

The Search for Shared Value

The Factors Affecting the Creation and Balance of Economic and Social Value for Swedish Social Entrepreneurs

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Abstract

Social entrepreneurship has increased its role in society the last few decades by building sustainable organizations creating economic, social, and human development all around the globe. The concept describes the process of exploiting innovative opportunities to build social wealth by creating new enterprises or operate organizations in innovative matters. Managing a social enterprise also means to create economic wealth, and the combination with social wealth is defined in the literature as creating *shared value*. However, previous research of shared value creation points out that shared value may be paradoxical and difficult to balance for the social entrepreneur. Therefore, the aim of this study is to contribute to the knowledge of how social entrepreneurs create and balance economic and social value. This study used a qualitative method with semi-structured interviews and abductive reasoning. The context was social entrepreneurship in Sweden and the perspective is dual, 4 social entrepreneurs as well as 3 business advisers were interviewed. The results showed that there was not one outstanding factor promising success. Rather, the findings indicated that every individual social entrepreneur and innovation has an individual process with several factors to regard, which are identified in the study. However, by being highly motivated with a dual focus, formulating a strong mission statement integrated in the business model, and having an entrepreneurial orientation open for advice on adequate business tools, models, and strategies, the social entrepreneur may build a basis for creating and balancing shared value.

Keywords: social entrepreneurship, shared value, strategies, business models

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Chapter 1: Introduction

The initial part of the study will present the background, research problem, purpose, and research questions. This chapter will also describe relevant definitions and terms, such as social entrepreneurship and shared value. Further, the chapter will describe the context which the study will examine.

1.1 Background

Social entrepreneurs are here to address the social challenges found in our society. By building sustainable organizations acting in the general interest, the social entrepreneurs have increased its role in the economic, social, and human development all around the world (Council of the European Union, 2015). In 2010, 72 million EU citizens were at the risk of poverty, and the EU points at challenges with meeting the needs of these people. However, these challenges may also offer economic opportunities (European Commission, 2010). Social entrepreneurship is the concept describing the opportunities exploited for social change and improvements in an innovative manner (Zahra, Gedajlovic, Neubaum & Shulman, 2009).

There are a few terms involved in social entrepreneurship with different meanings. According to Mair and Marti (2006), *social entrepreneurship* indicates a behavior or a process, while the definition of *social entrepreneurs* focuses on the founder and *social enterprises* specify the actual outcome of social entrepreneurship. This thesis will follow Mair and Marti (2006) in that it will refer to social entrepreneurs as the founder of social enterprises, and the concept social entrepreneurship as the process of creating and developing a social enterprise. Furthermore, Zahra et al. (2009) points at different types of social entrepreneurs. Nevertheless, they all share the same objective of discover, define, and exploit opportunities to build social wealth by creating new enterprises or operate existing organizations in an innovative approach (ibid.).

Social entrepreneurship has a close connection with traditional entrepreneurship, since both concepts describes the identification, evaluation and exploitation of opportunities that are made when new products or services are brought to the market (Maas & Grieco, 2017; Zahra et al. 2009). However, social entrepreneurship includes the vital difference of enhancing the social wealth in this process (Zahra et al., 2009). Therefore, it faces different challenges.

The literature on social entrepreneurship points among other factors at the struggle of balancing the social and economic values (Mair & Marti, 2006; Puspawati, Soetjipto, Wahyuni & Wijayanto, 2019), referring to the challenges with the concept of *shared value*. According to Porter and Kramer (2007) shared value means creating values of economic and social wealth without sacrificing one over the other. For social entrepreneurs, the main purpose is to create some type of public or social value. However, without also nourishing the economic value creation, the enterprise is not likely to be sustainable (Zahra et al., 2009). Furthermore, the literature indicates that social entrepreneurs may not understand how to manage the value creation process (Ormiston & Seymore, 2011; Dalborg, Ribjer & von Friedrichs, 2019). Moreover, a report from the EU states that social entrepreneurs often lack business skills and competencies (European Commission, 2015) and in 2018, the Swedish government released a strategy of enhancing the prerequisites for social entrepreneurship in Sweden (Regeringskansliet, 2018).

1.2 Research problem

Social entrepreneurship contains of a dual focus of objectives, which is social goals together with economic goals (Zahra et al., 2009; Mair & Marti, 2006). To not depend on funding or go bankrupt, the social entrepreneurs must (like every enterprise) manage these values in balance, or at least keep the enterprise profitable enough to survive. Nevertheless, without losing the core social value. Porter and Kramer (2007) identified that every enterprise (not only social enterprises) may benefit from pursuing shared value, which means that by specific policies, practices and strategies, it is possible for enterprises to gain an advantage in profits, access to resources and improve the competitive position by creating social value. However, critiques point at the focus on the “sweet spot”, or the win-win situation by Porter and Kramer, and the neglect of examples of negative affection by using this strategy (Sparviero, 2019).

Nevertheless, the strategy of shared value creation is vital in social entrepreneurship (Zahra et al., 2007), and social entrepreneurs may use social value creation integrated in their business models as a steering tool (Sparviero, 2019). Florin and Schmidt (2011) identifies the struggle of the shared value balance as the *shared-value strategy paradox*, which is the potential conflict of creating economic and social value in synergy.

The challenge may occur out of the dual motives of the social entrepreneurs, the supporting resource providers interests, and structures put up by management to regulate and control behaviors. In addition, they argue that this is one of the least understood and researched topics in the domain of social entrepreneurship (Florin & Schimdt, 2011).

The management of shared value creation and balancing could be done in several ways identified in the literature. Social entrepreneurs could use adequate business models (Dalborg et al., 2019; Sparviero, 2019; Elkington & Upward, 2016), have a dual focus (Florin & Schmidt, 2011), build a supporting network (Zhang & Swanson, 2014) or create a strong mission statement (Ormiston & Seymore, 2011; Sinthupundaja & Chiadamrong, 2020; Flota Rosado & Figuera 2016).

However, researchers like Florin and Schmidt (2011) points at the lack of knowledge of the topic of shared value creation and Ormiston and Seymore (2011) on the lack of know-how by the social entrepreneurs. Recent studies focus on either providing new tools for social entrepreneurs (Sparviero, 2019), or the usage of unique business models such as Pay-What-You-Want pricing strategies (Bobade & Khamkar, 2017) or Flourishing Business Model Canvas (Elkington & Upward, 2016).

In the context of Sweden, social entrepreneurship has been looked at out of where in the economy it belongs, where Levander (2011) identified it as often being clustered in the nonprofit organization or third sector corner. Furthermore, cases of innovative business models such as “co-operative”, that is businesses which are co-owned by the employees, has been looked at (Sjödin, 2014). Finally, Dalborg et al. (2019) identify the lack of knowledge of the advising system in Sweden and that social entrepreneurs often lack a business mindset.

To improve the knowledge of shared value creation, the social entrepreneurs may benefit by being able to build more sustainable enterprises. Which also may mean that they can help more people in need. In this thesis, the tools and strategies provided in the literature on the topic of shared value will be looked at out of the Swedish context. The perspective will be dual, both out of for-profit social enterprises to examine how the social entrepreneurs create and balance shared value, together with how the counseling side recommends the social entrepreneurs to organize their enterprise to meet the intended creation and balance.

1.3 Purpose and research questions

The purpose of this study is to identify, understand and analyze upon factors of strategies, business tools and practices used in social entrepreneurship in Sweden to create and balance shared value.

To meet the intended purpose, the following research questions has been formulated:

- What factors and practices are used by social entrepreneurs to create, and balance both social and economic value?
- What factors of business tools and strategies does business advisers of social entrepreneurship propose that social entrepreneurs should use to create, and balance both social and economic value?

Chapter 2: Theoretical chapter

The following chapter will review the terms and definitions connected with social entrepreneurship. Further, the chapter will examine what it means to create economic and social value, and how the literature suggests this will be managed.

2.1 Entrepreneurship

The concept of entrepreneurship can be an interesting driving factor in the modern economy. In general, the concept describes the identification, evaluation and exploitation of opportunities that are made when bringing new products or services on the market (Maas & Grieco, 2017). Traditional definitions of the field has covered what the entrepreneur does or what attributes are outstanding of the entrepreneur (Schumpeter, 1934; Krueger et al. , 2000) Further in the development of research, focus has been on the performance of individuals or firms involved in start-up or small business (Venkataraman, 1997; Shane & Venkataraman, 2000). In addition, common characteristics among these definitions has been about the wealth created during the process of entrepreneurship with the perspective of economy. Furthermore, the aspects of psychology and sociologic was furthermore added to the field, which created a broader view of the concept (Cantner et al., 2017). This study will not look deeper into the entrepreneurial area, but rather focus on social entrepreneurship.

2.2 Social entrepreneurship

Social entrepreneurship has a close relation with the traditional concept of entrepreneurship. However, the main difference being the focus of social purpose instead of economic (Dees, 1994). Mair and Marti (2006) stresses the importance of the differences between definitions regarding the concept. *Social entrepreneurship* indicates a behavior or a process, while the definition of *social entrepreneurs* focuses on the founder and *social enterprises* specify the actual outcome of social entrepreneurship (Mair & Marti, 2006). Nevertheless, social entrepreneurship became a global phenomenon over the last few decades by addressing social problems through organizations with the aim to create social value (Kerlin, 2006).

In both developed and developing countries, the social entrepreneurs are constantly influencing social change by targeting poverty, social inclusion, environmental issues, and lack of public services (Tiwari et al., 2017). However, the concept has been criticized for not having a common definition used in literature. For instance, Eikenberry and Kluver (2004) defined social entrepreneurs as nonprofit organizational leaders

expanding into market values or methods with the use of social entrepreneurship. However, Dees (1994) called for the focus on entrepreneurial activity that is built up out of social principles and with a social purpose.

The common characteristics of social entrepreneurship is that the goal of creating social value acts as the driving force before creating personal or shareholder wealth (Dees, 1994). In addition, Austin et al. (2006) calls for the broader perspective of social entrepreneurship and identifies it as “we define social entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors”(p. 2). Similar, Mair and Marti (2006) follow the broad definition, stressing the process involved when resources are used in an innovative way with combinations that seek for opportunities of social change and/or needs.

Zahra et al. (2009) made an ambitious attempt at collecting the literature of social entrepreneurship at that time and identified that social entrepreneurship relates to exploiting opportunities for social change and improvement, rather than traditional profit maximization. Furthermore, they state that social entrepreneurship should maintain both social and economic factors and defined it as following: "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" (ibid.).

More recently, Alegre et al. (2017) followed the suggestion and defined it as a combination of social and economic goals, with influence of innovation and community ideals. The dual goals of social entrepreneurship are found in several later studies (Bobade & Khamkar, 2017; Puspawati et al., 2019), suggesting that using resources available to create profits together with using innovative solutions to act upon complex social problems is the core of social entrepreneurship. In conclusion, this thesis will follow the definition proposed by Zahra et al. (2009) and examine the social entrepreneurs that discover, define and exploit opportunities with the goal of creating social wealth by creating new enterprises or manage existing ones in an innovative manner.

2.2.1 Different types of social entrepreneurs

Social entrepreneurship is describing the exploiting of opportunities for social change, rather than profitability, which means it can be labeled upon several different types of organizations. The entrepreneur aiming to create wealth for oneself or a founder falls out of this label. The same goes for non-profit organizations which lacks focus on economic implications of their actions (Zahra et al., 2009). However, some scholars define social entrepreneurs as being nonprofit, organizational leaders expanding into market values or methods with the use of social entrepreneurship (Eikenberry & Kluver, 2004). The managerial role of being the head of a social enterprise, influencing capital markets as an economic agent, as well as a political figure often seeking support from public agencies may mean the social entrepreneur has to be diverse in their role (Christopoulos & Vogl, 2015).

Social entrepreneurs can be clustered in many ways, for instance, Zahra et al. (2009) identify three types: Social Bricoleur, Social Constructionist, and Social Engineer. The Social Bricoleur usually has the perspective out of the local market, and the social needs found within. The Social Constructionists look at market failures to address social problems. Social Engineers handles the systematic problems within the existing social structures with innovative ideas. Furthermore, these different types of social entrepreneurs all have a different approach to how they identify different social opportunities or gaps, how they impact the social system, and how to bring together the resources they need (ibid.).

2.2.2 The social entrepreneurship in Sweden

The concept of social entrepreneurship grew in Sweden during the 1980s and was then referred to *Samhällsentreprenörskap*, which when translated to English would be community entrepreneurship (Westin, 1987). This concept was then referred to not only the economic wealth that was created by the often-rural enterprises, but also the regional growth (Johannisson & Nilsson 1989). From there, von Friedrichs & Wollan (2019) argues that the concept today has grown into the international perspective of social entrepreneurship and nowadays, defines the creation of organizations or activities which has a social purpose and benefits of society as a basis for existing (ibid.).

Yunus (2010) argues that social entrepreneurs in Sweden that create social businesses first of all create an enterprise with economical abilities. The cause of the enterprise should be to deliver social good and the enterprise often reinvests its profit into the own organization (ibid.).

Levander (2011) discusses the different aspects of social entrepreneurship and where in the economy it belongs and concludes that the Swedish type of social businesses is often clustered into the nonprofit-organization or the third sector corner. Furthermore, Levander (2011) argue the reason for this being the social goals the social businesses are driven by and the often limitation of profit payout.

Sörensson (2014) examine the importance of adequate education for social entrepreneurs in Sweden and show with the example of establishing an education in the region of Åre that education programs could contribute to a growing scene of social entrepreneurship. However, Sörensson states that it takes cooperation with leading actors in the local business sector, and the type of education which collaborates and infuse with the surrounding business sector may benefit the most to future social entrepreneurship (ibid.).

The report "An Ecosystem for Social Innovation In Sweden: A strategic research and innovation agenda" was published in 2014 (Björk et al., 2014). The report was founded and administered by the Swedish authority of innovation, Vinnova. The report states that globalization and cross-boundary aspects of challenges like climate change, migration or segregation puts a new type of stress on the welfare system of Sweden, and the rest of the world. Furthermore, supporting social innovation may be one way to allow new perspective on how to solve these complex challenges (Björk et al., 2014). The report sets the vision for Sweden to have a sustainable development supported by social innovation in society through all sectors. Furthermore, the report recommends how the strengthening of support for SEs and social innovation should take place. The categories identified as potential areas of improvement are similar to the later strategy from the Swedish Government (Regeringskansliet, 2018), and are listed as; (1) knowledge; (2) organization and democratization; (3) finance; and (4) competence (Björk et al., 2014). The report states different ways these aspects can be improved in an extensive, strategical way, such as clarifying and simplifying policies and legal status for social enterprises in Sweden.

Finally, the strategy released by the Swedish government in 2018 of enhancing the development of social enterprises indicate the importance of social entrepreneurship in Sweden (Regeringskansliet, 2018). The goal of the strategy is to strengthen the business mindset within social enterprises together with increasing the knowledge of advisers and supporting instances. The Swedish government argues that social enterprises contribute to a sustainable society, and therefore the prerequisites for social entrepreneurs should be further supported (ibid.)

2.3 Shared value creation and balance

As earlier mentioned, one difficulty of for-profit social entrepreneurship may be the goal of creating social value and at the same time create economical profit. Porter and Kramer (2007) identified the concept as *shared value*, which they argue is when a meaningful benefit for the society is created which is also of value for the business involved. Florin and Schmidt (2011) explains the value creation as both a customer value proposition (CVP) which is the value customers perceive when paying for a product or service, and the public value proposition (PVP), the social/environmental benefit received by organizations, communities or individuals. Furthermore, Florin and Schmidt (2011) identifies the struggle as the shared-value strategy paradox, which is the potential conflict of creating economic and social value in synergy. The challenge comes out of the dual motives of the social entrepreneurs, the supporting resource providers interests, and structures put up by management to regulate and control behaviors (ibid.).

The social entrepreneur not only has to stick to the motive of social change but must balance finance to create a sustainable business. To manage the potential conflict of interests may be one of the greater challenges in social entrepreneurship (Puspadewi et al., 2019; Florin & Schmidt, 2011) Some define this challenge by calling it total wealth, which means to create social wealth together with economic wealth (Zahra et al., 2009) Different social enterprises address this challenge in different ways, depending on the social change intended, complexity of stakeholder interests, how resources are arranged and subjective goals of the social entrepreneur.

However, some organizations manage to leverage the shared value by using innovative business models that connects the shared values without sacrificing one or the other (Florin & Schmidt, 2011). On the other hand, the usage of new and untested organizational models may be argued to raise concerns about the responsibility and

accountability of the involved players. Especially if this can lead to cutting ethical corners or hiding economic challenges (Zahra et al., 2009; Barendsen & Gardner, 2004). Creating a synergy of the shared value may be the optimal solution, but could that be done? The next chapter will go through some of the possibilities.

2.4 Managing the shared value creation and balance

One of the identified challenges in literature of social entrepreneurship in Sweden is the usage of efficient business models that contributes to a sustainable, capacity bearing enterprise. Often, the social enterprises in Sweden contains of several different actors. Thus, to survive they need to act as a functioning organization with good coordination (Dalborg et al., 2019). Furthermore, Dalborg et al. (2019) argues that social entrepreneurs in Sweden may benefit from adequate business advise from professional supporting instances since they often lack the business skills and commercial approach needed to create a sustainable business. However, most of the business support in Sweden has not yet reached out to meet the needs of social entrepreneurs. Mainly, since the focus has been on traditional business models (ibid.).

Mair and Marti (2006) argues that social entrepreneurs often have a driver for a particular issue to make a difference in society, rather than creating an economic foundation to lean the organization on. Florin and Schmidt (2011) states that a management team which is not too focused on either side of the value creation, that is the social and economic value creation, has the greatest chances of succeeding. Rather than prioritizing in advance which value will be the prioritized, the management needs to simultaneously create shared value.

Zhang and Swanson (2014) argues that leadership commitment, resource maximization and networking are factors important for successful social entrepreneurship. Moreover, local political contacts are argued by Christopoulos and Vogl (2015) to be a key aspect of success.

2.4.1 Business models

The use of business tools like the business model can be one of the ways social entrepreneurs balance their way between social value and economic prosperity. The business model can be explained as the glue that integrates the different elements of the strategy (Florin & Schmidt, 2011), or simplified as how the enterprise is supposed to work, who does what, what market is addressed and how value is created (Magretta, 2002). Florin and Schmidt (2011) argues that the choice of business model is an

essential part of building the strategy for the social entrepreneur. Thus, it should include the customer value proposition, how the profit should be made, and how value is created for the enterprise, what key resources are needed, and how the value should be delivered to customers and stakeholder (ibid.).

Furthermore, a business model result in a rationale broader than the pursue for profit for an enterprise. It is described as an infrastructure of how value is created, delivered, and captured in an organization. Therefore, it could be used to understand how the strategies in social entrepreneurship may be framed (Sparviero, 2019).

Mair and Schoen (2007) describes the business model as a concept of four parts; (1) core strategy; (2) strategic resources; (3) customer interface and (4) value network. The findings from their study indicate three factors: first, that successful business models of social entrepreneurship includes resource strategies as an integrated part; secondly, social entrepreneurial organizations proactively create value networks of companies with a shared social vision; and third that the value created was transfer to the targeted group in an early stage (ibid.).

Furthermore, the Business Model Canvas (BMC) is one of the examples of how to map out what an enterprise is supposed to cover. The BMC builds up from 9 key blocks, which are supposed to be covering the whole spectra of the activities and dependencies within and surrounding the enterprise. (Osterwalder & Pigneur, 2010). Building up on the principle of the BMC, the Social Enterprise Model Canvas (SEMC), specializes in supporting and designing the organizational structure demanded by social entrepreneurship. The tool builds up on similar key blocks as the BMC, but with the design stressing the most important challenges for SEs (Sparviero, 2019).

Also building on the BMC, the Flourishing Business Model Canvas is a refined model focusing on the strategical integration of social capital as well as economic. The model works as a visual design that allow stakeholders of an organization to effectively work together with an enterprise's business model and imagine future preferred ones (Elkington & Upward, 2016). Furthermore, the model enables the enterprise to flourish, which is described as the relevant natural, social, economic, management and psychological science. In other words, it means that it creates the possibility of leaders for an organization to define their success in other terms than just economic wealth.

The model has a perspective out of the three legs of sustainability, social, economic, and environmental and acts as a guidance for the developer (ibid.).

Dalborg et al., (2019) examine the advising process social entrepreneurs go through in Sweden and focus on factors that could be improved in this process. In this study, the authors concluded that most advisers in Sweden has a lack of knowledge on social entrepreneurship and the benefits for the society that could come out of the social enterprises. The advisers included had the impression that social enterprises in Sweden for the most part were organized as co-operations or economic associations which was something the advisers lacked knowledge of. Furthermore, the study concludes that there is a lack of business models in the business advising system of Sweden which address the adequate need for social entrepreneurs (Dalborg et al., 2019).

2.4.2 NABC model

The NABC (**N**eed, **A**pproach, **B**enefit, **C**ompetition) model describes the factors that needs to be addressed when creating a value proposition. The process begins with identifying the need that will be solved. It then moves to the approach which will be taken to fulfill that need. The next step is to describe the benefits per cost that the approach would create, and the last step is to examine the competition and alternatives to the identified need. The idea of the model is to formulate the benefits of an innovation and create and deliver value which is greater than the competition (Carlson & Wilmot, 2006).

2.4.3 Business entity

In Sweden, the different types of business entities are quite diverse. In general, the division goes between companies, associations, and foundations. The main difference between companies and associations, is the fact that companies are closed for new members (if they do not buy a share in the company), and associations open to new members (Smiciklas, 2012).

To minimize conflict of social and economic goals, one organizational arrangement could be to separate social and economic activities. This could be labeled external social enterprises, and the social program and business activities can be completely separated (Sparviero, 2019).

2.4.4 Mission and objectives

The value creation of an enterprise has the starting point of the mission as the general holistic concept. The mission functions as an informative frame for the objectives and specific targets of the enterprise (Ormiston & Seymour, 2011). Furthermore, the concept can be regarded as an ongoing process where the enterprise which is able to adapt its mission to the changing surroundings may stay relevant, up-to-date, and sustainable (Zhang & Swanson, 2014).

The communication of the mission has for commercial entrepreneurs typically been towards employees and shareholders. Furthermore, social entrepreneurship adds the importance of communicating the mission also to the stakeholders involved. Social entrepreneurs that manage to describe their mission in a non-abstract way, may have a better success in their efforts to meet their goals (Ormiston & Seymour, 2011), which potentially may mean increasing the chances of creating and balancing shared value (Sinthupundaja & Chiadamrong, 2020). Furthermore, Flota Rosado and Figuera (2016) argue that building the identity of an organization on a social mission may with the right management give the organization a sustainable competitive advantage, both direct and indirect. Moreover, having a clear mission could help the social entrepreneurs in sticking to the purpose and goals of the social enterprise (Flota Rosado & Figuera, 2016).

2.4.5 Strategy

The mission can be described as the guiding force in social entrepreneurship. However, it is the strategy that operates the mission into realizing value (Ormiston & Seymore, 2011). Sinthupundaja and Chiadamrong (2020) discuss some prerequisites for successful social entrepreneurs in Thailand, where they describe how a combination of several factors may influence the success. A few factors are highlighted as key points. The social enterprise should be well documented for social innovation and the perspective should be entrepreneur-oriented contributing to both social and economic development. Furthermore, the management should be mission-driven and have good collaboration capabilities with cross-sectors. In conclusion, the findings indicated that there were not one condition making the enterprise successful. However, the social enterprises having the greatest focus on social innovation together with entrepreneurial orientation had the best prerequisites for success (ibid.).

2.4.6 Personal Characteristics

In the context of Saudi Arabia, Alarifi, Robson and Kromidha (2019) show that entrepreneurial factors of the social entrepreneurs, such as innovativeness and proactiveness have a positive influence on the performance of a social enterprise. The findings show that since social entrepreneurs commonly struggle with gathering scarce resources, the need for an innovative approach together with being proactive may be crucial for their performance (ibid.).

2.4.7 Networks

Kodzi (2015) discuss in a study from South Africa on the quest for social entrepreneurs in hiring personnel with adequate competencies. The author argues that the search for talented staff comes with the concern if the staff shares the same passion for the intended mission of the enterprise. Kodzi (2015) argues that social enterprises need to aim for a balance of networks and rational factors to have the possibility to hire adequate staff. Mair & Schoen (2007) argue that successful social entrepreneurs often manage to proactively build networks which share their social mission. Zhang and Swanson (2014) argue that the advantage could be that the social entrepreneurs could gain access to social capital through the networks. However, the study also indicates that relying on network support might limit the social issues that the social entrepreneur could address (Zhang & Swanson, 2014).

2.4.8 Communication

The difficulties with judging the impact and benefits of social entrepreneurship is acknowledged by the literature on the concept. The real issue may be the quantification of the impact performed by social entrepreneurship and how this could be communicated (Mair & Marti, 2006). Social enterprises often need to convince a broad set of supporters and customers of their mission, since they often rely on more actors (Albert et al, 2016). Kodzi (2015) discuss the importance of being able to have a clear communication with involved partners, since relationship management could have a limit or an enhance effect on the impact of the enterprise. Furthermore, Maas and Grieco (2017) examine the connection that social entrepreneurs who often talk about their innovation, or in which ways they produce, deliver, and promote them, more often measure their impact. The advantage that social entrepreneurs could gain from the measurement is to understand the effectiveness of the innovation they provide, which also may influence the achievement to fulfill their mission (ibid.). Mastrangelo, Benitez

and Cruz-Ros (2017) point at the importance of internal communication to influence the commitment of employees.

2.5 Challenges while managing the shared value creation and balance

2.5.1 Ethical Challenges

To build up a sustainable enterprise out of an innovative idea from a social entrepreneur, the driving force can not only be about the will to create social value. To be sustainable, one must handle ecological, social and economic development (Zahra et al., 2009). The social entrepreneurs are quite often driven by the will of doing good but lacks knowledge on strategical factors and how to create bearing capacity. The lack of knowledge on economic development are identified as a challenge for many social entrepreneurs (Dalborg et al., 2019). Furthermore, this lack of knowledge may lead to ethical issues associated with financial reporting (Zahra et al., 2009). Barendsen & Gardner (2004) even discuss the risk of social entrepreneurs tweaking the truth to please founders or make promises that cannot be kept. Depending on the motive of the social entrepreneur, the ethical challenge may differ, common for the different motives, is the fact that egoism can lead the SE on the wrong path (Zahra et al., 2009).

2.5.2 The different roles of the social entrepreneur

Furthermore, Zahra et al. (2009) states a few ethical challenges that can arise out of the perspective of different types of social entrepreneurs. The Social Bricoleur, who is driven by solving a local concern, may have a struggle of how the social wealth created should be allocated. The Social Constructionist, who aim to balance out social systems by not only serving their target group, but also by creating social change and reform, may be engulfed in their vision. In worst cases, this may lead to egoistic actions such as manipulation, or even to force others to act according to their belief of how to achieve their goal. The Social Engineer focus on revolutionary social change, which may cause the social entrepreneur to break rules because of the challenging nature of the revolution. The fundamental change the social entrepreneur believe in may even cause additional problems in society that were not there from before. The strong driving force often have a connection with passion and charisma of the successful Social Engineer, and these factors can in the end put the ego and need of the social entrepreneur in front of the public good. General for all of these, to act as a role model

is identified as a key aspect of scaling up the organization in social entrepreneurship (ibid.).

No further theoretical framework will be used, see chapter 5.3 *Managing the shared value creation and balance*, to see the summary of which factors that were identified in the literature as relevant. The next chapter will regard the methodological part of the study.

Chapter 3: Methodology

The following chapter will guide how this study has been carried out, and why a qualitative method with abductive reasoning was suitable.

3.1 Perspective

The research was conducted from both the social entrepreneurial side, as well as from the perspective of professional advisers. The reason for this was to understand what type of models and strategies the counseling side recommends the social entrepreneurs to use to balance the economic and social goals, as well as understand what models, strategies and practices the social entrepreneurs believe have helped them.

3.2 Choice of research

Previous research regarding the entrepreneurship, social entrepreneurship and business tools have been used to create a base for understanding what the literature suggests regarding the subject. Dalborg et al. (2019) looked at the process of advising social entrepreneurs in Sweden and how the tools and models were used, which was a study influencing this thesis. However, this thesis differs from that of Dalborg et al. (2019) since the research for this study scrutinizes the balance of shared value creation. Furthermore, the work of Sparvieros (2019) research of the socially oriented business model canvas has influenced the theme of this research. Nevertheless, the research by Florian and Schimdt (2011) on the shared-value strategy paradox has had the greatest influence on the choice of topic for this study. Moreover, further literature has been used to create a theoretical framework. However, neither of these have had the Swedish perspective in sight. Thus, this study focuses on the perspective of Sweden, and the provided literature is used as a frame to find similarities in the Swedish context.

3.3 Research approach

This study has used a qualitative approach with an abductive reasoning to be able to use a combination of inductive and deductive reasoning. This type of reasoning is chosen because the study did not aim to create new theory nor apply theoretical framework on a specific context, but rather to identify, understand and analyze the chosen topic with the support of theory (Bryman & Bell, 2011). Furthermore, it was important to choose the design of qualitative research for this study because the aim was to explore the experiences of social entrepreneurs and advisers involved with

social entrepreneurship. To capture the in-depth perspectives of respondents in the context of the social entrepreneurship phenomenon, a qualitative research method is essential. Moreover, the capturing of human experiences and interactions within a context is helped by the chosen research method (Flick, 2014).

The research on social entrepreneurship is quite a new area of literature, and the theory on creating economic and social goals even more recent. Furthermore, the research field in Sweden has not looked at the shared value creation out of the context of business tools, strategies, and practices. Therefore, will this study use the theories presented in the literature as a support for the empirical collection. A deductive reasoning may have been used to prove or reject certain theories or hypothesizes (Bryman & Bell, 2011). However, this type of reasoning is regarded not relevant for this study since the aim is not to test the validity of certain theories, but rather to use them as support for the chosen context to create an understanding of how social entrepreneurship operate.

Furthermore, an inductive approach could have been used to draw generalized conclusions based on the observations that have been made (Bryman & Bell, 2011). This is neither seen as relevant for this study based on two arguments, the limitations of respondents would not give the study the position to be generalized out of, and the subject of social entrepreneurship already consists of different theories regarding how the shared value creation may be balanced.

3.3.1 Sample

The chosen population was active social entrepreneurs in Sweden, together with professional advisers involved with social entrepreneurs in Sweden. Furthermore, the social entrepreneurs chosen for the study has been chosen based on the following criteria; (1) involved in social entrepreneurial organizations in Sweden; (2) organizations consisting of social missions primarily; (3) organizations with economic goals; (4) organizations which are legally detached from public service; (5) organizations active for at least one year. The criteria business advisers have been chosen upon are the following; (1) involved in advising connected somehow with social entrepreneurship; (2) professional positions in recognized organizations.

Due to confidentiality, all the respondents have been coded with a label. Advisors have been labeled A1-A3 and social entrepreneurs have been labeled S1-S4. Descriptive data considered relevant are: role of respondents, region, years active (1-2, 3-5, 6-10, 10 or more), number of employees, clients per month, social goal, turnover 2018 (the most recent year that all social enterprises had available data on), form of business entity, length of interview and date of interview (see table 1.).

The amount of respondents has followed the suggestions of Bryman and Bell (2011), who propose that with a purpose sampling, such as used in this study, the amount of respondents are based on the individuals relevant for the topical research questions, and that the relevant perspectives and forms of activities should come in focus. Another factor influencing the number of respondents is the research saturation, which take place when the empirical collection no longer has any new outcome (Bryman & Bell, 2011). Furthermore, considerations had to be taken due to the time and resource limitations regarding this thesis. Thus, has the author considered the chosen number of 7 respondents divided on 3 advisers and 4 social entrepreneurs sufficient.

Respondent	A1	A2	A3	S1	S2	S3	S4
Role of respondent	Advisor	Advisor	Advisor	Founder/owner	Founder/owner	Founder/owner	Vice Chairman
Region in Sweden	North-east	South-west	North-west	South-east	South-east	North-east	North-east
Years active	More than 10 years	More than 10 years	More than 10 years	6-10 years	3-5 years	3-5 years	More than 10 years
Number of employees (2020)	-	-	-	9	3	5 full time, around 65 part-time	16
Clients per month (2020)	Depending on projects etc.	10	50	9	4	80	190
Social goal	Advisor	Advisor	Advisor	Labor market integration	Labor market integration and rehabilitation	Labor market integration	Labor market education
Turnover 2018	-	-	-	6 010 000 kr	1000 kr	3 352 000 kr	8 802 000 kr
Form of business entity	Business advising	Business advising	Business advising	Limited company with special profit limitation	Limited company	Limited company	Non- profit association owning a Limited company with special profit limitation
Length of interview	1 hr 15 min	50 min	30 min	40 min	1 hr	1 hr	1 hr 10 min
Date of interview	27 th of April 2020	30 th of April 2020	30 th of April 2020	24 th of April 2020	1 st of May 2020	1 st of May 2020	4 th of May 2020

Table 1. Respondents

3.3.2 Sampling method

The sampling method used was convenience sampling. Critique towards this type of sampling may be that it is not representative for the specific area (Bryman & Bell, 2011). However, the aim of this study was to use an abductive reasoning to identify, understand and analyze upon strategies and business models used in social entrepreneurship and the aim was not to create theory to generalize out of. Therefore,

this critique is regarded as not relevant for this study. Rather, this type of sampling method may have been an advantage regarding the chosen context and aim of the study.

The convenience sampling method is typically used when every source available within a certain framework is regarded important (Bryman & Bell, 2011), which is the case for this thesis. The respondents were found in different ways, A1 and A2 were found by searching online for “socialt entreprenörskap i Sverige” (Social entrepreneurship in Sweden). S2, S3 and S4 were found by a database-collection of work-integrated enterprises (ASF) (Sofisam.se, 2020) and S1 was found through a post by the author in a FaceBook page for social entrepreneurship in Sweden. A3 was known by the author from before.

During the time this thesis was written, the Covid-19 virus was widespread in most parts of the world including Sweden. Because of this, recommendations from the Folkhälsomyndigheten (Swedish authority of health) stated that travelling and meetings should be avoided if possible (Folkhalsomyndigheten.se, 2020). Hence, the empirical collection of data for this study was conducted using online applications, for most part using the application Zoom (Zoom.us, 2020).

According to Nehls et al. (2015), many researchers are today using online applications like Skype (or Zoom) to conduct qualitative research. By using video-call interviews, the researcher is not limited due to geographical boundaries and may use respondents at different locations. The researcher may still observe expressions and emotions of the respondents. Furthermore, the savings in costs and time makes online interviewing an attractive choice for researchers (Nehls et al., 2015). The nature of the current situation provided opportunities for the research conducted in this study. Thus, the author chose to not limit respondents to certain areas or regions of Sweden, but rather to find a diverse mix of respondents providing a dynamic source of information.

3.4 Primary data

The collection of empirical data has been carried out through semi-structured interviews during late April and early May in the year of 2020 (see table 1). Semi-structured interviews often contain a list of specific themes that the researcher request to touch upon (Bryman & Bell, 2011). In this thesis, an interview guide was written based on previous research on business models used in social entrepreneurship

(Florin & Schmidt, 2011; Sparviero, 2019), strategies (Ormiston & Seymore, 2011; Sparviero, 2019), issues related to dual goals of both social and economic value creation (Zahra et al., 2009) together with questions regarding supporting instances (Council of the European Union, 2015).

Furthermore, these factors were matched together with relevant questions regarding the problem statement, research questions and purpose of this study. The interview guide was then modified depending on if the respondent was a social entrepreneur (Appendix 1), or an adviser for social entrepreneurs (Appendix 2).

According to Bryman and Bell (2011), advantages with semi-structured interviews is that the questions do not have to follow a specific order, and the interviewer may follow up and relate to what the respondents says. Furthermore, this type of empirical collection of data is more flexible than for example a survey collection would be (Bryman & Bell, 2011). Since the aim of this thesis was to identify, understand and analyze the chosen topic, the use of any type of quantitative method would not have matched the purpose of this study.

The intention was to carry out interviews in a professional and objective approach. This has been done by following the advice from Bryman & Bell (2011), who states a few suggestions on what features a suitable interview contains. Factors such as that the interviewer shall pay attention on what the respondent says and not say, the interviewer shall be active but not intrusive and, the interviewer shall be ethically conscious of demands that could create concern by the respondent (Bryman & Bell, 2011). When carrying out the interviews, this was in the back of the mind of the interviewer and was shown in a few examples. The interviews always begun with an introductory question regarding the respondent and the organization the respondent represented. Further questions followed a bit more of an unstructured path, most questions were open regarding a specific theme with the aim to not affect the answers of the respondents. Therefore, the answers were often long monologues, where the interviewer let the respondent talk freely to not interrupt or affect potential findings. However, some questions were interpretive of what the respondent were discussing, often followed by probing questions, if the interviewer thought he wanted more information of a specific subject.

This was done with ethical considerations in the back of the mind, which may be shown in the fact that no questions were asked that were not answered in all the interviews. In the end of the interviews, gathering questions connected to the purpose of the thesis were added, such as “could you think of something else that could be of interest regarding having both social and economic goals in a social enterprise?”.

3.4.1 Semi-structured interviews

The respondents were contacted in the first stage through e-mail. If the respondent did not respond to that a second contact has been made through a phone call. However, most respondents were communicated with through e-mail. The first established contact provided information of who the author is, what the study is about and how the respondent can provide information to this. Information regarding how the interview would be performed and what the collected data would be used as would also be included.

Based on Bryman & Bell (2011), the respondents who then agreed on taking part in the study as respondents would then receive a further e-mail containing another document of information. The information in this letter clearly stated how the interviews would be carried out, how the data would be used and saved, and what was expected of the respondent. Furthermore, the data collected has been handled according to the guidelines and rules of the GDPR (**G**eneral **D**ata **P**rotection **R**egulation) (Datainspektionen.se, 2020). Contact information was given to both the author as well as the supervisor of the author. All respondents were then asked in the beginning of the interviews if they had read the document and if they had any objections to what was stated.

Prior to carrying out the interviews, the author tested the interview guide and the technique used to perform the interviews to make sure the questions were clear, and that the technique was functioning. During the interviews, the video-calls was recorded to enable the transcription of data and to avoid the need of taking notes during the interviews. This has been done using the recording tool in the application Zoom together with using the authors cellphone also recording the interviews as a backup. The interviews took between 30 min to 1 hour 15 min to carry out (see table 1).

Subsequently, the data was transcribed by using the online application of oTranscribe.com, to thereafter provide the possibility to withdraw citations which then

have been presented with context and interpretation from the author to create a narrative (Bryman & Bell, 2011). The interviews were all conducted in Swedish since this was the first language of all respondents as well as the author. Thereafter, during the analysis process, the relevant findings were translated into English.

3.5 Literature study

The literature study was mainly considering articles regarding social entrepreneurship and shared value. In the early stages of the thesis, a thoroughly search was conducted by examining two journals, Journal of Social Entrepreneurship and the Social Business Journal. This was done to give the author a comprehensive perspective of the last few years on social entrepreneurship and to find a research gap. Furthermore, search terms such as social entrepreneurship, social entrepreneurs, social enterprises, social businesses, shared value, shared value strategy paradox, entrepreneurship, together with business models and strategies were systematically reviewed. Further, Swedish terms such as *entreprenörskap*, *sociala entreprenörer*, *samhällsentreprenörer*, *socialt entreprenörskap* were examined. Most of the English searches was carried out in the database Business Source Complete, and the Swedish ones in the database of Diva together with Primo.

After the empirical collection of data was completed, another seek for literature was made to match the findings. This time, the categories identified in the empirical part was used as framing relevant theory. In this way, the abductive approach was met.

Furthermore, previous bachelor and master theses was examined to find sources together with inspiration of how to structure a thesis. In general, during the literature search, articles found interesting were used as a tool to identify further sources of interest through them, so called chain searching (Rienecker et al., 2008).

3.6 Trustworthiness of study

Bryman and Bell (2011) suggests that the concepts of validity and reliability may be regarded as irrelevant for qualitative research since the social reality cannot be described in an absolute truth. Hence, they propose the use of *trustworthiness* instead. To discuss the trustworthiness of this thesis, the author will examine the terms of *credibility*, *transferability*, *dependability*, and *confirmability* (Bryman & Bell, 2011).

The *credibility* of this study was taken care of in a few different ways of this thesis. First, by informing the respondents beforehand on the purpose and aim of the study.

The information contained instructions built on suggestions from literature (Bryman & Bell, 2011), to make sure the adequate information reached the respondents.

After transcribing the data, the transcribed documents were sent to each respondent to confirm that the respondent agreed on what was said in the interviews and agreed on allowing the data to be used in the study, which all approved upon. Furthermore, the theoretical framework for this study was peer-reviewed, together with the focus of using research which has been frequently referred to by other studies. However, not only has the focus been to use well established international references, but also to find as recent literature as possible to give a comprehensive portrait of the theme. When formulating the research questions, perspective was taken out of the literature review. Moreover, the interview guide was based on partly theoretical findings, but also on the aim and research questions of this study.

Transferability describes the possibility to transfer the results from one study to another context or situation (Bryman & Bell, 2011). Nevertheless, qualitative studies are commonly creating a thick description of details included in the chosen cases. This would then provide a form of database for further studies regarding similar topics (Bryman & Bell, 2011).

This study has in its introduction stated that it would *not* aim to create new theory that would be transferable to other contexts. Rather the aim has been to create a deeper understanding of how social entrepreneurs *may* use business tools and strategies to balance the shared value creation. As well as give examples of what advisers believe *may* help social entrepreneurs in the process of balancing the shared value. This has been done with the intention to create valuable information of specific tools, strategies, and ways the creation and balance of shared value may be found by the social entrepreneur.

Furthermore, *dependability* is the next term which may be translated into reliability if this would be in a quantitative research. To fulfill the trustworthiness of research, the researcher should audit the path that has been taken to collect the data in a comprehensive and accessible approach. Colleges could then function as inspectors and judge upon the quality of the procedures. However, this is regarded as quite an unusual technique which is both time and resource expensive (Bryman & Bell, 2011).

Nevertheless, the author wrote the methodological chapter with the intention of full transparency of how the process of writing this thesis has been accomplished. Furthermore, the supervisor of the author has been asked to monitor the process as well as giving feedback on adequate procedures for certain pieces, such as semi-structured interviews or stating research questions.

Lastly, the term *confirmability* describes the objectivity of the author (Bryman & Bell, 2011). A pure objective approach would be difficult to maintain throughout this study because of the literature study the author carried out of social entrepreneurship in an earlier course. However, the author consciously regarded his personal values throughout the study and aimed to keep his opinions objective.

Nevertheless, the study was conducted in a phenomenologist approach which means that the author needs to have knowledge of peoples' ideas of what is common sense, and by that, interpret their actions and social world (Bryman & Bell, 2011). Therefore, the somehow subjective perspective and pre-established knowledge of the author are argued to be of advantage based on the above-mentioned factors, together with the chosen research aim.

In conclusion, the usage of well-established and recent literature, the aim to establish a transparent research process together with adequate feedback from respondents and the supervisor, and an objective approach builds the argument of a *trustworthy* research design.

3.7 Ethical considerations

Bryman and Bell (2011) describes how ethical rules considering participation in research usually contains integrity, confidentiality, voluntariness, and anonymity. Furthermore, they discuss how factors such as information, consent and conditions of data usage could influence the ethical component in research. The research carried out for this thesis has considered these factors during the whole process. This was handled by sending an e-mail to all the respondents prior to interviews containing information of purpose of study, documentation, confidentiality and what the data would be used for. The respondents were all asked to give objections regarding the information sent if that would have been the case. Furthermore, the respondents were also informed of the possibility to end the interview whenever, without further explanations. All respondents were then asked in the beginning of the interviews if they

read the information, and if they had any questions or objections. As discussed earlier, all respondents were sent their transcribed interviews to approve the usage of what was being discussed, which is argued to strengthen the ethical considerations as well as trustworthiness of the study further.

Great considerations have also been taken considering the integrity of respondents, where all have been anonymized, both considering name of respondent as well as the organization the respondent belongs to. Furthermore, the factor of anonymity was considered during the analyze process, where information, which could be regarded sensitive information for either the respondent or the organization, was eliminated.

3.8 Analyze

By analyzing the data using grounded theory as framework, the research aim of this thesis was argued to be met. Grounded theory is the concept using a close connection between collection of data, analysis and resulting theory (Bryman & Bell, 2011). Since this study did not aim to create new theory, the grounded theory instruments were applied on the context relevant to create categories relevant to the literature study. Furthermore, the grounded theory implies that alternating between data collection and coding should be done to allow the data collected to build the relevant codes (Bryman & Bell, 2011).

Thus, In the first stage of the analyze, the collected data was transcribed as soon as it was collected to give the author the opportunity to structure the findings and create notes of relevant themes. Then, irrelevant data was screened to simplify the analyzis, the data was anonymized and translated into English. Thereafter, categories were created by the data for further structure.

Another concept in grounded theory is the memos. This is a tool used to create a draft of what certain categories and concepts mean to the researcher and is mostly used to maintain a structure during analyze (Bryman & Bell, 2011). As the process went on, the concept of grounded theory allowed the author to go back and forth in the analyze to refine the identified categories and build on the memos. Thus, the research aim, and purpose could be met by the categories regarded relevant.

Chapter 4: Presentation of empirical data

In the following chapter, the results of the empirical collection of data will be presented. To make sure the results will be understandable, they have been divided into categories rather than presented respondent by respondent. To remind the reader of the anonymity codes applied to respondents, A1-A3 are advisers, and S1-S4 are social entrepreneurs (see table 1) All interviews were carried out in Swedish since that was the first language of all respondents and the author. Hence, has the interviews been translated into English with carefully considerations of the meaning of words and sentences.

4.1 Social entrepreneurship

The results begin with discussion social entrepreneurship and what it may mean to the respondents involved with it. Some different perspectives will be considered, such as from A2 who says that one issue with social innovation and social entrepreneurship in Sweden is that there is no existing nomenclature, and people use terms that they themselves find fit. S1 also acknowledge the difficulties with the non-existing public definition of social entrepreneurship. S3 talk about how supporting instances such as business advisers sometimes do not understand that social entrepreneurs are also a part of the business sector. A3 mention the challenge of showing the social expenditure that could be saved by the social innovation created by the social entrepreneur. Another angle is the realities S4 describes that social entrepreneurs must face.

S4: "I have tried for a long time with just trying, and support and motivate others to start social enterprises, and to pep, but it is incredibly difficult, because usually social enterprises runs by very society-engaged people, and visionaries, [...] and people have an idea that builds the organization that they are excited about, but they are not business leaders, [...] and social enterprises are rarely sustainable, because people do not have a really good business idea [...] so I believe that is the issue with many social enterprises, that they are driven by the idealistic, they are driven by the idea, the visionary society-engagement, but they do not have a strong business idea."

Social entrepreneurs are often described in the interviews as being idealistic people with a strong will to help others. However, the importance of having a business approach to social entrepreneurship is emphasized by both the advising side as the social entrepreneurs themselves.

On the other hand, when talking about other social enterprises that have not succeeded, S2 describes that social entrepreneurs *unfortunately* must have a business mind. Indicating the skeptical perspective some social entrepreneurs have of business obligations. This is indicated also in the citation above by S4, that not all people involved in social entrepreneurship think of it as a business. However, the other way around may also be true, A1 describes that some social enterprises do not understand they could be classified as social enterprises, which A2 agrees on and argues that many are social enterprises by accident. Still, A2 notice that a common issue among social entrepreneurs is the idealistic approach, and that they often forget the economic aspects it takes to build a sustainable business. A2 moves further by discussing the importance of making the vision and goals of the social entrepreneur marketable, since without entering the market in a successful way, neither economic nor social goals will be achieved.

The respondents all agree on that social enterprises must function as any business when it comes to providing a product or service which the market not only has a need for, but also have the possibility to pay for. As A2 describes it:

A2: "If my target group cannot pay for what they get, how the hell should I run my business then?"

Nevertheless, one aspect of what separates social entrepreneurs from the rest of the business life is described by S3.

S3: If people work traditionally, then they think like this, that ok, when I have made enough money to help out in society then I assemble my resources and do a bit of sponsoring and some CSR [Corporate Social Responsibility] activities, and to be a social entrepreneur for me, it is to make these things stick together, to do both at the same time."

S3 continues with describing the different perspectives of social entrepreneurship within the phenomenon. S3 believes social entrepreneurship is about the possibilities created, and not that it always must be about reinvesting the profit.

However, S1 and S4 has structured their enterprises as SVBs', which means Limited company with special profit limitation (Bolagsverket.se, 2019). This is done to make

sure the profit is reinvested into the enterprises instead of taken out as revenue by the owners.

S2 says that the purpose of the enterprise is not to make a profit, but rather to build a sustainable business with economic and social factors hand in hand. Further, S2 states that the charter and regulations of the enterprise S2 is involved with show that the potential profit should be reinvested in the enterprise, similar to S1 and S4.

4.2 The paradox of shared value

The business side of social entrepreneurship was an often-discussed topic during the interviews carried out in this study. Nevertheless, social entrepreneurship contains a focus on the social value that is created through the different activities carried out by the social entrepreneurs. Hence, the discussions of creating both social and economic value will be examined in the coming chapter.

When talking about economic factors affecting the income of the enterprise which S2 is involved with, S2 mentions that the economy and social side of the business must go hand in hand all the time. In addition, S1 outline the economic and social goals as equally important. Nevertheless, S2 notice that there is a constant struggle of sticking to the social goals while the enterprise must make money to survive. S4 express that without earning money, the enterprise cannot achieve the social goals.

On the other hand, S3 declare that being a social entrepreneur is in fact a sustainable economic business idea. S3 continue with saying that all new directions of the enterprise must be built on social benefit, but also that it must contain an economic sustainability so that the enterprise does not lose money each month. As an example, S3 describes a project where people standing outside of the labor market was hired and the salaries was partly funded by the state, and the work they did was adapted to their own prerequisites. In this project, S3 described that without the social benefits created by the project, the economic value could not have been created.

When discussing profit, S4 explains that sometimes people have seen them as a non-profit organization doing things for free, but since they are a business, they also need to receive payments for their products and services. S3 discuss the importance of earning money in a fair way. As an example, S3 mention not through saving in on staff-related costs but rather making money on a commercial basis.

The advising side included in this study had a clear focus on the economic and business side of starting up a business. When asked if A2 thinks it is important to create a synergy between social and economic goals as a social entrepreneur, A2 answers that the economic part is a factor that needs to be included in the equation. A1 states that a good business idea is crucial, and further in the discussion A1 adds that without the economic function, there is no idea to start up a business.

In conclusion, the balance of shared value may sometimes be a struggle for the entrepreneur but may sometimes be the basis for the business idea. Nevertheless, the economic goals have a clear focus of both social entrepreneurs and adviser. Looking at the creation of shared value, S3 gives a good example of the focus on creating a synergy between social and economic goals:

S3: "The world need a lot of social entrepreneurs, where it is not like this, that people first gather a lot of money and then give a donation to something nice, but rather that it should stick together the whole way [economic and social value creation], I believe it is very important."

S4 discuss the importance of the social goals for their enterprise with expressing that the economic goals are there only to make it possible to work with the social goals. Furthermore, S4 describes the money as the tool to address the social challenges they wish to focus on.

When talking about the process of helping a social entrepreneur develop their idea, A2 express how it may be described as two parallel processes. One is the business development of the idea, and the other is the development of the entrepreneur itself. Since even if people have the best idea in the world, without the entrepreneurial competence no one will succeed. Which A2 also add, is the reality the other way around.

Talking about the most important aspects of becoming a social entrepreneur, S3 argues that people must settle in why they want to become a social entrepreneur and find the motivation to start an organization:

S3: "I think it is like this, the absolutely most important thing, is to settle in why am I doing this? [...] and when people have established the motivation, then they need to back up to the other main part, which will be to figure out how will I make this real,

and to make it real, then there has to be an economic sustainability carrying the enterprise.”

S3 argues that the economic sustainability is one of the main parts to regard when starting a social enterprise. However, the first aspect must be to find the motivation to do so. Therefore, the next chapter will examine what the respondents of this study has to say about motivations within social entrepreneurship.

4.3 Motivations of social entrepreneurs

Regarding motivations to become social entrepreneurs, the advisers have some interesting thoughts about difficulties that may appear and what it takes to balance the shared value. A2 talks about social entrepreneurs as usually having an idealistic approach to improving structures in society or support people in some ways. One thing they have in common is the passion for a certain question. A1 discuss the problems related to this, and state that as advisers, they must often tell the social entrepreneur that they should not start up an enterprise, because the business idea is not strong enough. Discussing similar difficulties, A3 says that it is especially important that before starting up a project, one must be completely sure that there is a need that everyone agrees on, that one can prove exists.

When looking from the perspective of social entrepreneurs, the opinions differ. S3 says:

S3: “[...] I have probably always, had a passion for, it sounds pretentious and grandiose, but I have probably always had a passion to improve the world in different ways.”

S3 continues discussing the motivations involved and states that being a social entrepreneur does not mean that one cannot make money. However, in the choice of making money and creating benefits for society, S3 would choose creating benefits for society.

Furthermore, S3 describes the sustainable business as something that must be profitable, and that S3 appreciate making money as well as addressing social issues.

S1 describes the purpose of the enterprise as creating secure, safe, and lasting employments. S1 continues describing the issues in society regarding people who is excluded from society, and that the motivation to start up the enterprise was to address

the causes of the exclusion. S2 describes that when starting an enterprise, one must go in wholehearted. In another context when describing economic prerequisites, S2 also adds that to be successful, one must be able to adjust the business according to reality.

S4 agrees on that it is common in social enterprises that people are idealistic. When discussing the development of the enterprise S4 is involved in, S4 assert that the enterprise has grown from being an idealistic coalition of people who want to make a difference in society to a much more distinct organization following a budget. S4 proceeds on discussing the reasons for the development and argues that the reason for the improvement is a strategical decision of working more professional with economic goals, budgets, improving the competence of staff and spreading the sources of income. Hence, as discussed earlier, improving the business perspective and knowledge of the enterprise may benefit the possibilities to balance the shared value. Therefore, the next chapter will examine further how the structured and strategical form of shared value creation and balancing is done.

4.4 Managing the shared value creation and balance through strategies

4.4.1 Business tools

Beginning with the advising side, they all share some opinions of what kind of tools that may help a social entrepreneur. NABC, the pitch model where Need, Approach, Business, and Competition is formulated, is something all the advisers talk about. A3 express that the model makes life easier for everyone who develops concepts A1 describes how it guides the social entrepreneur in the steps for developing their idea. A2 describes how they have adjusted the language in the model to better fit the need of the social entrepreneurs. A2 also adds the following:

A2: “[...] and we talk a lot of taking it from idea to concept to development to stabilization.”

Further models discussed are BMC – Business Model Canvas, which is described as a comprehensive model answering all the relevant questions according to A3. S3 believes it is helpful to most people, and the logic it follows is similar to the way S3 works. A2 describes how they have used a model called Sustainable Business Model canvas, which is built on the BMC model but suits social entrepreneurs well. Furthermore, A2 discuss how they have done a careful evaluation of a model called

Flourishing Business Canvas model to see if that could be something which better fit their social entrepreneurs.

A1 discuss that it is important to help the social entrepreneurs address the appropriate questions, such as what problem should be solved, and who will pay for it. Furthermore, A1 emphasizes the importance of making a market analysis to acquire an understanding of the competition. On the other hand, S4 also discuss the importance of a market analysis, to understand the gaps in the market and find a customer who is willing to pay for your product. Furthermore, S4 talks about the approach to investments they have, where the enterprise S4 works in use tools to calculate how long time the investment should take before being profitable.

S3 describe a model called SIA – Social Index Accounting which had a focus on social benefits. However, S3 declare that it was not fulfilling the needs S3 looked for, since it had most of its focus on internal social benefits for the employees and not on the social sustainability of the enterprise. S2 express the following when discussing business models:

S2: “I have been running other businesses before in life, and then we spent lots of time on writing business plans and budgets and all of those things, but everything turned out to be shit compared to the reality, and honestly, putting so many hours into doing those things, before knowing what the reality will look like, I think it is a waste of time. “

S1 express a similar perspective when stating that they use an agile approach without too much structured planning. Furthermore, S1 described the enterprise in the following way:

S1: “[...] It works similar to the classic family business around a farm on the countryside, such as, now this son-in-law came into the family and he has these skills, then perhaps we should develop something towards that direction [...] It is a lot of that type of growth and business development, which is not planned and structured but more about what happens within the enterprise and in the region.”

In conclusion, S3 states that if one manages to build a sustainable business model which create social benefits at the same time as being profitable, then the possibilities to help others are endless.

4.4.2 Form of business entity

The different ways the social entrepreneurs included in this study define their enterprises may differ from each other. The form of business entities is also something which is not identical in all businesses. This will be looked at in the next part.

When discussing which business entity is best suitable for social entrepreneurs, A2 emphasizes that there is not one entity which is the optimal solution for everyone, rather that the entity of business should contribute to making the idea sustainable. A1 examine the advantages and disadvantages with the different entities and states among other things that economic association could make it difficult for the organization to get a loan at the bank. However, one advantage is that it is easier for the involved people to go in and out of the organization. A3 says that they always recommend limited company since that is the most safe and secure arrangement considering social insurance.

The social entrepreneurs included in the study have a bit different forms of associations, and some arguments for this will be looked at. S1 says that starting the enterprise as a limited company with special profit limitation was something that happened out of coincidence. Since the goal from the beginning was to have the staff as partly owners in an economic association, but due to the social issues together with economic loan-restrictions the staff carried with them from the past, that was not possible. However, S1 states that the limited company entity has been an advantage when discussing with banks. When asked if limited company may be a disadvantage to a social entrepreneur, S2 answers that:

S2: "Yes, because they [Arbetsförmedlingen¹] believe all of a sudden that an economic association is a much more kind one, or how should I put it, they are generous in a different way"

Further in the interview, S2 gives an example of an economic associations that S2 knows has a lot of arguments in their management group and continues with stating that there needs to be someone in charge who have the last word in decision making. When asked if it is important that someone has the responsibility in an enterprise, S2 answers the following:

¹ Arbetsförmedlingen = the Swedish official employment agency

S2: [...] yes, absolutely, shared responsibility = nobodies' responsibility, that is my experience.

S3 argues that having profit-payout restrictions in an enterprise does not say much about how one runs the business and what the money is used for. But agrees on that limited company entity is a good option in Sweden due to the social insurance system that gives access to. However, S3 also gives clear indications that the form of business entity is not the most important aspect of being a successful social entrepreneur.

The organization S4 is involved with, is an economic association owning a limited company with special profit limitation. Which according to S4, can be an advantage in different situations, since they can apply for project funds only accessible to economic associations, but must be a limited company to be able to have Arbetsförmedlingen* as a customer. S4 also discuss how the profit is managed by the form of business entity, since the chart and regulations formulated in the economic association states that the profit should always be re-invested into the organization, or similar organizations.

4.4.3 Values

To have fair values is something often discussed in the interviews, some examples, like S3 states that they have very clear value propositions for the enterprise, without having them listed in specific documents. Others, such as S4 says they have worked really hard on their code of conduct, and when asked if it that could be an important factor for the success of the enterprise, S4 answers:

S4: “[...] Yes, I would [agree], I would say it is really important, it is actually vital, and it is also very important that all of the staff feels that they have mandate to work in this way [by the code of conduct], but also that they have an understanding for how it should be done.”

When talking about success factors for balancing the social and economic values in the enterprise, S1 says:

S1: “[...] I think the form of business entity is not really that important, but I believe that the important factors for this type of businesses are the values and the democratic function within the business. That everyone is seen as equal.”

S1 continues with explaining that even if there should be different roles with different functions in the enterprise, should they be seen as equals, and the opinions should be valued equal. S4 describes a similar point of view and says that the staff should be the driving force taking responsibility for development of the enterprise.

4.4.4 Visions

The goals proposed by the UN in the Agenda 2030 (UNDP, 2019) is a great example according to A2 of how to create a vision for the social entrepreneurs. A2 continues describing how an advising situation may begin with discussing the motivation of the entrepreneur, to proceed by connecting the motivation to the global goals. S4 describes how their vision is to support people in need who may benefit from their support, and that they work hard with maintaining that.

S2 declare that one must have a vision to run a business, but it does not always have to be written down in a structured form. Rather, the important thing is to picture where one wants the enterprise to be in the future. However, S2 also states the following:

S2: “[...] I cannot say that I think like this, that today I will only think strategy, it does not work like that in a small enterprise. I do everything from cleaning, muck among the chickens, take discussions with the bank, sending in trademark applications, I take care of people [...].”

S4 discuss the development of a business mindset in their enterprise and concludes that their vision has changed into developing competences within their staff and organization. S4 continues with describing how they also try to match staff with assignments they find interesting. Furthermore, S4 discuss how they try to create a fun and including atmosphere where people feel welcomed and relaxed. Another example is described in the following sentence:

S4: “There are so many things which are locked in society today, especially for this target group that we work with [...] what we want to work with are meetings, and that people should be allowed to meet and feel respected and that their time is valuable [...] and I believe that creates something positive for us working here.”

4.5 Other factors influencing the shared value creation and balance

4.5.1 Networks

The importance of networking and having adequate contacts are a repetitive theme during the interviews. A1 describes a group of restaurant owners who came together and created a cooperative to be able to apply for project funding they would not have access to otherwise. S2 illustrate that they go into all kinds of cooperation with the local business sector in the region and express the opinion on it in the following way:

S2: “[...] too cooperate with other actors in the local business sector is gold to us, it is really good.

When asked of conflicts regarding different ways of organizing business on, A2 answers that potential conflicts could happen if people involved have different values or ideas of what direction the organization should develop towards.

When asked if having a good network is a prerequisite for success for social entrepreneurs, A1 agrees on the importance of networks. A1 also describes that having good relations and ties with public organizations can be important for social entrepreneurs. However, S1 express challenges according to the often misfit help the public organizations are willing to give social entrepreneurs.

When talking about the supporting instances existing for social entrepreneurs, S2 express that it is better to discuss with other entrepreneurs than advisers, since they have a better understanding of the reality. S1 express a similar aspect with stating that it is common among social entrepreneurs to help each other and give support and advise to new startups. S4 talks about project and initiatives they are involved with to motivate others to start up social enterprises.

4.5.2 Experience

The social entrepreneurs show different examples of how the social and economic value creation is managed. Some describe how their previous working life experience have helped them in their current situation. When discussion different business tools which may be helpful in starting a business, S2 states:

S2: “[...] in addition, I have plenty of experience with me, but if people would start from the beginning and never have operated I business before, then you probably need these tools.”

S4 discuss similar aspects by describing that their enterprise has found their own paths since they have been existing for a long time. In another sentence, S4 adds that they do not use any specific theory or official tool, but rather go for instinct, competence, and experience. When asked about competences missing by social entrepreneurs, A2 agrees that the business mindset together with how to organize an enterprise are usually missing factors by the social entrepreneurs.

4.5.3 Communication

Further examples from the interviews show that communication and transparency may be success factors for managing the shared value by social entrepreneurs. A2 states that communication is essential to make customers understand what you want, what you sell, and what you want to create with your idea. A2 continues with explaining a challenge with social entrepreneurship in the following way:

A2: “[...] yes, the difficulty is often that the social entrepreneur has a more complex business model, which is more difficult to communicate.”

S3 also agrees on the difficulties with communicating the benefits of social entrepreneurship and adds that communication is a way to both prove the social benefit of one's enterprise, but also a way to gain customers. Furthermore, S3 talks about the difficulties with communicating social benefits and explains that there is a risk that the individuals involved become social projects with a diagram connected to them.

External communication as well as internal was discussed during the interviews. When asked about decision making, S1 outline that reasoning is usually carried out together with the staff. S2 discuss the advantages of being in a small organization and states that there is no need for formality in meetings, S2 rather keep a continuity in dialog to solve eventual problems.

Another example is that of S4 who express that all staff should know their role, what is expected of them, why they do what they do and why they need to make money. S4 adds that there is a clear focus on transparency within their organization. In addition, S3 states the importance of a code of conduct of an enterprise and that the whole staff should share the same values. Similar opinions are found in the interview with S4, who states that even if the board should steer the enterprise economically and visionary, this is also something that need to be established in the staff.

4.6 Challenges

4.6.1 Challenges regarding the public sector

Another factor is the comparison with Sweden and other countries. S4 points at the tradition of social entrepreneurship which is not strong in Sweden due to the traditionally strong public sector which the inhabitants always have relied on.

S3 express that in the future, the public sector will not manage the welfare challenges that will arise; therefore, it is of importance that people will find sustainable business models which manage to meet the challenges.

S1 also discuss that the public sector has put a lot of resources into external supporting instances, which does not help them at all. Instead, S1 suggests that the only thing the public should do is to build a better structure for regions to be able to buy products and services from social enterprises. Furthermore, S1 express the challenge with competing with the publicly owned organization Samhall, who can compete with totally different economic prerequisites than the private sector. A2 also acknowledge the fact that the public system in Sweden is locked to purchase structures which not is not a benefit to small social entrepreneurs.

S2 describe how Arbetsförmedlingen¹ have turned into a catastrophe with the recent restructuring. S1 also talk about the struggles with the restructuring with Arbetsförmedlingen¹ and conclude that a lot of social enterprises have had their stable income taken away.

Social entrepreneurs have several struggles they face, S4 describes how there often can be a gap in the market, where people have a need that needs to be fulfilled. But there is no one who are willing to pay for it.

¹ Arbetsförmedlingen = the Swedish official employment agency

Chapter 5: Analyze

The purpose of this study is to identify, understand and analyze upon factors of strategies, business tools and practices used in social entrepreneurship in Sweden to create and balance shared value. Therefore, the next chapter will combine what the theory says about the matter, and what the empirical results show. The chapter will begin with examining the definitions and structures of social entrepreneurship, to move further into answering the research questions.

5.1 Social entrepreneurship

Social entrepreneurship could be defined out of different perspectives, such as the broad perspective from Austin et al. (2006) which includes innovative social value creation occurring within or across the nonprofit, business, or governmental sectors. The social entrepreneurs in this study all belong to the business side of social entrepreneurs, following the definition from Zahra et al. (2009) who identify social entrepreneurs as people who discover, define and exploit opportunities with the goal of creating social wealth by creating new enterprises or manage existing ones in an innovative manner. However, empirical findings indicate that there is a lack of existing nomenclature in Sweden, which may be a challenge for the social entrepreneur regarding business advice or access to resources such as bank loans.

Furthermore, the empirical findings point at the often-idealistic point of view from the social entrepreneurs and the lack of business leaders, which may cause challenges with building a strong business with a sustainable economic turnover.

5.1.1 The Swedish perspective

Out of the Swedish concept of social entrepreneurship, Yunus (2010) argues that the social enterprises first of all create enterprises with economical abilities. Which means that the focus should not only be on creating social value, but also on economic. A factor often emphasized in the empirical findings, such as a statement regarding that social entrepreneurs are sometimes mistaken for not being a part of the business sector. However, the social purpose which benefits the society is a base for existing (von Friedrichs & Wollan, 2019), and the social entrepreneurs included in the study all have a social goal as main objective of the enterprises.

The Swedish government released the strategy of enhancing the development of social enterprises in 2018. The argument behind the strategy is that social enterprises contribute to a sustainable society, and among other things noticed, that there is a lack of a business mindset among the social entrepreneurs (Regeringskansliet, 2018). Indicating that the role of social enterprises is to meet demands that the government cannot reach.

One social entrepreneur argues that in the future, the public sector will not manage to meet the demands of welfare challenges that will arise. According to the EU, the social entrepreneurs have an increasing role in the economic, social, and human development all around the globe (Council of the European Union, 2015). But how do the social entrepreneurs handle their role in Sweden, and what do they need to fulfill this role? The next chapters will try to examine these questions together with the aim and research questions of this study.

5.2 The shared value creation and balance

The advising side of the empirical part in this study indicates that there is a lack of business mindset among the Swedish social entrepreneurs. The social entrepreneurs themselves indicate that one challenge is to get adequate help from supporting instances. Nevertheless, both sides agree on that it is important that social and economic goals are addressed, and that creating a synergy would be the optimal solution.

Finding a balance on the shared value creation is something identified in the literature, Florin and Schmidt (2011) identifies it as a potential conflict when pursuing social and economic goals in synergy. The empirical findings show some diverse results, some social entrepreneurs manage to build the business model on social value creation, and some have the social goals as a guiding mission but adjust it according to market needs.

The social and economic goals may be defined as total wealth (Zahra et al. 2009) and the perspective from this study that the economy and social side of the business must go hand in hand all the time fits the description well. Furthermore, one example from the empirical part show that the social benefits provided by a project, were the prerequisites for creating economic value, which shows the possibility of creating shared value in synergy.

Nevertheless, empirical findings indicate that there could be conflicts regarding social and economic goals, something defined in the literature (Puspadewi et al., 2019; Florin & Schmidt, 2011). Florin and Schmidt (2011) identified it as the Shared-Value Strategy Paradox and this potential paradox of creating and balancing shared value in a social enterprise will be examined in the next few chapters.

The next parts will aim to answer the research questions of:

- What factors and practices are used by social entrepreneurs to create, and balance both social and economic value?
- What factors of business tools and strategies does business advisers of social entrepreneurship propose that social entrepreneurs should use to create, and balance both social and economic value?

To do so, the structure will be to follow the suggestions from social entrepreneurs as well as advisers to how the shared value creation and balance could be met, and to identify categories of importance. This will then be matched with theory to analyze and examine similarities or differences.

5.3 Managing the shared value creation and balance

Several factors are identified in the literature on the shared value creation and balance. One factor which may help social entrepreneurs in their efforts to create and balance the shared value is to use an efficient business model (Dalborg et al, 2019; Florin & Schmidt, 2011). Further factors identified are leadership commitment, resource maximization, networking (Zhang & Swanson, 2014), political contacts (Christopoulos & Vogl, 2015) and strong and clear missions (Ormiston & Seymore, 2011; Sinthupundaja & Chiadamrong, 2020; Flota Rosado and Figuera 2016). Furthermore, the strategy is described as the guiding force operating the mission (Ormiston & Seymore, 2011).

Florin and Schmidt (2011) adds that the management team with a focus on both social and economic value creation has the greatest chance of success. Dalborg et al. (2019) argues that social entrepreneurs in Sweden benefits from adequate business advice from supporting instances, which may be a challenge due to the traditional economic perspective of entrepreneurship of the business advisers in Sweden.

Sinthupundaja and Chiadamrong (2020) describe how several conditions influenced the success of social entrepreneurs in Thailand. However, the factors of social innovation and a mission driven management contributing to both social and economic development were identified as prerequisites for success.

The empirical results show some diverse results in the aim to create and balance the shared value. Several factors were noticed by both the social entrepreneurs as well as the advisers as supporting the shared value creation and balance, such as motivation, experience, communication, and networks. Furthermore, strategical factors such as values, visions, form of business entity, and the usage of business tools were all emphasized as being of importance in the managing of shared value.

However, if two factors should be determined, the factor of having a business mindset together with a factor of a strong motivation for the social goal are argued to be prerequisites for succeeding in creating and balancing the shared value. Nevertheless, the two factors are not assuring success, but rather gives the social entrepreneurs the necessary foundation to be able to succeed, like the findings of Sinthupundaja and Chiadamrong (2020) suggest. The next few parts will examine the importance and meaning of these factors out of social entrepreneurs as well as the business advisers included in the study, together with pairing them with theoretical perspective.

5.3.1 Motivations

Florin and Schmidt (2011) argue that a management team which is not too focused on either side of social and economic value creation, has the greatest chance of succeeding. However, advisers in the empirical part show very few indications that the often-passionate motivation of social entrepreneurs may be a benefit to the further enterprise.

When looking from the perspective of social entrepreneurs, the opinions differ. The social entrepreneurs describe their social motivation as a base for starting up the business, and that the strong motivation does not necessarily create obstacles from creating an economic sustainability. However, also the social entrepreneurs agree on that the motivation needs to be balanced with a business perspective, since without income, the social goals cannot be met.

Hence, improving the business knowledge may benefit the possibilities to balance the shared value creation. Florin and Schmidt (2011) adds that rather than prioritizing in advance if economic or social value should be prioritized, the synergy of shared value should be pursued.

5.3.2 Business models

Adequate business models are argued by the advisers to help the social entrepreneurs in creating and balancing the shared value. Regarding the literature, Sparviero (2019) propose the Social Enterprise Model Canvas (SEMC), which is built on the Business Canvas Model created by Osterwalder and Pigneur (2010) Sparviero (2019) argues that the Business Canvas Model (BMC) is an adequate base for entrepreneurs, but that social entrepreneurs would benefit from designing their enterprise with the help of SEMC.

The Flourishing Business Model Canvas, is a refined model focused on strategically integrate social capital as well as economic, also building on the BMC. The model aims to create the possibility for leaders to define their success in other terms than just economic wealth (Elkington & Upward, 2016). However, the focus on business models can be a risk for social entrepreneurship, it may change the focus from social change to making a profit, by targeting customers that may not be the most needing ones (Zahra et al., 2009).

Looking at the empirical findings, some social entrepreneurs agree on the importance of business models. However, most social entrepreneurs describe their strategical work as non-planned, or agile. On the other hand, advisers all discuss different business models, and agree upon the importance of asking the social entrepreneurs the right questions, which business models help with addressing.

Dalborg et al. (2019) concludes how the advising business system in Sweden lacks business models addressing the needs of social entrepreneurs. However, one indication in the results is that the more business oriented and the larger the enterprise is, the more focus they tend to have on structured form of business models and tools. Hence, the agile approach by the social entrepreneurs might be the nature of small enterprises they are involved with. As seen in table 1, all social enterprises in the study has less than 20 employees. The results may therefore be skewed due to the nature of small businesses which often do not use strategical planning (Wang et al., 2007).

Building the enterprise on a comprehensive business model may according to the literature benefit the enterprise in their reach for creating and balancing shared value. A few examples are laid out, which all may give the social entrepreneurs the adequate strategical prerequisites for success. However, the empirical results show that all advisers discuss the business model as a vital tool in the process of creating a business. On the other hand, the social entrepreneurs are describing their way of working as a more agile approach, with less structure to it. Which could depend on the small size of the businesses, but perhaps it could mean that the social entrepreneurs have not used or had access to the adequate business advice when designing their businesses. Nevertheless, business models built for social enterprises may give the social entrepreneurs a foundation to lean back on when creating and balancing the shared value.

5.3.3 NABC

The NABC model describes what needs to be addressed in the process of creating a value proposition. The parts included are the Need that will be solved, the Approach on how it will be done, the Benefits per cost of the approach and lastly, the Competition and alternatives to the approach (Carlson & Wilmot, 2006).

The advisers in the empirical part all discuss the model and argue that the model is vital in the process of taking an idea to development. However, the social entrepreneurs do not bring up the model when asked of business tools. One reason for this may be because the business advisers have adjusted the language in the model to better fit the need of the social entrepreneurs, or that they do not have the business knowledge of tools such as NABC. Similar to the conclusion of business models, NABC may benefit the social entrepreneurs in their quest of creating and balancing shared value, even if they may not always know of its presence.

5.3.4 Business entity

As Smiciklas (2012) describes, there are different possibilities of business entities in Sweden. Social entrepreneurs could choose their way of organizing their enterprise according to their wants and needs. Sparviero (2019) notice that the form of business entity could be a factor decreasing the conflict of social and economic goals if social and economic activities are separated in the organization.

In the context of this study, there seems to be a lack of consensus on a business entity which fits all social entrepreneurial ideas. Rather, as advisers suggest, every social

entrepreneur should find the adequate business entity for their idea based on several factors, such as personal characteristics, network, experience, type of idea etc. Nevertheless, the advising system in Sweden often advice the social entrepreneurs to organize cooperatives and usually have several actors involved (Dalborg et al., 2019). However, most social enterprises included in the study are organized as limited company with special profit limitation owned by only one person. Some social entrepreneurs notice that a shared leadership may rather lead to problems than solutions.

The profit-payout restriction also means that all the economic profit would be re-invested into the organization. Furthermore, in pursuing the social goals, the social entrepreneurs have noticed that the more growth their enterprise have, the larger the possibility to pursue their social goals. In conclusion, with the right counseling and the adequate choice of business entity, the social entrepreneurs could use their form of business entity as a supporting tool to better create and balance the shared value.

5.3.5 Mission statements

The mission of a social enterprise is the starting point of value creation and functions as an informative frame for objectives and targets of the enterprise (Orminston & Seymore, 2011). Sinthupundaja and Chiadamrong (2020) show examples where a clear mission description has helped the social entrepreneurs in the creation and balance of shared value. Flota Rosado and Figuera (2016) argue that a sustainable competitive advantage could be reached by building an organization based on a social mission. Nevertheless, Zhang and Swanson (2014) argue that enterprises which are able to adapt its mission to the changing environment may stay sustainable, relevant and up-to-date.

In the empirical part, advisers discuss the importance of building a vision based on the goals proposed by the Agenda 2030 (UNDP, 2019). However, the social entrepreneurs all discuss their missions with the social goals that they want to succeed, or the social needs they want to meet.

One social entrepreneur describes the enterprise as similar to a traditional family-business on a farm, where new resources, such as a son-in-law married into the family with certain skills, decide the development of business. Much like the description of Zhang and Swanson (2014) on adaptable missions.

The proposed benefits out of the literature is not as present in the empirical part. Perhaps depending once again on the relatively small sizes of the enterprises included in this study. As one social entrepreneur puts it, in a small enterprise there is not a lot of time to think about strategy, since time must be divided into everything from cleaning up in the chicken cage to sending in trademark applications. Nevertheless, the literature points at the mission statement as a foundation for the enterprise, and the social entrepreneurs may benefit from using it as a steering tool in their efforts towards creating and balancing shared value.

5.3.6 Strategies

Building further on the mission, the strategy could be described as what operates the mission into realizing value (Orminston & Seymore, 2011). Sinthupundaja and Chiadamrong (2020) show a few interesting findings of successful strategies found in social entrepreneurs in Thailand in a recent study. Factors such as entrepreneur-oriented perspective, well documented social innovation and good collaboration capabilities with cross-sectors are identified as success factors. However, the findings indicate that there was not one specific condition which made the enterprises successful, rather the social enterprise with focus on social innovation as well as entrepreneurial orientation had the best prerequisites for success (Sinthupundaja & Chiadamrong, 2020).

In the empirical data, results show a few strategical factors which may influence the creation and balance of shared value. First, the social entrepreneurs emphasize the need of stating fair values and code of conducts. One standing out factor is that of democracy, and that everyone should be seen as equal. As one social entrepreneur puts it, the important factors for succeeding in creating and balancing shared value are the democratic function and values of the business.

However, looking at Swedish business culture, a typical leadership style is the non-hierarchical approach with a flat organization (Schramm-Nielsen et al., 2004). Lee and Kelly (2019) show in a study on cultural leadership ideals and social entrepreneurship that differences in leadership can be explained in part through looking at ideals of cultural leadership. Thus, the factor of a democratic and equal strategy may be a cultural phenomenon indicating that it may only be typical to Sweden and not a success factor across the globe for social entrepreneurs.

Building a strong vision is something the advisers discuss, where the goals proposed by Agenda 2030 (UNDP, 2019) could be used as perspective. One way of describing the vision is mentioned by one of the social entrepreneurs who describe how their enterprise have tried to develop their vision in a more business mindset. Further, strengthening competences internally, matching staff with assignment they find interesting, and creating a fun and including atmosphere are examples of how they work with their vision. The discussion continues with arguing that working with these factors have helped them not only with meeting customers on a better level, but also have created a more positive feeling for the staff.

Thus, focusing the vision on a business mindset, developing the staff, and focus on an open and welcoming atmosphere may help the social entrepreneurs in sustaining social value, but also improve the economic factors of the enterprise. In other words, help the enterprise create and balance the shared value.

5.3.7 Networks

Mair and Schoen (2014) show that successful social entrepreneurs often manage to proactively build networks which share their mission. In the empirical results, examples of both proactively networks as well as build networks along the process is described. The social entrepreneurs discuss how they often rely on other social entrepreneurs for advice and support. Furthermore, the cooperation with other actors in the local business sector is noticed as a success factor, regardless of the social mission of the actors involved.

Zhang and Swanson (2014) argue that one issue with the network collaborations is that it could limit the social entrepreneurs with their efforts towards addressing social issues. Something discussed in the empirical results as well. Potential conflicts could arise if the organizations or people involved have different ideas of what direction the development should take. Kodzi (2015) points out the possibility to gain access to adequate staff with the right competences as well as the right mission mindset when building networks. However, one difficulty may be to find personnel with the same passion for the intended mission (Kodzi, 2015).

In conclusion, building a proactive network with similar social mission as the enterprise involved with could be a success factor for social entrepreneurs and lead to access to adequate resources. However, social entrepreneurs who want to create and balance shared value, must beware of the social mission of the partners in the network to not limit the enterprise in its mission of addressing social issues.

5.3.8 Experience

According to Dalborg et al. (2019), social entrepreneurs often lack knowledge of economic development. Sinthupundaja and Chiadamrong (2020) indicate that a success factor for social entrepreneurs is to have an entrepreneurial orientation together with a focus on social innovation. The social entrepreneurs in the empirical study argue that experience play a large role in their quest of creating and balancing shared value. Furthermore, they indicate that rather than using specific theory or tools, they build their management on experience.

Flota Rosado and Figuera (2016) discuss the importance of having proper management who can build competitive benefits on the mission of the enterprise. The findings in this study indicate that experience could be a factor influencing the management of shared value. However, the findings are not strong enough to say that this is a vital success factor for the social entrepreneurs in the quest of creating and balancing shared value. The literature points at the often lack of knowledge of economic development and business skills of social entrepreneurs. Even though the social entrepreneurs emphasize the importance of experience, educating social entrepreneurs in business tools and strategies may help them build a sustainable enterprise.

Sörensson (2014) describe how adequate education in the right context and with the right type of collaborations with local business sector may improve the sector of social entrepreneurship. Thus, matching strong motivation in the social entrepreneurs with adequate education and the right collaborations may help the social entrepreneurs in creating and balancing the shared value.

5.3.9 Communication

In the literature on communication of social entrepreneurship, researchers point at the difficulties with quantifying the results of the enterprise and communicating it in the right way (Mair & Marti, 2006). Further, Kodzi (2015) argue that clear communication with the often many actors (Albert et al. 2016), could enhance the effect of the impact of the enterprise. Mastrangelo et al. (2017) conclude that the internal communication could be important to influence the commitment of the employees.

In the findings from the empirical part, transparency and internal communication is described as vital in the enterprises. However, external communication of the benefits from the social issues addressed by the enterprise is noticed to be a challenge. Nevertheless, the continuous internal communication is described as a factor influencing the staff in a positive way, like the study from Mastrangelo et al. (2017) indicates.

In the quest of creating and balancing the shared value, the entrepreneurs emphasize the importance of communicating in a transparent approach. The advisers state that communication may be essential in clarifying the benefits of the mission for customers. These statements suggest that continuous communication externally and internally may benefit the management of shared value creation and balance. Furthermore, transparency within the enterprise as well as externally, and effort put towards influencing the staff (Mastreangelo et al, 2017) may also be factors for social entrepreneurs to regard.

Chapter 6: Discussion and Conclusion

The last chapter aims to objectively reflect upon the main results of the study. The conclusion is based on what factors are argued in the analyze to be affecting the shared value creation and balance of social entrepreneurs. The chapter also includes a reflection of what the results could mean to the society, and why social entrepreneurship is an important subject in the future. Lastly, the chapter includes a review of the study, and what further research may look at.

6.1 Factors influencing shared value

The aim of this study was to examine how the shared value is created and balanced out of the business tools and strategies proposed in theory, by the social entrepreneurs themselves, and the business advisers. The findings in the empirical part of the study indicate that the line between formal business tools and what is used may be quite blurred. As an example, some may call the NABC-model the way they structure a pitch, but others, may follow the same logical reasoning, without arguing that they follow the process of NABC. Motivation is another factor difficult to put a label on, could it even be categorized as a business tool or a strategy? However, being motivated both for the social goal as well as the economic may be a valuable and perhaps vital strategy. Thus, the following conclusion present the most important factors identified as assisting the social entrepreneurs in their efforts for creating and balancing shared value. Regardless of formal labels the categories stand for, arguing that strategy may be subjective and diverse.

The purpose of this study was to research how Swedish social entrepreneurs manage to solve the eventual paradox of having a shared value strategy by using business tools and strategies, as well as looking at what the business advisers propose would help the social entrepreneurs in their efforts of creating and balancing shared value. The biggest difference in the findings between social entrepreneurs and advisers is the focus on structured business tools and planning. The social entrepreneurs describe their approach as agile, while the advisers emphasize the need for a structured and strategical plan for how the business should function. Nevertheless, the social entrepreneurs often lean back on their experience, and indicates that without business experience, social entrepreneurs would benefit from the models and tools described in theory.

Looking at factors improving the balance and creation of shared value, there is not one outstanding factor to regard. Rather, as Sinthupundaja and Chiadamrong, (2020) concludes, one must look at the individual social entrepreneur out of multiple factors, as well as looking at the nature of the innovation.

Factors such as values, visions, form of business entity, and usage of business tools may all be strategical factors to consider. Furthermore, motivation, experience, communication, and networks are identified as possibly supporting the mission of creating and balancing shared value. The findings in this study indicates that having a shared value strategy may indeed be paradoxical as Florin and Schmidt (2011) propose. Nevertheless, the social entrepreneur who manage to build a business model which creates shared value in synergy may have a good chance of balancing the shared value.

To summarize, by being highly motivated with a dual focus, formulating a strong mission statement integrated in an adequate business model, and having a transparent entrepreneurial orientation open for advice on suitable business tools, models, strategies, and networks, the social entrepreneur may build a basis for creating and balancing shared value.

However, are there any obstacles in this proposal? The bar is set high and all these factors may be hard to achieve by a future social entrepreneur. Nevertheless, as emphasized earlier, these factors may not promise success, and fulfilling a few of them may be enough for some to create and balance shared value.

6.1.1 Obstacles for shared value

The social entrepreneurs in this study argue that they rather pick up advice and support from other social entrepreneurs. On the other hand, the strategy from Regeringskansliet (2018) together with literature (Dalborg et al., 2018) point at the lack of knowledge on business skills by the social entrepreneurs. Zahra et al. (2009), express that the lack of knowledge on financial reporting may lead to ethical issues for the social entrepreneur.

Zhang and Swanson (2014) argue that network collaboration includes the risk of limiting the social entrepreneurs in their social mission. On the other hand, Sörensson (2014) argue that adequate education in the right region may contribute to a growing scene of social entrepreneurship. The next part (see 6.2) will aim to connect these factors with the role of social entrepreneurship in Sweden to give suggestions of improvements.

6.2 Social entrepreneurship in Sweden

What is the role of social entrepreneurship in Sweden? If social entrepreneurs fail to meet their intended social goals, the people suffering are the intended customers. In other words, often people stuck in negative social structures on the edge of society. The concept of creating and balancing shared value, means building a sustainable social enterprise with integrated creation of social and economic value. Furthermore, the findings from this study indicate that there are examples of social issues identified as market gaps that the social entrepreneurs want to address, but there is no one there to pay for it.

As one of the social entrepreneurs in the study argues, the Swedish state may not manage to meet the demands of new welfare challenges in the future. The Swedish government acknowledge the position for social entrepreneurship by identifying social entrepreneurs as an innovative resource to meet challenges in society (Regeringskansliet, 2018), and the EU declare the importance of the phenomenon (Council of the European Union, 2015).

In conclusion, this study indicates that there are still room for improvement in assisting the social entrepreneurs in their efforts of creating and balancing social and economic value. Perhaps this could be done by creating arenas, venues or communication channels for networking and knowledge sharing, where social entrepreneurs could continue to learn from each other. Further, to strengthen the business education for future social entrepreneurs may address welfare issues coming, which preferably would be in a region with a strong tradition of innovation following the suggestion of Sörensson (2014). In addition, by preparing the next generation of social entrepreneurs how to create and balance shared value, the ripples may spread to the existing scene due to network sharing and strengthen the whole system in the long term.

6.3 Strengths and Weaknesses of study

6.3.1 Weaknesses

Regarding limitations of this study, the first would be the relatively small sample used in the interviews. The sample is also spread all over the country, which would be a benefit in a larger sample, but could limit the generalizability of this study. Further, a sample which has a larger spread of active years by the enterprises would be interesting since some results may be skewed due to the small sizes of many of the enterprises.

6.3.2 Strengths

When strengths are looked at, the dual perspective of interviewing both social entrepreneurs as well as business advisers gives the study a deeper angle into the concept of social entrepreneurship in Sweden. The diverse characteristics of the respondents regarding regions is still regarded as benefitting the results, even if the generalizability may suffer. Lastly, the ethical considerations regarding keeping respondents anonymous may benefit the possibility for respondents to express honestly opinions during the interviews.

6.4 Practical implications

Regarding the practical implications in the study, the fact that the Covid-19 virus was widespread in society at the time of writing this thesis led to the limitations of interviewing respondents in person. However, the usage of the digital tool Zoom was argued as adequate in the methodology and led to the possibility of interviewing respondents more spread out in Sweden.

6.5 Contribution of study

This study identified factors which are of importance when creating and balancing shared value by social entrepreneurs, and contribute to the the knowledge of shared value. The findings could be used by entrepreneurs entering the realm of social entrepreneurship in how they may prepare for shared value creation. Further, the findings could be used by business advisers to understand the needs of the social entrepreneurs. In the conclusion of this study, it is indicated that there may be a lack among social entrepreneurs of business knowledge, with examples laid out of what type of business knowledge may be beneficial. However, it is also described how the social entrepreneurs lean back on their experience and use other social entrepreneurs as supporting networks. These factors could be looked at by the Swedish government

to achieve the goals of developing knowledge and meeting spots for social entrepreneurs (Regeringskansliet, 2018).

6.6 Suggestions for further research

Since the concept of social entrepreneurship is a rather new phenomenon looked at in research, and the concept of shared value even in more need of research. This study contributes with a broadening of the knowledge on the concept. For further research, the categories identified as important factors in this study could be used in a quantitative study to examine the generalizability of the results. Since one limitation of this study is the relatively small sample, research with a qualitative approach but larger sample would also be of interest. Another approach would be to compare the Swedish context of the study with other countries, to research how cultural differences may influence the results. The findings indicate that there might be a mismatch between what the government offer the social entrepreneurs as support and what the social entrepreneurs wish for. Therefore, this subject could be reviewed as well in a future study.

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Appendix

Appendix 1. Interview guide for social entrepreneurs

Background

- Could you give me a brief description of your organization, why it was started and by whom?
- Could you describe your business model? (What is the thought of how your enterprise should function? – Perspective out of BMC – customer segments, value proposition, channels, customer relationship, revenue, key resources, key activities, network, cost structure)

Strategy

- What are your social motives?
- What is the purpose of your enterprise?
- What are your goals?
- In what ways do you use your business model when working with the purpose of the enterprise?
- In what ways do you use your strategy when working with the purpose of the enterprise?
- Do you use or have you ever used any tools to describe your business model?

- If yes, how fitting did you find that model in that case?
- What could be done different?
- What do you think are success factors for social enterprises?

Economic and social value creation

- Running a business is about creating value (to customers/users) but also to seize value (get income for costs, salaries, and investments). How do you handle eventual conflicts or obstacles to achieve social (create value) and economic goals (seize value)?
- In what ways do you experience issues with balancing economic and social goals in your enterprise?
- In what ways do you experience that you have had support from your business model in the balance of economic and social goals?
- In what ways do you experience that you have had support out of your strategy in the balance of economic and social goals?

Support

- How have you used support from authorities, supporting instances, advisers within business development or similar when designing your business model?
- How do you experience the language advisers use?
- How do you experience the support for social enterprises from Swedish authorities or supporting instances? From other actors?

Other

- If you would be asked of recommendations by someone who would like to start up a similar enterprise as the one you are involved with, what recommendations would you then give them regarding the balance of economic and social goals?
- Do you have any suggestions of how a business model could be designed more efficient to fit the purpose of the enterprise?
- Do you use your business model or strategy in any other way which could be of interest for this study?
- Do you have anything else you would like to discuss, or go deeper into anything we have talked about?

Appendix 2. Interview guide for business advisers

Background

- Could you give me a brief description of who you are, your role and what your organization does?

Strategy

- What tools do you recommend social entrepreneurs to use in designing their business model, strategy, mission, vision and so on?
- How do you recommend social entrepreneurs to organize their business entity?
- Do you have knowledge of any business model which could be used for social entrepreneurship but that you do not recommend today? What do you think of that one in that case?

Economic and social value creation

- Running a business is about creating value (to customers/users) but also to seize value (get income for costs, salaries, and investments). How do you think the social entrepreneurs handle eventual conflicts or obstacles to achieve social (create value) and economic goals (seize value)?
- Do you know of any business model or strategy which you believe handle the creation of value as well as seizing value in a good way?
- Do you have any other suggestions to how social entrepreneurs can handle the balance of social and economic value creation?

Other

- Do you experience that you have enough tools to support social entrepreneurs? If not, what could be done differently?
- Do you recommend social entrepreneurs to use NABC, PESTEL, SWOT-analysis or similar when designing the organization of their enterprise?