a high income, drink twenty dollar fresh pressed orange juice go to yoga classes, collect with a hybrid car their children from the Waldorf school and live in some big villas - people with money. Expensive products appeal to people who love crafts art culture and who are ready to spend for it. Concerning competition, Mammu wants to start a social business company and therefore competes with other craft labels through the design, excellent quality of products and how production is going on. Each product is connected with a mother and tells a story. People are given possibility to change the world through consumer behavior. Mammu sells more than just a piece of fashion - it is an attitude, a lifestyle. Customers can buy themselves a good conscience, a little bit of good karma. People who do not have the time to be part of social businesses, but do not want to

donate can do something good by being a consumer. Mammu is the “*Wikipedia of fashion*”: just connecting dots. It could be run just with a laptop and a storage room for textiles. Concerning the people Mammu works with, being project-wise it depends on season. The company also does accessory collection and production for other labels. Then there are big projects. Since it is always different, it does offer the mothers no guarantee of a permanent and safe income possibility, but rather an additional earning and enables them to connect with other people who need production. Many mothers become entrepreneurs themselves. The running of Mammu consists of back office management done by a student, business partners for the financial stuff, Fionn’s wife for the production management and Fionn himself leading the creative direction. So it is run by four to five people, plus the ones working in production.

Third Question: In his opinion there is only one definition and no other: business fighting against a tension in society. It is not profit driven; all profit goes back into the company for further business development. Mammu provides mothers with work who would not find work otherwise. Indeed on the market there no flexible working hours. They give flexible work hours and the production designed to target stay-at-home mothers, who are given the opportunity to work. Fionn was a social business designer at the Grameen Creative Lab and came up with X-Runner, a social business sanitation concept that literally turns excrements into money. By doing so he got a bit of attention and started working for Prof. Yunus and Hans Reitz. He then moved to Latvia and became program director at the school of economics in Stockholm as well as consultant for brand, agencies and global companies. While thinking what could be done in the field of social business, the sister of a friend’s friend turned into a widow as her husband died. She was left alone with three kids and not enough governmental support. As a result, she had to live on donations of relatives. Here Fionn had the idea of decentralized production and suggested doing a scarf, which would always be business. The fashion statement is that supporting social business with a scarf is simple and always visible.

Fourth Question

Value proposition: They give people the chance to do good through consuming, thereby differing from other scarf accessory brands. Money has positive effect on society. Also, people become curators of young designers.

Customer segments: These are quite diverse; each collection targets a different lifestyle concept: hipsterisch gentleman, ladies etc. Mammu targets people who understand what situation the world is in and understand what power they have as consumers.

Customer relationships: These are open and transparent. Mammu lets customers be part of the brand with absolute playfulness and in a very joyful way. They show them that work in field of social business can also be a lot of fun and do not want depressive company. They are open for ideas.

Channels: Web store, conferences sales, fashion stores, direct sales through offering service as a production company. The latter is also their value proposition: doing good through actions.

Revenue streams: Shops, production partners, corporate gifts at conferences and Christmas gifts.

Key activities: Marketing is very important, more than anything else.

Key partners: Mothers and a bunch of creators, young talents, high performers.

Key resources: Textiles, internet and the communication structure.

Cost structure: Offers, web store, utilities, textile products. Little money is spent on marketing.

The Profit goes into company and is not taken out. That is why Mammu is a 100% social business. What distinguishes a social business is its first objective is not to be profit-driven. This already defines what is and then it is economically sustainable. These are the two core points.

Fifth Question: Mammu has an impact on lives of mothers, as providing them with money give them a better life. Also, being a very inspiring company it promotes social business. The numbers of employees paid out can be quantify and measured. The other part is social business workshops that attracts people to social business and inspires people. Fionn does not have to do it for himself. People who need these numbers can check yearly sales reports. Not all is countable and Fionn is not interested in that. He is doing it for himself and not for some people wanting numbers. For the future there are

different plans. One is the launch of Mammu Albania as a franchise that cooperates with the Yunus center in Albania. Concerning the exit strategy: Fionn will become president and get a peace Nobel prize. He would be something God-like and people would be praying to him in the morning and donating him fruits and vodka.

10.5.2 TravelGiver

First Question: Kimi worked in travel industry herself and there is a whole page about her on the website. In 2009 she traveled to Cambodia with her mother and was involved in a project concerning school and educating children. Her mother started writing books to raise funds, but Kimi thought that surely this information existed on the internet and should not be created from scratch. She wanted to do more herself for others, but it was hard to find information about what people are doing and about what each person can do to help. Kimi saw the big opportunity to get information on one platform. She had this idea for a couple of years, but did not find no work out how to monetize it. It took her a while to work out a business model - an affiliate marketing model in which each time a booking is made she earns a commission. Then half of it goes to the project and the other half is retained to fund the website.

Second Question: The business model is really simple. Its beauty is that it is really sustainable and scalable. The number of bookings does not matter – it is all automated and has an enormous long-term potential. The website was done by herself; she also employed developers though and it was a big but satisfying job. With regards to choosing partners, at first only the main ones (booking.com etc.) were selected, but then she decided to give consumers choice of who to book with. Kimi went for an affiliate model Commission Junction, a huge global organization that connects different publishers with advertisers. Travelgiver offers a good coverage: hotels, flights, car rentals, travel insurances, cruises packages - it covers the whole area of travel. Concerning the projects, a database was built and it specifically included charity projects already having a tax donation status. Users can add reviews and ratings so that if a project is not doing well, the others know it. A small percentage comes to Kimi and she has not rejected any project yet. The more the better as it all comes down to consumer choice. The long-term goal is to become massive. Regarding percentages and

amounts on her website, Kimi explained how commissions of booking engines work. Since different booking engines have different agreements customers donate different percentages. It is the booking site that gets less; the hotel gets the same and the user does not pay more. She is not handling any of the bookings, as the TravelGiver website redirects the user to the booking engine where the customer finishes the transaction. Kimi just tracks the users and then retains a percentage. The organization is just her working from her bedroom, a café, the beach; she just needs an internet connection. Everything is automated and she works closely with developers for changes, releases new functionalities. Kimi also just employed a Search Engine Optimization (SEO) organization, which is worth the investment; if you cannot be found you cannot be booked online. She has basics access to google analytics, and the SEO agency provides her with more thorough reporting on traffic sources etc. In the travel industry the affiliate marketing has been around for ages. All the booking platforms want is distribution; the more rooms they sell, even if not directly through them, the better deals with hotels the higher commission they can charge. For Kimi raising awareness is the biggest challenge. There is obviously a long time between hearing from TravelGiver and actually going and booking a holiday; it's a challenge staying at top of mind. That is where e-newsletter database comes in handy. She also uses the Facebook network, has locally been doing Public Relations (PR) and discovered that everyone she speaks to loves the idea of Travelgiver and would absolutely love to use it. Now Kimi is in the process of making a new marketing communication strategy and focuses on sharing to get the Word of Mouth (WOM) going.

Third Question: Social business is a sustainable business model that is not necessarily not-for-profit. It needs to be profitable to keep growing, to be responsible, sustainable and invest in the future. TravelGiver is helping others to give and does so in a sustainable way. It wants to cover a wide range of issues. The individuals have their own preferred categories they would like to give to. Kimi did a lot of research and then selected the categories to give people an option. If the consumer does not care where money goes to, then it goes to featured project. In order to measure impact, she quantifies how much was given to each project. It is not up to her to assess how the money is used; users decide whether it is worthwhile or not. For each project she can say how much five dollars help them, but it is up to the consumer to do research and choose whom to give.

Fourth Question

Value proposition: Basically giving while you travel without paying more – that is what it all comes down to. It is all about doing something people are already doing, but just one extra click people get to help and it is not costing them a cent extra.

Customer segments: Kimi calls them “*slacktivists*”, which is maybe not an official term. She is targeting anyone who travels, but could narrow down on a demographic description: there are more female than male customers, these tend to be either under 35 or above 55 etc. There is a massive gap between intention and action; she wants to bridge intention and encourages people to do something and actually act on it.

Customer relationships: There are two sets of customers. The projects are important to establish relationships, as their own existing network is a key part for Travelgiver’s growth. The others are travel and potential travelers, where the challenge is to articulate what the value proposition is.

Channels: Facebook, Twitter, Blog. These are also resources.

Key activities: Social media marketing, e-newsletter marketing, search engine optimization, PR. Only through these four ways people will find TravelGiver.

Key partners: The developer team with whom there is no official partnership. The booking partners, but they will not do much to promote Travelgiver. They are important so Kimi has a choice and the higher profile the better service she can provide. But they are passive and have no interest in promoting TravelGiver. Projects are also passive partners.

Key resources: Social media such as Facebook, Twitter, Instagram and YouTube soon, e-newsletter marketing to projects and bookers, SEO agency that is about to take on more work on the back end, public relations, radio, print, sales calls to put out flyers at hostels and speaking at universities to MBA students.

Cost structure: The ongoing costs are very light and include website hosting, SEO agency monthly fee and Facebook marketing. Everything is done by herself and the initial investment to fund the website was the main cost. Kimi did not want to go cheap or offshore and wanted to build something for long term for growth

Revenue streams: Her commission is 50% of the booking. Late in May 2014 an advertising model will be introduced; Banners on TravelGiver website will bring in revenue.

- The mission of her social business: is not to solely set up a company to make money, but to help or have a long lasting impact and to leave the world in a better place as it is or is found today.

Fifth Question: This would be a lovely problem to have. In Kimi's lifetime there is not going to be that issue. Really good projects do not just support people, they empower them to do something else. In her lifetime there is always going to be a need for something like TravelGiver. People will involve more people or good social enterprise will start something else. In the next three months Kimi plans on doing some tweaks here and there to website, working on brand awareness, helping lots of people - anything to achieve that and to donate thousands to all these various projects.

10.5.3 Risflecting

First Question: Gerald is 56 years old and having lived in Austria's four culture zones, he does not believe this country exists as a construct - he is a regionalist and that tells a lot about him. Who deals with the scaling of enterprises has to consider the underlying question of business psychology, which disembogues in the following answer: the receiver makes the message. Gerald hast to know what mind concepts the receivers are constructing and tries to initiate and accompany processes. This has helped him to work on a European level, because perceiving different cultures and to balance these is the basis for successful work in the psychosocial and pedagogical field. Gerald does not believe in the parallel shift. One needs a lot of investigation work to see how people think, what the social climate is, which codes they use to create mutual commitment. When one thinks in quantitative criteria - reproduction and multiplication – it becomes difficult to look at the effects of one's doing, because then qualitative aspects come into play. It is a strongly communicative process. The traditional term Gerald uses is "*Rausch*", which only exists in the German language. This cannot really be traduced. In English the expression *feeling high* would strongly be associated with the psychoactive field and *state of euphoric feeling* would be comprehensive but does not reveal much. A

one-to-one translation is not possible. Gerald refers to it as "*euphoric state of mind*", which is rather an explanation.

Second Question: There are two companies. The first one handles the course of business: Forum Lebensqualität. This organization sets educational impulses in Europe in three areas: Rausch and risk pedagogy, life quality and the building of relationships. These three things are linked together and have a provocative subtitle: "*europäische Gesellschaft für inneren Sicherheit*", which refers to self-efficacy and social resonance. It is always a question of pedagogic action. The organization is an association. The services are primarily educational performances for which it gets requests, own productions and cooperation project with economic undertakings. The second part of the company is relatively new: Risflecting pool. It only deals with Rausch and risk pedagogy. The 140 people that passed the study course have a certificate and are allowed to use the Risflecting brand. Since 2014 this pool is a European charitable association with a clear structure. There are five regions that are regionally coordinated with the goal of qualitatively developing the brand and positioning the enterprise. Gerald is the managing director in the first and chairman in the second company. Their office is in Burgenland, as the basis is always where he and his wife live. They have been working together for twenty years; he is the field worker whereas she is the administrative unit. They are a sort of traveling mobile office, as the educational processes take place on site. Being a social entrepreneur Gerald believes that scaling business models do not go hand in hand with the capitalistic model "*if one wants to earn money, it suffices to do more of the good*", but rather that the good is also possible in multiple forms and not only an expansion from one and the same approach. It is important to learn that a system remains changeable. The perception's sensibility makes the social entrepreneur. Gerald rejects the term target groups, because this only suits one profession: hunters. He thinks in terms of dialogue groups. He enters dialogues at equal level and tries to develop learn processes of which he is always part of. Change always starts by first deconstructing the old concept, learning and then bringing innovation - otherwise one just does more of the same.

Third Question: De facto Gerald does not have a social business definition and he would first have to think of whether he can and wants to understand one. He understands social entrepreneurship, but is not satisfied with social business - it is simply a business.

Why should one put “social” before it ? Social entrepreneurship is defined as entrepreneurship whose entrepreneurial strategies are not only aimed at the quantitative distribution of ideas and products for the well-being of people and the environment, but also for a constant qualitative development.

The social term per se is already very diffused. It should not be seen as support, but rather as community oriented. Then it is business that expands on the community's development and creates products that bind the community and that can be taken on in a participative way. For Gerald social problems are where there are inequalities, where there are taboos and lack of communication. The first social problems are always communicative; the issues people see afterwards are the consequences of the real problems. He is interested in the cause on a systemic level to see if with deconstruction it is possible to launch new processes that lead to different results. He does not think of himself as a problem-solver, but rather as someone who prevents problems. His dilemma is that he works on problems and hopes to create a world without these, but is afraid of it at the same time – what would he do then ? There are always cultural processes to be launched. In this field there is still enough to do.

Fourth Question

Key partners: The ones that have proven themselves in the past 15 years, such as the “Landesjugendreferate”.

Key Activities: Talking. That means to shine a light on language's meaning, because conscious language is power and thereby reality.

Resources: Cultural resources and networks.

Value Proposition: „Entängstigung und Motivation“.

Customer relationships: It is primarily emotional.

Customer segments: Gerald does not try to reach anybody, because he does not think in terms of target groups. The organization's branding lies in people thinking that its work does some good. Gerald himself looks at what kind of resonance accrues in the context of cultural processes and lets himself be surprised.

Channels: Networking.

Revenue streams: The fulfillment of assignments, development and completion of own products, project cooperation. The enterprise does not receive any funding. It only gets performance-related earnings.

Cost structure: The personnel costs for two people and what is necessary for the performance of an office: materials. Keep it simple.

Fifth Question: The organization addresses three aspects of life. People are constantly changing and building relationships from which meta-term such as "*internal safety*" emerge. As a cultural worker, Gerald is not confronted with this problem; there are completely new themes keeping him wide awake. He focuses on meta-subjects and the causal, and is not dependent on problems. Wanting to offer cultural processes, he might rather be a cultural entrepreneur. Gerald is engaged in evaluation and impact analysis on a European level and finds it dissatisfying to take quantitative approaches. For him the most exciting methodology is language analysis. Through a certain impact people begin to use it a new and conscious way and with this new cultural processes get started.

10.5.4 The One Brand

First Question: Ian Spooner is the organization's director of brand marketing. Global ethics is the company which owns the One Rand. It was founded by Duncan Goose back in 2005. Ian has been working with the brand for just over four years now, but as the founder is a good friend, he was involved right at the start when the idea was dreamt in 2003. It actually came in a pub, where friends got together to watch the Grand National and have some drinks together. Someone had a newspaper with an article that claimed one billion people in world would not have access to clean water. Being a bunch of marketers, the conversation quickly turned in what they could do about that: launch a bottled water brand that would give away all profits to fund water projects in Africa or any other part of world. A year later Duncan Goose decided to pick up this idea and make it reality. The brand has raised over eight million pounds to fund water projects and other sustainable projects in Africa and the harshest regions of the world. Although

it was a spontaneous idea, Duncan had been looking for something more meaningful to do with his life. He packed everything in, sold his house, bought a motorbike and went off around the world. During his trips he had all sort of encounters with near-death experience and mishap. He got caught up in hurricane Mitch in Honduras, one of the biggest ones to hit that region, which wiped out villages. Duncan was cut off and really saw first-hand what it meant to have no access to water and anywhere to live. That probably planted the seed that he wanted to do something more with his life. Later in London he saw a photo in the Guardian newspaper of a young girl sitting next to a padlocked water tap in Kibera, a slum in Nairobi. There was just a photo, no text. That inspired him to pack in his job and turn full time to launching the One brand. The name should show that he was not going to fix the world's problems overnight and that he would never go to bring water to the billions of people with no access to it. Duncan just wanted to change one person's life and then that was worthwhile. It all started off with that mission really. Since then it changed the lives of over two million people.

Second Question: The company set up as Global Ethics (business) owns the One brand. The former is a limited company, which makes profits and just happens to give them all away instead of paying them in forms of dividends to shareholders. The best would be to call it a philanthropic business. Philanthropy is conducting business for the express purpose of raising money for charitable causes. The One foundation (UK registered charity) was started with the express purpose of receiving funds generated by the business. One foundation works with selected non-governmental organization (NGO) partners on the grounds in Africa to administer projects. They actually buy projects from NGO specialist in areas they operate in.

Third Questions: Global Ethics and the One brand have actually been awarded several Social Enterprise awards over the years. Duncan would say they are not a social enterprise though. In the UK there is a strict definition: one that takes grants into the business as well as making profits and does good business. They have never taken any funding into the business and in that sense are not a social enterprise. In the loosest sense of the word they are a social business, because they are set up for social good. Then they are a social business. Also, they do maximize profits, but give them away. That is one of the differences. A pure social enterprise is not necessarily looking to maximizing profits. Water goes hand in hand with sanitation and hygiene. Wash

projects are water, sanitation and hygiene projects with any NGO that works on water projects; it is kind of all bound together. In terms of selecting projects, firstly they work in countries where there is the greatest need; this is usually identified through the United Nations' (UN) lists and the millennium development goals. On the foundation side there are the trustees that manage its funds. They are in charge of administering those funds. Local NGOs in other countries would recommend projects based on the funds the organization is willing to spend. Every few years there is a tender process they go through to select NGO partners.

Fourth question

- The One Brand is simply the name of the product; Global Ethics is the business: a limited company. One is simply a trademark. All of the trading is done through Global Ethics, One has a value purely as a brand – it is not a company.

Value proposition: They are of value to the CSR of a customer. So by purchasing this bottled water they are able to make social impact and claim donation at no cost to their business. Because the One donates 100% of the profit, there is a donation built in every product sold. Customers can include donations as part of their CSR reporting. The One facilitates donation at no cost to them, because it comes out of the product's margin. The offered product is of similar quality and similarly priced to the competition. By trading ethical products with this organization, ethical water would have some sort of donation/profit claim attached to it.

Customer relationships: It varies. They have relationships with some businesses they have had for almost as long as business has been going. One of the largest customers is One World Duty Free, which offers tax-free shopping in most UK airports. It is a big supporter of them. The One Brand had a strong relationship and is engaged at a senior level with them. In contrast to that, the One Brand also deals with a lot of wholesalers and distributors. They have a close relationship to them, but they do not necessarily know where the water ends up being sold. The organization does not have that visibility. They may go to a meeting at a business, walk into the meeting room and see their water on the table and it is a complete surprise to them. There are not necessarily direct roots to the end customers.

Customer segments: The One brand deals with retail, hotel and restaurant market, coffee shop and delicatessen, wholesale, educational establishments and with airlines such as Virgin Atlantic. With regard to end users, the target audience has not been defined in terms of demographics. Indeed, the One brand appeals to a different number of demographics: young families that tend to be more affluent; there is also a strong support from students. But really the target audience is more attitudinal. A certain mindset would buy into their product: people that are looking to do more good in the world, but that need to be given an easy way of integrating doing good in their lives, so that they will embrace it. In general these people want to make a difference in the world, but are often too busy to get around and go out of their way to do that. So they rest in the knowledge that they are doing a little bit to improve the lives of people on the other side of the world by providing safe clean water.

Channels: Universities and retailers.

Cost structure: The cost of purchasing, bottling water and delivering; plus all the associated logistics. The costs of the sales and marketing operations include: premises, salaries, marketing campaigns, promotion for retailers etc. There is a small margin left on the sale of each product, which is the profit - that is what is donated. The One Brand donates 100% of its net profit. During the year donations are done at a base level. Then when the accounts are audited, the remaining profit is pushed throughout the foundation. The latter ends up with balance of zero.

Revenue streams: The sales of One products (water and drinks) from customers.

Key partners: The business the company works with and strategic partners. There are two parts to it: the One foundation partners with different NGOs to administer projects, Global Ethics with retail customers, distributor and wholesalers.

Key activities: Sales and marketing operations primarily. They do not own the bottling side of the business, so essentially the bottling is a white label operation (Wales). Brand building and selling.

Key Resources: The bottlers for instance, and then things that fuel the business: key contracts, key customers (key accounts) as well as social media.

Fifth Questions: Ian is not sure he is going to be around by then. It is interesting, because the bottled water business globally is around 300 billion liters and there is now about three quarters of the billions of people around the world without access to clean water. If every producer of bottled water committed donating a penny per liter for one year that would raise three billion pounds. It costs on average four pounds to deliver a supply of clean water to those who do not have it, which theoretically means that enough money could be raised in one year to eradicate the problem altogether. Obviously there are some logistical issues there. In terms of funding, if every bottled water business included a donation for a bottle, it could have an enormous impact on the world water problem. The One brand is simply focused on growing its brand to sell more one-branded water in order to raise more funds each year to be contributing more and changing more lives each year. The original idea was to sell bottled water to fund water project. The brand was always intended to be broader than that and to sell everyday essential items that would fund like-for-like projects around the world. It is important to say that as a business they are focused on drinks, but they also licensed the brand into other categories. All of the other products are produced under license. The One brand would license the brand to a business which specializes in those kind of products and give them a way to introduce ethical product in their portfolio. They simply commit to give back to the organization a brand royalty per pack sold. That would then be divided into a donation, which would go straight to the foundation, and a small brand license, that goes back into the marketing fund to grow the brand.

Concerning the assessment of social impact the One brand measures that in terms of lives changed. Each water, hygiene and sanitation project varies by country etc., but what can be measured is the number of lives that that has impacted. The way they measure their impact is in lives changed.

10.5.5 Tribewanted

First Question: Ben was working in the travel industry and volunteered in gap tourism in West Africa. He saw the huge benefit it was having for the visitors to live alongside the local communities and learn how life was there. He saw the post-event impact that these projects were having and was also a bit concerned about volunteer projects, because these are actually complex as a form of tourism model in terms of who is benefiting the most. Ben could see the benefits for the travelers, but not necessarily for

the community. The investment would only often be for the period of the visitors' time there. So there was a cash flow problem. He was thinking how one might solve this problem and had the idea of building an online community around a destination. In 2006 this was a quite novel, as on-/offline community and crowd funding was not a trend at that time. In the same year the Arctic Monkeys built a big fan base on the internet and this is history now. Ben wondered if that model could be applied to a travel destination. It was an interesting idea that might solve the cash flow and sustainability problem, and might educate people following the project a lot more about the reality than just a quick visit. Where in the world could a community be built? They found this place in Vorovoro Island (Fiji) and agreed with local community to lease it for tourism and development. They did a three year lease to bring people there and learn about the local culture. Idea to address problem. The first reason they started was the social business opportunity of building an interesting business model, not being sure how though. The second motivation was the adventure: living and working in another part of the world, and building something that would inspire people. That is how it all began.

Second Question: Tribewanted as a set-up is a company that fosters an "*off-grid*" tourism sustainable community. People can go there, have a holiday, learn and be part of the community, and immerse in the local way of life. These communities are kind of models of people might live fifty years from now; they mix the best of the past with important technology of how life might be in the future. The online community is supported through membership. There is a private limited company and a Community Interest Company (CIC) that works a bit like a cooperative: the company not limited by shareholders and when it makes a profit, this gets reimbursed in its reason of existence. They are trying to build a collection of off-grid communities around the world so that members can hopefully see a model of how they could live in the future. Ben's office is the couch in living room. There are three locations: Sierra Leone, Italy and Mozambique, which is the first partnership. These are three independently running locations. The hundred staff members are not employed in the UK, but locally. The UK company is actually quite small: the managing members do the marketing, push people to the locally run projects (= centralized service).

Third Question: If Ben was talking on the radio right now he would say that social business is the future of how people built companies or how they run organizations. So

it is a mix of enterprise and impact. He never sets out wanting to build a social business, but rather seeing a really interesting problem-opportunity he wants to solve and a way they might try. And then people realize it is a social business. They can label it what they want. For Ben it is a company: it has to make a profit or at least breakeven, otherwise it has to borrow money just like any other business. His interest is how do solve problems by creating interesting opportunities that are both profitable and solve that problem at the same time. What is interesting is that the bottom up movement of social businesses is very much alive and kicking: there are a lot of exciting model out there. From the top down some big corporates are trying to embrace and consider social business principles, which they might call CSR or sustainability. It basically means fairness and smart thinking, thinking about people beyond one's own bottom line. Ben's definition is: a business that makes money and has positive impact at the same time; simple and narrow. CSR is redundant and its time is gone. Actually organizations to rethink about every step of the supply chain, and every person they work with, because first they are going to run out of resources and second they cannot claim ignorance over the impact they are making. More demanding consumers want more transparency and this could help gaining a competitive advantage. CSR is like green washing, which is having an advert saying the company is greener, but not doing it at all. Now a CSR strategy is not enough. Ten years ago it was the leading way of thinking about the future of responsible business. One really need to be thinking of how to shift their thinking from now - the bottom line - to consider the impact the impact on people, or the bottom line is going to be screwed later on. Social business is just more long-term thinking. It is about the products and service themselves, not about what one can do in the spare time to give something back. The motivation to start Tribewanted was seeing opportunity to solve a problem, create something really exciting, new and different, that was potentially scalable and would take him on an interesting journey - literally. These motivations are a reflection of what social business looks like. If people are given a list of issues, it is completely overwhelming even for the most optimistic human, and this is not where one's motivation starts. People do not just look at a list and decide which problem to solve. For Ben, it was through experience. The fact that he had been travelling showed him an important contrast. He was a university student in England where he was having a good education and was surrounded by smart people. Until he traveled he did not really get angry or excited about stuff that was going on in the

world. As soon as he started to travel and work overseas he saw the inequalities, problems and opportunities, and found a lot more motivation. Despite travel and tourism's issues and problems, he is still passionate about the free movement of people around the world in order to connect and understand cross-culturally. In terms of deciding what he wanted to do with the social business, it was about finding himself having more opportunities to be empathetic with other people and experience other things. There is the difference between being passionate or caring about an issue; starting a social business and actually executing it are two different things. Social businesses have the opportunities to create stories and paint pictures of the world everyone wants to live in, and show ways of getting there that are inspiring, positive, exciting. The reason people start things is not necessarily why they end up being successful. Concerning the location Fiji was chosen because it was an island. This project had a lot of publicity and people wrote from all over the world. When someone came up with an exciting proposal and potential funding that is going to be easier. One day a guy - Filippo Bozotti - came up with an idea, they connected and agreed on Sierra Leone. The challenge was that it is not really a tourist destination, all negative stereotypes about Sub-Saharan Africa are often associated with this country. They wondered if they could change some people's perception of this country, from negative to positive. In Umbria, Italy the idea was to move away from the tropical beach and was much more about living in the community. The aim was showing people it was about doing it closer to our homes. Now Mozambique is coming about. This is the first partnership project and it is done with an established organization (Guludo), which is a successful eco boutique lodge that supports the local charity they set up. In terms of standards there is a higher level of tourism, but the impact and values are similar. It is also a test to see if they can work with an established project. They send them more business, support their social work beyond the tourism and help telling their story. If it works, then they plan on scaling up in the future.

There are two ways to participate: members sign up (monthly fee) and support projects through that fee, plus they get benefits. For members there is a special rate (20% discount) and a free night per year/week depending on the membership. They get an incentive to participate more in the projects and spend more time there. It is a membership model with benefits, which allows Tribewanted to invest in community

projects and develop what it does. The second way is to participate as a tourist and/or visitor.

They are also about to introduce a lifetime membership for those who want to go back more regularly. These people invest a certain amount upfront, and the company guarantees that they can have access to projects for one week during low season. The lifetime fee ranges from 1000 pounds for one person to 2750 pounds for a family, whereas the monthly one is approximately 10-20 pounds per month. Tribewanted wants to sell a limited number of the former to invest in and upgrade projects, and to get people to spend more time on the projects. There is also the festival week, which is one week a year where lifetime members can stay for free.

Fourth Question

Customer segments: There is a broad range of people visiting and staying with Tribewanted with a big range of motivations. The key things are that they are curious in the sense that they want to learn about the destinations; it is a healthy curiosity. Also they want to feel like they want to know the money they spend goes back in the community. They care about how their money is spent and its impact. They want to connect with likeminded people.

Customer relationship: There are two types of customers: members and visitors. The former have a close relationship, as these locations are their second and/or third homes. Although they are paying to visit them, they are treated like it is their own home. That is why Tribewanted has the responsibility to enjoy and look after the place. It is the same for visitors, but for the members it is more than just visiting, they are part of something that is being built and they try having a conversation whenever they can. They are the organization's customers and partners in the projects .

Channels: Almost all communication is online. Tourism inquiries go directly to the location, membership inquiries are managed by management. Social media is used a lot: Facebook is a big channel as well as twitter. The newsletter goes out monthly.

Key activities: Hospitality and tourism, membership, community projects: working alongside the local community to deliver goals in social and environmental projects.

Key partners: The local communities. These are only three at the moment and the local operational partners. The marketing partners include PR agencies promoting Tribewanted). Then the people who are making it happen and the members, who are also customers.

Key resources: For this membership business model, social network which is run through social media and in terms of projects, the teams and the physical infrastructure of the actual location itself.

Cost structure: Tribewanted actually invests a lot in its teams. That is where the costs are. The biggest cost is always the land: physical place. Be it leasing or buying, there is always an upfront investment. The UK Business has no ownership of the local projects, These are not assets to the company. There is an agreement with local partners to send people and work alongside them though. It has not really made lots of profit yet; or better said it has, but debt has risen as well. Tribewanted did not have money to reinvest or pay out. Once again, there are two companies: the limited company and here are the debts; there are ten shareholders and profits are invested in new projects. Then there is the CIC, whose profit is called "*surplus*". The company decides with the members how this gets reinvested. The important thing is that it has to reinvest money into the projects, which are ultimately the reasons why it exists. Money cannot be taken out by directors and/or shareholders.

Revenue streams: There are two streams: membership fees, where the monthly subscriptions go into the CIC. That is good for the cash flow, because it is regular, although not a big amount though. It covers some of the UK's overheads and operations, which relating to an online business are not high. The rest gets invested in projects. The second one includes tourism bookings, whose majority goes into the communities.

Fifth Question: It is theoretical. This company is not going to get to that point. Everyone will be made redundant in terms of their work by solving these problems. Tribewanted is broad – it is a lifestyle impact – and there is always an aspect to focus on. It is about

education. As a social business, there is always going to be something else. The company itself is just a tool, the framework to build something with. One moves on the next thing or retires to the community he/she built. Ben does not see that as a challenge for social businesses. The problem is in the technology start-up phase. From a behavioral point of view all the initial investment makes entrepreneurs think they should raise a million before proving case and then in five years do an exit so that everyone gets paid and the person get the millions and run off. What needs to shift is to focus more on how to build business that is going to be rewarded through solving problems, not just large number of projections. For Tribewanted Ben does not see an exit. This is a lifestyle, something he is always wanting to do. He believe in what they are trying to do and does not want to go out of it.

Social impact is important; how one standardizes measuring social impact is the hard thing. It is important to prove and show how one is measuring it. Tribewanted has ten metrics and finance is just one of ten. Other four are social: education, livelihood, wellbeing and health. The rest are environmental: waste, water, energy, carbon and biodiversity. Organizations absolutely have to measure impact, because it is the lack of measuring the impact that got people in such a mess in the first place. Ultimately it is necessary to change behavior. Statistics and data play a part, but what drives behavioral change is emotional engagement and empathy. The most important things is engaging people with projects and this is what Tribewanted is trying to achieve. Between the option of telling a great story or having a smart measuring tool, Ben would go for the story every time.

10.5.6 Grameen Creative Lab

First Question: Based on his studies Fritz is an economist with focus on development economy and international currency exchanges. The topic of collaboration and has always been very interesting for him. Afterwards he worked on the development of financial systems for three year. This was also about setting up structures that would self-sustain themselves, be sustainable and offer aid for self-help. When he was looking for another job he came across the Grameen Creative Lab (GCL), which had a similar approach – just carried out commercially. In its theoretical simplicity this approach was

seductive and now Fritz has been working there for three years. He is responsible for cooperating with and building a network with universities. They are trying to build structures with them in form of science, research and practical experience in incubation centers. They want to support students and teach them that about social business is a different form of business, which could have an impact in the social field. The GCL just provides stimulus information and training, but is not actively involved in these centers once they are running. They tend to work based on requests they receive and rarely approach the universities. The latter are invited to its events, because they are seen as a sort of advertisers for the GCL. In this way a cooperation originates, but not at every request something comes into being. Somehow there is a natural selection process based on interest.

Second Question: The GCL began in 2008. The year before Hans Reitz and Prof. Yunus met and a partnership crystallized out. The organization's goal is to make the social business concept known worldwide. The first creative labs were formed and in 2009 the company officially entered the commercial registry. The GCL organizes events and does acquisitions. The latter refers to starting concrete projects. In 2011 a spin-off took place: Yunus Social Business was set in Frankfurt, where former Grameen Creative Lab employees started concentrating on the setup of social business funds and holistic social business movements. The GCL was left with six people and focused more on communication and events such as forums such as the Global Social Business Summit as well as local and regional forums. The mission still is to accelerate the global Social Business Movement Aside from events, another corner stone is a network of around twenty universities that are very active - they really enjoy meeting each other, because during the year the exchange is not frequent as everyone is pressed for time. The GCL is the hub that tries to connect them. With regard to the setup of new social businesses, it is not having any active projects right now, but the organization is open in that respect.

Third Questions: Definitions are always a sore spot and there is a gap on the theoretical side of social business. There are seven principles, but beyond that there is no concrete definition of what social business is. These principles are just reference points that raise further questions when one goes deeper into them. The GCL strictly follows these seven principles at the moment. A social business is an enterprise like any other company, with two major differences: the reason of establishment is to solve a social issue and no

profit is distributed in form of dividends, only the initial investment is paid back, the rest is reinvested into the social business. Social entrepreneurs behave like other people, but the earnings generated are returned to the organization in order to grow, fulfill the social purpose and have a greater outreach. The GCL does not directly solve any social problem, but solves issues indirectly by spreading the concept and supporting people in setting up social businesses. Due to this it might become difficult to argue whether the Grameen Creative Lab actually is a social business, but Fritz would still consider it to be a social business. It is designed to address and to tackle almost every social problem.

Fourth Question

Key Partners: Network partners, universities, social business entrepreneurs, companies engaged in social business.

Key Activities: Communication with network partners, live communication, following latest developments in social business, designing trainings, workshops and events.

Key Resources: Strong network, cooperation with the Yunus Centre in Dhaka, know-how in social business, creativity.

Value Proposition: Training in social business, creative workshops, strategy consulting, and access to an extensive network in social business

Customer Relationships: Buzz marketing, website, social media, communication within the network.

Channels: Website, social media, live communication.

Customer Segments: Individuals, companies or government bodies interested in social business.

Cost Structure: Staff, office, marketing.

Revenue Streams: Selling training workshops, consulting, networking events.

Fifth Questions: Once the purpose has been achieved, the question revolves around what happens with the value of the organization. Employees can find another job, but the actual issue is that if one liquidates the enterprise and is left with money, what

should that person do with it ? He/she is not allowed to distribute dividends, but according to social business constitution would have to reinvest it into the company. It is a very difficult question that is normally not asked in traditional entrepreneurship, because if an organization is successful in that field it does not get closed or the money is just kept by the owner, if it is closed. On the other hand, it closes if it is not successful and if there is remaining money it is usually kept. It could also be possible to run a company based on the seven principles. Then it would not be a social business though. The starting point of social enterprises is the willingness to solve a problem. Should they succeed the problem does not exist anymore and the company has no reason of existence.

Assessing impact is important – how is the really difficult question. This has been discussed for years. What one needs for proper impact measurement is a baseline and a comparison group. There are some difficulties associated with this, including ethical and moral problems. Determining why people are better off now could be influenced by so many external factors that it is difficult to track the social impact back to one specific measure. It is an incredibly complex subject and there is no clear result. Impact measurement questions whether it ultimately makes sense to run the social business: is it worth the effort and does it actually solve the problem ? From this perspective, impact assessment is important and should be quantified. Only offering „anecdotal evidence“ is a bit weak, but examples are nice to illustrate the results. One needs to have a benchmark - this is incredibly difficult. For an entrepreneur who sees social business as his calling it actually does not matter. Such a person should just ask himself whether he/she is doing any harm. Should no suspicion arise, then the entrepreneur can carry on.

10.5.7 Jane Acton - Nature Workshop

First Question: Jane is an ethno-botanist, which means she is an anthropologist and a botanist. Her interests are - academically and personally, professionally and passionately how human beings as a species interact with the natural world. She qualified as a mature student in her thirties and did an awful lot of work in the social, voluntary and third sector. As a single mum had to bring up her daughter and prioritize

making an income for a long time. Circumstances changed and she was able to finally realize her dream of being ethno-botanist. Together with a friend she set up the company in 2006. Working independent of all major sectors, it was a social business that helped provide solutions to the inevitable climate journey. Jane left her job with the council, which was a well-paid management job and started getting more involved with the company. Up until then it had been running services with senior managers and chief executives to make them realize the whole green carbon agenda and help them green up their act. Then the two-women company changed quite a lot, as it started to attract grant aid. Two years ago her friend left and started her own business. Nature Workshops runs events mostly out in the natural world, which helps people help understand it and also measure the work it does by doing research with local universities to find out the difference its work makes. This organization actually does lot of work with vulnerable people. 50% of what it does is private sector work such as parties and events. Jane is the company secretary and is determined to try becoming autonomous from grant aid. She wants to become independent by creating their own wealth from the private sector – mainly wealthy people – so that they can then offer service to vulnerable people for free. At the moment half of the income is grant aided and the other half comes in from events. The organization's constitution prevents directors from earning money. There are three directors, whose interest is purely about maintaining the company's integrity. As the company's secretary Jane is responsible for legal returns and accounts, and is actually allowed to earn. She has three roles: ethno-botanist, manager and company secretary. Together with the administrator, coordinator and marketer these four people make the core team. Then there are twelve paid people delivering the sessions and a little army of volunteers (thirty people), who could do training with them. The qualification offered is forest school and enables individuals to take risk outdoors with vulnerable people. All teaching is accredited and they get certificates.

Second Question: Nature Workshops is a social enterprise that uses natural world for fun, well-being and learning.

Third Question: This organization holds the social enterprise mark. In order to attain such accreditation, it has to comply with a set of criteria, which are relating to its constitution: no sole trader, no company for profit. The key one is that every year they

want to know what the income was for the year before. Roughly half of the income should come from the private sector and the company has to show evidence of how the profits were spent in social ways. They have to pay 500 pounds to do that. It is a lot of money but it is worth it – the company gets the logo and is a legitimate social enterprise. Personally Jane does not want to work for the private sector. She feels very passionate about social. Leaving her big job with the local authority she wanted to be working for an ethical company. Another reason is that it is a really good business model. During the recession with two major and very distinct ways of creating income - through private sector and grant aid work - it seemed to make good sense In the UK there is the expression: "*don't put all eggs in one basket*". The company lies between the public and private sector, and is part of the third one as well. This gives them more opportunity to succeed. It is a win situation – there are absolutely no negatives about the economic potential of a social enterprise. Nature Workshops is encouraging people to use the natural world fun, health and learning. If one does these things right, then that is a good life, because one will survive. The natural world covers the whole health agenda. One quote from the company is: "*the best classroom is only roofed by the sky.*" This organization is not only part of addressing climate change, but also helping to address serious economic and social issues – they just have to prove it, which is why so much research is done. They collect qualitative and quantitative evidence of their impact.

Fourth Question

Value proposition: Nature Workshops wants people who get their service to see the value in the smallest bit of natural space around them. Internally they deliver an amazingly brilliant service by giving a bit more than people expect. "*Quality with a sparkle*" is what they do.

Customer segments: There are lots of different customers according to how we the company gets paid. Some are commissioned to do research such as universities, some who want training such as teachers, tourist service runners, students and learners... Ultimately the main customers are children, young people and adults attending events. Now the organization is actually targeting private international schools.

Customer relationship: Ideally one day when somebody who came on a one-off session and enjoyed it so much he came on training and the company enjoyed them so much to offer them a job, Jane and her colleagues are going to crack a bottle of campaign.

Channels: The company's contacts with public service are important. Indeed, when reaching for vulnerable children they contact people through the existing networks. People are contacted through social media a lot and people are attracted by offering free events. Another thing that attracts students is that the company can help them find funds to pay for their training with them. Print media has never really worked for Nature Workshops.

Key partners: These are external to the agency. The key set of partners are the funders from whom we do still receive grant aid. These are obviously serious partners, as half of the company's money comes from them. On each project there are different partners, such as a local charity for instance. Nature Workshops also keeps partners in the third – charitable – sector and in the public one that helps to reach the people they work with. Also landowners are important partners, because they provide the most amazing resources of land.

Key resources: The absolute key resource is staff: this is a huge resource. Everybody who works for and with them. Another resource is the parts of land used, which include the beautiful woods and beaches.

Cost structure: Staff costs is the biggest outgoing.

Revenue streams: Money comes in from grant aid and people coming on training and people booking birthday parties and events.

Fifth Question: Well then everyone goes out to play. It is never going to happen in Jane's lifetime. If she would be in that position, then she would go somewhere else where this model works and would show it to everybody else. Certainly what they do is modeling excellent practices about how other people around the world can do this and how about they can make things better for people coming to their session. But also they save the public purse enormous amounts of money and could maybe start to redress some of the imbalances on a much bigger scale. Nature Workshops always tries picking up the unintended consequences of their work as well. The question is: what else needs

fixing ? There is always something that needs fixing. Having a cross sector measure would be quite difficult. The social enterprise accreditation scheme in the UK might help, because that holds in on the money and the social impact. That is what a social enterprise is about. Nature Workshop workers measure themselves when they do a series of session with the same group of people. When they try to achieve transformation in a person, they have been advised by psychologists to use a model of at least 21 hours immersed in indoors activities. They conduct qualitative AND quantitative research - that is very important. Jane herself is a scientist. It is important to measure oneself in a way that creates numbers. One has to know when something is making a difference. Soft outcomes are lovely qualitative evidence that gives the humans story behind the numbers. Both are important.

10.5.8 Variomondo

First Question: Markus Feix founded Variomondo to work with sheltered workshops. His brother is working in such a place - he just gets some pocket money out of it, but the good thing is he gets some cash. After twenty years he has the right to claim pension. His brother was dissatisfied for a long time, because as an intellectually disabled person one does not have the chance to change employers and depends on the workshops; one just stays in this microcosm. He does not know anything else, does not have any independence and self-confidence. Markus wanted to create alternatives, other activities in this perspective. It should obviously be an enterprise from which he could live. He is an independent entrepreneur as freelancer in IT projects. At the moment Variomondo is self-sustaining and social business is its unique selling proposition. It first has to be a good company the social business should be then in the background.

Third Question: There is only one definition, which is the one of Prof. Yunus. In the end it comes down to the application of funds - no dividends are given to investors and owners - and a social problem has to be solved. Markus' motivation to start the project was his brother in the sheltered workshops.

Fourth Question

Key partners: Suppliers, sheltered workshops, fair trade organizations with whom Variomondo works. On an administrative level: Grameen Creative Lab (coaching).

Key Activities: The merchandising of products online and getting closer to the sheltered workshops as soon as the company finances itself through the revenue generated.

Key Resources: Markus himself. It is a one-man company where he is know-how carrier, financier, marketing guy - all in one person. Overall he invested 90000 € in this project, which now self-sustains itself as he set staff members free he could not afford anymore. Even without this Markus already has more than a full-time job, so now it keeps going as it is. Variomondo is a Europe-wide brand - shopping for a better world. At the moment it is just a pure shopping portal, which uses different business channels. Some are not taken into consideration due to ethical reasons as long as Markus is able to afford it.

Value Proposition: The product must be attractive, because this is in the foreground. Since Variomondo's offer exists somewhere else as well, then social business is its unique selling point. It is all about the application of funds - what happens with the generated revenue.

Customer segments: The company offers everything the sheltered workshops offer and being a shopping portal complements it through fair-trade products. Shoppers can get everything, just better than traditional: sustainable. The target customers are the LOHAS. It is not possible to reach everyone, but it is important to be in the areas where customers are willing to pay good money for a good product.

Customer relationships: These are mixed. The number of return customers is quite good, but it really depends on the products; if something is not on Variomondo, then customers will look for it somewhere else.

Channels: Customer are reached through foreign websites, search engine optimization and Google Adverts.

Revenue streams: The investment comes from Markus, who now stopped to put money in. Variomondo is now self-sustaining itself through its revenues. It needs little turnover, because the cost basis is low.

Cost structure: 400 € per month and that would be covered on average with a generated turnover of 1500 – 2000 €. Converted, that would be a shopping basket every two days.

- The Christmas shopping makes 70% of the turnover more or less, but Markus warns against statistics, because the company is not yet profitable. In any case during the Christmas time he could observe a quadruplication of the turnover.

Fifth Question: Markus did not really deal with this topic. It is difficult to measure the social impact. One can measure direct criteria, but not the indirect interdependencies and effects. It would be good to know standards that measure the different social impacts. Each individual has to decide for oneself what is better. Mechanism are needed to measure impact, but the real question for Markus is how these measurements are then interpreted.

That is a theoretical question and it depends on the organization's purpose. One could look for a new objective. The goals of VarioMondo are permanent and never to be reached. However, should these be attainable and the social business was still running financially, then this would lose its *raison d'être* and would have to look for a new one. It could flow into other organizations for instance. Markus also wonders what happens to the profits - if there are any – because as per definition a social business is not allowed to pay dividends. It is important to keep going, to look for another objective or to support others. One has to ensure that the problem keeps remaining solved over time. Permanent goals should be kept under observation and the issue should be minimized.

10.5.9 Lalaland

First Question: Ilona works with the circ agency since October 2013. She is the managing director and it is part of her duties to support Lalaland, which belongs to Mr. Reitz.

Second Question: Lalaland provides families with a tender place and wants to solve this social problem: In Wiesbaden families with kids are not welcome; young kids are rather

perceived as disturbing. The organization has two full-time employees for the and a lot of temporary workers. It consists of three areas: the café, the B&B and the collection. Turnover-wise the second is performing quite well.

Third Question: An enterprise based on the guidelines of Prof. Yunus. The goal of the organization is to solve a social/societal problem. In Bangladesh it is the overcoming of poverty. With regard to Lalaland identified an aspect no one dealt with in its environment.

Fourth Question

Key Partners: The organization's suppliers that are in the sustainable and biological area, staff members, the circ agency because it shares the creativity and managerial expertise with the Lalaland.

Key Activities: The running of a café and family guesthouse, cooperation with the company Otto to create Babygro's.

Key Resources: Staff members and the spirit of Hans Reitz.

Value Proposition: A tender, playful and caring place.

Customer segments: For the café young families - primarily women; for the B&B they are similar but often also lonely travelers and business guests.

Customer relationships: There are regular customer groups, especially on the weekend. But there are also a lot of non-regular guests.

Channels: Relatively a lot of social media and midwives networks. Occasional customers are rather difficult due to the location.

Cost Structure: Personnel costs, rent etc.

Revenue streams: Guests, Children birthday parties etc.

- The café does not yet operate cost-covering, but the B&B is already economically viable.

Fifth Question: It does have an impact: the guests' bright faces are an impact for the women in that moment. It already achieved something there. A before-after measurement would be really good. It absolutely has its justification.

The organization does not have an exit strategy yet. There will surely be other problems and one can have a look at other aspects. There are always some social issues. Concerning the future, this is now a sort of lab. They would like to be not only in Wiesbaden, but to franchise their concept nationwide. Families could be running them, so that each café supports one family. It is important to elaborate a good concept.

10.5.10 Iziko lo Lwazi

First Question: Alison has been an entrepreneur all her life and then decided it was time for herself to be a social entrepreneur. She committed herself to an NGO, that had to become self-sustaining: Iziko lo Lwazi, which literally means center of learning. This organization makes paper and from that it has products. One half of consists of running a business to make products and sell them to first world customers. The second half is quite complex, as it deals with third world persons who come with very little education and skills – it is quite difficult to match skills with making a product. The goal of the organization is to enable youngsters who left school early to learn and to engage in the economic cycle. It takes one year and a half to have a person ready to apply for a job. The company needs tourists to come and buy their products to keep it going. The complexity in South Africa is that dynamics keep changing.

Second Question: The organization is trying to address the history of its country by helping the youth to become more economically-minded. It is just helping them to get in the mainstream to earn tiny money and help feed their families. There are two intakes per year: February and June. English literacy is mandatory: two hours per day for the pure reason of being able to converse in business. Those people that come these to Alison literally live in a shack with no running water – it is diabolical, it is a disaster. These people have no boundaries, no time management; they are just used to be roaming. There is a high drop-out rate, but for the ones that stick with Iziko lo Lwazi, money is raised and they are sent to courses to find jobs. They can be proud of having achieved that. Three people are running the organization, which can only continue as

long as people sponsor it or enough money is made. At the moment it just breaks even and it will never make a profit, because these people are so slow. Fortunately Alison was successful in business. She is fifty years old now and does not really need any more assets in my life. There is a fantastic thing called "*Lead SA*" - it questions what each one can do to contribute to the success of South Africa. Human life is sacred and from a spiritual perspective each person has a meaning and calling in life. That is what called Alison. These people are lost, mostly because of the history of their country and they have been living in dire poverty.

Third Question: Herself being a social entrepreneur, Alison defined exactly what she needs and is committed to a life of simplicity. She earns what she need to live. For any NGO to survive in South Africa, it just has to bring an income to survive. As of the economic downturn companies are questioning giving money to these organizations. There has to be a shift, which would be a sign of maturity from this country. The current mentality is: "*give it to me for free*". Having been an entrepreneur all her life, Alison has always been wheeling and dealing. She is trained in HR; that is her strength: she is good at putting in systems and getting people do their part. She is truly a South African and feels like this is her calling.

Fourth Question

Key partners: The funders and volunteers. It is important to keep close with funders and be transparent in what is done with the money, otherwise the organization will not get next load of money. There is a strict control over there.

Activities: Keep doing the marketing mix. They are constantly looking at prices, which have become a huge, big issue. Since the government opened its doors to China, goods could come into this country at a quarter of the price Iziko lo Lwazi can produce them. The organization's products are also at risk due to technology going on. It has to keep redeveloping new products and to do that it needs to be sure who its customers are. Living in a real touristic place, the company looks at what the hospitality trade really needs.

Resources: The organization operate out of four big containers and is very fortunate to have all the computers, technology, papermaking and spiral-binding machine, tables and chairs as well as the shop. For an NGO it has a good bank balance.

Value proposition: Really authentic handmade products. They take people off the street and empower them, thereby reducing crime and birth rates, abuses, and really gives people dignity Treating people in a dignifying manner is going to affect society on the whole.

Customer Segments: They mostly want customers that want a lot of one thing. Teaching people new products can take months, so they want to make the same thing over and over to perfect them. The customers are hospitality trade conference organizers and tourists coming to the shop.

Customer Relationships: They do have a few repeat order, but in reality everyone is watching he penny. Being in the city the company cannot make product as cheap as rural areas. The bottom is really the price: who gives the cheapest gets the job. People are tired of feeling sorry for all these people and therefore there is not too much of this social entrepreneurship. That used to be strong, but now not anymore. There is the "BEE" policy, which stands for black economic empowerment. Every big organization has to purchase a percentage of goods from a BEE company. They get certificate and are given points for that. This encourages the economy to stay within the country. This policy also says that a company must have so many Africans in the organization, and so many in management to get those points.

Channels: Mostly WOM. With three people running the organization, they hardly get to that marketing effectively. It is actually confusing to run – they do not know whether people in the organization are their customers and then there are the business customers. Both are as demanding and that drives one crazy. It is like running two businesses in one, on a minimal budget.

Cost structure: The major cost is Alison's salary. The organization breaks even excluding her salary. If there is no sponsor that pays her salary, that is where it is finished. They really rely on foreigners to keep the organization going.

They are an NGO/NPO and never make a profit - they just try to break even. If they did, the money would go back into training. If they closed down, they would not be allowed to sell the equipment and would have to give it to other NGOs. At the moment expansion is an issue. Last year they bought a shack in the township and started a little shop there. The biggest threat is finding people with a level of competence able to run these projects. Their growth is limited just due to a total lack of skilled labor and people not taking responsibilities for their job. It is therefore very difficult to expand. Working is not really a concept in the South African culture, especially amongst youth. The western work ethic is quite foreign with what they face with youth in South Africa. It is difficult to select people - they just live for the now and do not even think a month ahead of time. Iziko lo Lwazi has to draw people with them. Some will stick with it and some will not. There is a huge turnover in their projects. In three years fifteen people were seen to move into the economic life. Sometimes Alison wonders what the point is of running this organization, as it is risky to be running it. The people would never come to her by themselves. The fault in the organization is that it loses its skills regularly, as after one year and half people have to move on. Also Alison asks herself how to position the whole company, because there is the "*Ubuntu*" mindset: they all look after each other – a wage gets food for a whole lot. They sustain each other and have a different way of thinking. Due to this Alison questions the capitalistic system on to Africans and thinks that surely there must be another way of doing business. It is not quite working for them.

Fifth Question: Iziko lo Lwazi has to measure its impact. They are using public money and so it has to be documented what impact they have on society. The measurement they do is to document for wages, number of people employed and strict in monitoring English literacy. People cannot even speak to Alison and after a year they are laughing with her. She thinks it would remain a social business in a different format. In today's society there is a huge gap between have and have-nots. Wherever in the world one is, he/she has to put money back into society. Alison firmly disagrees with this greed, and people living beyond what they need. The western society needs to look at its own level of greed, which has just become distasteful. There has to be a change in society's thinking. One can only find meaning in life once he/she starts giving back to society. She also questions the whole concept of work and wonders how much longer this concept will be carrying on. In Africa people could give the western persons another concept of

what is work. Their reason to start a business is a purpose. Once they have money to perform that purpose, they stop the business. Whatever these people have earned their money for, they just go, do it and start up again. Western society criticize the way perhaps Africans approach work, but they are still smiling while living in dire poverty and relating to each other, where the others are finally working, working and working to pay bills each month -the richness of interacting with people is not as much. Alison asks herself what she needs to survive and that is what she earns. It should not be forgotten that in South Africa there are 11 official languages and it can be imagined that the different thought patterns make the whole thing very complicated. Running a social business is really complex, because third world skills trying to operate first world products is a complete nightmare.

10.5.11 PEPY Tours

First Question: Sarah Brown is 27 years old and is the General Manager (GM) of PEPY Tours. She is originally from the UK, but has lived in Cambodia for three and a half years. She has always been interested in both education and communication, and her work history has included both. Working with PEPY Tours has allowed her to combine those interests, which has been great. She originally worked as part of the communications team, and has been the GM since January 2013.

Second Question: The best way to learn about PEPY Tours and our journey is to watch this video: <http://pepytours.com/what-what-is-pepy-tours/> and also read about the company's philosophy here: <http://pepytours.com/why-our-philosophy/>. In short, PEPY Tours was started to a) raise money for PEPY NGO, and b) engage existing and potential supporters. In the beginning it offered short term volunteering opportunities, as people often feel connected to initiatives they have experienced firsthand. However the organization realized that facilitating visitors "*helping*" in the communities it worked with wasn't necessarily what is best for the project, the people working on it, or the community the project aims to serve. It completely shifted its focus from short-term volunteering to long-term learning, and now offers educational adventures throughout Cambodia. The company welcomes people to visit its office and learn about its programs, however it does not offer tourist visits to the schools it works in, or direct interaction with the students or their families.

Third Question: PEPY Tours has two distinct social missions:

- 1) To raise awareness of and raise funds for PEPY's education programs in Cambodia. Money from PEPY Tours supports around 20% of the NGO's annual budget and makes a big difference to the programs on the ground.
- 2) To provide learning adventures which explore Cambodia on a deeper level, encourage critical thinking and self-development, and inspire participants to live, travel, and give more responsibly.

The organization believes travelers can make a difference with the knowledge and critical thinking skills they gain through its tours, but that the impact they have isn't limited to the time they spend with us traveling. Instead they explore ideas that will help them contribute in the future, such as how to travel responsibly, how best to support non-profit work, and how to be a change-maker in their own or global community. This learning experience is designed to create a wider impact beyond supporting PEPY in Cambodia.

In addition, last year PEPY Tours launched www.learningservice.info, a website that is designed to help would-be volunteers put their good intentions to good use. It is home to lots of original content that the business has produced, offering education and support to those looking to travel and volunteer in a responsible, ethical, and valuable way.

Fourth Question: Basically PEPY Tours primarily works with schools and universities who are looking to organize an educational trip to Cambodia for their students. It offers a complete package, which includes not only logistics management like a regular tour company (e.g. accommodation, transport, advance bookings, etc.), but also create and deliver an on-the-road curriculum based on the needs and interests of the students. The company has developed educational materials, designed educational activities, and produced a "*Reader*" (collection of reading materials) which are all unique to us and integral to its tours.

Fifth Questions: The business has designed its tours to offer an alternative to volunteer travel, and an opportunity for learning and self-development. It works with young people ("*the leaders of tomorrow*"), encouraging them to ask questions, think critically,

contemplate complex issues, and examine their role as a global citizen. In that sense the social issue it addresses will never be “*solved*”! They are considering expanding PEPY Tours into other countries in coming years.

10.5.12 Sumak Travel

First Question: Felipe is originally from Colombia. He is an economist from Sorbonne University in Paris. He is the founder and director of Sumak Travel, which is a responsible tour operator that specializes in sustainable tourism to South America. The company started two years ago and today operating in twelve Latin American countries with more than sixteen local partners. With all of them it has commercial agreements based on transparency, trust and mutual benefit. The organization works in partnership with them rather than considering them its providers.

Second Question: It is a UK-based company and its legal structure is limited by guarantee, which means that it is a private company with no shareholder, but it is also social enterprise. This is more related to the business model than the legal structure. The organization is for-profit, but to make profit is not its primary goal; it is to improve standards of livings for communities all over the continent. The way it wants to reach these goals - maximize amount of money that is directly going to those local communities - is not as a donation, but in exchange for high quality products and services they are providing. In short it is creating the equivalent of fair trade for tourism. Travelers are paying a fair price, the company acts in full transparency and communities receive a fair price for the service and products they provide. What it intends to do with profits (it is still a start and is about to break even) is to reinvest half of the profit in the company to keep growing and maximize positive social impact, and with the other half it wants to invest in community-led projects that are part of its network. That is a key difference to others tour operators, which just “*greenwash*” their image. Sumak Travel thinks that donations are counterproductive and the best it can do is through business: empower local communities. That is why it prefers social investment or impact investment, instead of donations. This is key on its model. The local communities the company works with are tired of the patronizing approach of receiving money for free and this is why it wants to create initiatives that solve their problems in the long term; lasting solutions. The way the business is operating makes them independent and self-sufficient. If tomorrow it stopped sending customers there, they will have the means to

keep doing what they do. There is no dependency and this is something other tour operators do not understand. The organization is a responsible tourism operator, not because it donates money to local charities and people, but because it works with them in full transparency. The goal of its work is to maximize positive impact that travelers and the industry in general is creating.

Third Question: For Felipe it is a private company which has the primary goal to generate positive impact. There are many definitions for positive impact. What Sumak Travel does is measuring social and environmental impact with the local communities as a result of its touristic activity. To keep it simple: a private company, for-profit, but the primary goal is to generate positive impact. Concerning Felipe's motivation, he did one year of research on the ground in South America studying local initiatives that were solving problems in innovative ways. As a result he identified needs and potential of local communities working with tourism. Once in Europe he also identified a growing demand of eco-friendly, cultural, ethical holidays: people wanting to travel and at the same time have direct contact with the local culture and nature, and have authentic experiences. It was a matter of bridging the gap between those groups. On the one hand local communities with a lot of potential and on the other hand travelers that would love to do this kind of tourism.

Fourth Question

Value proposition: authenticity, uniqueness and rewarding for a holiday. That is what it offers to its customers.

Key Partners: Affiliates: the organization has a group of affiliates that refer customers to it and the company pays a commission for confirmed bookings. Tourism Concern: British NGO campaigning for a more ethical tourism. Sumak Travel is member of the Ethical Tour Operators group. This is key, because it works as an external validation of its model. The enterprise says that it is responsible and ethical, but has external organizations that validate its business model and approach. The Hub: it is a member and uses their network and offices, because it helps the company to be part of a network of social innovators.

Key Activities: Tailor making holidays. Research and modeling: it works a lot on writing proper research about innovative models its partners are implementing. The organization also promotes innovative models for environmental conservation, especially in the amazon rain forest. This is not related to its core business, but it is something the company does.

Key Resources: Expertise: knowledge of Latin America, their products and social technologies. Network.

Channels: Affiliates: this is the most powerful one for start-ups. Google Organic: lot of effort and time is spent on SEO. Public Relations: in mass media and newspaper. Sumak Travel does not do advertising.

Cost Structure: It is a tour operator, which means that it works on commission for each tour it sells. The company takes a commission and the whole of the price goes to the local partner.

Revenue Streams: The only revenue it has is selling holidays.

- At the end of the year the organization takes half of the profit and reinvests, and it takes the other half of the profits and invests in community-led projects. This is purely theoretical at the moment. What is already included in its prices are contributions to the social project that are involved within the program. Sumak Travel is cheaper than its competitors, because it works with low margins.

Fifth questions: Felipe thinks this is very important and it should be incorporated into the business plan of every company. In their case it is part of the core business: everything the company does aims to generate a positive social impact and it is at the early stages of measuring social impact. They have identified a group of indicators in different areas, but intend to start measuring over time to be able to track progress. Felipe thinks this is important, but does not think it should be a priority. The priority should be to generate surplus - to make sure the business is viable and then start measuring and worrying about social impact as a priority. With regard to the exit strategy, Felipe does not think the social problem will be solved in the long term. It would be pretentious to believe that they are solving the problem. If one is doing

something very specific locally, in that case one will probably be able to give proper answer. But what the enterprise does is continental. Problems are huge, and the tourism industry is huge and very disruptive. There is no way Sumak Travel will be able to solve and is not even its intention, because they know it is not possible.