



## **Working Paper No. 612**

### **Dutch social entrepreneurs in international development** Defying existing micro and macro characterizations

*A.H.J. (Bert) Helmsing*  
*Peter Knorringa*  
*Daniel Gomez Gonzalez*

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## **Abstract**

In this paper we aim to contribute to the literature on social entrepreneurship by nuancing both existing micro-level characterizations as well as its presumed macro level societal impacts. Moreover, we explore connections between the micro and macro levels of analysis to see which types of social entrepreneurs are more likely to achieve what kinds of societal impacts. We present findings from an illustrative sample of 28 interviews with Dutch social entrepreneurs working in International Development.

At the micro level, our qualitative findings do not support a perception of social entrepreneurs – often found in the Anglo Saxon literature - as heroic ‘lone rangers’ who ‘go it alone’ and with ‘dogged determination’ fight for a self-defined social cause. Instead, most social entrepreneurs in our study are acutely aware of the need to cooperate with other stakeholders and often use existing ‘off the shelf’ social causes and theories of change, even when they do develop innovative ways to try and achieve these goals.

At the macro level, two starkly contrasting views exist on the possible societal impacts of social entrepreneurs. The first is an, often implicit, extension of the ‘lone-ranger’ perception of social entrepreneurs as people who ‘change the world’ or at least significantly contribute to social and economic transformation. At the other end of the spectrum in the literature we find those who argue that social entrepreneurs are potentially counterproductive to international development interventions as their social mission is not the result of a ‘collective deliberative process’, their activities are likely to displace NGO and/or government interventions and might even give governments an excuse to not intervene and ignore deeper levels of political contestation and societal inequalities.

The paper is structured as follows. We first explain the rise in social entrepreneurship in international development, and we introduce the central assumptions in the literature on how social entrepreneurs define their social mission and on their likely societal impact. Next we present our data to show that our interviews do not support existing assumptions about the characteristics of social entrepreneurs nor about their possible societal impacts. Finally, we explore the usefulness of the typology proposed by Zahra et al, and we conclude that this typology indeed helps to further systematise a more nuanced understanding of the characteristics and likely roles of social entrepreneurs.

## **Keywords**

Dutch social entrepreneurs, international development, social enterprise, social entrepreneurship.

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## Acronyms

BA	Business Association
BDS	Business Development Services
BiD	Business in Development
BoP	Bottom of the Pyramid
CSR	Corporate Social Responsibility
DDiD	Dutch Design in Development
EMES	EMergence des Entreprises Sociales en Europe
FFV	Fresh Fruits and Vegetables
FMO	Finance Company for Development
FT	Fair Trade
FTO	Fair Trade Original
HIVOS	Humanist Institute for Development Cooperation
ICCO	Interchurch Coordination Committee for Development Cooperation
ICT	Internet Communication Technology
IFC	International Finance Corporation
EU	European Union
NCDO	National Commission for International Cooperation and Sustainable Development
NGO	Non-Governmental organization
PPP	Public Private Partnerships
PS	Private Sector
SE	Social Enterprise
TNC	Transnational Corporation
VSO	Voluntary Services Overseas
WUR	Wageningen University and Research

# Dutch Social Entrepreneurs in International Development

## Defying existing micro and macro characterizations

### 1 Introduction

In this paper we aim to contribute to the literature on social entrepreneurship by nuancing both existing micro-level characterizations as well as its presumed macro-level societal significance. Moreover, we explore connections between the micro and macro levels of analysis to see which types of social entrepreneurs are more likely to achieve what kinds of societal impacts. We present findings from an illustrative sample of 28 interviews with Dutch social entrepreneurs working in International Development.

At the micro-level, our qualitative findings do not support a perception of social entrepreneurs – often found in the Anglo Saxon literature - as heroic ‘lone rangers’ who ‘go it alone’ and with ‘dogged determination’ fight for a self-defined social cause. Instead, most social entrepreneurs in our study are acutely aware of the need to cooperate with other stakeholders and often use existing ‘off the shelf’ social causes and theories of change, even when they do develop innovative ways to try and achieve these goals.

At the macro level, two starkly contrasting views exist on the possible societal impacts of social entrepreneurs. The first is often an implicit extension of the ‘lone-ranger’ perception of social entrepreneurs as people who ‘change the world’ or at least significantly contribute to social and economic transformation. At the other end of the spectrum in the literature we find those who argue that social entrepreneurs are potentially counterproductive to international development interventions as their social mission is not the result of a ‘collective deliberative process’, their activities are likely to displace NGO and/ or government interventions and might even give governments an excuse to not intervene and ignore deeper levels of political contestation and societal inequalities. Instead, in our sample, we find no evidence of displacement of NGO and/or government activities, and most social entrepreneurs are rather well embedded in and aware of multi-actor configurations and the inherently political dimensions of international development interventions. Simultaneously, we find that few social entrepreneurs are even trying to achieve broader social and economic transformation. The typology put forward by Zahra et al. helps us to make an initial connection between a micro-level characterization of social entrepreneurs and their potential societal impacts. Their classification in social bricoleurs, social constructionists and social engineers helps to distinguish different types of social entrepreneurial behaviour and distinguishes their proposed ‘band-width’ of operations, from local to sectoral to global, respectively.

By and large, our findings put forward a much less heroic, less individualistic, and less dis-embedded micro-level characterization of Dutch social entrepreneurs involved in international development, as compared to the existing literature. At the same time, we conclude that the starkly contrasting perceptions in the literature on the positive or negative societal impacts of social entrepreneurs need to be reconsidered. Most social entrepreneurs in our sample are quite aware of their limitations and do not (even) try to achieve broader social and economic transformation, nor do they displace or make broader democratic consultative processes more difficult. Using the Zahra et al. (2009) typology helps to more systematically organize our case studies in terms of how they deal with questions of learning, of using off the shelf knowledge and of embeddedness.

The paper is structured as follows. We first explain the rise in social entrepreneurship in international development, and we introduce the central assumptions in the literature on how social entrepreneurs define their social mission and on their likely societal impact. Next we present our data to show that our interviews do not support existing assumptions about the characteristics of social entrepreneurs nor about their possible societal impacts. Finally, we explore the usefulness of the typology proposed by Zahra et al, and we conclude that this typology indeed helps to further systematise a more nuanced understanding of the characteristics and likely roles of social entrepreneurs.

## **2 What explains the rise in social entrepreneurship?**

Different authors point to different factors that explain the relevance and emergence of social entrepreneurship. Bechetti & Borzaga, (2010) explain the rise of social entrepreneurship through the global increase in advocacy movements and the growing awareness of the downsides of globalization as well as the rise in voluntary activities to provide goods and services to disadvantaged groups that are neglected by state and market. They also see the increasing awareness of responsible consumers who are receptive to social entrepreneurial approaches to provide goods and services (e.g. the rise of fair and eco-labels).

Other authors who look at the phenomenon from the perspective of civil society, stress more defensive/ negative factors, such as the crisis of the welfare state and increase in unmet social needs due to economic restructuring (e.g. by researchers of the European Network on Social Enterprise research EMES, such as Defourny and Nijsenss (2010) and Borzaga and Tortia, 2010). Perrini et al (2006) argue in relation to the social sector that the rise of social entrepreneurship is clearly associated with the economic slowdown, which triggered the crisis of the welfare state and the rise in unemployment. This in turn simultaneously resulted in rising unmet social needs and a fundamental redesign of social policies through privatisation and decentralization.

In relation to international development the reduction in state subsidies for international development cooperation available to non-profit



organizations such as development oriented NGOs, as is currently the case in the Netherlands, is an important factor. This has increased the competition between these NGOs and this in turn has triggered a search for market-based sources of funding for their social activities (Dees, 1998, Dees et al, 2002, Kieng & Quack, 2013). In addition, the increasing demand for efficiency in the use of public monies resulted in increased competition between NGOs. Last but not least, the current pro-business 'zeitgeist' has made social entrepreneurship more fashionable.

### **3 The individual level: defining social entrepreneurship and the social mission**

There are quite diverse ways in which social entrepreneurship is defined. For example, the volume edited by Mair et al. (2006c) contains 15 contributions that have 12 different definitions. Also other authors illustrate the lack of agreement on a definition by citing a wide range of definitions (Bechetti et al 2010, Borzaga et al, 2010). Some see this as problematic (e.g. Dacin et al, 2011) while others consider this a characteristic feature of an emerging field in search of consolidation (Mair, 2006b and 2006c, Granados, et al, 2011). Mair et al (2006) argue that in defining social entrepreneurship one needs to clarify not only the entrepreneurial but also the social element. They disagree with a dichotomous conceptualization where the social is related to non-profit orientation or to altruism in contrast to the for-profit entrepreneur. The generation of profit can make a social enterprise more sustainable. Moreover, the entrepreneur can have personal or professional fulfilment as an important driver alongside his/her social mission. For Mair et al, the social element resides in the mission of the entrepreneur to create social value rather than economic value. Social entrepreneurship is "a process involving the innovative use and combinations of resources to pursue opportunities to catalyse social change and/or address social needs" (Mair et al, 2006c: 37). Mair's definition is consistent with the US tradition in social entrepreneurship, which centres on the entrepreneur as an individual. Dees' (1998, 2001) seminal work in that tradition sees the social entrepreneur as a change agent not only focusing on innovative ways to address social problems but also seeking to change social structures to achieve sustainable transformations.

The European tradition is more encompassing and centres on the social enterprise as a more or less collective effort, as in the definition in use by the EU Commission: "a social enterprise is an enterprise: i) whose primary objective is to achieve social impact rather than profit for owners and shareholders; ii) which uses its surpluses mainly to achieve these social goals [i.e. restriction of dividend payment]; iii) which is managed by social entrepreneurs in an accountable, transparent and innovative way, in particular by involving workers, customers and stakeholders affected by its business activity".

Drawing on this EU definition, Hillen et al. (2014) give a definition that is somewhat broader. Social Enterprise has a societal mission: It seeks impact

first and achieves this as an independent enterprise which produces a good or service; It is financially self-sustaining based on trading and other forms of value exchange and hence it has limited or zero dependence on donations and subsidies; it is social in terms of how it conducts its business: it is transparent; it can make profit but financial targets should serve its mission; dividend payments are accepted; Its governance and policy are based on a balanced influence of all stakeholders; the enterprise is fair to everyone and is conscious of its ecological footprint.

The McKinsey Report (2011) situates the social enterprise in between charities, which exclusively pursue social impact (including grant based NGOs) and traditional for profit companies. Social enterprises seek social impact and generate 75% or more of their revenues from trading goods and services, and/or make a profit but reinvest this or distribute profits while remaining social driven (ibid: p 5).

The difficulty of drawing up an encompassing definition in part is related to the enormous diversity at micro level (Helmsing, forthcoming 2016). In more abstract terms, there are different institutional configurations or types of social enterprises that all have in common that they pursue social goals. First of all there are: i) social enterprises that are the result of collective action and that operate *in* the market (co-operatives, mutual societies). These produce what some call ‘general interest’ goods and services. These are institutionally quite distinct from ii) social enterprises *outside* the market; in other words: philanthropic and self-help activity through collective action; Furthermore there is a growing institutional category of iii) social business ventures in the market; these produce private goods and services that have a merit character i.e. they are excludable/rival but have intended external social effects. Last but not least there are iv) ‘hybrids’ as a combination of the above.

Dacin et al. (2011) are critical of the concept of social entrepreneur and entrepreneurship. They see the concept appealing to people who have become “sceptical about the ability of governments and businesses to meaningfully address pressing social problems such as poverty, social exclusion and the environment” (ibid, p. 1203). Definitions of social entrepreneurship often cover the following four aspects: i) the personal characteristics of the entrepreneur; ii) the sphere of operation; iii) the processes and resources used and, iv) the mission to create social value. They argue that the first three are context dependent and hence are not helpful in the search for a general definition. Only the fourth one can serve that purpose: creating social value to address social problems. Such social value creation does not negate the importance of economic value creation for reasons of sustainability.

Dacin et al. (2011) observed that many empirical studies that feed the academic debate are predominantly singular case studies in which “*heroic individuals*” who are “capable to change the world” are the main focus. Furthermore, they note that the social entrepreneur conceptualized as ‘heroic individual’ fits well in the neo-liberal ideology: emphasizing the individual effort while conveniently ignoring the structural political economic and other contextual factors. The next section focuses on these more societal issues related to the impacts of social entrepreneurial activities.

#### **4 The Societal Issue: do social entrepreneurs complement or displace civil society and state?**

The mainstream literature on social entrepreneurship does not focus much on the societal level of analysis, but does put forward implicit assumptions of (very) significant positive impact of the activities of social entrepreneurs (Seelos, 2006; Hillen et al 2014; Bechetti & Borzaga, 2010). A powerful threefold critique comes from Cho (2006). It is important to note that Cho adopts the more restrictive definition of the social entrepreneur as formulated by Dees (see above). This definition, Cho argues, is exclusively defined in terms of the entrepreneur but not in terms of the social. The entrepreneur defines the social value (s)he will pursue. This leads to the first point of criticism: “The social entrepreneurs have their own divergent subjective visions for the rest of society and rationally mobilize resources in order to enact their agendas” (Cho, 2006:46/7). If the social is not generated from a collective process, it is not more nor less than a private vision of the social. “This monological stance is simultaneously the social entrepreneur’s greatest asset and its greatest challenge” (ibid). The author points to the possible disjuncture between the entrepreneurial objectives and processes and the need to engage in participatory deliberation to negotiate between conflicting visions for social transformation. This disjuncture need not necessarily arise but Cho has correctly identified this as a blind spot in SE research: how do social entrepreneurs identify their social mission? Is this flowing from his/her own ‘can do mentality’ or is it derived from some form of social consensus? However, Cho poses a strict criterion that the social mission must be generated through a collective deliberative process. This position disregards that there is also ‘off the shelf’ socially constructed knowledge on which the social entrepreneur can base the social value proposition. There is for example ample social agreement that potable or purified water can be regarded as a recognised social need (or even a human right as it forms part of an adequate standard of living). The vision that people have access to potable water need not be individually (re-)constructed. The question then remains how the social entrepreneurial process to enact this vision takes shape. We will discuss this issue below.

A second point of criticism by Cho follows from the first, namely that well-intentioned social entrepreneurs may displace social processes and strategies that may be more appropriately positioned to achieve discursively negotiated common objectives. Difficult and complex collective choice processes get displaced by the ‘can do’ entrepreneurial result oriented social value proposition and bad social entrepreneurial investments decisions may in the end result in waste or lower social value than otherwise achievable. The implicit assumptions of Cho are that there is no state of civil society failure to which the social entrepreneur responds and that collective choice processes are indeed inclusive.

The third point raised by Cho is that the social entrepreneur begins with the wrong question. Faced with a social problem and the inability of social actors to solve this problem, the social entrepreneur will seek to mobilize resources and find innovative ways to address the problem but the real question according to Cho is 'why is the state unwilling or unable to tackle the problem?' This, in his view, is in the first place a political question rather than a problem derived from market failure: "social entrepreneurship is a means to an end: it is not itself capable of defining social needs or assessing whether the burdens of meeting these are being shared equally. These are fundamentally political questions" (ibid: 49). By applying private social entrepreneurial strategies to meet social needs, the social entrepreneur bypasses political processes in favour of a subject-centred and sometimes market-oriented approach to the definition and achievement of social objectives (ibid). Is the social entrepreneur a substitute for the state and the market? "The implicit treatment of social entrepreneurship as a substitute for rather than a complement to concerted public action raises troubling issues related to the distribution of burdens. Social entrepreneurs identify service gaps and efficiently mobilize resources to fill them. In doing so however they may privilege addressing symptoms over resolving more fundamental root causes, such as social inequality, political exclusion and cultural marginalization" (ibid: 51).

The public sphere ceases to be the pilot of society's steering mechanism; instead civil society begins to take its direction from the mechanistic operations and failures of markets and states. This reversal of agency lies at the heart of the theoretical problem of social entrepreneurship, according to Cho: Social entrepreneurship may divert attention away from the possibility that more basic structural reforms might be necessary to address social problems, particularly where governance is weak and exclusionary. He concludes that social entrepreneurs may produce immediate and impressive gains but this cannot replace sustained public engagement with social issues. It may even have unexpected perverse outcomes: "while social entrepreneurship addresses local symptoms of deeper political and institutional malaise - poverty, exclusion, marginalization, environmental degradation - it may also avoid discursively mediated processes that could produce more inclusive and integrative systemic solutions" (Ibid: 53/54).

Cho suggests that social entrepreneurs should not underestimate the importance of participation in processes intended to broker and articulate social compromises. The public sector is to be seen more as a partner than a competitor in social service delivery. In places where governance is weak, social entrepreneurs may have to support movements designed to improve and rehabilitate the capacity of the public sector to define and meet social needs. Lastly, social entrepreneurs should not isolate themselves from other key actors but actively search for opportunities to cooperate with and support their partners.

In fact this happens more than Cho seems to suggest. One could argue that the social domain is full of interdependencies between centralised and decentralised public agencies as well as decentralised forms of private and civic

actors and activities. Their presence constitutes social and institutional barriers, which the social entrepreneur must negotiate in order to formulate and implement his/her social mission (Robinson, 2006). In other words, it is not either one or the other actor but a multiple and complex whole in which a social entrepreneur must establish his/her position.

As much as the state is not the sole actor in the social domain, also markets at the Bottom of the Pyramid (BoP) need to be complemented by collective action by and networking with BoP producers and distributors in order to arrive at *viable* social entrepreneurial configurations and business models (Desa & Koch 2014; Kubansky et al, 2011)

Thus, when seeking to situate social entrepreneurship within the macro context, it is useful to examine the degree to which social entrepreneurship contributes to public goals. This starts from the realisation of Bennett (1999) who argued - in the context of the post-welfare public policy agenda - that 'public goals may be achieved by non-public means', as bottom-up initiatives contribute to achieving international development goals. In the same vein, Steen et al. (2014) start from the empirical observation that public value is also created by very diverse bottom-up initiatives outside the public sector. Different authors may come up with very different explanations for these, such as declining or ineffective government spending or bottom-up initiatives by active citizens and entrepreneurs. Steen et al. (2014) argued that the public domain does not shrink but on the contrary gets filled up more and more by different actors. The challenge for government is how it can respond to these bottom-up initiatives to contribute public social value.

What emerges from the above are diverse types of social entrepreneurs which range from purely private initiatives of active citizens (dependent on charity and volunteers and partially subsidized activities) to social enterprises (co-operatives set up by groups and social business ventures set up by entrepreneurs) that are market based. A lot of the literature in the US tradition implicitly focuses on social business ventures, while the European tradition tends to reason from the logic of social enterprises based on collective action.

The above discussion of diverse definitions of social entrepreneurship and the critiques of Dacin et al (2011) and Cho (2006) suggest that it is important to situate social entrepreneurship more clearly within the changing relationships between government, market and civil society, both at the micro and the macro level. A first step in that direction is to identify causal relationships between types of social entrepreneurship and the type of likely societal impacts.

## **5 Connecting the micro and macro levels of analysis**

To the best of our knowledge, the only existing social entrepreneurship typology that makes a connection between the micro and macro levels of analysis is the typology formulated by Zahra et al. (2009). They distinguish three distinct social entrepreneurs. The first one refers to the 'social bricoleur'

who operates at a very localised scale, addressing social needs that are not easily recognized, involving tacit knowledge not accessible to outsiders. Its social significance lies in creating social harmony. Social bricoleurs are at the right time at the right place, making do with available resources that they can mobilize (bricolage). That gives them the autonomy and independence from resource stakeholders. An example here would be a local citizen's initiative to create a local food bank in the face of declining social welfare. The second type are social constructionists: they exploit knowledge and see opportunities for systemic change not seen by others: "they build, launch and operate ventures which tackle those social needs that are inadequately addressed by existing institutions, businesses, NGOs and government agencies" (ibid: 525). They "face limited competition in the delivery of their programs and often leverage the resources and capabilities of for-profit and not-for-profit organizations that generate mutually beneficial outcomes" (ibid: 526). Lastly, social engineers address complex social problems and thereby challenge fundamental institutions, which implies that they face considerable political opposition from established groups and interests. Mohamed Yunus and the Grameen Bank are often cited as an example of this type. This means that social engineers operate in politically contested arenas and engage in advocacy.

Key differences between these three types of social entrepreneurs are their scale of operation, scope of activities and their expected social significance. Social bricoleurs focus on small scale and locally rooted activities that aim to enhance local harmony. Social constructionists operate at a small to large scale, locally and/or internationally, and with a sectoral focus on for example systematically addressing a market failure that mends a social fabric and helps to strengthen social harmony. In contrast, social engineers focus on a broader international scale with the explicit aim to challenge and replace existing social and economic structures. In effect, only social engineers aim at more radical – and often more politically inspired – transformation processes, while social bricoleurs and constructionists tend to try and smoothen or improve existing structures. We now turn to the empirical part of our paper, where we will among others show that only a small number of our illustrative sample can be characterised as social engineers and that by far most Dutch social entrepreneurs in international development consciously operate within existing institutional boundaries and use 'off-the-shelf' social missions.

## **6 Research questions and basic data on Dutch social entrepreneurs**

Having situated social entrepreneurship at both the micro and macro levels of analysis we are now ready to examine these contrasting theories on social entrepreneurship in the concrete context of international development interventions by our respondents.

We seek to answer the following two questions, one at the micro level on the social entrepreneur and one at the macro level on their possible societal impacts:

- To what extent can Dutch social entrepreneurs active in international development be characterized as innovative ‘heroic individuals’ who ‘go it alone’ in determining and executing their social mission?
- To what extent is the societal impact of social entrepreneurs more likely to resemble the image of ‘heroic individuals’ who ‘are capable to change the world’ or the image of ‘villains’ who under the cover of a social mission displace public sector or civil society driven delivery of goods and services and in the process undermine collective or public decision making processes?

Below, we present the findings from detailed interviews (conducted in 2012) with 28 self-declared social entrepreneurs in The Netherlands active in international development. The entrepreneurs were identified and selected in part based on the 2011 listing of Dutch partners in the Business in Development (BID) network and complemented by asking respondents to identify other social entrepreneurs (i.e. through snowballing)<sup>1</sup>. The interview guide contained a mix of standardized and open-ended questions in order to solicit views and practices. The interviews generated information on the features of social entrepreneurs in terms of their origins and backgrounds, their values and business model; of the organizational characteristics of their enterprises, the products/services they provide; their international development goals, the activities they undertake and the degree to which these are defined and achieved in interaction with other actors. Finally, we asked about external and internal drivers of their social enterprises. This data set can by no means be seen as representative but is meant as an illustrative set of detailed qualitative interviews. The interviews are the source of the data presented in tables in the Annex unless otherwise indicated.

Nineteen men and nine women entrepreneurs were interviewed. They were engaged in six main activities: co-creation in innovative design, finance for SMEs, especially risk (or venture) capital; fair trade products, alternative energy solutions (solar & wind); supporting enterprise development through business development services, coaching and mentoring and a rest category of other activities (for details see Table 1 in Annex).

Seventeen enterprises were established in the quinquennium 2005-2009, five were established one quinquennium earlier and six were created in the two years (2010/11). In half of the instances the timespan between the conception of the idea and the start up of the enterprise was one year or less. In another 25% of the cases it took more than five years to realise the initial idea.

All social entrepreneurs in the sample completed tertiary education. Many SE have a technical education or have a business administration and finance background; their exposure to social and economic problems in developing countries was gained prior to starting their social enterprise. These ‘life changing experiences’ were either obtained through study visits abroad or by

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<sup>1</sup> [www.bidnetwork.org](http://www.bidnetwork.org). In the meantime the BID network has expanded and currently has local networks in 18 ‘emerging countries’ (these include also countries like Liberia, Burundi, Palestine, Kosovo, Jordan etc)

working in either NGOs or in companies abroad and these experiences had a strong influence on their social mission. As Table 2 in the Annex shows, almost all entrepreneurs had such 'life changing' experiences, which were not so much short term catalytic moments, but usually longer term experiences like extensive traveling or working in the South.

The overall picture gives support to Bechetti and Borzaga's (2010) argument which stresses positive factors explaining the rise in social entrepreneurship. Becoming a more global citizen by travelling, studying and working abroad and being directly and personally confronted with severe social problems, exclusion and inequality and learning about the downsides of globalisation are all triggers for people to develop their social mission.

The rise in social entrepreneurship is also related to the new opportunities created by internet technology to introduce new ways of bringing economic actors together, bypassing established and powerful intermediaries (traders, banks, governments) and reaching out to local entrepreneurs and social groups that otherwise would remain out of reach. After this initial description of our data, we now move to discussing our main findings on the micro and macro levels of analysis.

## **7 The social mission defined by de-politicised lone rangers or embedded off the shelf?**

How do social entrepreneurs go about defining their social mission and identifying opportunities for their social enterprise? Is this a purely individual entrepreneurial process as suggested by Dees (1998, 2001), Mair et al (2006), Mair and Marti (2006) and others? Social motivation, i.e. the desire to generate social benefits is central, though many authors in this tradition recognize that apart from ethical and moral justifications (altruism) there may be other motivations at play (such as personal fulfilment or professionalism). Empathy is another feature that possibly distinguishes social from conventional entrepreneurs. For Mair and Noboa (2006) social entrepreneurs are "ordinary people who do extraordinary things" (P. 122/3). In contrast, Dacin (2011) criticizes this focus on the 'heroic individual'. He follows Hockerts (2004) who sees social activism and social movements as important sources of social entrepreneurship because such networks enable social entrepreneurs to seize opportunities. Robinson (2006) argued that the social entrepreneur defines his/her own social mission but since he has to navigate social and institutional barriers of entry (s)he has to negotiate with other stakeholders. Perrini (2006/2010) argues that a social enterprise comes about through the combination of internal drivers (originating from previous life experiences) and external drivers (perceived acute social needs), where the entrepreneur is able to formulate a theory of change to achieve the desired social benefits. Networks play an important role in defining such a theory of change. To the above elaborations derived from the literature we add a new element, found in our interviews, namely social missions derived from a theory of change or



policy practice in relation to a perceived social need that already exists ‘on the shelf’ (e.g. fair trade, ‘missing middle’ of enterprises; micro-finance).

The respondents do see themselves as different from mainstream entrepreneurs. Table 4 in the Annex provides an overview of quotes from interviews. It should be noted that in five cases the respondent joined the organisation at a later stage. In half of the cases the respondents stress social mission related aspects as a distinguishing feature. About one-third gives other reasons: they don’t see themselves as entrepreneurs per sé but as catalysts, accelerators or facilitators of social transformations, taking higher risks than conventional entrepreneurs. This corresponds closely to Dees’ conceptualization of social entrepreneurs as change agents. In contrast in five instances, all in the financial sector, the respondents consider themselves more as conventional entrepreneurs (Respondents 6, 8, 12, 15 and 24) where the enterprise responds to a social need (lack of risk capital). In one of these cases the restructuring of bank operations gave rise to a management buy-out of what then became a social enterprise (Respondent 12).

Elkington (2008), an influential author in the US tradition of social entrepreneurship, gives ten key characteristics of successful social entrepreneurs. To what extent do the Dutch entrepreneurs conform to this idealised picture of the ‘heroic individual’? Table 5 in the Annex gives the overall results. Here we report the most important differences. Elkington argues that successful social entrepreneurs “shrug off the constraints of ideology or discipline”. In our sample the overall score is 3.8, which indicates that for the Dutch social entrepreneurs ideology remains somewhat important to guide their actions. Dutch entrepreneurs consider social innovativeness less important than Elkington does (with a score of 3.7). They clearly do not share Elkington’s notion that everyone can be a social entrepreneur (score of 2.6), on other aspects singled out by Elkington the respondents are fairly neutral (neither important nor unimportant). This notably refers to measuring results and impacts, influencing change makers in other sectors, and to being unreasonable and impatient. The Dutch social entrepreneurs do share the notion that social entrepreneurs seek above all practical solutions to social problems (an average score of 4.4 out of 5). The blending of social values with financial return is also seen as important (4.3) as is sharing innovations with others (4.0). Like Elkington they also consider it to be unimportant to be fully resourced before taking off as an enterprise. Social entrepreneurs are inclined to take quite some risks in that regard and they do agree that a “tenacious determination is what gets things done” (4.5).

Elkington (2008) argues that successful social entrepreneurs are unreasonable because a) they want to change the system; are ‘insanely ambitious’, i.e. they are driven by passion, think they know the future, seek profits in what seem to be unprofitable pursuits, and think beyond current market research. Again we tested these propositions with our respondents. Table 6 provides the overall results. Our respondents do share the notion that they are ambitious and have a passion for what they seek to do, but on other aspects they are clearly more neutral. In conclusion, the Dutch social entrepreneurs in our sample are decidedly less heroic. Table 7 gives an

overview of how innovative they perceive their social ventures to be. In half of the cases the social venture is entirely new. Although not all social entrepreneurs consider innovativeness to be essential, still half of them perceive themselves as highly innovative. Only four social entrepreneurs are imitating other existing social ventures.

The social mission is not simply a moral or ethical consideration but often other personal motivations also play a role (notably among designers the desire to make attractive designs (Respondents 14, 18, and 23), or a professional desire to develop local sustainable energy systems (Respondents 4, 13 and 25). Prior experiences obtained from living abroad (Respondents 17 and 25) or from internships, studies and sabbaticals abroad (Respondents 1, 3, 4, 8 and 14) as well as experiences gained while working with NGOs abroad either as an employee (Respondents 2, 11, 20, 27 and 28) or as a volunteer (Respondents 7, 19, 23 and 26) or simply traveling around in developing countries (Respondents 5, 6 and 13) shapes their social mission and the opportunities they see to formulate a social value proposition.

Nineteen of the 28 respondents have prior work experiences in the private sector, NGOs and sometimes in the public sector or university (Respondents 2, 3, 6, 7, 10, 11, 13, 14, 15, 16, 17, 18, 22, 23, 24, 25, 26, 27 and 28). These experiences of working in several domains enable the entrepreneur to 'cross bridges' with their social enterprise and readily see where the enterprise can best be positioned relative to other public, civic and private players in their field, enabling them also to see opportunities to respond to demands of actors of different domains (see also Table 3). Notably, this did not apply to social entrepreneurs active in the financial sector, who all worked with private companies in the financial sector before setting up their social enterprise.

In many instances there is often a trial and error process during which the entrepreneur interacts with others to (re-)formulate their social value proposition. One important category in this regard are financial sponsors which either are private sector (Respondents 2, 4, 8, 10, 19, 21, 23 and 24), or NGOs (Respondents 7, 11, 17, 18, 26, 27 and 28) or the government (Respondents 1 and 10) or combinations thereof (Respondents 3, 12, 22 and 25). This means that the social enterprise rarely has a clean start solely driven by the social entrepreneur. It may take several years before a viable proposition can be formulated and/or realized. The flexibility to adjust the social value proposition by learning to cope with existing challenges (financial, technological, institutional) or in response to changing circumstances is a common feature among the majority of social entrepreneurs. In this context it is important to observe that all 28 social entrepreneurs that were interviewed have a university degree and can therefore be considered to have 'learned to learn' and use this skill to cope with external challenges of the newly founded social enterprise.

NCDO<sup>2</sup> has been influential in supporting the start up phase of several social enterprises. A notable example is BID Network, which seeks to match Dutch venture capital with entrepreneurs from developing countries. In addition and through its Dutch Design in Development program (DDiD) it has stimulated Dutch designers to co-design new products that would enable small enterprises from developing countries to export to western markets. The basic argument is that small producers in developing countries have no knowledge of tastes and fashions in western markets and are therefore unable to export products to more rewarding market segments. Dutch designers can make a critical contribution in linking small producers to these high- income markets. Two of the three Dutch designers who were interviewed assist small producers by acting as co-designers and traders, buying these products and marketing them in Europe. They combine DDiD with fair trade principles.

Social entrepreneurs also use theories of change concerning social transformations that are ‘taken off the shelf’. These theories include fair trade principles and practices (this applies to not only to the Dutch designers but also to respondents 5, 7, 11, 16, 19, 20 and 27), the role of venture capital as a missing market constraining Africa’s economic development (Respondents 6, 8, 10, 12, 15 and 24) on occasion in combination with theories concerning the ‘missing middle’ in Africa’s firm size distribution (Respondents 6 and 17). Also the role of rural energy as a key to raising productivity and well being in rural areas is a received wisdom on which five social enterprises have based their social value proposition (Respondents 2, 4, 13, 25, and 28). At the same time all five needed to adjust and fine-tune their value proposition in order to come to a more sustainable enterprise. Last but not least, a number of entrepreneurs saw the opportunity that ICT offered to develop a sustainable social enterprise. This also supports the view of Bechetti and Borzaga (2010) that positive factors explain the rise of social entrepreneurship and not just negative ones such as the decline of the welfare state, liberalization or declining aid budgets.

What business model do the social entrepreneurs rely on? Table 8 in the Annex gives an overview. It can be concluded that a large majority has adopted a social business venture model, which implies that it is set up as a for-profit venture but with a profit redistribution constraint. But a sizeable group (10 out of 28) have a hybrid non-profit venture, which means that their sustainability is derived from a mix of subsidies and cost recovery. Only one social venture entirely depends on the basis of third party subsidies. These findings need to be qualified somewhat. Quite some respondents indicated that in their start up phase they relied heavily on subsidies. For example NCDO subsidized the start up of BID Network and Fair Ventures. Also other enterprises in wind and solar energy have benefited from CSR type subsidies from Dutch Energy Companies in their pre-enterprise phase. Furthermore, the majority of social enterprises were running at a loss (11) or breaking even (10) and only a few (6) were running a surplus/profit in 2011. The majority (20) was however optimistic and expected to make a profit in 2015 (see Tables 9 and 10

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<sup>2</sup> The NCDO is the Dutch National Commission for International Cooperation and Sustainable Development. It is a knowledge center for world citizenship and international cooperation

respectively). This not so positive picture becomes clearer when one realizes that five enterprises were still in the start-up phase, 16 were still very busy professionalizing themselves and only seven were scaling up and/or in a growth phase.

In conclusion it seems justified to argue that while the social entrepreneur plays a key role along the lines of Mair and Marti (2006) and Dees (1998), the interactions with others also play a vital role in defining the social mission, as suggested by Robinson (2006) and Perrini and Vurro (2006). Moreover, we also find that quite some social entrepreneurs use 'off the shelf' theories of change. Consistent with Mair et al (2006), other considerations than the social mission play a role. Dutch social entrepreneurs do not see themselves as being that innovative as suggested by Elkington and Hartigan (2008) although in terms of their products and services they are. After discussing our micro level findings, we now turn to the macro level: what are the likely societal impacts of these social entrepreneurs?

## **8 Do social entrepreneurs displace or complement NGO or government activities?**

In this section we show what our data brings to bear on Cho's criticisms discussed above. Do social entrepreneurs active in international development privatize what previously were public or collective civic (choice) processes and does this result in displacing or pre-empting NGO or state activity? From Table 11 in the Annex it can be observed that the large majority of social enterprises in our survey operate in the market and not in the social sector. The majority does not directly compete with NGOs or state agencies. Only four energy companies address state failure in the provision of rural energy, but also here there is no displacement. There is to some degree complementarity with NGOs notably in The Netherlands, who support the social entrepreneur mostly with finance (which in turn comes from the Government's Development Cooperation budget). Some social enterprises have NGOs as partners.

Without any exception, our respondents are acutely aware of the fact that they cannot 'do it' on their own but they rely on networks which can provide different resources: contacts, knowledge and finance. These resources may come from governments, private sectors or NGOs. They all emphasize the key roles of complementary actors. While some are more cynical or sceptical than others about the 'quality' of other actors like NGOs and governments, they all recognize that networking with other actors is essential to 'getting things done'. Therefore, the image of the social entrepreneur as a lone ranger who assails the international development arena with its own business thinking and not listening to any of the traditional actors is a myth. Actually, all of them seem quite clear on that they can only focus on one small but relevant aspect of the broader issues around development. Others (three technology-based ventures, four in finance/investment) use their previous specialised skills/ training from

a private sector arena and aim to apply this afresh in an international development context.

Going a bit deeper we find that networks are more important for the gestation and launch of the social enterprise (especially for developing contacts and knowledge acquired from prior work) than for their operation. In particular, the social ‘bricoleurs’ rely only on local networks of suppliers but do not draw resources from their networks (see Table 12). Those involved in the energy and finance sectors also rely on their network partners (state and private investors) to provide capital.

## 9 Connecting micro and macro: applying the Zahra typology

In this section we attempt to classify Dutch social entrepreneurs active in international development in terms of the typology formulated by Zahra et al. (2009). Table 13 in the Annex gives the overall results. Of the seven *local bricoleurs*, four are fair traders cum designers (Respondents 7, 14, 18 and 23), who work mostly on their own, with a limited producer network as well as limited retail outlets. They manage the business on their own with few if any employees/volunteers. Respondent 19 focuses on linking Dutch volunteers to locally owned development projects as part of ‘fair tourism’. Two others (Respondents 4 and 13) develop locally produced small-scale wind energy facilities to address local electricity needs.

When applying the notion of local bricoleur to social entrepreneurs in *international* development the local rootedness needs to be problematized when looking at the role of social entrepreneurs in the North. We argue that they cannot really become local social bricoleurs. The point however is that these Dutch social bricoleurs are convinced that local rootedness is essential and they wish to contribute to it, even though they are quite well aware of the fact that they can never ‘really’ be local themselves. It is important to distinguish between local rootedness ‘there in the South’ or local rootedness over here in Holland. Especially the fair trade co-designers are rooted in the Netherlands and have an established small network in the South. Without such a local network they would not be able to function successfully. The social enterprises in the energy and tourism sectors are however locally rooted in the South where they build and rely on localised networks.

All social constructionists operate at a larger (sub)national or international scale and draw on partners to finance or provide other services. Two energy ventures (respondents 2 and 25) mobilize capital from state and private enterprise to finance their investments. The financial sector social enterprises are operating internationally and connect Sub Sahara African start-ups to European investors (Respondents 8, 6, 12, 15 and 21). Several social enterprise start-ups in the IT sector combine crowd funding with building knowledge communities (Respondents 10, and 24). One social enterprise (Respondent 1) started as a local bricoleur setting up a web design school, and now operates

with local partners to co-design new products for early childhood development. The web design school currently operates as an independent enterprise in four Sub Sahara African countries. The last case (Respondent 3) is a typical nationally operating hybrid, bridging between state, university and private sector.

There are six potential social engineers. The best example is the BID Network (Respondent 17), which has grown from being a social constructionist operating from the Netherlands to a global enterprise matching entrepreneurial business plans with domestic angel investors. Respondent 26 runs an Internet platform where entrepreneurs and investors can meet on a global virtual space. Respondent 5 produces sustainability rankings to raise international awareness and Fair Trade's original aims to provide an operational alternative to the regular international trade system. In the financial sector two respondents (10 and 24) use crowd funding connected to knowledge networks as a way to challenge existing financial institutions.

When cross-tabulating the visions of the social entrepreneurs (see Table 6) with the classification of Dutch social entrepreneurs in the typology developed by Zhara et al. (2009), we do find that bricoleurs score on average lower and social engineers score on average higher than social constructionists in the importance they attach to 'change the system' (see Table 13). However, the internal variation is too high to attach much significance to this.

Our findings confirm the conceptual point made by Zahra et al. (2009) - and discussed above in section 5 - that only social engineers operate at a scale and level of ambition that aims for social transformation in terms of seeking to replace existing institutions. While we do not claim that our data set is representative, given that we have used public sources and snowballing techniques to identify our respondents, we are perhaps more likely to have included relatively more instead of fewer social engineers, as these might be more likely focused on being 'visible', as compared to social bricoleurs and social constructionists.

## 10 Concluding reflections

We have indicated the rise in social entrepreneurship and discussed the state of the art in defining social entrepreneurship and its potential societal impacts with a focus on international development interventions. From our 28 interviews among Dutch social entrepreneurs active in international development we find that their emergence is predominantly explained by positive factors related to globalisation and active citizenship cum entrepreneurship and much less by negative factors like a retreating state. A sizeable group see themselves not so much as entrepreneurs but as 'change agents' along the lines suggested by Dees (1998) and Mair et al (2006). However, another group, notably those active in the financial sector, see themselves as no different from conventional entrepreneurs in their sector. When applying the criteria formulated by Elkington and Hartigan (2008), our respondents are decidedly less 'heroic' and above all practical people who apart

from ethical and moral considerations are driven by professional motivations. Even if they do not consider themselves that innovative, the products and services they have developed are for a large part 'new to the world'.

Prior work experiences in either the private sector, with NGOs or with the public sector or universities enable the social entrepreneurs to cross bridges with their social value proposition, enabling them to see opportunities also in relation to the positioning of other actors/providers. This does not apply to social entrepreneurs in the financial sector who stayed within the same sector. The setting up of a social enterprise is above all a trial and error process during which the social entrepreneur interacts with other stakeholders (notably public, private or civic investors). Timely adjustment of the value proposition proves to be an important factor.

The greater majority of social enterprises address market failures while energy enterprises see themselves addressing government failure to deliver energy to rural areas. The majority does not compete with NGOs or with the public sector in developing countries and there is some degree of complementarity between social enterprises and NGOs in The Netherlands. Some social enterprises also have NGOs as partners in developing countries.

Social entrepreneurs realize that they cannot 'do it' alone but draw on networks for different resources: contacts, knowledge and finance and these may be drawn from different institutional corners. Networks are of particular importance in the gestation period of the enterprise.

We conclude that Dutch social entrepreneurs active in international development cannot be characterized as 'heroic individuals' who 'go it alone' in determining and executing their social mission. Instead, they are quite embedded in (local) networks and often use 'off the shelf' theories of social change.

To respond to our second research question, we conclude that our illustrative sample contains a group of social entrepreneurs who are neither 'capable to change the world' nor are they likely to displace public sector or civil society driven delivery of goods and services or undermine collective or public decision making processes.

In order to try and establish a connection between the micro and the macro levels of analysis we have attempted to classify Dutch social entrepreneurs active in international development in terms of the typology formulated by Zahra et al (2009). Also here we observe considerable diversity. The majority can be classified as social constructionists who have identified social needs that arise due to gaps in markets and they have developed alternative ways to provide goods and services. They tend to operate at a larger functional and geographical scale than a smaller group that can be classified as social bricoleurs who focus on local level interventions. There is an almost equally large subgroup of six potential social engineers who not only address gaps in markets but also seek more radical change by going against established interests and structures in their sector. Only social engineers operate at a scale and level of ambition where achieving broader social transformation is an option. Therefore, the typology by Zahra et al. (2009) helps us to appreciate

that only one out of their three categories of social entrepreneurs is likely to at least try and achieve significant social transformation.

In short, our illustrative set of respondents clearly defies existing characterizations of social entrepreneurship found in the literature. Dutch social entrepreneurs in the field of international development are not 'lone rangers' with individually defined and dis-embedded social missions, they will not singlehandedly change the world and they do not displace NGO or government interventions. Further research might explore to what extent this is a specific Dutch or a more generic feature of social entrepreneurs in international development.



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## Appendices

**Table 1**  
Activities of the Social Enterprise

Case	Activities/products of the social enterprise
1	Co-creation for product development and brand development
2	Facilities powered by solar energy with internet services, computer education, incubator services, financial education
3	Changing an idea into an inclusive business plan (co-creation). Understanding the consumer needs. Developing skills. Impact investing
4	Provide know-how, materials and brand (credibility) to local entrepreneurs for the design, manufacturing and maintenance of wind-turbines in Kenya.
5	Sustainability rankings of large garment brands.
6	Venture capital for SSA firms
7	Co-designing products with India and Bangladesh producers and helping them reach markets that they had not reached before and getting a better price for their products.
8	Venture capital for African start-ups or <i>second or third stage growing companies</i> . Besides investing in exchange for equity, they also provide coaching and business services
9	Every year they take a social theme (World Cup, Euro Cup, etc.) and they make a campaign around it, raising awareness about social issues and creating opportunities for small-scale producers in developing countries.
10	Online platform for connecting "good ideas" with money, knowledge and people. Organizes events to share ideas and network, and set up local innovation labs.
11	Sell a consumer label of sustainability (environmental and social) in the production of flowers.
12	Advisory services for small banks in developing countries. More than just technical advisory, also management and the link with possible investors.
13	Wind-turbines made locally by local SMEs using with local inputs
14	Fair trade and co-designing. Buying accessories made by local people at fair prices and selling them in the NL
15	An investment fund that provides incubator services. They invest in businesses with social impact in Africa, providing venture capital and non-financial support services
16	Capacity building, leveraging funds, bringing different economic actors in value chains together (for sustainable agriculture)
17	Improve business plans so that would be entrepreneurs can get finance and start their business; volunteer coaches provide feedback on business plans
18	sell high-end designer products that are produced by local producers in developing countries in a fair and sustainable way
19	Linking volunteers with local organizations working in local development, especially in "fair tourism,"
20	Fair trade products (foodstuffs and crafts). They build capacity of local producers and of trading companies and design products to be sold under the FTO brand
21	Venture Capital that combines finance and sharing expertise. "The mirror principle" implies that every investor is also actively involved in the development of company strategies and activity portfolios.
22	Provide integrated BDS services for rural development. They provide pre-enterprise services, technical and management support, link SME to investors, legal advice, etc.
23	Fair Trade, high end products. Home accessories and crafts products.
24	Online crowd-sourcing platform for community based enterprise development
25	Solar energy for rural households and small companies
26	Online Incubator. They provide the platform for entrepreneurs and investors to meet and interact and provide specialized advisory services
27	Innovators in value-chain processes. They provide services to find optimal positions of value chains by negotiating with actors and assessing opportunities within value chains.
28	Sell and distribute high-quality modular solar photovoltaic home systems (SHS) with a pay-plan that allows clients to afford the products.

**Table 2**

## Education and International Exposure of Social Entrepreneurs

Case	Education	Exposure to International Development prior to setting up own SE
1	Social Sciences	Studies in Uganda and Indonesia
2	ICT	No direct prior exposure
3	Business Administration	Worked with Company in Costa Rica
4	Sustainable Energy	Studies in Bangladesh and Kenya; worked for NGO in Bangladesh
5	Bachelor of Arts (BA)	Study visit Kenya
6	BA	Study visit SE Asia
7	n.a.	Worked for NGO in India
8	BA; PhD on PPPs	Worked in PS; Sabbatical in Africa
9	Soc. Sciences & Development Studies	Worked for Dutch NGO in NL
10	International Marketing	Worked for Consulting Firm; then 2.5 years as volunteer in Tanzania
11	Ecology	Worked for FT NGO, adapted the social innovation
12	Social Sciences	Worked in PS on CSR, job loss stimulated creation own company
13	Engineering	Worked for TNC on wind technology
14	Industrial Design	Worked with NGO in India
15	BA	Worked in PS before taking on SE in a Foundation
16	BA & Environmental Management	Worked in various companies before setting up own SE, later worked for NGO
17	Development Economics & Finance	Worked in PS various branches before setting up own foundation and later Ltd Company
18	Marketing	Worked in PS fashion Industry, and a ID project on Design for Development before setting up own SE firm
19	ICT	Study leave and volunteer work in South Africa, created own NGO before SE
20	BA	Worked in firm own by own family and in large firms
21	Economics & Geography	Worked for other company in Kenya before creating his own SE in Kenya
22	Technology	Worked for an international organization and private consulting firms abroad in the South
23	Industrial design	Worked for SE (FTO) widely travelled abroad before setting up own SE
24	Finance	Worked in PS in London (investment banking)
25	Int. Relations	Marketing solar products of father's firm in SSA
26	ICT	Worked in a SE in South Africa before setting up own SE
27	Forestry Management	Worked abroad with private consulting firms and in a Dutch NGO
28	Economics	Started own development foundation, and created own SE after public sector funding for foundation stopped

**Table 3**

## Work Experiences prior to SE Start-up

Private Sector	NGO	Private Sector+NGO	Social Enterprise	Public & Private Sector
15	7	3	2	1

**Table 4**

## How do social entrepreneurs see themselves?

Respondent	In what ways is the SE different from mainstream business(wo)men?
1	"Everything we do is pushed by the mission of social change." ICT (the business) is a tool.
2	"I feel myself 90% a mainstream entrepreneur." There are many things that they don't do because it does not meet their social mission, although it could generate profits.
3	"..what we add is we try to really take out insights, learning and change that into practical tools that can be used by others. In that way we become accelerators."
4	"do not feel much different from a mainstream entrepreneur".
5	..the only reason to create a for-profit organization (ClubFair) is because it serves the purposes of the two non-profits (FairFood and Goede Waar).
6	"do not feel any different from a mainstream entrepreneur".
7	They [mainstream entrepreneurs] don't have the same passion. Passion in terms of sustainability, but also in the way they relate to people.... The profits are reinvested to work with the women manufacturers in Bangladesh. It's not only selling the products, but trying to bring awareness to people". Most other companies are just "green-washing."
8	"..it is a VC fund, and most mainstream VCs are not present in Africa". "Mainstream does not want to take the risks of going to Africa".
9	"We are helping companies re-think the way they are doing business. The emphasis is not on the profits, but on the value added in each stage and the processes that take place".
10	"first priority is not profits, but creating value and entrepreneurship is the best vehicle to do that".
11	... believe strongly in the need to involve all stakeholders (including the Industry and Civil Society). The private sector generally does not want involvement of Civil Society".
12	"The more mainstream [firms] were involved in the beginning in the provision of these services, but then were afraid. The problem was not financial risk, but reputational risks."
13	"My main motivation is not profits but I am worrying about how to make profits".
14	"It's not just about trade, but fair trade and with the idea of providing trading to help these workers work out of poverty."
15	"I see myself as a hardcore investor"
16	"as a catalyst"
17	"I am a facilitator so that many entrepreneurs can make use of my innovations"
18	"...[we] really care about the social circumstances, in which the people we work with, are working"...." ninety per cent of our profits go back to be reinvested".
19	"There is not a huge difference....The motivation is different and the bottom-line is not just financial. ...Business decisions are not based on profits only, but the social mission is always there."
20	"The main difference is the objective"

21	“The ‘mirror principle’ is the distinguishing factor. It's not about providing finance, but also providing the network and the know-how, which can really make a difference in the outcomes of these SMEs.”
22	“It is very difficult to have FFT run by itself. It depends largely on the profits of the other companies. FFT also builds on the expertise of the other companies.”
23	“The social side is the most important”
24	“The social enterprise is also aiming to make profits because that is what is needed to be sustainable, but the primary focus is having a positive impact on the world.”
25	“The big difference is the area where we work. The energy companies in these countries do not go to rural areas.... We have a different business model”
26	“...not different from a mainstream entrepreneur”...[the enterprise] provides services that serve the interests of its members and addresses a social problem in Africa, but in a financially sustainable way”
27	“Our interest is not gaining a higher share of the market, but making the market work better for everyone to increase their shares.”
28	“many mainstream entrepreneurs can also be labelled as social entrepreneurs. It is about taking more risk, thinking outside the box and going to unexplored markets”

**Table 5**

Characteristic features of social entrepreneurs  
(Scale 1 very unimportant – 5 very important)

Characteristic features of Social entrepreneurs (taken from Elkington and Hartigan, 2009)	1	2	3	4	5	Average score
Ideology guiding your actions	1		7	14	6	3.8
Professional background and professionalism			4	11	13	4.3
Practical solutions to social problem		1	2	10	15	4.4
Social entrepreneurship is about innovativeness	1	4	5	10	8	3.7
Blending of social with financial return		2	4	6	16	4.3
Sharing of innovations with others		3	4	11	10	4.0
Start up only when enterprise is fully resourced	6	13	4	3	2	2.4
Everyone can become a social entrepreneur	9	5	7	2	5	2.6
Tenacious determination is what gets things done		1	1	10	16	4.5
Measuring results and impacts is the key to success		7	7	11	3	3.4
Influence change makers in other sectors		6	10	8	3	3.2
Be unreasonable	3	9	3	8	5	3.1
Be impatient		5	8	10	5	3.5

**Table 6**  
 Entrepreneurial visions  
 (Scale 1 very unimportant – 5 very important)

Taken from Elkington and Hartigan (2009)	1	2	3	4	5	Average score
Want to change the system		3	6	9	10	3.9
Are ambitious people			3	13	12	4.4
Are driven by passion				8	15	4.6
Think they have a template for the future	1	3	11	7	6	3.5
Seek profits in what seem to be unprofitable pursuits	3	3	11	8	3	3.2
Think beyond current market research	1		4	10	13	4.2

**Table 7**  
 Innovativeness of Social Enterprise  
 (By number of respondents)

My product/service did not exist before my enterprise started (a completely new product/service)	14
My product/service did not exist in the working area of my enterprise but did exist in other parts of NL or abroad	9
My product/service did exist but had not been applied to my target audience	1
My product/service did exist in the working area of my enterprise and had been applied to my target audience as well	4

**Table 8**  
 Business Model of Social Enterprise  
 (By number of respondents)

My Social Enterprise seeks social/economic goals on the basis of subsidies obtained from third parties ( <i>Leveraged non-profit model</i> )	1
My Social Enterprise functions on the basis of a mix of subsidies and cost recovery ( <i>Hybrid non-profit venture</i> )	10
My Social Enterprise was set up as a for-profit venture but with a mission to drive transformational social or environmental change and profits are ploughed back in order to expand the venture so as to serve more people. ( <i>Social business venture model</i> )	17

**Table 9**  
 Economic Performance in 2011  
 (By number of respondents)

The SE was running a loss	11
The SE was breaking even	10
The SE was making a surplus/profit	6
I do not know	
Not applicable (SE is less than 1 year old)	1



**Table 10**  
 Expected Economic Performance in 2015  
 (By number of respondents)

The SE will still be running losses	1
The SE will be breaking even	6
The SE will be making a surplus/profit	20
I do not know	1

**Table 11**  
 Displacing or Complementing Markets, Government or NGOs?

Case	Addressing failures in particular domains	Relationship with NGOs
1	Address (systemic) market failure; Design schools did not exist before	Works in complementary manner with NGOs in NL
2	Address state failure to deliver rural energy	Works in complementary manner with Southern NGOs
3	Address systemic market failure	Works with NGOs in NL
4	Address government failure;	Sees NGOs as competitors which offer free of charge services
5	Address systemic market failure	No evidence of working together with NGOs
6	Address financial market failure	Does not work with NGOs
7	Address imperfect markets	Does not work with NGOs
8	Address financial market failure	Critical of NGOs; does not work with NGOs
9	Address imperfect market	Work with especially local Southern NGOs
10	Address systemic market failure	Work with Dutch NGOs
11	Address systemic market failure	Works closely with local and Dutch NGOs
12	Address financial market failure	Works with NGOs
13	Address state failure to deliver rural energy (at a very small scale)	Works with local volunteers and civil society, less with formal NGOs
14	Address market failure	Works with Southern NGOs
15	Address financial market failure	Does sometimes work together with local NGOs, but only when no private options are available
16	Address systemic and financial market failure	Work together intensively with other NGOs, both in NL and local
17	Address systemic market failure	NGOs in NL has helped to set up SE; does not work with Southern NGOs
18	Address imperfect market	NGO in NL complements;
19	Market failure	Works closely with local NGOs to design and implement volunteer programs
20	Address systemic market failure	Works closely with complementary NGOs as trainers and local BDS providers
21	Address market failure	Does not work with NGOs;
22	Address imperfect market	Works closely with NGOs to provide training, complementary
23	Address market failure	Does not work with NGOs
24	Address financial market failure	Does not work with NGOs
25	Address state failure to deliver rural energy	NGOs in NL support FRES
26	Address systemic market failure	Does not work with NGOs
27	Address systemic market failure	Business oriented NGOs are complementary
28	Address state failure to deliver rural energy	Sees his model is superior to NGO. Works closely with government for subsidies for users

**Table 12**  
Role of Networks in Gestation and Operation

Case	Network in gestation	Networks in operating the SE
1	DDiD network; state funding initial project	Limited to Co-design network (knowledge) in LDC and NL
2	Energy for All Foundation (network of Energy Companies + RaboBank); eConcern; both provided (CSR) funding to start NICE.	Expansion financed from NL and EU state and PS finance; local franchised NICE centres are retail outlet for NGO programs; franchisees in Zambia and Tanzania were found thru networks in NL
3	Worked in state, NGOs, PS and university to gain knowledge	Partnerships with WUR and ICCO to serve BoP initiatives of NL Corporations (knowledge)
4	Private sector funding for start up	Only local PS dealers
5	Good Guide in California as role model (but they are less independent )	Networks and 'deep throats' are key to keep improving quality of indicators & rankings
6	Bottleneck to have reliable business networks in Africa. Started with Dutch colleague based in Ghana.	Crucial to identify potential firms, can only be done through other business parties (not Govt or NGO who do not understand)
7	Limited to prior voluntary work experience	None; local network of suppliers
8	Limited to private investors	Works with Kenyan Gov't agency promoting ICT industry; Pan African network of VC firms sharing knowledge
9	As a small social enterprise 'consultancy' outfit, networks are probably her main asset	See previous cell and comment
10	Started through VSO, BiDNetwork as inspiration in the beginning (trying to do something in addition to them)	Work with private innovation labs in major cities and with large companies. Also in alliance with various development NGOs
11	Collective sharing as motto, CSO/NGO background, worked in local government, University and Both Ends	Committed Multi-stakeholder practitioner: network with all parties involved
12	Bilateral and multilateral State funding (FMO, IFC)	Have local offices abroad; recruits local bankers with informal network of contacts; State funding; NGOs complementary for Coops;
13	Got the original idea from classmate in Delft (coming from Mali)	Everything works only through personal relations at local level
14	Acquired knowledge from working with NGOs	None; local network of suppliers
15	Private foundation by very successful and publicity averse Dutch entrepreneurial family	Work with local parties to identify companies to invest in. Network building also through PSI network in Uganda. Avoid forms with political connections.
16	Co-founder BiDNetwork	HIVOS focuses on networks with local NGO partners, capacity builders and financial institutions
17	NCDO helped launch; PS informal support network; private investors	PS support network; private investors
18	NCDO help launch in start up phase (DDiD)	local network of suppliers (FTO helps selecting) and distributors in NL
19	Was a volunteer himself, came up with the idea on his own	Local NGOs as network of business partners to offer localised tourism
20	FTO started as part of an alternative solidarity movement, with churches and advocacy NGOs in 1960s	Its present networks includes local NGOs as intermediaries/ trainers, but also big business (retail and branders), and the Dutch, EU development scene

21	Private investors + FMO funding	Private investors; no other network
22	Private sector network only, supported by foundation from wealthy family	Use informal business networks to assist producers and to become buyers. And rely on local NGOs for extension work.
23	Acquired knowledge from working with FTO	Network of local suppliers; arm's length distribution (fairs)
24	na	na
25	Launched by NUON then independent; work experience from NGOs	Bilateral and Multilateral State funding for expansion
26	Started at HIVOS	None, open virtual platform; BDO supports with BDS
27	Networking with big business and MSP's in start up phase, worked earlier for ICCO but needed more 'space' to operate really business like and not also 'play the moral card' as an NGO	His key networks are with both retailers and intermediary buyers on one hand, and variety of local NGOs/ trainers on the other hand
28	Worked as employee for predecessor Rural Energy Foundation, own idea to start SE	Operate through local retailers, no networks with development agencies or NGOs

**Table 13**

Dutch Social Entrepreneurs distributed by Type

Criteria	Bricoleur	Constructionist	Engineer
Focus	Address local social needs for which they have knowledge and resources	Alternative ways to provide goods or services to address social needs for which state, business and NGOs fail	New social system to replace existing ones which are ill suited to address significant social needs ((inter)-nationally)
Scale, scope and timing	Small scale, local, often for an episode	Small to large scale, local to international, to be institutionalised to address a on-going social need	Very large scale, to create lasting new structures that challenge existing ones
Why necessary ?	Only those that local agents can detect and address	Systemic state, business or NGO failure due to inefficiency, regulation, politics	Cannot be addressed thru existing social structures, entrenched interests may oppose.
Social significance	Enhances local harmony	Mends social fabric and helps social harmony in long run	Rips apart existing social structures and seeks to replace
Source of discretion	Operates below the radar screen; detects what others do not see; local autonomy since small resources required	Addresses gaps due to failure of others; have limited or no competition; can even be seen as safety valve for social gap	Popular support as it opposes entrenched interests
Limits to discretion	None, but limited impact due to small scale	Needs to acquire resources (human, finance) to institutionalize. Calls for governance and networks	Can be seen as illegitimate by entrenched interests; needs alliances; stronger politics
<i>Applied</i>	<i>to respondents</i>		
1		Addresses gaps in labour market in early childhood education in selected countries; with partners	
2		Addresses gap in rural energy in Kenya; with partners	

3		Addresses gap in BoP knowledge of TNCs in NL; with partners	
4	Small scale; creates wind energy in rural areas thru local dealers; on his own		
5			Collects info for and manages Sustainability rankings that aim to enforce a system change in which regulators come in to 'raise the sustainability floor'
6		Addresses gap in financial markets	
7	Sells 'fair jute' products to improve local incomes; on her own		
8		Addresses gap in VC for internet start ups in selected countries	
9		Addresses gap of lack of business thinking among NGOs	
10			Addresses know-how and financial gaps through crowd funding and expertise exchange
11		Grassroots person trying to achieve transformative change in flower sector	
12		Addresses gap in restructuring smaller banks; financing micro and SME finance institutions in selected countries; with big partners	
13	Locally produced wind-turbines to deal with lack of local electricity		
14	Sells newly designed fair products from own networks in 4 countries; on her own		
15		Hard nosed investor for Foundation, he does not fit any of the categories, but BOB Foundation addresses finance gaps	
16		Addresses financial and other value chain capacity gaps in his role for HIVOS	
17			Works on a large scale; improves business Plans and matches with angel investors
18	Sells fair newly re- and co-designed products; on his own		
19	Localised tourism with volunteers linked to locally owned development projects		

20			Ambition to be social engineer, fair trade as part of addressing wicked problem of international trade and inequality. In practice, more filling gaps in value chains
21		Private equity fund for East Africa and Nigeria in selected sectors	
22		Addresses value chain bottlenecks for farmers by working around middlemen and offer BDS	
23	Fair trade home accessories from selected countries; on her own		
24			Addresses financial and know-how gaps. Creates new opportunities, crowd funding and building communities
25		Addresses rural energy gaps; in 6 SSA countries; with partners	
26			Open source platform where entrepreneurs and investors meet
27		Addresses gaps in FFV value chains through a market-led approach	
28		Addresses energy gaps, offers business opportunity on solar energy and access to finance	
Totals	7	15	6