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Social Entrepreneurship: Learning from Smart Survivors

A comparative study of selected Norwegian social enterprises

MSc in Innovation and Entrepreneurship

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Mantas Grigaliunas

Abstract

This thesis is based on 4 propositions stating that it is possible for non-profit social entrepreneurship organization to survive by attracting finances, inspiring the team, breaking the risks and seeking long-lasting success. The thesis argues that the non-profit social entrepreneurship is being smart since it manages surviving being non-profit.

The aim of the research is to understand and learn from nonprofit SE abilities to survive by analyzing the strategic surviving factors.

The theoretical foundation for this research is obtained from various literature sources especially focused on Strategic Tools for Social Entrepreneurs book.

The research design of this thesis is a combination of a multiple case design with a holistic analysis, and a cross-sectional design. The data was collected by applying semi-structured interview methods of two social enterprises in the not-for-profit (NSE) and for-profit (FPSE) industries. FPSE was included in order to increase validity.

The findings of the analysis show that it is possible to survive being non-profit and suggest how to achieve the survival by attracting finances, inspiring the team, breaking the risks and seeking long-lasting success while acting in Norwegian non-profit SE sector. Thus, the propositions were proved.

These findings suggest that entrepreneurs hesitating to start non-profit organization should be inspired of the real case examples and start acting.

(Key words: Not-For-Profit Social Entrepreneurship; For-Profit Social Entrepreneurship; Strategic Surviving Factors)

Abbreviations

- SE = Social Entrepreneurship
  - NSE = Not-for-profit Social Entrepreneurship
  - FPSE = For-Profit Social Entrepreneurship
- BE = Business Entrepreneurship
- HR = Human Resources

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1 Introduction

In this introduction I will present the background for doing this research. I will introduce how I came with an idea to write this thesis about social entrepreneurship. I will share my personal and my friend's stories based on social entrepreneurship experience. I will present the research topic, as well as the delimitations I have made. Concluding this introduction I will present the propositions of this thesis. At the end of the first chapter the reader can find the figure of thesis structure.

1.1 How did I come with an idea to analyze SE

In this chapter I will present two stories explaining how I came with an idea to write my thesis bases on social entrepreneurship.

International Summer School (ISS), UiO. "Come to Norway – Meet the World". By this slogan ISS is inviting people from all over the world to the summer courses. If you are lucky ISS can cover your travel and living expenses. In 2009 I got a chance to visit Norway by winning a scholarship to participate at ISS as a student taking couple of summer courses. During the six weeks' program I wasn't only studying: I met around 500 students from five continents, travelled and learnt about Norway. Because of ISS I accumulated unforgettable social experience and practically understood the need and importance of the social programs. Especially ISS is precious for the students who have never been abroad and have no financial possibilities even to dream about. Two years later I was attending ISS again. But this time I was an employee taking photos of students who were grateful to ISS. This time I strengthened my view about the need of social organizations but didn't know about social entrepreneurship yet. Because of ISS my and these students' life took an unexpected positive direction. It is need to say that ex-students are still excited after a few years of ISS visited and dreaming to come back to ISS. Having in mind ISS is a nonprofit SE organization but it is still surviving from 1947 and keeps making a social change in the world![1]

Nordre Aasen. My friend told a story how she started volunteering at Nordre Aasen. It was only once a week, taking four hours. She was helping at the café for handicapped people. The tasks were not only to perform ordinary kitchen duties but communicating, interacting and

[1] www.uio.no/english/studies/summerschool/about/mission

involving handicapped human beings into interactions as well. The whole work done at the café is unpaid but a volunteer can have one meal gratis. My friend told that she felt energy and motivation boost every time she went there. Straight after one meeting she was looking forward to another one. Although she didn't receive any salary! A question rises if every employee could have such an inspiration for work Nordre Aasen is a nonprofit stiftelse (norw. foundation) but it is established and managed to survive from 1955! [2]

Later I was trying to understand what kind of type of entrepreneurship they could be fit in. Only during my studies in the master program (Innovation and Entrepreneurship) I realized these organizations could be as social entrepreneurship examples. When I was brainstorming my topic for the master thesis, this positive experience inspired me to focus exactly on social entrepreneurship topic in order to reveal the secrets and share the findings with those who are interested in this area.

1.2 Background

Today many entrepreneurial companies are being started with terms as a vision and mission. Reality is that some of them just hiding behind these terms and actually having the only one mission – profit. Meanwhile there is one entrepreneurship type which according to a definition should follow its mission as a social change. It is called social entrepreneurship (SE). Profit, however, is merely as a secondary thing. Money to run SE company should come itself, driven by inspiration and seriousness of mission.

Social entrepreneurship is usually meant to be not-for-profit type company (Thompson 2002). However it is normal to have expenses in any entrepreneurship activity including social entrepreneurship (let us think about conventional expenses consisted of electricity or rent and salaries). Thus, if a social enterprise works not-for-profit, it should find income sources or any different kind of support to cover at least the basic expenses in order to survive. What are the secrets of these organizations? What strategic tools could be used to achieve it? What if any entrepreneurship type could use this kind of knowledge from a social entrepreneurship scheme?

1.3 "Today to start a company for profit is pointless"

"Young people today start business to engage in fun activities with friends and maybe make

[2] www.nordreaasen.no/?aid=9080954

some money. Today to start a company for profit is pointless”. These words are said by Swedish philosopher, teacher, sociologist Alexander Bard. In his view, young people do not look into these companies anymore (auth. profit seeking), and the main factors are things like corporate social responsibility policy.[3]

As a support to A.Bard’s statement Zig Ziglar explains his Timeless Guide to Motivation talking about success without getting:

> *“Success means doing the best we can with what we have. Success is the doing, not the getting; in the trying, not the triumph. Success is a personal standard, reaching for the highest that is in us, becoming all that we can be.”* [4]

Another inspiring expression is stated by Gandhi:

> *"We must become the change we want to see in the world"*[5].

The personal stories and other people’s statements have inspired to perform this research on nonprofit SE and its feasibility. Next chapter is leading to the problem statement.

1.4 Problem statement

The aim of this master thesis is to analyze, understand and learn from nonprofit social entrepreneurship. Since I was limited to geographical constraint, the Norwegian SE industry was selected to focus on during the research.

Personally I know a few of nonprofit SE having decades of surviving. It becomes interesting to find out the secrets of nonprofit SE and how entrepreneurs could learn from it. In order to make a solid research, nonprofit SE should be compared to for-profit SE.

That leads to the main research question which is:

- **How could for-profit entrepreneurship learn from the secrets* of non-profit social entrepreneurship surviving in Norwegian nonprofit sector by analyzing challenges related to:**

***Money**

[3] www.ekonomika.lt/naujiena/a-bardas-lietuva-taps-viena-stipriausiu-valstybiu-pasaulyje-30607.html#ixzz27OXfgrar
[4] http://www.positivityblog.com/index.php/2012/12/06/zig-ziglar/
[5] http://en.wikiquote.org/wiki/Mahatma_Gandhi

***Team inspiration and satisfaction**

***Longevity**

***Risks**

Research objectives:

- to examine successful nonprofit SE
- to provide entrepreneurs an insight of nonprofit SE
- to compare not-for-profit SE (NSE) to for-profit SE (FPSE)

Propositions

- **Prop#1**
  It is possible for nonprofit SE to **attract money**

- **Prop#2**
  It is possible for nonprofit SE to **inspire HR**

- **Prop#3**
  Nonprofit SE is programmed to be **long-lasting**

- **Prop#4**
  It is possible for nonprofit SE to break the **risks**

Further I am going to explain what I mean with these propositions.

Prop#1: It is possible for nonprofit SE to attract **money**

I am going to examine if nonprofit SE has a possibility to attract money to start and continue performing the activity. It is interesting to find out the financial challenges of SE and how it manages to overcome them in order to survive. Are there any ways to minimize the expenses? What are the strategic tools for attracting extra income?

Prop#2: It is possible for nonprofit SE to **inspire HR** (attract and keep)

I am going to analyze if nonprofit SE has a possibility to attract and keep the human resources. How does SE manage to achieve it? How does SE treat HR? What are the biggest challenges related to HR and how it is being solved? How the team of SE is being inspired and how to keep the inspiration on and on? What does motivate the team? What about the volunteers and how do they attract the volunteers?

Prop#3: Nonprofit SE is programmed to be **long-lasting**

I will examine if nonprofit SE is programmed for a long-lasting success. How does SE measure the success and what factors are important to continue survival of being nonprofit? It is also interesting to uncover the mechanisms for continuous nonprofit SE performance.

Prop#4: It is possible for nonprofit SE to break the **risks**

I will try to answer if nonprofit SE has any risks, how SE breaks them and what factors make SE strong enough to overcome the risks.

In sum, the nature of this research project is to examine SE unique secrets in order to survive decades being not-for-profit. In order to do that, we have to understand social entrepreneurship by performing the research of literature and analyzing the strategic tools of nonprofit SE. Only then we can teach entrepreneurs by sharing the findings.

1.5 Delimitations

When reading this thesis, it is useful to understand its delimitations.

This research is limited to 17 weeks of work. The time for each part had to be spent carefully and proportionally in order to deliver the thesis. By knowing that, a reader should take it into consideration.

The study was performed in Oslo (Norway) providing a geographical delimitation.

A few of interviews, conferences and meetings related with social entrepreneurship were organized in Norwegian. Although I have passed some Norwegian language courses and have been living in Norway for a couple of years, it is still not my native language and challenges occur to understand it properly (for example with different dialects!).

In order to do a qualitative research I had to collect the data for my thesis. I wouldn’t recommend performing interviews during a month before Christmas because Norwegian companies celebrate Julebord (auth. Norwegian Christmas Parties). It took weeks for me to organize the necessary interviews for the analysis of SE. Only the last week before Christmas I managed to accomplish my meetings with SEs and interviews were finally conducted.

Besides, I didn’t have any co-writer to do this research. Students might choose to write theses in a team. Although it doesn’t always mean that a two-student team will finish the thesis double faster. However, there are moments when co-writers could contribute more than a single writer.

1.6 Structure of the thesis

This is the simplified structure of the thesis. However, it shows the whole procedure of the research beginning with the research question and ending with the results.

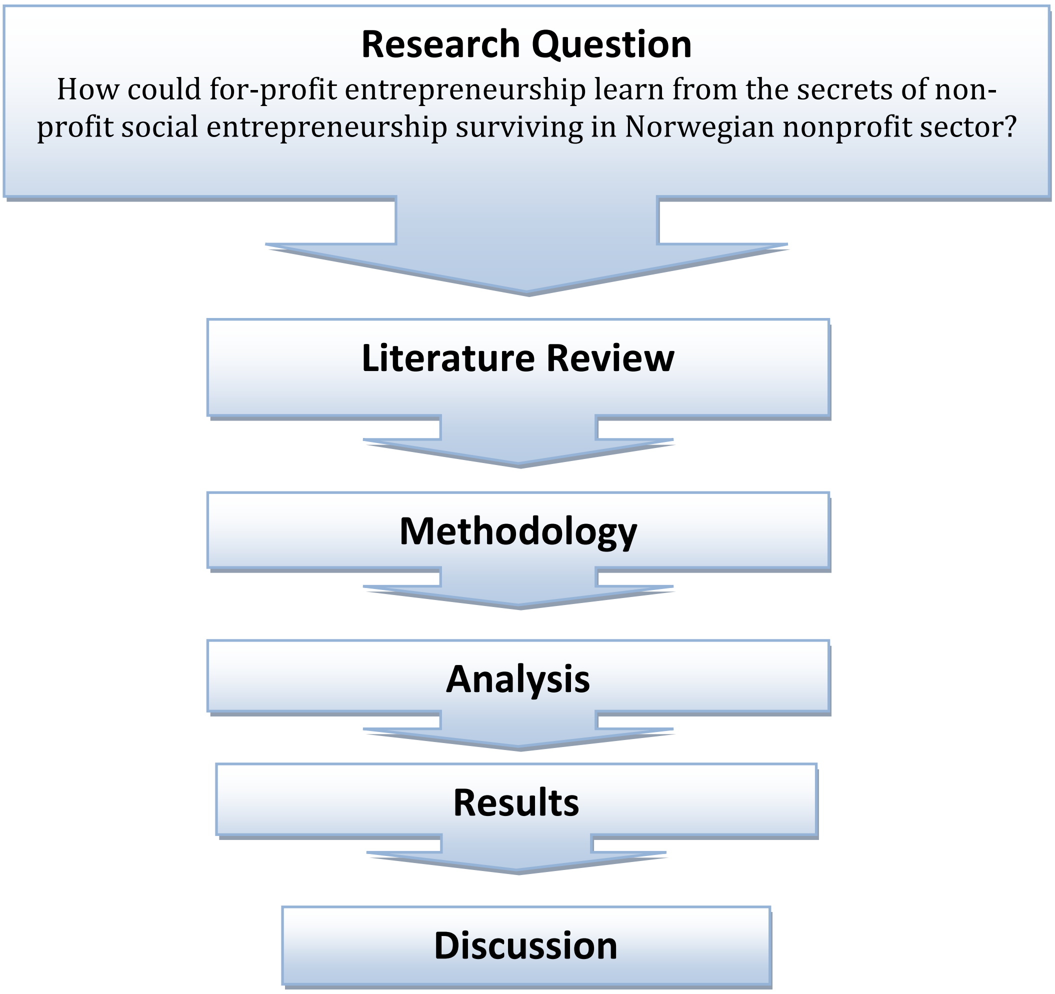

Fig 1 Thesis structure

2 Literature review

In this chapter I am going to analyze previous research done on social entrepreneurship. The analysis of the existing literature (scientific articles, books, government reports, relevant internet pages) was performed.

2.1Entrepreneurship

Before talking about social entrepreneurship we need to describe the entrepreneurship. Martin and Osberg made the research by trying to describe entrepreneurship. They say that according to Schumpeter the entrepreneur is as an “agent of change within the larger economy”. But Peter Drucker disagrees with Schumpeter and sees entrepreneur “who always searches for change, responds to it, and exploits it as an opportunity” (Martin and Osberg 2007).

The mentioned theorists regardless of whether they cast the entrepreneur as an **innovator** or an early **exploiter**, they associate entrepreneurship with opportunity. Entrepreneurs are believed to have an exceptional ability to see and seize upon new **opportunities**, the commitment and drive required to pursue them, and an unflinching willingness to bear the inherent **risks** (Martin and Osberg 2007).

Martin and Osberg describes the unique set of personal characteristics that entrepreneur brings to the situation – inspiration, creativity, direct action, courage, and fortitude. These characteristics are important to the innovation.

Martin and Osberg (2007) writes that the entrepreneur is a person who “thinks **creatively** and develops a new solution that dramatically breaks with the existing one”, shows **courage** applying innovation, doesn’t afraid of **risk** while others might think the risk taken is unwise or undoable. For example, Smith (FedEx) had to convince himself and the world that it made sense to acquire a fleet of jets and build an airport and sorting center in Memphis, in order to provide next-day delivery (Martin and Osberg 2007).

2.2 Social entrepreneurship

There is such a big variety of literature sources describing social entrepreneurship that it was difficult to stop analyzing them. I still managed to discover new information with every new article and book. But at some level I started noticing similar tendencies regarding SE just written in other words.

2.2.1 Describing Social Entrepreneurship

The word entrepreneurship comes from the French word entreprendre meaning 'to take into one's own hands' as mentions. Austin and Stevenson (2006) describes social entrepreneurship as "the underlying drive to create social value" and Tapsell (2010) says that the "activity is characterized by innovation or the creation of something new rather than the replication of existing enterprises or processes".

Zahra noticed that social entrepreneurship can mean different things to people since there is confusion in the literature. She reviewed over 20 definitions of social entrepreneurship and integrated them into the following single definition: "Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner." (Zahra, Rawhouser et al. 2008). Dees explains his view about the definition of SE: "Many associate social entrepreneurship exclusively with not-for-profit organizations starting for-profit or earned-income ventures. Others use it to describe anyone who starts a not-for-profit organization. Still others use it to refer to business owners who integrate social responsibility into their operations" (Dees 2001).

According to other researches social entrepreneurs may discover or create opportunities (Alvarez and Barney, 2007) and launch ventures to make profits, create wealth, or balance social and economic imperatives (Elkington and Hartigan 2008) (Zahra, Rawhouser et al. 2008).

Peredo et al analyze literature on both the entrepreneurial and the social aspect of the concept (Peredo and McLean 2006). Dees sums up three important characteristics of social entrepreneurial activity (Dees 2001):

(1) 'the recognizing … and pursuing new opportunities to serve mission'

(2) 'engaging in a process of ... innovation'

(3) 'acting ... without being limited by resources currently in hand', i.e. thinking big.

In addition, as among others Tan, Williams and Tan (2005) have noted, is the social entrepreneur's (Dees 2001) 'capacity to endure risk' (Witkamp, Raven et al. 2011).

The crux, however, is the application of these entrepreneurial characteristics to a type of mission that is not solely focused on financial profit. Instead, as Peredo and McLean formulate, a social entrepreneur will use this entrepreneurial stance to 'aim either exclusively or in some prominent way to create social value of some kind' (Peredo and McLean 2006). (Witkamp, Raven et al. 2011)

Providing clarity (Thompson 2002) identifies social entrepreneurship as possibly occurring in (1) profit seeking businesses that have some commitment to doing good, (2) in social enterprises set up for a social purpose but operating as businesses and (3) in the voluntary or nonprofit sector. However, he concludes the "main world of the social entrepreneur is the voluntary" (Weerawardena and Mort 2006).

Common across all definitions of social entrepreneurship is the fact that the underlying drive for social entrepreneurship is to create social value, rather than personal and shareholder wealth (e.g., Zadek & Thake, 1997). The central driver for social entrepreneurship is the social problem being addressed, and the particular organizational form a social enterprise takes should be a decision based on which format would most effectively mobilize the resources needed to address that problem (Noruzi and Rahimi 2010).

Noruzi et al state that there is no legal form of definition of social entrepreneurship, as it can be pursued diffently. Indeed, examples of social entrepreneurship can be found within or can span the nonprofit, business, or governmental sectors.

According to other researchers, Martin and Osberg (2007), the difference between BE and SE can be ascribed simply to motivation – with entrepreneurs spurred on by money and social entrepreneurs driven by altruism. Primacy of social benefit is the factor distinguishing social entrepreneurship. The social entrepreneur neither anticipates nor organizes to create substantial financial profit for his or her investors or for himself. They state that ventures created by social entrepreneurs can generate income, and they can be organized as either not-for-profits or for-profits (Martin and Osberg 2007).

In order to understand better what social entrepreneurship is, (Weerawardena and Mort 2006) collected a few definitions of different types SE from a few well known authors which can be read at the table below:

Author(s)	Focus or objective(s) of the paper	Domain	How was the SE construct conceptualized (key dimensions)	Definition of social entrepreneurship
King and Roberts (1987)	Describes the impact of public sector entrepreneurs on policy in a state government	Public sector	None	SE defined in terms of innovation and leadership characteristics
Waddock and Post (1991)	To define who SEs are and what they do	Public sector organizations/ social action	(1) Ability to deal with problem complexity (2) Credibility (3) Commitment to collective purpose	Creating or elaborating a public organization so as to alter greatly the existing pattern of allocation of scarce public resources
Campbell (1997)	Prescription for developing new social-purpose business ventures (focus on health care industry)	Social enterprises	None	Social purpose ventures provide communities with needed products or services and generate profit to support activities that cannot generate revenue
Henton et al. (1997)	Outline the contribution of civic entrepreneurs to community growth	Individuals working in either for profit or NFPs	None	Civic entrepreneurs recognize opportunities and mobilize other to work for the collective good
Leadbeater (1997)	Investigate the use of SE to provide services that the UK welfare state cannot or will not	Nonprofit/social action	(1) Ambitious leadership (2) Creative use of minimal resources (3) formation of inclusive organizations that build long-term relationships with clients	Identification of under-utilized resources which are put to use to satisfy unmet social needs
Cornwall (1998)	Describing the social impact of entrepreneurs in low income communities	Nonprofit/community development organization	None	Entrepreneurs have social responsibility to improve their communities
Dees (1998a)	Definition of social entrepreneurship Social entrepreneurs play the role of change agents in the social sector	Public organizations/ nonprofit organizations	Five key dimensions: social mission; pursuing new opportunities; continuous innovation; acting boldly; heightened sense of accountability	
Dees (1998b)	Outlines strategies for NFPs to obtain funding	Nonprofit organizations	None	NFPs discovering new funding sources and strategies
Prabhu (1998)	Investigation of concept of social entrepreneurial leadership	Nonprofit/social action	None	Entrepreneurial organizations whose primary mission is social change and the development of their client group
Ryan (1999)	Looks at impact of the entry of large for-profit corporations on the operations of nonprofit organizations	Nonprofit organizations	None	Not really defined
Wallace (1999)	Examine role of social purpose enterprise in facilitating community development	Nonprofit community development organizations	None	Entrepreneurs have social responsibility to improve their communities—derives from social and political cohesion in a community
Borins (2000)	Studies two sets of entrepreneurial public leaders to assess characteristics of public entrepreneurship—are they rule-breakers or positive leaders?	Public sector organizations	Measures for (1) the source of innovation (2) the type of innovation (3) conditions leading to the innovation (4) supporters of the innovation and (5) obstacles to innovation	Leaders that innovate in public sector organizations
Thompson et al. (2000)	Review of private sector SE	For profit Organizations	None	The process of adding something new and something different for the purpose of building social capital—focuses on actions taken by private sector actors
Canadian Centre for Social Entrepreneurship (2001)	General review of Social Entrepreneurship, in particular looking at the impacts of globalization and the rise of dual bottom line reporting	Nonprofit organizations and corporations	(1) socially oriented private sector activity and (2) entrepreneurial action in nonprofit enterprises	Innovative dual bottom line initiatives emerging from the private, public and voluntary sectors. The 'dual bottom line' refers to the emphasis placed on ensuring that investment generates both economic and social rates of return.
Hibbert et al. (2001)	Measures the attitudes of consumers to a social entrepreneurial initiative (The Big Issue—a magazine that supports the homeless)	Nonprofit/social action	None	The use of entrepreneurial behavior for social ends rather than for profit objectives; or an enterprise that generates profits that benefit a specific disadvantaged group
Smallbone et al. (2001)	Reviews social enterprises in the UK and makes policy prescriptions designed to support the development of SEs	For profits and NFPs	Contributions of SEs: job creation, training provision, provide services that the state does not, finance source, generate social capital benefit, provide physical resources, combat exclusion	Social enterprises defined as competitive firms that are owned and trade for a social purpose (includes NFPs, worker-owned collectives, credit unions, etc.)
Cook, Dodds, and Mitchell (2002)	Attacks the idea that SE can replace welfare state initiatives as misguided and dangerous	Social enterprises	None	Social partnerships between public, social and business sectors designed o harness market power for the public interest
Shaw et al. (2002)	Comprehensive review of social entrepreneurs —looks at characteristics, objectives, actions, and prescriptions for encouraging them	Nonprofit organizations	Primary characteristics of social entrepreneurs: creativity, entrepreneurialism, agenda-setting, ethical	Bringing to social problems the same enterprise and imagination that business entrepreneurs bring to wealth creation
Thompson (2002)	Outline of the scope of SE— looks at who SEs are, what they do and what support is available to them	Nonprofit organization	Four central themes from case studies: Job creation, effective utilization of buildings, developing volunteer support, focus on helping people in need	The process of adding something new and something different for the purpose of building social capital
Sullivan Mort et al. (2003)	To develop a conceptualization of SE as a multi-dimensional construct	Nonprofit organization	(1) driven by social mission (2) show a balanced judgment (3) explore and recognize opportunities to create better social value for clients (4) innovative, proactive and risk-taking	Searching for and recognizing opportunities that lead to the establishment of new social organizations and continued innovation in existing ones

J. Weerawardena, G.S. Mort / Journal of World Business 41 (2006) 21–35 23

J. Weerawardena, G.S. Mort / Journal of World Business 41 (2006) 21–35

Table 1 Definitions of Social Entrepreneurship (Weerawardena and Mort 2006)

As we can see from the table there are many authors trying to define SE as well as many ways how to define SE. But to make it more clear to understand I made a literature research on different boundaries, models of SE.

2.2.2 Boundaries, models, spectrum of Social Entrepreneurship

In defining social entrepreneurship, it is also important to establish boundaries and provide examples of activities. Failing to identify boundaries would leave the term social entrepreneurship so wide open as to be essentially meaningless (Martin and Osberg 2007).

2.2.2.1 Bounded multidimensional model

One of the SE models I found during my research was consisted of six levels.

Fig 2 Bounded multidimensional model of social entrepreneurship (Weerawardena and Mort 2006)

Weerawardena and Mort to explains this model: "social entrepreneurship strives to achieve social value creation and this requires the display of innovativeness, pro-activeness and risk management behavior. This behavior is constrained by the desire to achieve the social mission and maintain the sustainability of the existing organization. In doing so they are responsive to and constrained by environmental dynamics" (Weerawardena and Mort 2006).

This model of Social entrepreneurship can be conceptualized in terms of a constrained optimization model. This relationship can be shown in the equation form:

$$\mathbf{SVC = F(I,P,RM)\ subject\ to\ S,SM,E}$$

where SVC: social value creation; I: innovativeness; P: pro-activeness; RM: risk management; S: sustainability; SM: social mission; E: environment (Weerawardena and Mort 2006).

2.2.2.2 Sectors of SE

One of the simplest exhibit and explanation of SE sectors I found was from Leadbeater research. Leadbeater states the social entrepreneurship is emerging in all the sectors consisted of public, private and volunteering ones: “Social entrepreneurs are emerging from often small organizations, deploying business skills in tackling social settings. In this conjunction of these three forces (auth. sectors) that social innovation will emerge” (Leadbeater 1997).

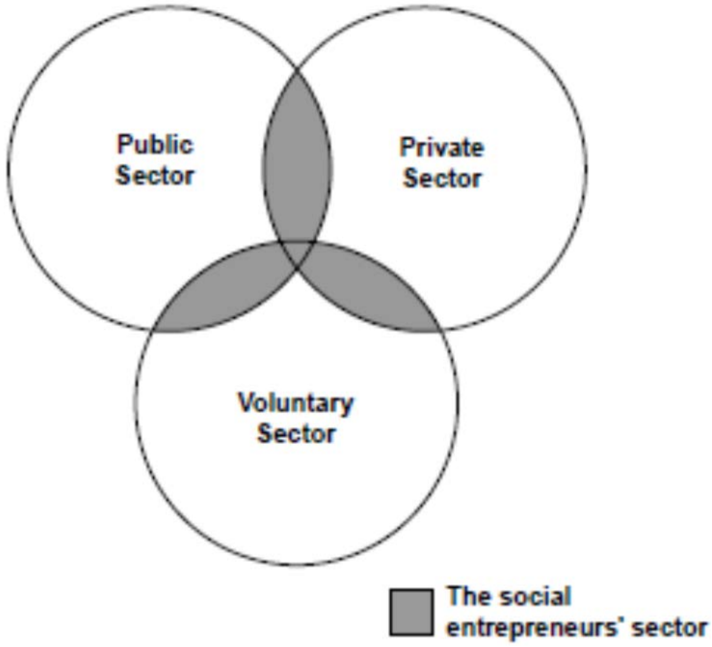

Fig 3 Sector of Social Entrepreneurship

Thus, according to Leadbeater, SE can be found in all the sectors. As a result, SE is not acting only in voluntary sector as others might consider.

There are interesting thoughts from Dees and Emerson research. They offer the 3rd voluntary sector to be called as “not-for-profit” (Dees, Emerson et al. 2001):

Private (for-profit) SE sector

Dees explains his perception of for-profit SE. He describes for-profit social ventures as legally incorporated for-profit entities explicitly designed to serve a social purpose. While their primary goal is social impact, their for-profit structure requires paying attention to a “double bottom line” - dual social and financial objectives that guide managerial decision-making and determine success.

A for-profit social ventures, defined as entrepreneurial organizations that are:
1. *Legally incorporated as for-profit entities*, with one or more owners who have a formal right to control the firm and who are entitled to its residual earnings and net assets. For-profit forms include proprietorships, partnerships, corporations, limited liability companies, and cooperatives.
2. *Explicitly designed to serve a social purpose* while making a profit. Having a social purpose involves a commitment to creating value for a community or society rather than just wealth for the owners or personal satisfaction for customers. (Dees and Anderson 2003)

Not-for-profit SE sector
As Dees states, nonprofit organizations are operating commercial enterprises within their nonprofit structure and that tendency grows. While similar to for-profit social ventures in their objectives and operations, nonprofits are legally prevented from distributing economic surplus. They are also free to use philanthropic support to subsidize their start-up costs and their on-going operations. Thus, they do not face the same capital markets and profit pressures as for-profit social ventures (Dees and Anderson 2003).

Public-sector SE sector
Roper and Cheney write about other sector – public organizations which have a more difficult time adapting to changing circumstances and innovating owing to constitutional, executive, legislative considerations, as well as to sheer habit. In other words, the private sector allows for greater freedom and experimentation, as seen from this standpoint. (Roper and Cheney 2005).
In order to explain SE distribution boundaries in more detailed way, we are doing further research which can be seen in the next chapter.

2.2.2.3 Spectrum of SE

There is another way how to perceive social entrepreneurship boundaries. Dees offers his view of social entrepreneurial spectrum which can be seen in a figure below (Dees, Emerson et al. 2001):

	Continuum of Options		
	Purely Philanthropic	Hybrids	Purely Commercial
General Motives, Methods, and Goals	Appeal to goodwill	Mixed motives	Appeal to self-interest
	Mission-driven	Balance of mission and market	Market-driven
	Social value creation	Social and economic value	Economic value creation
Key Stakeholders			
Beneficiaries	Pay nothing	Subsidized rates and/or mix of full payers and those who pay nothing	Pay full market rates
Capital	Donations and grants	Below-market capital and/or mix of full payers and those who pay nothing	Market rate capital
Workforce	Volunteers	Below-market wages and/or mix of volunteers and fully paid staff	Market rate compensation
Suppliers	Make in-kind donations	Special discounts and/or mix of in-kind and full price	Charge market prices

Fig 4 Social enterprise spectrum (Dees, Emerson et al. 2001)

According to Dees, the figure above is a good way to illustrate philanthropic and commercial social enterprises (Dees, Emerson et al. 2001). But in my opinion, it doesn't provide the clear borders of SE or, to say in other words, SE is shown both social and commercial sectors without the limit of extension.

By continuous research I found a similar figure but much more precise describing the SE boarders. Besides, there are shown concrete examples in every for-profit or non-profit sector.

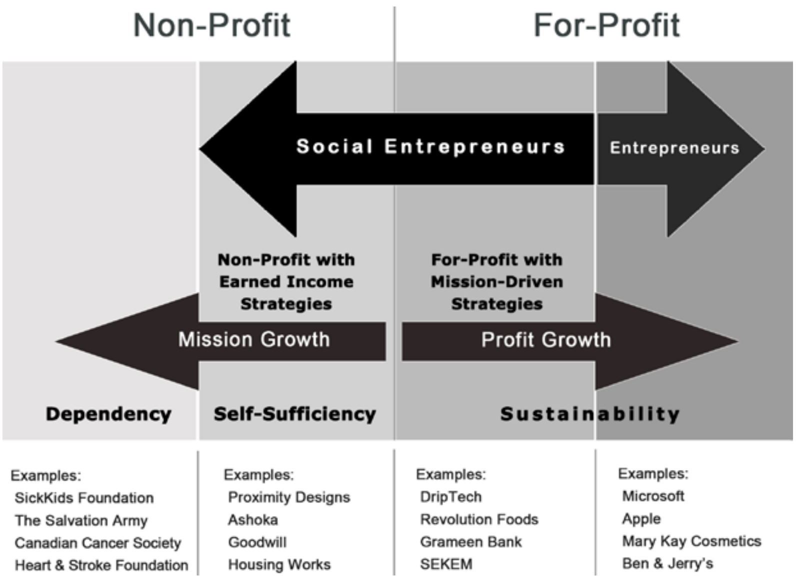

Fig 5 Social enterprise spectrum (Abu-Saifan 2012)

As illustrated in figure above, social entrepreneurs operate within the boundaries of two business strategies explained by Abu-Saifan:

- Non-profit with earned income strategies: a social enterprise performing hybrid social and commercial entrepreneurial activity to achieve self-sufficiency. In this case, a social entrepreneur operates an organization in a mixed social and commercial way; revenues and profits are used only to reinvest and improve the delivery of social values.
- For-profit with mission-driven strategies: a social-purpose business performing in parallel social and commercial entrepreneurial activities to achieve sustainability. In this scenario, a social entrepreneur's organization is both social and commercial; the organization is financially independent and the founders and investors can benefit from personal financial gain (Abu-Saifan 2012).

2.2.2.4 SE and social activity

According to Martin and Osberg there are two forms of social activity (social service provision and social activism) that need to be distinguished from social entrepreneurship which takes direct action and generates a new and sustained equilibrium (Martin and Osberg 2007).

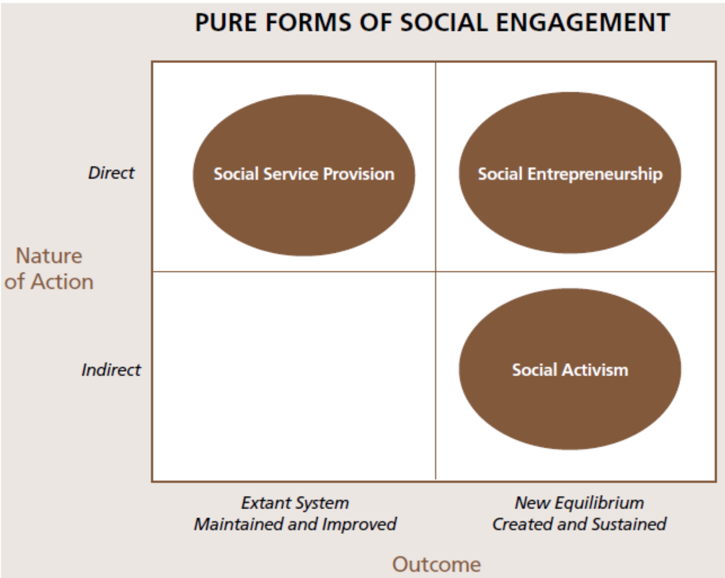

Fig 6 Pure Forms of social engagement (Martin and Osberg 2007)

1) **Social service provision.** Social service provider takes direct action to improve the outcomes of the current equilibrium.

In this case, an individual identifies an unfortunate stable equilibrium (for example AIDS orphans in Africa) and prepares a program to address it. But acts only in small scale (e.g., one school) and never break out of their limited frame. They are well intended but they should not be confused with social entrepreneurship. The difference between the social entrepreneurship and social service is in the outcomes. For example, Andrew Carnegie and his vision of an entire system of libraries (instead of only one library vision) created a permanent new equilibrium: ensured access to information in the US. In this case he got his reputation as a social entrepreneur (Martin and Osberg 2007).

2) **Social activism**. Instead of taking direct action, as the social entrepreneur would, the social activist attempts to create change through indirect action, by influencing others – governments, NGOs, consumers, workers, etc. – to take action. Martin Luther King, Mahatma Gandhi, and Vaclav Havel are examples of social activists (Martin and Osberg 2007).

The reviewed definitions and showed figures explaining SE had to make an understanding of SE more clear.

2.2.3 Socially responsible businesses (CSR)

Dees suggest distinguishing CSR from social entrepreneurship context. In his view socially responsible business which achieves commercial success in ways that respect ethical values, people, communities, and the environment. These businesses may even provide resources to and actively engage with public or nonprofit organizations to serve a specific social cause. However, unlike for-profit social ventures, their primary goal is the creation of economic value (Dees and Anderson 2003).

2.2.4 Classic example and services of SE

Muhammad Yunus, founder of the Grameen Bank and father of microcredit, provides a classic example of social entrepreneurship. The stable but unfortunate equilibrium he identified consisted of poor Bangladeshis' limited options for securing even the tiniest amounts of credit. Unable to qualify for loans through the formal banking system, they could borrow only by accepting exorbitant interest rates from local moneylenders. More commonly, they simply succumbed to begging on the streets. Here was a stable equilibrium of the most unfortunate sort, one that perpetuated and even exacerbated Bangladesh's endemic poverty and the misery arising from it.[6]

Service examples provided by SE in the different sectors

There could many different services ran by SE and merged in public, private or voluntary sectors. At the article "Investigating SE" there are collected some more general and easier understandable examples of possible SE services:

- Children support of drug addicted parents
- Housing for disabled
- Legal services to disabled
- Services and advocacy for poor
- Aged housing and community services
- Incubator and social venture funding
- Economic and community development services (Weerawardena and Mort 2006).

2.2.5 Potential of SE in Norway

Since I am limited to geographical location, I will make the qualitative analysis of Norwegian SE. Thus, it is interesting to know the potential of SE in the country.

According to the report commissioned by the Norwegian Ministry of Trade and Industry, there is a significant potential of social enterprises in Norway, The potential especially relates to the enterprises' innovative capabilities as well as their strong understanding of the target group. However, the social enterprises also demonstrate a keen eye for quality and effectiveness with regards to their products and services. The report also identifies a number of challenges faced by the social enterprises. These especially are related to lacking business skills, troubles finding investors as well as a lacking understanding within the public sector of the particularities of the social enterprise.

According to the report commissioned by the Norwegian Ministry of Trade and Industry, the potential for social entrepreneurship in Norway can divided into three main categories. Social contractors may, as suppliers of welfare services: help to reduce government spending,

[6] Social Entrepreneurship: The Case for Definition, Sally Osberg and Roger Martin in Stanford Social Innovation Review http://www.skollfoundation.org/wp-content/uploads/2010/09/2007SP_feature_martinosberg.pdf

contribute to improving the quality of welfare services and contributing to increased value (profitable businesses).[7]

2.3 Strategic survival factors for SE

Before talking about strategic survival factors, at first we need to describe a strategy term and then move to competitive strategy framework.

Strategy

The definition of a strategy in management theory is called "the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Mintzberg 1978).

Peng describes strategy in more radical way which he says it is "about competing and winning" (Peng 2009).

In his book Hierarchy of Success, Seth Godin (American entrepreneur, author and public speaker, graduate of Stanford University's business school) explains what leads a company to success. If there are clear attitude, approach and goals, the next step should be strategy formation leading to tactics and then execution. He defines strategy but from tactics side: "Tactics tell you what to execute. They're important, but dwarfed by strategy. Strategy determines which tactics might work"[8].

According to Dees, Emerson et al. (2002) even if social entrepreneurs "represent different backgrounds, interests, and efforts directed to varied challenges, they all share a common philosophy (…) called a strategic service vision – a set of ideas and actions that maximizes the leverage of results over efforts directed toward well-defined targets and supported with highly focused operating strategies".

Competitive Strategy Framework

Dees, Emerson et al. (2002) state that "certain factors of analysis used in the for-profit sector are applicable in the not-for-profit sector". Michael Porter and his model of industry analysis for social entrepreneurship and its position in the market could be seen like figure below. It

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[7] http://www.damvad.com/media/37611/utredning_om_sosialt_entrepren_rskap.pdf
[8] http://sethgodin.typepad.com/seths_blog/2009/09/the-hierarchy-of-success.html

helps to analyze SE organization, its position and/or potential in the industry. (Dees, Emerson et al. 2002).

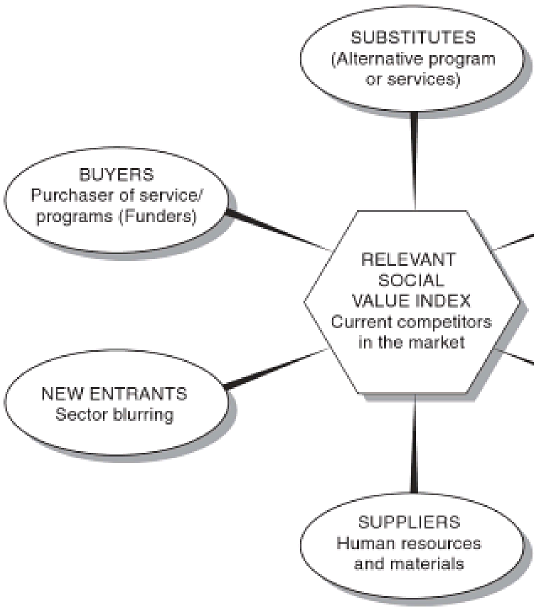

Fig 7 Understanding your competitive environment industry analysis model (p.24) (Dees, Emerson et al. 2002)

Dees argues that a social entrepreneur's ability to attract resources (capital, labor, equipment) in a competitive marketplace is a good indication that organization uses more productively these resources comparing to a competitor. On the funding side, social entrepreneurs look for innovative ways to assure that their organizations will have access to resources as long as they are creating social value (Dees 2001).

According to Dees, Emerson et al., in order to determine competitive strategy for SE, it should understand the competitive model (fig. above) and assess relative strengths and weaknesses of the organization (Dees, Emerson et al. 2002), which is partly SWOT. Since this book is for a big audience, it wasn't directly applied to my purposes to find the concrete examples of surviving factors. However, by reading this book, I managed to select what is important to the propositions. Only then I understood that a surviving strategy is a part of competitive strategy and partly SWOT. Thus, if we combine the competitive environment with strengths and weaknesses of NSE, we should come to the following **strategic surviving factors** which I had to sort out from the book "Strategic Tools for SE":

- Money attraction
- Inspiration

- Success for longevity
- Risks

These factors should answer how SE is ready for a survival in the non-profit sector.

2.3.1 Money attraction

This is the first of selected key strategic surviving factors of SE. In this chapter we will accumulate information from various sources which is necessary in order to have an appropriate knowledge which will be used to conduct the interviews with SEs.

Financial sustainability

For NSE money is probably even more important comparing to FPSE. Since NSE doesn't work for profit, the whole income is being spent, leading to unsecure financial position.

Noruzi and Rahimi (2010) state that financial sustainability of SE can be achieved through a combination of nonfinancial and predictable revenue sources:

- nonfinancial resources: the skilled or unskilled volunteers and one-time or recurring in-kind donations that enable social entrepreneurs to increase the sustainability of their initiatives
- predictable revenue sources: long-term, repeat, and performance-based funding sources-foundation, individual, government, corporate, and fee-based that will provide predictable funding, despite conditions of market failure (Noruzi and Rahimi 2010).

Thus, it supposes to mean that volunteers and donations can save money for NSE and use it for the mission purpose instead.

Funding Opportunities

According to Dees there are two funding opportunities helping to reduce SE's dependencies on pure philanthropy:

- Fee-for-service and repayment plans. It requires paying a portion of the cost for the service. This plan may provide market feedback and reduce the financial dependence and charity

- Commercial ventures and business partnerships. Dees states that this partnership may improve efficiency or effectiveness and self-sufficiency and it can provide a funding stream. (Dees, Emerson et al. 2001)

Financial support from a business side

According to my observation, social entrepreneurs could start their social activity quicker, if they should look for financial support from business side. But it is not always a need to look for a direct investor. Sometimes social entrepreneurs can find contests where they can simply win the financial prize (of course with some conditions). As an example, during my literature research for the thesis, I found the advertisement offering to win half a million of Norwegian kroner (see Fig below). The participant had to be an entrepreneur or company working on social challenges in Norway. The winner had to continue developing his company in a social entrepreneurship sector.

Fig 8 Support from a business side[9]

Financial Support from a government side

Noruzi and Rahimi state that government could support social enterprises by applying these methods (Noruzi and Rahimi 2010):

[9] http://drivas.no/blog/wp-content/uploads/2012/11/Teaser-%C3%85rets-sosiale-entrepren%C3%B8r-20131.png

- Encourage social innovation at the start-up period
- Create an enabling environment for social innovation and entrepreneurship
- Reward social-entrepreneurial initiatives for exceptional
- Scale successful approaches
- Produce knowledge in ensuring that knowledge is produced, more clear standards are set, and data is easily accessible

Financial Support from a Norwegian government

Another financial support can be obtained from a government side. There are special government funds for supporting social entrepreneurs acting in Norway. While doing my master thesis research I found Grants for Social Entrepreneurship in 2012 (Published 10.02.12. Last changed 31.10.12):

Social entrepreneurs who direct its activities towards combating poverty and social exclusion in Norway can now apply for funding for a project in 2012. The deadline for applications is 16 March.

Parliament has allocated 2.6 million kroner to the scheme. Social entrepreneurship involves the creation of businesses that aim to solve social or societal problems using methods and tools from the business world. Success is measured in both social and economic value.

Social entrepreneurs could seek funding for activities and initiatives in 2012[10].

Attracting donation

Dees advises that SE should treat the donor as investor at (Dees, Emerson et al. 2002). As Dees explains, a donor-investor is an individual or organization whose financial commitment to SE is based on belief in common values to benefit each other and the community.

How to minimize the expenses

In my opinion SE should increase the possibilities to survive by minimizing the expenses if it is possible. During the interviews with SEs this question will be asked.

How to get extra income

I should find it out during interview how SEs manage to get extra income in order to diversify the risks and prolong the survival.

[10] www.nav.no/Sosiale+tjenester/Frivillig+arbeid+mot+fattigdom/Tilskudd+til+sosialt+entrepren%C3%B8rskap+i+2012.288197.cms

According to Drucker “nonprofits are more money-conscious than business enterprises are. They talk and worry about money much of the time because it is so hard to raise and because they always have so much less of it than they need. But nonprofits do not base their strategy on money, nor do they make it the center of their plans, as so many corporate executives do. “The businesses I work with start their planning with financial returns,” says one well-known CEO who sits on both business and nonprofit boards. “The nonprofits start with the performance of their mission.” (Drucker 1989)

“Starting with the mission and its requirements may be the first lesson business can learn from successful nonprofits. It focuses the organization on action. It defines the specific strategies needed to attain the crucial goals. It creates a disciplined organization” (Drucker 1989).

2.3.2 Inspiration: HR attraction & satisfaction

Inspiration and motivation terms

Oxford Dictionary describes **inspiration** as the “process of being mentally stimulated to do or feel something, esp. to do something creative: *"flashes of inspiration"*. **Motivation** is described as desire or willingness to do something; enthusiasm: *keep staff up to date and maintain interest and motivation”* (Dictionaries 2010). Both terms are synonyms. They can be used both in this research. But a term of inspiration is related to “something creative” as Oxford Dictionary states. Thereby this term will be focused on.

Inspiration via mission

According to Robert and Woods (2005), SE and BE “both are driven by a vision to which they remain passionately committed. Where they differ is in their motivation and purpose. Social entrepreneurs are motivated to address a social need, commercial entrepreneurs a financial need” (Roberts and Woods 2005).

HR value

HR (human resources) is a part of competitive environment industry analysis model. In my opinion, to have great HR, means to be competitive and thus have the opportunity to stay longer in the SE industry. As Dees states, HR is the greatest asset SE can have. HR is consisted of executive leaders and line staff. Since HR have job related stress and typically get low salaries, they need to feel valuable. Volunteers are especially valuable resource. They work without compensation but they offer their time and energy. They should be inspired from the leaders especially. Thus, HR should be considered as a very valuable resource. (Dees, Emerson et al. 2002).

Rewarding HR

Dees advises how to inspire employees by rewarding them. He emphasizes the best and wrong ways of doing it (Dees, Emerson et al. 2002):

- **Best rewards:** A verbal thank you for a job well done, a letter of recommendation, a good performance evaluation or a career-related gift or training. Besides, we find an offer to think about giving an extra hour for lunch.
- **Worst rewards:** additional work, firing, t-shirt, no recognition or being ignored.

Dees adds that “the most effective rewards cost little or no money”. We can discuss it as a small thing can make the employee happier. I will try to find it out during my interviews.

Team Culture and inspiration

Dees suggests asking social entrepreneurs if they have organizational values, beliefs and spirit; if there is an environment where volunteers and paid employees know that their contribution is making a difference. Besides, Dees talks about HR management including a compensation, benefits, activities and training for volunteers (Dees, Emerson et al. 2002). In my opinion, paid employees shouldn’t be forgotten either. Team culture and inspiration should come from a leader and board as Dees says.

It is interesting how team culture can influence the team inspiration. I hope to get the answer from the interviews.

2.3.3 Success for longevity

According to this research topic, in order to survive in nonprofit industry, SE needs to seek for a long-lasting success. But in order to survive (=to reach the success) we have to think about factors leading SE to the success. Since there can be different perception of critical success factor for SE, I had to decide myself which factors I would love to analyze leading to successful survival.

Factors leading to entrepreneurial success

Dees recommends factors leading to entrepreneurial success p. 17 (Dees, Emerson et al. 2001) which could be useful for SE as well. These factors according to him are

- Founders with true entrepreneurial spirit
- Focus on niche markets
- Fast decisions and implementation
- Flexibility open new opportunities
- Forever-innovating
- Flat. As few layers of management as possible
- Frugal. It helps to keep costs down by keeping overhead low and productivity high
- Friendly. Be friendly to customers, suppliers, and workers.
- Fun. To be a part of team.

These success factors will be checked during qualitative interviews.

Mission

I think mission is one of the leading factors to the long-lasting success of SE. Dees recommends to revisit the mission every three years because it can happen that the purpose changed. He also suggests to "celebrate the mission", since it the source of inspiration and it helps to do work in SE organization. Dees adds that the productivity of workers is always more powerful with commitment to the mission. I found in his book more ideas about the mission is not only inspire but it also can attract resources to develop strategies (Dees, Emerson et al. 2001).

Social value

Social value is another factor to success for longevity. Dees recommends how to measure the success of social entrepreneurs which is not how much profit they make, but rather the extent to which they create social value (Dees, Emerson et al. 2001).

HR

Board & Managers. As Dees advises "today's most successful organizations put their people first". We can understand this as a recommendation to the leaders to appreciate the employees because without them, SE wouldn't perform properly. We will try to find it out during the interviews. (Dees, Emerson et al. 2002)

There are more factors influencing a long-lasting success of SE which will be found out by conducting the qualitative interviews with SEs.

2.3.4 Risks

Risks factor was chosen as the last unit for SE survival.

There are many risks for SE survival but these two I think are the main ones and they can arise because of:

- Competitive environment can consisted of not only competitors but alternative services, buyers, new entrants, suppliers (HR), users (clients), complementors (p.24 (Dees, Emerson et al. 2002).
- Forgetting the mission in my opinion is also a serious risk factor for SE. Because it can stop developing the SE organization from inside. It should be checked during interviews.

There are more interesting questions to ask. For example: sources of risks, how to minimize and diversify the risks. The interviewees will share more to the topic of risks.

3 Methodology

This chapter will describe the research design and analysis method. Further in this chapter the anonymity, reliability and validity are being discussed.

This study is conducted using qualitative analysis in order to get the understanding of social entrepreneurship.

The research design chapter is intended to establish a detailed framework that helps to guide the study through the research process, allowing a greater likelihood of achieving its objectives (Wilson 2010).

The research design is, in essence, the logical sequence that connects the empirical data to the initial research question and, ultimately, to the conclusions (Yin 2009).

3.1 Research design

This subchapter focuses on:

- The criteria for choosing the research design
- The research design
- The research questions
- The case selection
- The research method

Further sections are describing the latter items.

3.1.1 Criteria for the research design

There are criteria that limit the choice of research design. They are:

- Timeframe for research was 17 weeks
- The research topic and propositions
- Access to gathering of qualitative data (conducting the interviews)
- Geographic limits

3.1.2 Research design: multiple case study and cross-sectional

Wilson describes seven types of research design and questions helping to choose the research type (Wilson 2010):

- Action research (how)
- Case study (how, why)
- Experimental (how, why)
- Longitudinal (who, what, where, how many, how much)
- Cross-sectional (who, what, where, how many, how much)
- Archival analysis (who, what, where, how many, how much)
- Comparative (how, why, what)

Due to criteria for the research design mentioned in previous chapter I choose two types of research design: multiple case study and cross-sectional research design. Wilson argues that there is no reason why the researcher couldn’t combine different research designs and (Wilson 2010).

Wilson describes a cross-sectional research design type which involves number of cases, referred to as a survey and the data is collected at a single point in time. Thus, a cross-sectional research design comparing to longitudinal design can be completed over the limited time given for the research (Wilson 2010).

A case study is usually chosen when the research question is “how” or “why” about “a contemporary set of events, over which the investigator has little or no control” (Yin 2009).

According to Wilson case study design can be holistic or embedded due to scope and analysis chosen. The figure is shown below. The research topic and the research question offer to choose the holistic design (upper right rectangular of the figure).

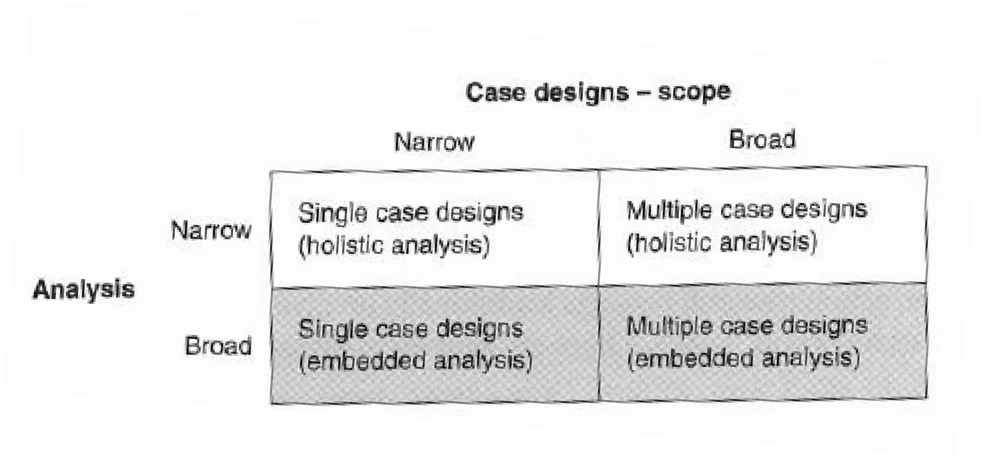

Fig 9 Case study design

As a result, we can define the final research design: a combination of a multiple case design type with a holistic analysis and a cross-sectional design type.

3.1.3 The research categories

The research will be based on four main categories derived from the propositions:

- Money attraction
- Team Inspiration
- Success for longevity
- Risks

3.1.4 The choice of cases

The two cases were selected from the Norwegian social entrepreneurship sector. Each case was interviewed. One company was contacted through the network of my friend who is working there. The second case company was contacted trough my network developed during the studying time.

Because of the number of cases chosen we can argue that the two cases interviewed are too few. But having the limited time for 17 weeks, it was necessary to limit the number of cases. Besides, it was being considered to perform the single case study because of the coming holiday and busy social enterprises. However, the second interview was achieved just before Christmas and the research was expanded into two-case analysis. Yin advices how to select the cases for the case study: "You need sufficient access to the potential data, whether to interview people, review documents or records, or make observations in the field." (Yin 2009).

Both social enterprises were chosen from Oslo area because of geographical limitation. Besides, there was a personal interest to investigate local SE industry and expand the professional network.

The unit of analysis

The unit of analysis is defined according to what the case is (Yin, 2009). In this thesis the unit of analysis is a consisted of two social entrepreneurs acting in Norwegian not-for-profit and for-profit sectors.

3.1.5 Research method

The data was collected by doing semi-structured interview guide with the social entrepreneurs. Besides, the extra methods were used by meeting investment managers and the professor in the field of social entrepreneurship, extensively on-site observations, participation in seminars and conferences, information meetings and presentations related to social entrepreneurship.

The interview guide was made with a goal to understand the social entrepreneurship phenomena and prove or deny the propositions. It was interesting to get the insight in how the social entrepreneurship manages to survive. I was planning to compare the interviews as well. For that purpose the similar interview guides were used during each interview. Please see the interview guide in the appendix.

Interviews were recorded legally but the anonymity for the recordings was asked.

3.2 Analysis method

3.2.1 Procedure of data analysis

Miles and Huberman (1994:10) argue that qualitative analysis consists of essentially three activities: data reduction, data display and conclusion drawing/verification (Wilson 2010).

The four analytical steps of qualitative analysis are (Wilson 2010):

- transcribing your data;
- reading and generating categories, themes and patterns (coding by keywords);
- interpreting your findings
- writing the report (conclusion).

3.2.1 Transcribing

Each interview was transcribed from audio and video recordings. It was time consuming but it was the only way to extract the exact citations.

3.2.2 Analysis method

In order to analyze my qualitative finding I was using a deductive approach. Wilson argues that a deductive approach helps to develop a hypothesis based on theories (Wilson 2010). Thus, first we start from literature review and finish with hypothesis. The procedure of the inductive approach is opposite: first the data is being collected and then new theory is being developed (Wilson 2010). As a result, the inductive approach requires more time. Since we have time constraint (17 weeks) for the research, the deductive approach is more suitable for my research.

In the analysis the 4 main categories with 36 question labels were used.

Then a looking for trends was performing by comparing the answers to each question label.

The complete analysis is shown in the appendix.

Categories

The categories are:

- Money attraction
- Team Inspiration

- Success
- Risks

Labels

The labels are included in the appendix of the complete analysis.

3.2.2.1 Data collection

Two types of data have been collected for the analysis: secondary and primary. Secondary data was collected from the literature.

Primary data was collected from the Interviews. There was used Semi-structured interview method including open questions.

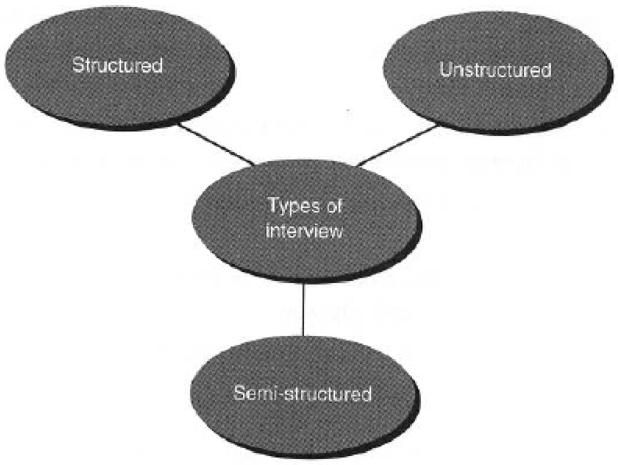

Fig 10 Interview methods (Wilson 2010)

Semi-structured interview method was used. It is a "hybrid of the structured and unstructured approach. The interview is based on a set of structured questions, but at the same time provides scope for the respondent to elaborate on certain points and raise particular questions on themes. The interviewer has greater **flexibility** and may introduce certain questions depending on the respondent's answer" (Wilson 2010).

Open questions. According to Wilson the "advantage of open questions is that they allow the respondent to provide an answer that is not restricted to a select view. In addition, open questions can provide some very interesting qualitative findings that may lead to new insights". There are disadvantages of open questions as well because "too many open questions can make the analysis of your findings extremely time-consuming". (Wilson 2010)

A **triangulation** approach to data collection was used. The data was collected using three main data collection tools: interviews, observation and documents. Triangulation approach helps to "reduce the risk of chance associations and of systematic biases" (Wilson 2010). "*Methodological triangulation:* involves using more than one method to gather data, such as interviews, observations, documents. *Data triangulation:* involves time, space, and persons" (Denzin 2006).

According to Wilson "participant observation can be undertaken in either disguised or undisguised way". Observation research was conducted using undisguised observation ("research subjects are aware that they are being observed") and non-participant observation interaction ("the researcher does not interact with the research subject") (Wilson 2010).

3.3 Anonymity, validity, reliability

In this chapter I will define anonymity, validity and reliability of my research. I was following the Wilson and Yin books.

Anonymity

During my research I decided to keep interviews anonymous (it was stated that the answers will be used for master thesis research; the audio records will not be shared to anyone except me). Thus, the interviewees were feeling safer, as a result they were willing to share the more sensitive, personal and secret information important to my research. At the beginning of the interviews I was informing the interviewees about anonymity issues.

Reliability

Wilson in his book describes reliability as a phenomenon which "provides stable and consisted results" and is concerned with repeatability which is not sufficient if not combined with validity (Wilson 2010). The reliability according to Yin should be followed by three principles:

- Use multiple sources of evidence. In the research I used multiple sources of literature.
- Create a case study database. I collected my database from the interviews conducted.
- Maintain a chain of evidence. I performed the analysis based on the topic of my research, literature collected, interviews conducted, followed by results, discussion and the conclusion.

Validity

The quality of a research design is dependent on four variables: construct validity, internal validity, external validity, and reliability (Yin, 2009). In order to assure the construct validity the characteristics being measured in the cases are based on a thorough review of literature on social entrepreneurship theory, strategic surviving tools, and related subjects. The validity is strong as the size of the selection for the analysis. Two cases were achieved in stead of single case interview.

4 Results and analysis

4.1 Introducing the cases

4.1.1 Nordre Aasen

Nordre Aasen is registered in 09.03.2009, but established in 1955 with a different name.
Type of business: Stiftelse
Organizational Nr. 971 427 396
Address: Kyrre Greppsg 11, 0481 OSLO
Category of service: Hospital and rehabilitation, social services[11]

Stiftelse according to Wikipedia is the Norwegian Foundation, an independent juridical entity that **has assets at its disposal**, **given by will, gift** to the foundation for a given purpose (idealistic, **social**). Foundations are led by a board of directors and must follow the statute created by the founder. At the creation of a foundation, the creator loses the right to dispose the assets that are transferred to the foundation. Since foundations are an independent juridical entity, so the foundations itself are **self-owners (have no owner)**, that is can accept obligations and financial commitments. Foundations must have Stiftelse in the official name, although earlier some foundations were called legat, institusjon (institution) or fond (fund)[12].

Nordre Aasen is a non-profit foundation (stiftelse) that operates Kapellveien rehabilitation

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[11] http://w2.brreg.no/frivillighetsregisteret/detalj.jsp?orgnr=971427396, http://foretak.io.no/971427396
[12] http://en.wikipedia.org/wiki/Stiftelse

center and Nordre Aasen stay and rehabilitation center. Foundation provides services to Ullevaal University Hospital and Oslo and Akershus[13]. Nordre Aasen has a board:

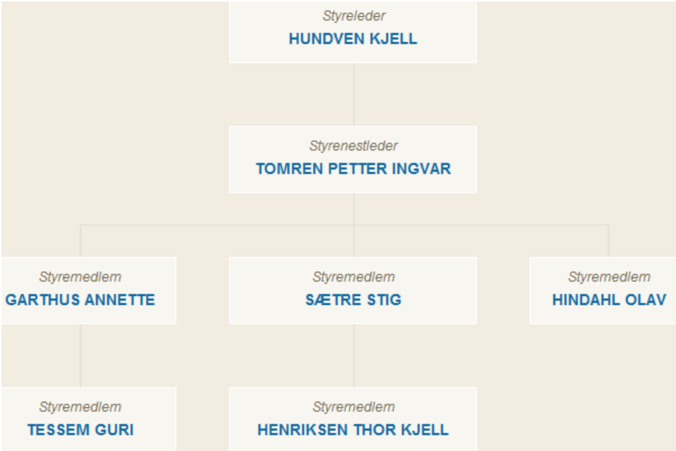

Fig 11 Nordre Aasen structure of the board14

Nordre Aasen has a department called **Café Aasen**. It is a vocational training place for people with special needs. It is open every Thursday and every other Monday. The café offers an entertainment and food. All the activity takes place on a **voluntary** basis and is open to everyone - regardless of diagnosis and background. No one receives any salary or contribution in any way in this work. Everybody works voluntarily. But everyone who contributes gets a free meal. The Nordre Aasen had **1000 hours of volunteers work** to enable the premises and acquire furniture and equipment required for the activity in Café Aasen[15].

4.1.2 Unicus

Unicus is a part of FERD group and Ferd Social Entrepreneurs.

Further data is taken from the company webpage in order to get bigger understanding:

"Start-up: 2009

Entrepreneur: Lars Johansson Kjellerød

Number of customers: 5

Number of employees: 12

Turnover 2011: about 5.6 million

Measure of success: positive operating result, number of employees with Asperger, satisfied customers and employees with increased quality of life.

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[13] www.norgesstorstebedrifter.no/bedrift/386424
[14] http://foretak.io.no/971427396/roller
[15] www.nordreaasen.no/?did=9081980

Profit attributable to: **20 percent of the company's annual operating result,** according to the statutes, will be supplied to organizations that improve the quality of life autistics.[16]

Aspergers with solid profit

Management role is interesting, meaningful and useful to society. It provides the opportunity to create an interesting future for people who would otherwise have struggled to find their place in the labor market" says Bjorn Nordby, telecomputing, working at Unicus.

Sveinung, who has worked in Unicus two years, experiences job both meaningful and evolving.
- It gives confidence and sense of achievement. I'd experienced it as humiliating if I was not imposed. And I dare not think about the option if I had not had my job at Unicus, he says.

Provides competitive advantage
The unique properties that provide the basis for an Asperger diagnosis often occurs along with special abilities community need.
- We choose to see Asperger's syndrome as a resource in relation to our projects in areas where autism positive characteristics gives us a comparative advantage, says founder and CEO Lars Johansson Kjellerød. People with Asperger's often have analytical and detail-oriented skills.

Endurance and concentration
Unicus supply testing services that require high concentration over time. The unique thing about business is that testers have Asperger syndrome.
- Testing can be repetitive, and you and I would easily lost concentration process.
Someone with Asperger's syndrome is equally aware hundredth time as the first.

Inspiration from a father
Unicus's founder has not as one might expect personal connection to Asperger syndrome.
- The inspiration came from a similar Danish company. The entrepreneur, Thorkil Sonne, had a son with autism and therefore a thorough knowledge of this group challenges and wanted to do something positive. We currently cooperate with the Specialisterne.

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[16] www.unicus.no

Commercial Philosophy

The business receives no public funding, and all 12 employees are employed at ordinary working conditions.

- We must survive on a commercial basis. The philosophy is to connect the unique characteristics that many people with autism have, with industrial demand for quality services.

It improves the quality of life for our employees and better results for our clients.

This philosophy, combined with a clear strategy and focused efforts have resulted in an increase from about 2.6 million in the first year 2009 to nearly 5.6 million in 2011.

The first full year, sales were averaging 650,000 per consultant.

Unicus has committed to give 20 percent of their profits to support measures to People with Asperger's syndrome who cannot function in a regular job.

Cooperation with Ferd social entrepreneurs gave Unicus startup capital and also includes an important network of contacts and involvement in Unicus' Board”[17].

Ferd Social Entrepreneurs must demonstrate that investment in social entrepreneurship is a good value. Ferd invests in social entrepreneurs, which reflect our vision to create enduring value and put its mark.

Ferd social entrepreneurs (FSE)

- Have innovative solutions to society's challenges
- Powered by the social results
- Have a financial model that makes the business viable and growth-oriented

FSEs portfolio companies have children and young people as a target group, and give them new opportunities. We contribute capital, Ferd's network and expertise in business development and strategy.

FSE provide boards from Ferd or Ferd subsidiaries, and active follow-up through FSE[18].

Johan H. Andresen (the owner of FERD) states that they help social entrepreneurs who have detected a problem in society and found a solution to the problem. Not for a purpose to get financial returns, but because they want to make a difference:

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[17] http://www.ferd.no/download.do?id=510&mode=open

[18] http://www.ferd.no/lang/no/show.do?page=236;566

"Vi bistår sosiale entreprenører over hele landet. Mennesker som har oppdaget et samfunnsproblem og funnet en løsning på problemet… Ikke for å få økonomisk avkastning, men fordi vi ønsker å gjøre en forskjell[19]", says Johan H. Andresen

4.2 Strategic Factors for NSE Surviving

In this section the key factors for surviving of NSE are analyzed and how they are being solved. There were selected only the most important statements which can be relevant in order to teach entrepreneurs. All the analysis can be read in appendix.

4.2.1 Relevant background

The results extracted from the complete analysis are presented below followed by citations.

Relevant background was chosen as one of the key factors influencing the surviving of SE. According to Ganesh who made the research on SE Leadership, "social entrepreneurial leaders are persons who create and manage innovative entrepreneurial organizations" (Prabhu 1999). From this statement we can argue that the SE performance is highly dependent on people managing SE. Thus, the survival of SE organization depends on the experience and education of its leaders.

Now we are going to start using the data received from the interviews. NSE (nonprofit SE) and FPSE (for-profit SE) gave the information about the relevant background they have:

"I've been working 3 jobs in parallel – at Nordre Aasen from 1995, at Oslobarnlegevakt as organizator as kontorleder in the evenings, at Child Psychiatry – as nattevakt 11 years", says NSE. "My education is social welfare nurse in Norwegian Vernepleier (social education studies)", stated NSE

"I had ten years of work experience within the financial markets: equity sales, proprietary trading, derivatives sales, and entrepreneur", said FPSE, "Master of finance, business adm."

From the statements we found out that NSE has many years' experience in organizing and leadership, although he has no relevant business education. FPSE has more relative business education, although there is less years in leadership. Thus, both leaders of different types of SE have either relative business education or/and long leadership experience reasoning why they are able to manage the current companies.

[19] p.1 and p.4, Ferd Sosiale entreprenører http://www.ferd.no/download.do?id=510&mode=open [last accessed 27.12.2012]

When they’ve been asked about the reasons to start working at SE, NSE and FPSE emphasized:

> *“How? I was recruited because I had to do my practice during education. Why. It’s interesting. I wanted to change something in this department. There were many things to do. I started to change. And I managed it well. Besides, I wanted to work with people”, stated NSE*

> *“I wanted to work with something that motivated me. That brought me in to SE sector. So I started Unicus”, said FPSE*

From these statements we found out that both leaders see SE as a motivating place for them because it is interesting to work with people and make a change.

Summary of the relevant background factor

The first key factor was proved as relevant for continuous SE survival.

Since SE performance (survival) is highly dependent on the leaders, we had to ask about their relevant background for SE management. We found out that both leaders of different types of SE have either relative business education or/and long leadership experience proving the ability to manage the current companies. However, the relevant education and experience can be useless without the way how the leaders look at the company. But we discovered that both SE leaders have a solid motivation based on the interest to work with people and make a change.

This factor could be placed in the ‘success for longevity’ factor section but since it’s also related to a team section, it was decided to keep it separate to use it further.

4.2.2 Money

Another surviving key factor needs to be analyzed is money. For NSE money is probably even more important comparing to FPSE. Since NSE doesn’t work for profit, the whole income is being spent, leading to unsecure financial position. But even NSE needs to have extra income for unforeseen financial conditions. This question was discussed with SE leaders who shared the experience about the possible sources of income:

> *“Kommune and state can buy services from us and hire locations from us like Oslo university hospital which hire one of our buildings. Extra income comes from creative income sources like flea market and*

julemarked (Christmas market). The player on Norsk tipping lottery can give 2% to Nordre Aasen.", stated NSE.

"Our sources of financing are the operating profit that must be generated over time. In the beginning we had financing from our investor", stated FPSE

From this statement we can state that being NSE means to be creative in order to get extra income: from renting real estate, to organizing flea markets. On the other hand, we can argue that to be FPSE might look easier to get the sources of financing since it can come from the investor side. But FPSE has to satisfy the investor with good financial results. On the other hand, NSE having no obligations to the investor can focus on mission instead. However, NSE still has to look for extra income to stay financially sustainable.

To the question "How was to attract the investment?" both cases managed to raise the capital in order to start SE.

"From private shipping company started giving a part of income. A group of mothers started to sell dolls. If we have to start a new department, we have to focus on money that we have. We have to calculate everything."

"Unicus contacted one institutional investor after startup, and they were interested, so they invested after a while and en due diligence process."

However, they used two completely different methods at the beginning of activity: NSE received donations, FPSE contacted investors:

Salaries

Another challenge for nonprofit SE (NSE) is related to the salaries of human resources. NSE stated:

"It is easy to find employees. But it is difficult to find volunteers because they don't get money". Later he adds: "The recruiting is very important to find people that match together."

This can be seen as one of the main challenges because NSE is limited in terms of money they have. Thus, the volunteering is the important support for the sustainable NSE performance because volunteering helps to save money needed to run the services. On the other hand, we can see no challenges to find employees if NSE is ready to pay salaries. So, NSE should take into account how to become attractive for volunteers.

However for-profit SE (FPSE) emphasizes another challenge by stating:

> *"Same as ordinary companies: to get clients…"*

FPSE is not expecting to find volunteers. They are not as limited with money as NSE. However FPSE can't state extra income for sustainable financial performance they need to have the stable clients for FPSE products.

Both NSE and FPSE agreed that the main expenses are the salaries:

> "*Salary contains about 88% of all expenses."*

> "*Salaries to our employees"*.

The statements showed that these expenses are big enough to start thinking about possibilities to reduce it. This is another challenge. But it is interesting if it is possible and how. When interviewees were asked about the ways of minimizing expenses related to employees, NSE shared the experience:

> *"It is difficult for us to do that because we squeezed already. The board (…) takes away the free coffee which is 'peanuts'. I am not drinking coffee but I think it was not a good thing to do because it was not an expensive cost for us."*

As we can understand from this statement, NSE is already very limited with minimizing expenses. However, NSE still is trying different methods showing **creativity and innovation**.

When the interviewees were asked how they assess the results of SE performance, NSE said:

> *"It was a good year. We have started a new apartment this year. We have permanent organization (Fotoklubben) that hires a room from us. We reorganized department this fall. We have started with new kids with severe damages and high technology like respirator services. We have not done that before."*

This statement explains that NSE measures performance according to the goals achieved which are related to social mission and not to the money seeking issues.

<u>Summary of the money factor</u>

- **Investment**. Both NSE and FPSE managed to raise money to start organizations. But they used two completely different methods at the beginning of activity: NSE received **donations**, FPSE contacted **investors.**
- Money is **more important** key surviving factor for NSE than FPSE. NSE cannot borrow money from the investor and is dependent on limited finances based on nonprofit idea.
- Having **more volunteers** would save money since the biggest expenses for interviewed NSE are salaries to employees (88%!). On the other hand, we can see no challenges to find employees if NSE is ready to pay salaries.
- FPSE is not expecting to find volunteers. They are not as limited with money as NSE. Sustainable financial performance of FPSE can be maintained if they have the stable clients for their products.
- Besides, we discovered that being NSE means to be **creative** and **innovative** in order to get extra income by trying different methods: from renting real estate to organizing flea markets and saving money by taking away free coffee. But NSE is already very limited with minimizing expenses

4.2.3 Team Inspiration

It was interesting to find what role plays the inspiration inside of SE and how SE manages to boost the inspiration. Since inspiration gives the motivation to work, inspiration is a key factor for SE to survive:

> *"People who are motivated and give their all to the organization are much more effective and efficient – creating better products and services more quickly than those who are unmotivated, and thus less effective and efficient. An organization with motivated employees often can get far more out of its limited financial and human resources than organization with unmotivated, ineffective, inefficient employees" p.82 (Dees, Emerson et al. 2002).*

When the interviewees were asked about the ways of boosting the team inspiration NSE stated that:

> *"Full time leader inspires and teach part-time workers by nicely correcting them to work with children. They do things together. The things they do during day it's most important if they are nice and polite. The recruiting is very important to find people that match together. The*

boosting comes itself because of a good team. But of course we have to go there and tell them that's a good job and see what we have done. And see what the other do well. We put response from Oslo univ. hospital – oh you are so clever so good. Good feedback from parents", stated NSE

It becomes clear that in NSE the inspiration for work comes itself because of a good team. Besides, an honest feedback, teaching and working together is motivating to perform the good service in order to get better results.

FPSE gives his inspiration source which is to:

"Focus on our services", stated NSE

The statement shows that to focus on services is a secret that boosts the inspiration of a team as well.

Stress and conflicts can reduce the inspiration of SE. I wanted to find out if SE has these issues and how SE is dealing with it.

NSE explained:

"They manage it well with stress. If someone on Friday says I can't work this Friday, it's difficult to find people to work then. If it frequently, we have to talk to them. But not so many conflicts among the workers. There are more conflicts among parents because some of them have psychiatric diagnosis. They are welcome to be here. But they make some difficulties here. They maybe don't understand why we give this medicine etc.", stated NSE

This statement concludes that the stress and conflicts can arise among employees and with clients. But conflicts are being solved by talking. If a management structure is horizontal and every employee can talk to the leaders, there is a competitive advantage of NSE.

To the question about the team satisfaction NSE stated:

"I am very satisfied with employees. They are not afraid to set new goals. Example with opening a new department (rehabilitation): I asked my team: can we do that, can parent do that? Then we can do that", stated NSE

It shows that team of NSE is satisfied when the employees are **supportive**, ready for innovations and are not afraid to set new goals and challenges.

NSE goes further and talks about the difference between working in NSE and FPSE:

“Maybe we are more relaxed because we have to focus not for earning money. Everything we need is to find resources for children. Not to earn money. But we have to focus on budget of course. I was working before at Oslo Barnevakt which was focused to earn money although it did social good”, stated NSE

The statement shows that NSE is more **relaxed** (=less stressed) and **satisfied** comparing to FPSE because they don’t need to focus on earning money. This factor can also boost the team inspiration. Since NSE doesn’t need to focus on earning money, they can focus on the main mission (e.g. handicapped children) instead. Nevertheless NSE still has to focus on existing nonprofit budget in order to continue the services.

Then they have been asked about inspiration from the management and board.

“From managers are more inspiration than from a board which is not active and doesn’t give any feedback. The board is meeting 6 times/year. The management team meets every Thursday. From management only one meets the board”, stated NSE

We see that NSE has an <u>inspiring and active management</u> team meeting every week. But they could have a more active board in order to contribute and inspire more.

The question about creativity was asked and NSE stated:

“It’s a very high creativity. To sort out problem, to find solutions on daily problems. We have a meeting to coordinate all the departments together. We can make changes. With patients we have to be patient and creative”, stated NSE

This statement shows that inspiration for work can be boosted by stimulating creativity. The patients (=mission) leads them to be creative.

When interviewees were asked what challenges are with HR inspiration and NSE said:

“There are many things. One of them that we have so many people and we need to find a capacity to talk to all the people”, stated NSE

The statement explains that the biggest challenge with HR is to “find a capacity to talk to all the people”. But if the managers find time for talking, the inspiration of the employees will be maintained.

<u>**Summary of the team inspiration factor**</u>

- We discovered that in NSE the inspiration for work comes itself because of a **good team**. Besides, an **honest feedback, teaching and working together** is a secret that boosts the inspiration to perform the good service. FPSE gives a focus on services as well.
- **Stress and conflicts** can arise among employees and with clients. But conflicts can be solved by **talking**. However, this is a big challenge to “find a capacity to talk to all the people”. But if a management structure is horizontal and every employee can talk to the leaders, there will be reached a competitive advantage of NSE and the inspiration of the employees will be maintained.
- NSE is **satisfied** with the employees. They are **supportive**, ready for **innovations** and not afraid to set new goals and challenges.
- We found out that NSE is more **relaxed** (=less stressed) and **satisfied** comparing to FPSE because NSE doesn’t need to focus on earning money. Because there is no debt (donors collected money). This factor can also boost the team inspiration. Since NSE doesn’t need to focus on earning money, they can focus on the main mission (e.g. handicapped children) instead. Nevertheless NSE still has to focus on existing nonprofit budget in order to continue the services.
- We see that NSE has an **inspiring and active management** team meeting every week. But they could have a more active board in order to contribute and inspire more.
- Inspiration for work can be boosted by stimulating **creativity**. The patients (=**mission**) leads them to be creative.
- Since the employees are loyal to the NSE, we can draw the conclusion that they are **satisfied** at work and with the leaders.

4.2.4 Success for longevity

Success for longevity was another interesting factor to be analyzed. We had to find out if SE understands the success and how it is being understood in order to reach it.

First interviewees were asked the measurement of success. NSE and then FPSE states:

> *“We have loyal workers. We produce services for mentally handicapped and workers want to do that. That motivates people. In our stiftelse is a*

plain management and the changes are being made quickly. We are quickly adjustable", stated NSE.

"We measure our social return on the equity (SROE). In Unicus that mostly is number of employees", stated FPSE.

Thus, success can be reached while SE is innovative, have loyal workers, good service and is quickly adjustable. Besides, SE should use "a social return on the equity (SROE)" meaning "a number of employees". The more loyal employees you have, the more successful is SE. In addition, we have to mention leaders who make statements here. I must say that without the leaders to have sustainable success would be impossible.

Then they were asked how well they understand SE mission:

"Everybody is involved. So, I think they understand that very well", stated NSE

"In the management team it is only me. And I understand it clear", stated FPSE.

Both SEs understand the mission very well. NSE shared the secret hot to achieve it: in order to understand the mission, every team member has to be involved.

To the question how innovative is your organization they stated:

"New technologies (internet learning system, high tech medical equipment), new services, new knowledge. We sent people to courses", stated NSE.

"People probably would say that Unicus is very innovative in our approach to market", stated FPSE.

Both NSE and FPSE understand the importance of being innovative. A constant development is the secret leading to the success.

Then it was asked how SE celebrated the success and the answers followed:

"We invite workers for a dinner at the restaurant if a worker had to work overtime. Also we have Julebord. We also say you have done it very well (to boast workers)", stated NSE

"Not much I am afraid. We should probably be much better on that", stated FPSE.

NSE understands the importance of success celebration. The success of SE surviving depends on employees. Thus, employees should get a constant prize in order to keep inspiration. They should feel important team members. NSE explains that employees for a good job done should be rewarded by boasting and/or offering bonus. FPSE should learn more how to celebrate the success.

We can assume that a successful SE is a long-lasting activity. It was interesting to find out what perspectives SE sees and what methods leads to successful performance of SE:

> *"We hope we are going continue. EU regulations for patients lead to close SEs similar to ours. We are going to try to keep on. We are going to minimize the price and keep the quality", stated NSE*
>
> *"As long as I think is meaningful & fun", stated FPSE*

From this statement we see that a successful activity will be continued as long as it will be able to compete with other players in SE industry. In order to survive NSE considers minimizing the price and keeping the quality. Besides the competition, it is important to keep the inspiration which comes as long as it is meaningful (mission) and fun.

Then the question "How do you build your networks, partnerships" based on cooperative strategy framework was asked and we found out:

> *"Our daglig leder (auth. manager) participates and we are members at Arbeidsgiverforeningen, www.virke.no, www.frivillighetnorge.no for networking", stated NSE.*

The statement proves that NSE understands the importance in building its cooperative strategy by making networking and partnership. Necessary contacts could minimize the risk and increase the surviving success.

To the question 'What negotiation styles do you use' it was answered:

> *"We make calls, we have negotiation meetings. It's very big job to make a document to get a child patient. It can take a whole week to make a document. That's why we have to negotiate to get the patient. We might get a patient or maybe not. But we do the negotiations", stated NSE.*

NSE understands and invests in negotiation. They spend time for negotiation via telephone calls and meetings.

Summary of the success for longevity factor

- From the section about background we found out that SE success of survival is highly dependent on the **leaders**. Here I can add that without the leaders to have sustainable success would be impossible.
- **Mission** is highly important. Both SEs understand the mission very well. NSE shared the secret how to achieve it: in order to understand the mission, every team member has to be involved.
- **Innovation**. Both NSE and FPSE understand the importance of being innovative. A constant development is the secret leading to the success.
- **Team** and **inspiration**. The success of SE surviving depends on employees (and volunteers). Thus, employees should get a constant prize in order to keep inspiration. They should feel important team members. NSE explains that employees for a good job done should be rewarded by boasting inspiration and/or offering bonus.
- **Competition**. A successful activity will be continued as long as it will be able to compete with other players in SE industry. In order to survive NSE considers minimizing the price and keeping the quality. It is important to keep the inspiration which comes as long as it is meaningful (mission) and fun.
- **Cooperative** strategy. NSE understands the importance in building its **cooperative** strategy by making networking and partnership. Necessary contacts could minimize the risk and increase the surviving success. NSE understands and invests in negotiation via telephone calls and meetings.

Thus, we can conclude that **success for longevity** can be reached while SE is **innovative, understands mission, have loyal inspired workers, experienced leaders with relevant background, good service and is quickly adjustable.** Besides the factors of competitive strategy, it should be invested to the **cooperative strategy** by making networking and partnerships.

4.2.5 Risks

In this section the analysis of the risks was performed for SE industry. The whole analysis can be found in the appendix.

One of the risks for SE is a competitive environment. The question about the competitors was asked. Only NSE stated:

> *"Yes we have competitors. They are for profit seekers. About 50 companies I know. They are trying to save money on behalf of workers", stated NSE.*

NSE sees and understands the need to take into account the competition which is tough. In order to survive they have to "minimize the price and keep the quality" (see the Success chapter).

Risks could be diversified by these NSE methods:

> *"To make more feet to stand. We diversify our services. 24/7 care, day care and we started café aasen for people to rent a place (like fotoklubben). And we started to sell courses to teach people. Also julemarked and loppemarked we organize. The player on Norsk tipping lottery can give 2% to Nordre Aasen", stated NSE.*

As we noticed, NSE <u>understands</u> the risks. In order to survive (to continue current or additional services) they had to <u>diversify</u> the risks and be <u>innovative</u>. They couldn't rely on fixed income. Thus, they started generating <u>extra income</u> by <u>additional services</u>: renting the locations; organizing extra activities like Christmas market or flea markets. Besides, they began arranging paid couching courses. Extra income can come as donations as well. Case#2 maybe could take it into account in order to diversify the financial risk and generate extra income.

Then it was asked 'How would you describe the strengths making your SE competitive?'

> *"Our strength is a good reputation, high knowledge, good quality", stated NSE.*
>
> *"We are good at what we are doing", stated FPSE*

Both cases understand the strengths they have.
NSE understands its strengths as "a good reputation, high knowledge, and good quality."
FPSE understands its strength in things they do.

Since they described the strengths, they are able to position themselves in the competitive environment.

Summary of the risk factor

This is the last key factor and its summary:

- **Competition** is the biggest risk. NSE sees and understands the need to take into account the competition which is tough. In order to survive they have to "minimize the price and keep the quality".
- **Innovations and creativity**. In order to survive (to continue current or additional services) NSE had to diversify the risks and be innovative and creative. They couldn't rely on fixed income. Thus, they started generating extra income by additional services: renting the locations; organizing extra activities like Christmas market or flea markets. Besides, NSE began arranging paid couching courses. Extra income can come as donations as well.
- **Strengths**. Since both SE leaders described the strengths, they are able to position themselves in the competitive environment. NSE understands its strengths as "a good reputation, high knowledge, and good quality." FPSE understands its strength in a good quality as well.
- **Cooperative** strategy can be helpful to overcome the risks and reach the success (see the success section). NSE understands the importance in building its cooperative strategy by making networking and partnerships. Necessary contacts could minimize the risk and increase the surviving success.
- NSE understands and invests in **negotiation**. They spend time for negotiation via telephone calls and meetings. It can minimize the risk and can increase the success factor.

Now we can go to the discussion chapter and compare these findings in order to prove or deny the propositions.

5 Discussion

In this chapter I will discuss the results of analysis by comparing to the propositions. I will also discuss and share my thoughts and ideas which were discovered during the research in order to teach entrepreneurs.

5.1 Confirming or denying the propositions

Repeating the propositions:

- **Prop#1**
  It is possible for nonprofit SE to **attract money**
- **Prop#2**
  It is possible for nonprofit SE to **inspire HR**
- **Prop#3**
  Nonprofit SE is programmed to be **long-lasting**
- **Prop#4**
  It is possible for nonprofit SE to break the **risks**

This section provides the discussion on the propositions and results of qualitative analysis provided at the previous chapter.

Prop#1
In this section we make a discussion in order to prove or deny the proposition stating that SE being nonprofit can attract money. The results from my interviews are the key arguments to discuss.

- **Investment – possible** since both NSE and FPSE managed to raise the capital: NSE received **donations**, FPSE contacted **investors.**
- **Staying** in a non-profit level is **possible** as long as NSE has clients (here – patients) and get income from them.
- **Borrowing – impossible**. Money is **more important** key surviving factor for NSE than FPSE. Since NSE cannot borrow money from the investor, it is limited on getting extra finances.
- **Extra income – possible** if NSE is **creative** and **innovative** in order to get extra income by trying different methods: from renting real estate to organizing flea markets and saving money by taking away free coffee. But NSE is already very limited with minimizing expenses
- **Saving money – almost impossible** but would be **possible** with **more volunteers** who would save money since the biggest expenses for interviewed NSE are salaries to

employees (88%!). On the other hand, we can see no challenges to find employees if NSE is ready to pay salaries.

- As a opposite to NSE we found that FPSE is not expecting to find volunteers. They are not as limited with money as NSE. Sustainable financial performance of FPSE can be maintained if they have the stable clients for their products.

We discovered three factors (investment was a donation; staying in a non-profit level; ability to generate extra income) making a NSE financial survival possible; and to two difficult ones (borrowing and saving money) making a financial survival less possible. Overall, the survival financially looked more possible than impossible. Thus, that leads us to state that proposition **Prop#1** is proved**:** It is possible for nonprofit SE to **attract money.**

Prop#2

In this section we make a discussion in order to prove or deny the proposition stating that SE being nonprofit can inspire HR. The results from my interviews with SEs are the key arguments to discuss.

- **NSE has a good team which inspires itself - proved.** We discovered that in NSE the inspiration for work comes itself because of a **good team**. Besides, an **honest feedback, teaching and working together** is a secret that boosts the inspiration to perform the good service. FPSE gives a focus on services as well.
- **NSE leader solves stress and conflicts by talking**.
- NSE leader is **satisfied** with the employees. They are **supportive**, ready for **innovations** and not afraid to set new goals and challenges.
- NSE is more **relaxed** (=less stressed) and **satisfied** comparing to FPSE because NSE doesn't need to focus on earning money. Because there is no debt (donors collected money). This factor can also boost the team inspiration.
- Focus on main social **mission –** inspires. Since NSE doesn't need to focus on earning money, they can focus on the main mission (e.g. handicapped children) instead. Nevertheless NSE still has to focus on existing nonprofit budget in order to continue the services.

- We see that NSE has an **inspiring and active management** team meeting every week. But they could have a more active board in order to contribute and inspire more.
- Inspiration for work can be boosted by stimulating **creativity**. The patients (=**mission**) leads them to be creative.
- Since the employees are loyal to the NSE, we can draw the conclusion that they are **satisfied** at work and with the leaders.
- We found only one factor which could be improved regarding inspiration: the board should be more inspiring and active.

All the factors for inspiration (small stress at work; a great team; a leader tries to talk to everyone in order to inspire and make workers creative etc.) except one (the board should be more inspiring and active) proved that NSE managed to inspire its team and made it satisfied. We could come to the conclusion that **Prop#2 is proved:** <u>It is possible for nonprofit SE to **inspire HR.**</u> An advice to entrepreneur: to try creating working conditions which inspire HR to volunteer. And BE should learn to be more social via interaction since BE can sometimes forget that employees are humans while the main focus is money.

Prop#3

In this section we make a discussion in order to prove or deny the proposition stating that SE being nonprofit can be long-lasting. The results from my interviews with SEs are the key arguments to discuss.

Our findings drawn from the analysis at the previous chapter show, that **success for longevity** can be reached while NSE is **innovative, understands mission, have loyal inspired workers, experienced leaders with relevant background, good service and is quickly adjustable.** Besides the factors of competitive strategy, NSE should invest to the **cooperative strategy** by making networking and partnerships. There was only one thing which could be improved. NSE should learn how to inspire the board or learn how to fire it in order to reach bigger success for longevity. Overall, the **Prop#3** is **proved**: <u>Nonprofit SE is programmed to be **long-lasting.**</u>

Prop#4

In this section we make a discussion in order to prove or deny the proposition stating that SE being nonprofit can break the risks. The results from my interviews with SEs are the key arguments to discuss.

- **Competition.** It is the biggest risk. NSE sees and understands the need to take into account the competition which is tough. In order to survive they have to "minimize the price and keep the quality".
- **Innovations and creativity help to compete**. In order to survive (to continue current or additional services) NSE had to diversify the risks and be innovative and creative. They couldn't rely on fixed income. Thus, they started generating extra income by additional services: renting the locations; organizing extra activities like Christmas market or flea markets. Besides, NSE began arranging paid couching courses. Extra income can come as donations as well.
- **Strengths of NSE:** "a good reputation, high knowledge, and good quality". Since both SE leaders described the strengths, they are able to position themselves in the competitive environment. FPSE understands its strength as a good quality as well.
- **Cooperative strategy** can be helpful to overcome the risks and reach the success (see the success section). NSE understands the importance in building its cooperative strategy by making networking and partnerships. Necessary contacts could minimize the risk and increase the surviving success.
- NSE understands and invests in **negotiation**. They spend time for negotiation via telephone calls and meetings. It can minimize the risk and can increase the success factor.

Since we discovered that NSE understands its competitive environment and applies methods to become more competitive (diversified the risks, defined its strengths and applied cooperative strategies), we can state that **Prop#4** could be **proved:** It is possible for nonprofit SE to break the **risks.**

5.2 Thoughts and ideas

These thoughts and ideas came during my research of social entrepreneurship. They might be known but often are forgotten to apply:

- Happiness = satisfaction = positive emotions
- Happiness comes from sharing (physical – e.g. giving a hand; psychological – e.g. emotions)
- Sharing comes easier via social interaction (e.g. games, talking, travelling etc.) = a happy employee
- A happy employee = successful company

Thus, it's worth investing to social interactions at work

For-profit entrepreneur could learn from many things from NSE discovered during this research. One of them is: try creating such working conditions which would inspire HR to volunteer (= work without any salary) as at NSE happens. Besides, BE should learn to be more social by interaction since BE can sometimes forget that employees are humans while the main focus is money. BE could learn from the longevity and inspiration of NSE mission: as long as the mission of NSE is not completed, it can drive forever.

6 Conclusion

The main goal of this thesis was to answer to the research question **how could for-profit entrepreneurship learn from the secrets of non-profit social entrepreneurship surviving in Norwegian nonprofit sector by analyzing challenges related to Money, Team inspiration and satisfaction, Longevity and Risks.** To answer the question both primary and secondary data sources were used. Since I was limited to geographical constraint, the Norwegian SE industry was selected for the qualitative analysis.

To narrow the scope of the research, the propositions were introduced. During the interviews with NSE and FPSE leaders the semi-structured questions were asked in order to deny or prove the propositions. FPSE was included in the comparison in order to increase validity and be less biased. However, the findings from FPSE are placed in 9.2 chapter since we are interested in NSE..

We discovered three factors (investment was a donation; staying in a non-profit level; ability to generate extra income) making a NSE financial survival possible; and to two difficult ones (borrowing and saving money) making a financial survival less possible. Overall, the survival financially looked more possible than impossible. As a result, we could state the proposition to be proved. **Prop#1:** It is possible for nonprofit SE to **attract money**.

All the factors for inspiration (small stress at work; a great team; eagerness to work voluntarily; a leader tries to talk to everyone in order to inspire and make workers creative etc.) except one (the board should be more inspiring and active) proved that NSE managed to inspire its team and made it satisfied. We could come to the conclusion that **Prop#2 was proved:** It is possible for nonprofit SE to **inspire HR**.

We found out that success for longevity could be reached while NSE is innovative, understands mission, have loyal inspired workers, experienced leaders with relevant background, good service and is quickly adjustable. There was found only one thing which could be improved: NSE should learn how to inspire the board or how learn to fire board members in order to reach bigger success for longevity. Overall, the **Prop#3** was **proved**: Nonprofit SE is programmed to be **long-lasting.**

Since we discovered that NSE understands its competitive environment and applies methods to become more competitive (diversified the risks, defined its strengths and applied cooperative strategies), we could state that **Prop#4** could be **proved:** It is possible for nonprofit SE to break the **risks.**

The thesis proved all four propositions to be true. Thus, these findings suggest that entrepreneurs hesitating to start their enterprises in combination of the non-profit motive with a social purpose should be inspired by the results of this research and start acting. The findings could be also useful to entrepreneurs who are already acting in SE sector but they are in need of support and motivation like these results.

The validity is strong as the size of the case selection is large. It is necessary to emphasize that two SEs gave the interviews during the research instead of single one. That makes validity stronger.

The recommendations for further research are placed in the next chapter.

7 Recommendations for further research

For a further research I would recommend to analyze more extensively the cooperative strategy of social entrepreneurship. I would recommend to use a book “Strategic tools for social entrepreneurs: enhancing the performance of your enterprising nonprofit” by Dees, J. G., J. Emerson and P. Economy (2002). Although there are many sources of SE, it is difficult to find a better concentrated practical material for social entrepreneurship as this book.

If I had more time for the research I would have been doing the further research on motivating the team. It would be based on the book written by Leigh L. Thompson: Making the team: The guide for managers, 4th edition, Prentice Hall.

I would also be interested in analyzing the applications of psychological theories in SE during further interviews.

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9 Appendixes

9.1 Interview guide

This interview guide is meant as a support document during conduction of the interview.

The goal of the interview is to have it flexible. For such a case open-end questions are being leading to qualitative responses.

The interview guide can and should be used from for all the interviews. Besides, in order to compare the answers, it is important to use the same question framework for each interview.

The goal:

The goal should be to find if they use/used any theories from (Dees, Emerson et al. 2002) Strategic Tools book. What kind of strategic tools are they using in order to survive?

Presentation:

- Hello, I am a UiO student and I am very interested in SE, innovation and strategic tools in order to survive.
- This is a qualitative master research. Thus, I hope you will be willing to share
- I would like to record our interview. I hope it is ok. It will be anonymous* (* it will be used for master thesis research).
- There are many questions. But I hope it will be interesting for both parties.

Advise how to ask questions properly

- Your questions should sound natural and have a flow
- Do not interrupt
- Do not lead the client
- If you would like them to provide additional information on their answer ask things such as "how so?" or "can you tell me a little more about

Interview questions

Firm:
Name:
Position:

- General

1. What is your education?
2. Other board members' relevant education?
3. What is your previous work experience before this SE (sectors, positions)?
4. What was the occupation of a head of organization before this SE?
5. How many years are you working with SE?
6. Who owns SE?
7. How/why did you start working in SE sector?

-Competitive strategy framework

- Investment and Surviving challenges

8. Are you profit, non-profit oriented SE?
9. How was to attract the investment?
10. When do you expect the payback of investment?
11. How does SE manage to survive? What are the sources of financing the SE?
12. What kind of biggest challenges did you face in SE?
13. What are the main expenses?
14. How could or does SE minimize the expenses?
15. How do you assess the results of your SE performance?

- Team Inspiration and Satisfaction - How did you attract and keep your team?

16. What about the working time: part-time, fulltime, overtime?
17. What is the work compensation system? Are there volunteers?
18. How would you describe a team culture?
19. How do you boost a team inspiration in order to get better results?
20. How does your SE deal with stress and conflicts at work?
21. How satisfied is your team? Examples.
22. How is different to work in SE and conventional profit seeking business?
23. What can you say about board and managers inspiration to the employees?
24. What about creativity at your SE?
25. What are the biggest challenges with HR inspiration?

- Success for Longevity

26. How does SE measure success?
27. How clear does your team understand your SE mission, outcomes and strategies?
28. How innovative is your SE?
29. How does your team celebrate the success?
30. What perspectives do you see for your SE?

31. Mechanisms to ensure continuous SE performance?

- Competition and risks (entrepreneurial competitive strategy)
  32. How does the SE see/understand the competitive environment?
  33. How does SE diversify the risks?
  34. How would you describe the strengths making your SE competitive?
  35. How do you build your networks, partnerships? (Cooperative strategy framework)
  36. What negotiation styles do you use? (Cooperative strategy framework)

Thank you for the interview.

9.2 Complete analysis of the interviews

A complete analysis is presented below. It consists of 6 categories consisted of total 36 labels. Each label is presented together with the selected and relevant answers from the interviews.

Questions were answered in English with some terms in Norwegian. These expressions were left in original language.

Case #1
Firm: Nordre Aasen stiftelse
Name: Anonymous
Position: Seksjonsleder

Case#2
Firm: Unicus AS
Name: Anonymous
Position: CEO

GENERAL

What is your education?

Case#1 has no business relevant education, but has relevant management experience (see below)
Case#2 has education in business administration.

1. *"My education is social welfare nurse in Norwegian Vernepleier (social education studies)"*
2. *"Master of finance, business adm."*

Other management and board members' relevant education?

Case#1 has no business, marketing relevant education.
Case#2

1. *"Management team: Barnevernspedagog, Vernepleier, Vernepleier. That's a main education. But we had courses. And 1-2 years further education in pedagogics or administration. Level is master, but not the master degree☺.*

The board: 2 lawyers, 1 from military but he has a child with a down syndrome, 1 vernepleier, 1 nurse, 1 sosionom. They are mainly related to a specific area"

2. -

What is your previous work experience before this SE (sectors, positions)?

Case#1 has <u>long</u> <u>experience in organizing and leadership</u> although he has <u>no relevant business education</u>.
Case#2 has experience in finance, entrepreneurial activity

1. *"I've been working 3 jobs in parallel – at Nordre Aasen from 1995, at Oslobarnlegevakt as organizer as kontorleder in the evenings, at Child Psychiatry – as nattevakt 11 years".*
2. *"I had ten years of work experience within the financial markets: equity sales, proprietary trading, derivatives sales, and entrepreneur."*

What was the occupation of a head of organization before this SE?

Case#1 The head of organization wasn't related to business activity before this SE
Case#2 Interviewee is the head and had activity that can be useful in managing the SE

1. *"Morten – barnevernspedagog"*
2. *"Se answer above"*

How many years are you working with SE?

Case#1 has a long working experience (18 years) in this SE
Case#2 didn't answer.

1. *"From 1995"*
2. -

Who owns SE?

Case#1 has no owner because it is a foundation. Nevertheless there is a **clear goal** (mission) to run the SE
Case#2 has the owner which is an investor (author's research)

1. *"It is Stiftelse. No one owns it. But the state can close it. Everything you have to do is to go for a goal."*
2. -

How/why did you start working in SE sector?

Case#1 sees SE as a <u>motivating</u> place because it is <u>interesting</u> to work with <u>people</u> and make a <u>change</u>.
Case#2 sees SE as a **<u>motivating</u>** place to work.

1. *"How? I was recruited because I had to do my practice during education.*
   Why. It's interesting. I wanted to change something in this department. There were many things to do. I started to change. And I managed it well. Besides, I wanted to work with people".
2. *"I wanted to work with something that motivated me. That brought me in to SE sector. So I started Unicus."*

QUESTIONS BASED ON COMPETITIVE STRATEGIES

Are you profit, non-profit oriented SE?

Case#1 is non-profit SE
Case#2 is for-profit SE

1. *"We are Non-profit oriented but we can't use more money than we have. We have to focus on our cost as well. Profit is not a main goal, not at all."*
2. *"For profit."*

How was to attract the investment?

Both cases managed to <u>raise the capital</u> in order to start SE. They used two completely different methods: received <u>donations</u> (Case#1) or contacted <u>investors</u> (Case#2)

1. *"From private shipping company started giving a part of income. A group of mothers started to sell dolls. If we have to start a new department, we have to focus on money that we have. We have to calculate everything."*
2. *"Unicus contacted one institutional investor after startup, and they were interested, so they invested after a while and en due diligence process."*

When do you expect the payback of investment?

Case#1 didn't answer. But he had <u>no loans</u> or investment to be returned back. So, it doesn't need to worry about the payback.
Case#2 <u>has to return</u> the investment. Thus, to be nonprofit is not the option for them.

1. –
2. *"Not sure. Depends on business."*

How does SE manage to survive? What are the sources of financing the SE?

Case#1. To be nonprofit SE means to be <u>creative</u> in order to get extra income: from renting real estate to organizing flea markets.
Case#2. To be for profit SE might look easier to get the sources of financing since the financing can come from the investor side.

1. *"Kommune and state can buy services from us and hire locations from us like Oslo university hospital which hire one of our buildings. Extra income comes from creative income sources like flea market and julemarked (Christmas market). The player on Norsk tipping lottery can give 2% to Nordre Aasen."*
2. *"Our sources of financing are the operating profit that must be generated over time. In the beginning we had financing from our investor (see above)"*

What kind of biggest challenges did you face in SE?

Case#1 Non-profit SE has the biggest challenge to find volunteers although they have some of them (I have my friend volunteering in this SE). I can make the hypothesis that non-profit SE is able to find clients than volunteers.
Case#2 For-profit SE sees the biggest challenge in finding clients

1. *"It is easy to find employees. But it is difficult to find volunteers to entertain at Café Aasen because they don't get money".*
2. *"Same as ordinary companies: to get clients…"*

What are the main expenses?

Salaries are the main expenses both for non-profit and for-profit SE.

1. *"Salary contains about 88% of all expenses."*
2. *"Salaries to our employees"*

How could or does SE minimize the expenses?

Case#1 it is difficult to minimize expenses because the biggest cost (88%!) is salaries. But the board of non-profit SE still is looking how to minimize the expenses

1. *"It is difficult for us to do that because we squeezed already. The board wanted to end the free coffee. 16mln is the whole budget. And they take away the free coffee which is 'peanuts'. I am not drinking coffee but I think it was not a good thing to do because it was not an expensive cost for us."*
2. *"Don't know."*

How do you assess the results of your SE performance?

Case#1 NSE has a clear method of results assessment. They measure performance according to the goals achieved.
Case#2 didn't answer.

1. *"It was a good year. We have started a new apartment this year. We have permanent organization (Fotoklubben) that hires a room from us. We reorganized department this fall. We have started with new kids with severe damages and high technology like respirator services. We have not done that before."*
2. -

TEAM INSPIRATION AND SATISFACTION – How do you attract and keep your team?

What about the working time: part-time, fulltime, overtime?

Case#1. Innovation, looking for opportunities, human behavior with employees (e.g., reorganization) is common at SE nonprofits.
They have part-time and full-time employees. In order to minimize the sick leave, they reorganized the part time and full time timetables and the sick leave dropped from 27% to 2.8% in one year.

With employees you should be polite but to the point: instead of talking angry about non-present behavior and start bullying an employee, we can ask "I need you present here".

1. *"When I started working here part time workers worked each 2nd weekend and full-timers – each 3rd weekend. There was so high sick leave and many not good habits among the employees. When they had to work every 2nd weekend they got some difficulties when they had to something because of intensive work. We split. I said the part-timers each 3rd weekend instead of every 2nd one. And full time – each 4th weekend instead of each 3rd weekend. The procent of illness was extremely high. In one department it was 27%. It's a lot. In another - 18%. I started with two departments. I started a list how high a sick leave is. By changing the timetable the sick leave goes down to 2.8% from 27% in one year. Now we are about 6% here. It was a lot of conservation. What are here for? You are absent. I need you present here. Instead of talking about non present behavior, we started talking about present. The greatness of present. Then we started make bonds and we asked full time employees to talk to colleagues if everything is done today and so on. There are many part time workers as well. "*
2. *"Mostly fulltime, some part-time"*

What is the work compensation system? Are there volunteers?

Case#1 has volunteers working for free. Employees receive salaries but below the average level of Oslo commune.
Case#2 has no volunteers. Employees receive "normal market salaries"

1. *"Some full time employees and all the leaders (1st level) are volunteering at café aasen. That is very interesting. They are doing it because they think it is nice to do. Rate of salary is almost the same as Oslo kommune which pays much higher than as. Not high salary at all."*
2. *"Unicus is operating on market terms with normal market salaries."*

How would you describe a team culture?

Case#1 states they have <u>a strong team culture</u>. Since the employees keep working together for many years, we can assume they <u>like working</u> at SE as a result the tight team bonds were developed.
Case#2 is not sure about the team culture. But the reason of that might be employees with Asperger syndrome.

1. *"Team culture is very strong because full time workers have been for many years. It's beautiful. Tight team and they like to work here. We are connected."*
2. *"I am not sure we have any, besides the fact that everyone has Asperger syndrome."*

How do you boost a team inspiration in order to get better results?

Case#1 states that "the inspiration to work comes itself because of a good team". A feedback, teaching and working together is motivating to perform the good service in order to get better results.
Case#2 states that to focus on services is thing which boosts the inspiration of a team.

1. *"Full time leader inspires and teach part-time workers by nicely correcting them to work with children. They do things together. The things they do during day it's most important. If they are nice and polite. The recruiting is very important to find people that match together. The boosting comes itself because of a good team. But of course we have to go there and tell them that's a*

good job and see what we have done. And see what the other do well. We put response from Oslo univ. hospital – oh you are so clever so good. Good feedback from parents."

2. *"Focus on our services."*

How does your SE deal with stress and conflicts at work?

Case#1 and 2. The stress and conflicts can arise among employees and with clients. But conflicts are being solved by talking.

1. *"They manage it well with stress. If someone on Friday says I can't work this Friday, it's difficult to find people to work then. If it frequently, we have to talk to them. But not so many conflicts among the workers. There are more conflicts among parents because some of them have psychiatric diagnosis. They are welcome to be here. But they make some difficulties here. They maybe don't understand why we give this medicine etc."*

2. *"Nothing in particular, if it will arise, we deal with it as an ordinary conflict"*

How satisfied is your team? Examples

Case#1 is "very satisfied with employees" because employees are supportive and ready for innovations "are not afraid to set new goals and challenges."

1. *"I am very satisfied with employees. They are not afraid to set new goals. Example with opening a new department (rehabilitation): I asked my team: can we do that, can parents do that? Then we can do that. Then we said yes for a new department. They are not afraid to set new goals and challenges."*

2. -

How is different to work in SE and conventional profit seeking business?

Case#1. **Since NSE doesn't need to focus on earning money, they can focus on the main <u>mission</u> (e.g. handicapped children) instead. Thus, NSE can be more satisfied and <u>relaxed</u> (=<u>less stressed</u>) than FPSE. Nevertheless NSE still has to focus on existing nonprofit budget in order to continue the services.**

1. *"Maybe we are more relaxed because we have to focus not for earning money. Everything we need is to find resources for children. Not to earn money. But we have to focus on budget of course. I was working before at Oslo Barnevakt which was focused to earn money although it did social good."*

2. *"In Unicus there is no difference"*

What can you say about board and managers inspiration to the employees?

Case#1 has an <u>inspiring and active management</u> team meeting every week. But they could have a more active board in order to contribute and inspire more.

1. *"From managers is more inspiration than from a board which is not active and doesn't give any feedback. The board is meeting 6 times/year. The management team meets every Thursday. From management only one meets the board."*

2. *"As in an normal company"*

What about creativity at your SE?

Case#1 This statement shows that inspiration for work can be boosted by stimulating creativity. The patients (=mission) leads them to be creative.

1. *“It’s a very high creativity. To sort out problem, to find solutions on daily problems. We have a meeting to coordinate all the departments together. We can make changes. With patients we have to be patient and creative.”*
2. -

What are the biggest challenges with HR inspiration?

Case#1 states that the biggest challenge with HR is to “find a capacity to talk to all the people”. But if the managers find time for talking, the inspiration of the employees will be maintained.

1. *“There are many things. One of them that we have so many people and we need to find a capacity to talk to all the people”*
2. -

SUCCESS FOR LONGEVITY

How does SE measure success?

Case#1 measures the <u>success</u> in being **innovative, having loyal workers, good service and being quickly adjustable**.
Case#2 measures the <u>success</u> by using “social return on the equity (SROE)” which means “a number of employees”. The more employees you have, the more successful is SE.

1. *“We have loyal workers. We produce services for mentally handicapped and workers want to do that. That motivates people. In our stiftelse is a plain management and the changes are being made quickly.* ***We are quickly adjustable.”***
2. *“We measure our social return on the equity (SROE). In Unicus that mostly is number of employees”*

How clear does your team understand your SE mission, outcomes and strategies?

Case#1 and #2 understand the mission <u>very well</u>. NSE shares the secret hot to achieve it: in order to understand the mission, every team member has to be <u>involved</u>.

1. *“Everybody is involved. So, I think they understand that very well.”*
2. *“In the management team it is only me. And I understand it clear.”*

How innovative is your SE?

Case#1 and #2 <u>understand</u> the importance of being innovative. A constant development is the secret leading to the success

1. *“New technologies (internet learning system, high tech medical equipment), new services, new knowledge. We sent people to courses.”*
2. *“People probably would say that Unicus is very innovative in our approach to market.”*

How does your team celebrate the success?

Case#1 <u>understands</u> the importance of success celebration and explains how to reach success by <u>inspiration</u>: the employees should be rewarded by boasting or offering bonus.
Case#2 could learn more how to celebrate the success.

1. *“We invite workers for a dinner at the restaurant if a worker had to work overtime. Also we have Julebord. We also say you have done it very well (to boast workers).”*
2. *“Not much I am afraid. We should probably be much better on that.”*

What perspectives do you see for your SE? How long are you planning to continue your activity?

Case#1 hopes to continue. But they need to take into account the competition which is tough (see the next question).
Case#2 sees the SE’s perspective via inspiration as long as it is “meaningful and fun”.

1. *“We hope we are going continue.”*
2. *“As long as I think is meaningful & fun.”*

Mechanisms to ensure continuous SE performance?

Case#1 states that a competition is tough and in order to survive they consider to “minimize the price and keep the quality”

1. *“EU regulations for patients lead to close SEs similar to ours. We are going to try to keep on.* ***We are going to minimize the price and keep the quality.***
2. -

RISKS (ENTREPRENEURIAL COMPETITIVE STRATEGY)

How does the SE see/understand the competitive environment?

Case#1 sees and understands the need to take into account the competition which is tough. In order to survive we have to “minimize the price and keep the quality” (see Mechanisms to Ensure Continuous SE Performance question).
Case#2 could learn from Case#1 how to prepare for the competition.

1. *“Yes we have competitors. They are for profit seekers. About 50 companies I know. They are trying to save money on behalf of workers’”*
2. *“Don’t know”*

How does SE diversify the risks?

Case#1 understands the risks. In order to survive (to continue current or additional services) they have to diversify the risks and be innovative. They cannot rely on fixed income. Thus, they started generating extra income by additional services: renting the locations; organizing extra activities like Christmas market or flea markets. Besides, they began arranging paid couching courses. Extra income can come as donations as well.

Case#2 maybe could take it into account in order to diversify the financial risk and generate extra income.

1. *“To make more feet to stand. We diversify our services. 24/7 care, day care and we started café aasen for people to rent a place (like fotoklubben). And we started to sell courses to teach people. Also julemarked and loppemarked we organize. The player on Norsk tipping lottery can give 2% to Nordre Aasen.”*
2. *“Don’t know”*

How would you describe the strengths making your SE competitive?

Both cases understand the strengths they have.
Case#1 understands its strengths as “a good reputation, high knowledge, and good quality.” Since they describe the strengths, they are able to position themselves in competitive environment.

Case#2 understands its strength as a good quality.

1. *“Our strength is a good reputation, high knowledge, good quality.”*
2. *“We are good at what we are doing.”*

How do you build your networks, partnerships? (Cooperative strategy)

Case#1 invests in building its cooperative strategy by making networking and partnership.

1. *“Our daglig leder (from management team) participates and we are members at Arbeidsgiverforeningen, www.Virke.no, www.frivillighetnorge.no for networking.”*
2. -

What negotiation styles do you use? (Cooperative strategy)

Case#1 understands and invests in negotiation. They invest time to telephone calls and meetings.

1. *“We make calls, we have negotiation meetings. It’s very big job to make a document to get a child patient. It can take a whole week to make a document. That’s why we have to negotiate to get the patient. We might get a patient or maybe not. But do the negotiations.”*
2. -