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**FERNANDA GOLBSPAN LUTZ**

**SOCIAL ENTERPRISES: THE PERSPECTIVE OF DISTINCT  
ACTORS IN THESE ECOSYSTEMS**

Porto Alegre

2019

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Dissertação apresentada ao Programa de Pós-Graduação em  
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Orientador: Prof. Dr. Luis Felipe Machado do Nascimento

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*“And once the storm is over, you won’t remember how you made it through,  
how you managed to survive.  
You won’t even be sure, whether the storm is really over.  
But one thing is certain.  
When you come out of the storm, you won’t be the same person who walked in.  
That’s what this storm’s all about.”*

Haruki Murakami

## ABSTRACT

New organizations, driven by the desire to solve social problems, are emerging and playing an increasingly prominent role in the global sphere, facing challenges that require new thinking and collaborations. Companies with social impact have become alternatives for economic development and improvement of the quality of life of the low-income population and vulnerable groups. However, there is still a gap in the literature on the subject, especially when considering the macro context of these organizations. Therefore, this exploratory study has a qualitative approach that aims to present a broad perspective of the field from actors engaged in these businesses in distinct countries. Its main objective is to investigate the elements that foster the development of the social enterprises' ecosystems. The identification and interactions between the key actors were analyzed, based on the framework of these enterprises and their ecosystems. The research was complemented by 29 semi-structured interviews, documentary data collection and participant observation. The data was categorized and analyzed according to the technique of content analysis. From this, the results enabled the creation of frames, which detailed challenges and opportunities of the macro environment of social enterprises. Although they cannot be generalized, they may follow the protocol to be reapplied in organizations in different contexts. The study points out the significant role played by the actors' relationships toward the development of their entrepreneurial activities and the commitment of individuals in the social sphere. Additionally, the results indicate the importance of alignment between organizations and individuals and elucidates about the search for businesses opportunities in this sector. Finally, the agents interviewed demonstrate a general feeling of motivation and optimism regarding the growth of businesses focused on solving social problems.

**Keywords: social enterprise; social impact; ecosystems; network theory**

## RESUMO

Novas organizações, impulsionadas pelo desejo de resolver problemas sociais, estão emergindo e desempenhando um papel cada vez mais proeminente na esfera global, enfrentando desafios que exigem novos pensamentos e colaborações. As empresas com impacto social tornaram-se alternativas para o desenvolvimento econômico e melhoria da qualidade de vida da população de baixa renda e grupos vulneráveis. No entanto, ainda existe uma lacuna na literatura sobre o assunto, principalmente quando se considera o contexto macro dessas organizações. Portanto, este estudo exploratório tem uma abordagem qualitativa que visa apresentar uma perspectiva ampla do campo a partir de atores engajados nesses negócios em distintos países. Seu principal objetivo é investigar os elementos que fomentam o desenvolvimento dos ecossistemas das empresas sociais. A identificação e as interações entre os atores-chave foram analisadas, com base na estrutura das empresas sociais e seus ecossistemas. A pesquisa foi complementada por 29 entrevistas semiestruturadas, coleta de dados documentários e observação participante. Os dados foram categorizados e analisados de acordo com a técnica de análise de conteúdo. A partir disso, os resultados possibilitaram a criação de frameworks, que detalharam desafios e oportunidades do macroambiente das empresas sociais. Embora não possam ser generalizados, eles podem seguir o protocolo a ser reaplicado em organizações em diferentes contextos. O estudo aponta o papel significativo desempenhado pelas relações dos atores para o desenvolvimento de suas atividades empresariais e o compromisso dos indivíduos na esfera social. Além disso, os resultados indicam a importância do alinhamento entre organizações e indivíduos e elucidam a busca de oportunidades de negócios nesse setor. Por fim, os agentes entrevistados demonstram um sentimento geral de motivação e otimismo em relação ao crescimento de negócios voltados à solução de problemas sociais.

**Palavras-chave: empresas sociais; impacto social; ecossistemas; teoria de redes**



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## **ABREVIANTIONS**

ANDE: Aspen Network of Development Entrepreneurs

BoP: Bottom of the Pyramid

CSR: Corporate Social Responsibility

ICE: Instituto de Ciudadania Empresarial

LIS: Low-Income Sectors

NGO: Non-Governmental Organization

SB: Social Business

SDG: Sustainable Development Goal

SEE: Social Enterprise and Entrepreneurship

SGB: Small and Growing Business

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## 1. INTRODUCTION

The global challenges that humanity faces nowadays are not possible to be overcome by the conventional policy measures, requiring new thinking, collaborations and ideas. People worldwide urge for a more inclusive and cohesive society and consumers hold businesses accountable for the impact of their operations (Ross, 2018). In this context, social enterprises emerged as alternatives to economic development, incentives to entrepreneurship, generation of employment and improvement of the quality of life of vulnerable groups. Therefore, there is a diversity of actors, committed to social issues, with power to operate in favor of these markets. This social emphasis reflects the growing public awareness of often neglected critical social and global issues (Dees, 2017; Peredo & Mclean, 2006; Porter & Kramer, 2006).

Since 1976, when Muhammad Yunus founded The Grameen Bank, in Bangladesh, and provided microcredit loans to unsecured low-income people, microfinance has transformed the relationship between lenders and borrowers in the market, supporting social and economic growth and enabling those, who were previously outside the financial system, to contribute to the progress of their local economies. He confronted the system, by lending the amount of \$27 from his own pocket to 42 women from a village. The women repaid all the loan and demonstrated how even a small sum of capital have the capacity to generate income for a community. Yunus proved the viability of this kind of business, spawned a global network of other organizations that replicated his model to other countries and confirmed how social good and business success can work together, reducing community vulnerability and impacting their income at the same time. It was a milestone in the history of the development of social business and, in 2006, he won the Nobel Peace Prize (Yunus, 2009). This type of organization catalyzed social change and addressed important needs not only to benefit their owners financially but also to generate recognition of the importance of social dimensions and innovations focused on the well-being of the whole society. It reflexes the contemporary shift in society's attitudes and purpose-driven organizations.

As social enterprises are expanding its popularity, attracting growing amounts of talent, investments and attention, the public and private sectors are discovering new options to promote entrepreneurial activities to pursue public good (Comini, Barki & Aguiar, 2012). These organizations are increasing in numbers, requiring people, investments and projects in distinct areas. According to the Aspen Network of Development Entrepreneurs, over the past

decade their members invested US 14,8 billion directly into small and growing business and more than 450 investment vehicles were launched in emerging markets (ANDE, 2017).

At the same time, there are still uncertainties about what exactly define them, and the benefits brought by them. Their interactions are essential to comprehend the broad context of social enterprises. The phenomenon has been receiving efforts from both academic and corporate areas to rethink and reexamine it more deeply (Barki et al., 2015; Phillips et al., 2015), and it represents an essential theme among classical entrepreneurship or the prevalent not-for-profit and for-profit enterprises. An array of definitions may be found in the literature for these initiatives that intent to solve social problems through market mechanisms, such as: Bottom of the Pyramid (BoP), Inclusive Business, Social Entrepreneurship, Hybrid Organization, Social Business and Business with Social Impact (Dees, 2017; Defourny & Nyssens, 2017; Prahalad, 2006; Yunus, 2009). Each of these terminologies may have distinct focus and outcomes, and their similarities and peculiarities will be presented in this theoretical framework.

The traditional business models are no longer adequate to address societies' current social and environmental issues. The mission-centered organizations approach in this study use market logics to solve them, in a combination of social and financial goals. They are perceived as a society's movement to new paths between the nonprofit and the for-profit sectors. Individuals engaged in this ecosystem can no longer afford to ignore the significant changes in their competitive landscape and this innovative way of doing business that align profit and societal impact. It's a key challenge for leaders in the 21st century and all those different actors promoting social practices, supporting new initiatives and creating markets (Santos, Pache & Birkhol, 2015).

### **1.1 Delimitation of the theme and research problem**

This study was conducted based on certain considerations that can be made regarding this type of business, that reconciles the conflicting goals of achieving a social purpose and financial success. To deal with this complex environment, social actors are realizing the importance of the construction of networks of cooperation with others that share their common interest. The traditional view of social entrepreneurship usually portrays a lone individual struggling to bring social change, which contrasts with the general assumption of ecosystems of social impact, whereby the pursuit of a social goal is reliant on collective and

dynamic interplay of the actors, working together to achieve social objectives and financial outcomes (Bloom & Dees, 2008). Even traditional organizations are known to be embedded within their social context, with ties and boundaries between interconnected actors, that serve to constrain and also create opportunities (Granovetter, 1985). The networks in these environments have a great impact in the development of the individuals' actions as the number of people and organizations involved in social enterprises are growing, giving support to other participants to promote its progress and achieve a share objective. In addition, accelerators, entrepreneurs, investors and social finance institutions have demonstrated a willingness to promote these ecosystems, assisting in the strategic direction of their business and, therefore, embracing a shared goal in order to overcome difficulties (Ben Letaifa, Reynoso, 2015; Evers, 2001; Pipe, 2018).

The support for an enterprise with a social purpose may require greater commitment by the parties involved and, while entrepreneurs generally acknowledge and are receptive to the assistance of external parties, reconciling divergent perspectives can be a challenging environment in an ecosystem that sustains their business models (Pandey et al., 2017). The specificities identified in structures surrounding social business bring reflections, where each company has its own set of players, who demand different strategies and business models.

As Ikenami, Garnica and Ringer (2016) explains, the ecosystem is a construct, which evidences the interdependence of actors pursuing a common goal, creating or capturing value from a perceived opportunity, and is often presented as a network. The network theory, in turn, also offers an approach of interdependence and strategic alliances. The cultural embeddedness is not necessarily constrained to geographic boundaries, such as countries or regions, but to ideologies and logics that are influence by relationships and ties among the individuals (Gulati, 1998; Kistruck & Beamish; 2010). Both concepts operate in a dynamic environment and, by the integration of their approaches, they are able to give the support to the understanding and a deeper examination of the context, with a specific focus on the individuals working in the social sphere. This dissertation addresses the emergence and particularities of this new form of organization, the many players that it encompasses, and how they proactively create their value interactions with others that share their social vision.

The research problem that this dissertation seeks to answer is: How are constituted the ecosystems of social enterprises?



## **1.2 Objectives**

### ***1.2.1 Main Objective***

The following dissertation proposes to investigate the elements that foster the development of the social enterprises' ecosystems.

### ***1.2.2 Specific Objectives***

- To identify the key actors involved in social enterprises;
- To describe their networks and relationships with other players;
- To elucidate the main challenges and opportunities in these ecosystems.

## **1.3 Study Justification**

This dissertation started from the aspiration to understand the field of social business and to compose a frame with the perspectives of different actors. This tensions and conveniences in social enterprises may be manifest in many forms, in relations with organizational environment, resource allocation, types of fundraising or decision-making. (Battilana & Lee, 2014). The study intends to highlight the elements for the development of opportunities within the context of these organizations and their networks as keys sources of information, resources, and access to markets. To achieve that, several frames and debates related to this object of analysis were studied. The study was done during a unique experience with leaders from all over the world. It was a terrific opportunity to interview people engaged in different areas of business with social impact. Although it has an exploratory design, it offers an enhancement of the discussion around it, providing familiarity with the theme, improving ideas, clarifying concepts, serving as the basis for complementary research and, finally, supporting those involved in social areas, such as policymakers, organizations, philanthropists, and entrepreneurs.

This theme requires attention and efforts to expand the understanding of the elements involved to creating ecosystems of social impact. Moreover, it should be noticed that it is

relevant to the academic context and to the entrepreneur world, once it is a field under construction, and whose objective is to integrate different concepts related to social enterprises as well as to apprehend the meaning of the phenomena, the behaviors, and motivations occurring in the social world. There is a growing amount of research in the topic reflecting a global consciousness through the recognition of the importance of social issues. However, besides the rise of collaborations between actors and an increasingly significant role in societies, not much research has been done to analyze the networks and structures that support social business (Seanor & Meaton, 2008).

These socially conscious organizations, have been developing alternative initiatives and networks of investors, entrepreneurs, accelerators, mentors, and institutions, helping each other to adapt to constantly changing environments. By employing the concepts of networks, this research attempts to stimulate exchanges of experiences between actors in the field and, to fill the gap mentioned before, bring theoretical contributions to complement the existing researches of the role that the ecosystems play in social enterprises.

The first part of this research took place in Israel, employing interviews with mission-driven leaders motivated by the desire to solve problems using resources different from the traditional ones. The author of this dissertation was selected to participate with these actors, during a one-week course, in an experience to instigate activities related to social impact. This course, called Reality Impact Experience, is funded by the Schusterman Foundation and brings, from around the globe, inspiring changemakers (e.g., prestigious scholarship students, social entrepreneurs, impact investors, international leaders, public policy professionals and other influencers in the social good areas). They live a transformative journey and potentialize their passion for repairing the world. Participants were encouraged and challenged to reflect on the motivation and the tools they need to make an even more significant and positive impact on their professional spheres. They have the mission to take what they learned in the course and make a lasting difference in their communities, analyzing what the drivers and barriers to the development of social business are. The next phase was done with agents that are involved in social enterprises in Brazil. These actors were carefully selected to complement the study with their points of view and to bring their perspectives of the efforts to improve lives, strengthen communities and reduce inequalities.

The emergence of such businesses as a global movement involved distinct organizations in vast number of countries offering many relevant research paths. Prior research on embeddedness and ties among individuals were focused on micro environments or specific regions. The context of social enterprises is heterogeneous and complex. Distinct

factors have influence and affect the actors engaged in these organizations. A landscape of the sector and the surrounding environment can help to understand these ecosystems work and give light to other agents trying to achieve financial success and social impact in their ventures and communities that they work with.

This dissertation explores the macro context of these organizations as it was noticed a gap in the literature on the subject. To explain the ecosystem of individuals and organizations around the world that work in different categories of such enterprises, it was unified the perceptions, opinions and expectations of: Non-Governmental Organizations (NGOs), entrepreneurs, consultants, social finance institutions, governments, investors, private companies' Corporate Social Responsibility (CSR) and accelerators. Thus, the interest in this study emerged from the will to engage other members to collaborate and support each other, to approximate their paths, promote the mutual knowledge and understand their relations in this dynamic environment.

## **2. LITERATURE REVIEW**

This chapter provides the theoretical reviews that were the basis for this study. The first section presents concepts concerning the types of social enterprises, approaching different authors, their narratives, terminologies, and a frame with the differences and peculiarities among these organizations. Afterward, the Network Theory is discussed - the influence of strong and weak ties and its applicability to the research. Subsequently, the concept of ecosystems is addressed, as well as its connection to businesses with social impact. To end this chapter, distinct ecosystems are presented, and the author developed and depicted a framework which aims to encompass the main actors identified.

### **2.1 Social Enterprises**

In nowadays society, most business organizations often consider addressing social needs as a necessary expense, rather than a path to advance new markets and expand their business segments. These companies usually make their decisions based on economic information and consider only those environmental and social measures that may align with them. At the same time, consumers and other stakeholders expect companies to do more than just offer products and services (Dailey, 2018). As noticed by Peredo and Mclean (2006), following with this line of thought, the social enterprises emerge, based on the dynamics of social and business actors who seek to face social problems and rely on several kinds of resources, which includes trading goods, public financing, and volunteering. These initiatives come from the society itself and intend to respond to social needs that are not fully met by the state or the private sector.

Young (2009) explains that, despite the diversity of terms, it is essential to distinguish these social initiatives from the classical and traditional way of doing business, as they have in common the perspective of a financially sustainable business, with a higher purpose and a social impact. He presents the social enterprises in the following formats:

- Corporate philanthropy: traditional, for-profit enterprises that allocates a small portion of resources to social programs as a competitive strategy;
- Company with a social purpose: organizations that operate commercializing goods and services in the market, to carry out its social mission more effectively;

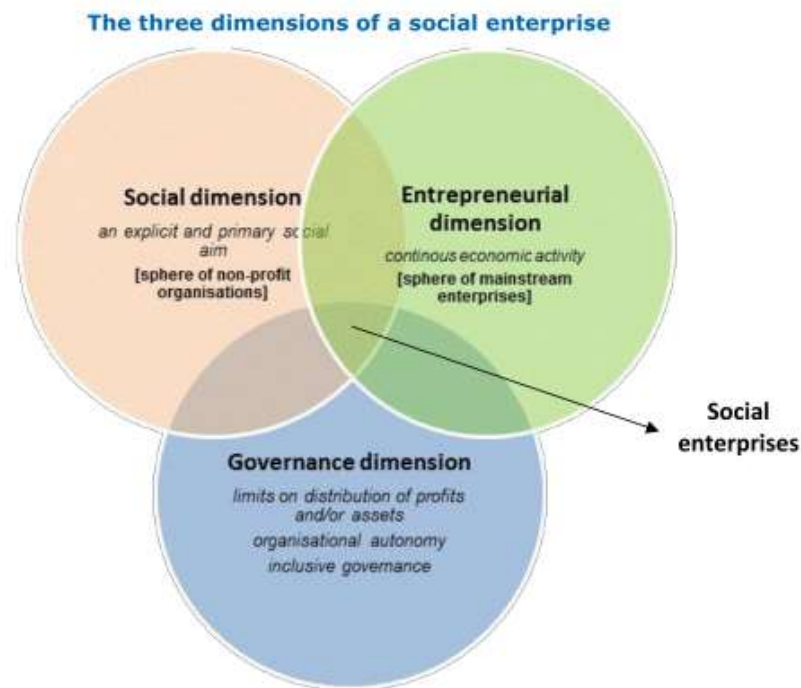
- Hybrid model of organization: they have a dual objective of generating profit and addressing social goals;
- Funding projects: companies that carry out activities with the sole objective of raising funds to finance their actions;
- Projects of social purpose: destined exclusively to fulfill a specific social mission or social goals;
- Hybrid projects: targets the generation of revenue and the fulfillment of a specific social mission.

Alter (2007) outlines possible risks and challenges that these enterprises may face, like a financial loss, the loss of social alignment, organizational complexity, the difficulty of finding staff with the necessary skills, the measurement of the social impact created, the access to capital instruments, cultural resistance, and the lack of adequate legal structures. In contrast, for instance, there are benefits: new markets not yet served, a double bottom line context for management, accountability for social resolutions, market responsiveness, a diversified funding base, greater flexibility in the allocation of resources, better relationships with philanthropic donors, and the possibility of creating social innovations.

These enterprises combine a social purpose with a for-profit mindset, providing effective means to cater to unsatisfied social needs. They offer insights that stimulate ideas for more sustainable and socially acceptable organizational forms. However, the duality of integrating social and economic values may expose them to operate in environments with insecure resources, relying on non-traditional employees and volunteers, and uncertain funding sources. These difficulties demand that the enterprises constantly reassess their resource configurations to survive over the long term. Social enterprises should establish approaches that empower them to create, extend and modify their activities in response to changing scenarios, allowing them to work jointly with their stakeholders in efforts to identify and develop opportunities (Seelos & Mair, 2005).

Defourny and Nyssens (2017) state that social enterprises have explicit goals to help the communities in need and are usually founded by a group of citizens with a limited material interest in capital investment. These organizations have mixed logics: they trade markets (not to maximize their profits), receive public support, are incorporated in civil society, rely on volunteers, influence the institutional environment, and contribute to shaping institutions and public policies. The authors studied the emergence of these businesses in

Europe and their roles and interactions (with markets, civil society, and public policies). They concluded that there are two different types of organizations: the ones that are clearly market-oriented, even though they primarily pursue a social goal; and the ones that result from partnerships between third sector organizations and for-profit companies. They established three interdependent areas of dimensions of a social enterprise: the social mission, the economic model and the governance structure.



**Figure 1 - The three dimensions of a social enterprise**

Source: Wilkinson et al. (2014)

Wilkinson et al. (2014) summarized the previous authors' dimensions in the following categories:

- Economic and entrepreneurial dimension: continuous production of goods or selling services combines monetary and non-monetary resources; its financial viability depends on the efforts of the individuals involved; it has voluntary and paid workers;
- Social dimension: it has a goal to benefit the community; it has collective dynamics and limits the profit distribution;

- Governance dimension: it has a high degree of autonomy and limited rights of shareholders; it maintains the social goals and participatory or democratic decision-making processes.

The mission will probably frame the type of business model and governance structure, as the economic model will impact the pursue of the social mission, and the primacy of the mission may be better ensured by the instruments of governance. The mission is qualified as social by the nature of the goods or services it provides, but it can be also be related to processes or forms of relations between social actors or just embedded in a broader societal value. Social enterprises can foster economic democracy, promote sustainable ways of life, integrate disadvantaged workers or facilitate the access of vulnerable communities and disadvantaged social groups to health, education and financial services. The list can be extensive and there are innumerable kinds of societal benefits to be created (Defourny & Nyssens, 2017).

### ***2.1.1 Social Business***

After Yunus (2009) founded the Grameen Bank, he improved the microcredit system for entrepreneurs in developing countries, who were unable to secure resources from the traditional banking sector. He demonstrated how social goodness and business success could serve one another. In this context, a hybrid organization model emerged. It combined the skills of the private sector with the social management knowledge of the Third Sector, aiming to solve social problems through market mechanisms. These enterprises should be self-sustaining and generate enough income to cover their expenses by offering products or services to solve problems related to health, education, access to technology, community growth, and housing. In his view, the principle of maximizing profit (individual wealth) is replaced by one of creating social benefit, overcoming poverty or other problems of society (social wealth). Instead of accumulating the most significant financial profit possible, to be enjoyed by investors, social businesses seek to achieve social goals, with all its earnings reinvested in the organization. However, while a social business owner does not intend to make a profit for himself, the author believes he has the right to recover his initial investment if he desires. After covering the operating costs and the investments of its owners, all surplus

revenue must be reinvested in the venture for its expansion and improvements, creating collective wealth.

Yunus (2009) summarizes his definitions, by establishing seven principles that conceptualize a social business:

1. The objective is to overcome poverty or other problems of society (education, health, access to technology and the environment);
2. Is financially and economically sustainable;
3. Investors receive a return on investment that does not exceed the value of the investment;
4. The profit is retained by the company;
5. Is environmentally conscious;
6. The labor force must obtain market wages with better working conditions;
7. It must be done with joy.

The concept of social businesses differs from traditional businesses by aiming to serve society and improve the living conditions of low-income populations. It also differs from NGO's by seeking the self-sustainability of its operations through the sale of products and services rather than donations or other forms of fundraising (Yunus, Moingeon, Lehmann-Ortega, 2010).

### ***2.1.2 Social Entrepreneurship***

Social entrepreneurship differs itself from other forms of entrepreneurship as its higher priority is to promote social value. The creation of value occurs by a process of combining resources in new ways, involving the offer of products and services or the creation of new organizations. It drives social transformations and catalyzes the social change in innovative combinations of resources, with different facets, according to the socioeconomic and cultural environment (Mair & Marti, 2006). Dacin, Dacin and Tracey (2011) state that the literature of social entrepreneurship focuses on four key factors: the individual characteristics, their sphere of operation, the processes and resources used, and their mission. However, researches focused on the mission of creating social value, usually present powerful stories of successful individuals with inspiring journeys but may bring critical biases against learning from failure, focus on the individual level of analysis, and the motives and mission of these agents. The



narratives with heroic characterization limit the ability to learn from processes of entrepreneurial failure and ignore other organizations, intermediaries and cross sectoral partnerships, who help entrepreneurs to achieve their goals.

Social entrepreneurship usually sustains the created impact in a long-term social return; not just to obtain financial gains or serve the desires of customers. That is one of the reasons why, by primarily seeking the generation of social value and not private benefits, it faces some specific challenges. It is harder to determine whether it justifies the resources being used, as the survival or growth of a social enterprise is not proof enough of its efficiency or effectiveness in improving social conditions. It needs a combination of commercial and philanthropic elements in a productive balance, with mixed motives (that may involve appeals to self-interest and goodwill), a mission and market-driven focus, with social and economic value creation as the main goals (Dees, 2017).

Lortie and Cox (2018) believe that social entrepreneurship exists as a sub-field of entrepreneurship. The social entrepreneurs' efforts may vary in priority from one organization to another, but all toward social goals. They categorized it in four distinct approaches:

- Social value (the actors hold particular values and may also have personally experienced certain social needs);
- Well-being embeddedness: (as the single focus);
- Internationalization (globalization may guide new social organizations);
- Institutional (the role of institutions to solve social problems).

Social entrepreneurs are characterized by having the same commitment and determination of the traditional entrepreneurs, to explore new paths, but with a focus on social causes and not just financial gains. Martin and Osberg (2007) distinguish them by their value proposition. For the entrepreneur, a value proposition is to serve markets that can afford a new product or service, which generates profits and substantial gain for their investors. The social entrepreneur, however, looks for values in large-scale, targeting an underserved, neglected, or highly disadvantaged population that lacks the financial means to achieve the benefit on its own. The authors explain that ventures created by social entrepreneurs may generate income or not, as they believe that most of them are never adequately compensated for the time, risk, effort, and capital that they pour into their companies. They state that these individuals must be capable of influencing other investors, teammates, employees, and customers, and their activities should follow three steps:

1. Identify a situation that causes the exclusion, marginalization, or suffering of a segment of society with no financial or political instruments to improve this;
2. Identify a new way to solve that, with a social value proposition that confronts this stable hegemony, leading it with creativity and courage;
3. Create a new and stable equilibrium that helps to alleviate the problem, ensuring a better future for those in need.

Dees (2017) also describes these individuals as agents of change that create and sustain social value, recognizing and pursuing opportunities. Those dedicated to constant innovation, adaption, and learning, acting boldly without being limited by resources in possession and always responsible for the ones being assisted. These attributes can be found in people with distinct talents, skill sets, and backgrounds. That is not a new phenomenon, and the centrality of the social mission of their enterprises implies a particular mix of human and financial resource that must be explored.

In this vein of thought, Bessant and Tidd (2007) present social entrepreneurs as actors who measure their success in terms of the development of significant social improvement not in terms of performance and profitability. They seek innovations and new business models that can bring wellbeing to unattended communities, who are resource-deprived and socially excluded. Social entrepreneurs may have revenues from both market and non-market sources, as long as their customers perceive the authenticity of the social aspects of what is offered. The transactions may be in the form of a donation or the acquisition of a good or service, as long as the entrepreneur constructs a viable business model to develop positive impact and has a vision of the resources that can be used to achieve that (Newth & Woods, 2014).

Social entrepreneurship activities may be performed by only one person or a group, as long as it targets at creating social value, either exclusively or, at least, in a prominent way, undaunted by scarce assets. Social entrepreneurs generate profit along with social impact, as a private reward for themselves. To pursue their goals, their ventures maximize revenue generation through distinct organizational formats and innovative approaches: delivering community service, using public, private and nonprofit sector experience, and creating hybrid organizations, new initiatives, products, services, and programs. (Peredo & Mclean, 2006).

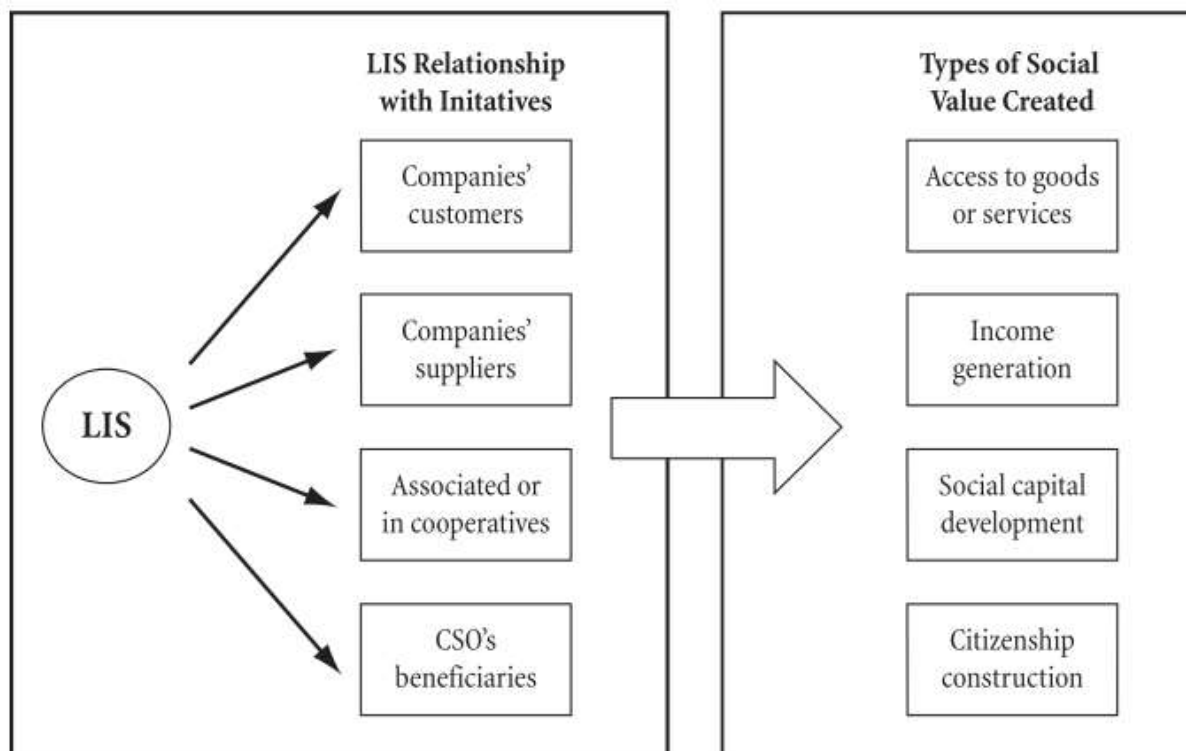
Nandan, London and Bent-Goodley (2015) present social entrepreneurs as innovative, proactive and risk takers individuals, groups or organizations, that build social capital and social networks to foster project sustenance. For some researchers, their objective refers to benefit the community (Defourny & Nyssens, 2017). Others believe that, just like business

entrepreneurs, they recognize and act upon what others miss: opportunities to improve systems, create solutions, and invent new discussions (Seelos & Mair, 2005). For Zahra et al., (2009), they enhance social wealth by innovatively creating new ventures or managing the existing ones as a enrichment of communities and societies. Even though social entrepreneurship is approached in different ways, their social mission is always explicit and central (Dees, 2017).

### ***2.1.3 Inclusive Business***

Portocarrero and Delgado (2010) define inclusive businesses as mission-driven private organizations that depend on market-based strategies to raise the necessary funds to create social value. The authors identified some specificities in these types of businesses, such as a focused mission, proximity, flexibility and capacity for innovation, as well as a strong commitment by the founding leader, innovative and resilient management, and the necessity of an extensive support network to shape and learn management practices. The creation of social value expands the boundaries of society and recognizes vulnerable and low-income groups as part of it, bridging the gap between different and disconnected clusters. The social value may be generated in distinct dimensions by means of lowering barriers, helping underprivileged sectors, strengthening excluded groups, or mitigating adverse market effects. In the end, these organizations affect not only the lives of low-income sectors (LIS) but the whole community, as it helps to build inclusive societies.

The authors present four analytical dimensions to classify and analyze the LIS relations with initiatives and the types of social value that may be created. The increase in income and access to goods or services generate tangible results for socially inclusive market-based initiatives. Meanwhile, citizenship construction and social capital development correspond to intangible dimensions necessary to improve LIS living conditions.



**Figure 2 - LIS Relationship with Inclusive Market-Based Initiatives**

Source: Portocarrero and Delgado (2010)

Inclusive businesses may create employment opportunities for low-income communities, directly or through their value chains, such as suppliers, business partners, distributors, retailers, and service providers. Still, it is necessary to be aware of the possible risks that companies may face by sustainably integrating the low-income population. An example is to make sure that local suppliers provide products and services suitable for the operation of the company or that they do not sell products that are unsuitable for this type of consumers. The insertion of these vulnerable groups may help them to access the products or services that they need, at affordable prices to meet their necessities of food, water, housing, sanitation, and health care. Companies may also design innovative business models to improve access to pivotal development facilitators like energy, communications, finance, and insurance (Bonnell & Veglio, 2011). The United Nations Development Programme (2008) states that these business models generate a mutually beneficial relationship, bringing benefits to all parties. For entrepreneurs, it is a way to innovate, to expand the labor pool and to strengthen value chains, new markets, and supply channels; for the low-income population, an improvement of their livelihoods, which generates higher productivity, sustainable incomes, and empowerment.

### ***2.1.4 Bottom of the Pyramid (BoP)***

Some authors, who are linked to the line of thought of social business by social inclusion, use the term “base of the pyramid” (BoP), to design the community with lower purchasing power, which is present mainly in emerging countries. Prahalad and Hart (1999) called it “inclusive capitalism,” a model to be sought by large corporations and an opportunity to expand business while it contributes to the lives of the poor. This business model was initially centered on large multinational companies, but it may emerge from new entrepreneurs, existing organizations, small to medium-sized companies, and multinationals, being established, mostly, in developing countries. It is a concept based on actors who intervene through radically new business models, with the challenge to transform BoP's population into consumers, being this a process, which involves both the target consumers and private companies.

Prahalad (2006) states that, with immense growth potential in the coming years, this public needs to be accessed in different ways. The increase of their capacity of consumption will occur through the availability of resources invested in goods and services, which now are partially and significantly wasted by the difficulties of access by the poorest. However, these enterprises have received many critics demanding for social consciousness, instead of merely selling to the poor, based on the idea of partnering with local entrepreneurial, through a personal relationship between the company and the community. Critics also stated that the increase in sales of products to the poor has only short term benefits, but it tends to fail to impose a narrow, alienating view that understands local needs and aspirations based on solely on consumption. Distant contacts intermediated by non-governmental organizations must be substituted by close relationships facilitated by them, in a fusion of resources, skills and abilities, an evolutionary and highly interactive process (Simanis & Hart, 2008).

Kandachar and Halme (2017) studied about the lack of enabling conditions for markets to function properly in developing countries. They explain that entrepreneurs and organizations operating with Bop must ensure that the poor are not harmed by the negative external outcomes of business models such as pollution and environmental degradation that companies can generate. These businesses models may provide access at low cost to basic products or services, for an affordable price, such as: water, sanitation, health care, energy, communications, and insurance. The products may be adapted to be sold to vulnerable communities in smaller quantities, with basic quality, or upon technological innovation. It

brings value, like health benefits or economic development, for the clients (Santos, Pache & Birkhol, 2015).

### ***2.1.5 Hybrid Organizations***

Haigh et al. (2015) define hybrid organizations as enterprises that generate income with business models focused on solving social or environmental issues. These organizations attract capital that may have for-profit models, nonprofit models, or both. They deal with the duality of creating social impact alongside financial sustainability, blending the practices of traditional for-profit with traditional nonprofit. Therefore, the strong alignment between economic gains and social impact is vital to their survival. To increase their likelihood of being sustainable, hybrids must have with the ability to develop innovative business models and strategies to balance the risks of mission drift and financial insolvency.

Hoffman, Badiane and Haigh (2012) believe the traditional distinctions between for profit and nonprofit sectors are diminishing, as hybrid enterprises are developing new products and practices to promote the wellbeing of society (environmental and social). These organizations use market system as tools for solving society's issues with the ability to diffuse acceptance throughout their consumers, competitors and the whole industry. Some of the strategic perspectives that this kind of ventures adopt are: a socially and environmentally embedded mission; long-time horizons for growth; positive leadership; mutually beneficial relationships with employees, costumers, communities and suppliers; progressive interaction with markets, competitors and industry institutions and the creation of markets for more sustainable products.

Their activities go beyond the ones done by traditional corporate social responsibility (CSR), in distinct combinations of missions, contexts and legal forms. They usually have a participatory governance structure and an active involvement based on mutual benefit and sustainability outcomes. Hybrids may have any size and exist in all sectors, operating in the developed and developing world. Their income may be generated through mission-or non-mission related trading. Holt and Littlewood (2015) argue that these organizations usually give primacy to their social mission over their profits, as they usually renunciate tangible financial returns in order to create social value. They can limit the profit distribution and reinvest the surpluses but yet still embrace their missions in the manner of not-for-profits. The demonstration of impact is perceived as a critical factor for these companies and their

stakeholders. For Ebrahim, Battilana and Mair (2014), hybrids may lose sight of their social objective in their efforts to generate revenue and the alignment of their both missions and distinct stakeholders' interests and that's one of the main challenges that they face. Although hybrid organizations are often called as social enterprises and combine aspects of both charity and business at their core, they are neither one of them, but the combination of aspects of both. By having a commercial revenue source instead of donations, they are able to sustain themselves and to scale their transactions. At the core of their business they deliver social value, relying on markets.

Santos, Pache and Birkholz (2015) define profit created by these ventures as the value for their owners (shareholders, partners, or cooperative members) and impact as the value for society (environmental and social benefits). As they deal with a fine line between the effectiveness in both kinds of activities and the reconciliation of the expectations of both values, hybrids may become fragile organizations. Depending on their regulatory context, they adopt different legal forms, business models, organizational structures, and management practices. A competitive and sustainable venture must have a strong alignment between profit and impact and leaders with a clear understanding of the organization, the nature of their work and their businesses models.

### ***2.1.6 Business with Social Impact***

Thompson and Macmillan (2010) have a different view from the ones discussed previously, as they argue that it is possible to generate social impact and distribute dividends to shareholders. They explain that businesses with social impact may represent the emergence of new types of commercial enterprises and are often developed with alliances between partners. These organizations facilitate a new sector of the global economy with business models that may offer innovation to the market with new products, services or technologies, satisfying a previously unmet community. By bringing innovative solutions to social problems, these enterprises attempt to resolve issues by seeking profit and social wealth simultaneously. This disagreement over the distribution of profits is closely linked to the format of the social business. Chu (2007), for instance, explains that social business should distribute dividends to their shareholders to have a higher impact. It is part of the market logic and should be the best way to attract more investments, not an obstacle to guarantee social impact.

In that sense, Kanter (1999) emphasizes that social businesses need to distance themselves from charitable and volunteerism, moving on to solutions to social problems through alliances between companies, government or communities, using their skills and entrepreneurial resources. Community needs must be opportunities to develop ideas, technologies, and prospects of new markets.

### 2.1.7 Analytical Framework for Analysis

By analyzing the different concepts of social businesses in the literature, distinct definitions emerge. Some views are closer to the logic of the market; others have the predominance of social logic. To summarize the topics covered, the following table is presented:

Table 1 – Social enterprises

	<b>Social Business</b>	<b>Social Entrepreneurship</b>	<b>Inclusive Business</b>	<b>BoP</b>	<b>Hybrid Organizations</b>	<b>Business with Social Impact</b>
Particularities	Designed to solve social problems and improve the living conditions of low-income groups	Creation of social value through the recognition and pursuit of new opportunities	Includes the low income population in the process of production, supply or distribution	Offers products and services to the poor	Hybrid organizations that integrate social and economic values	Facilitates a new sector of the global economy, distributes dividends to shareholders
Financial Structure	Not for profit	It may have profit or not	It seeks profits	It seeks profits	It seeks profits	It seeks profits
Clients	Preferably offered to low income population	It may have any type of customer	It may have any type of customer	Exclusive to low income population	It may have any type of customer	It may have any type of customer
Main Authors	Yunnus (2009)	Dees (2017)	Portocarrero and Delgado (2010)	Prahalad (2006)	Battilana and Dorado (2010)	Kanter (1999)

Source: the author

These results show some controversial discussions about social enterprises. On the one hand, the perspective defended by Yunus (2009) argues that all profits should be fully reinvested in the organization. On the other hand, there is a line of thought that favors the



distribution of dividends as a mechanism to attract investment and to have a greater impact (Chu, 2007). The format is also different in each type approached. While social entrepreneurship focuses almost exclusively on the creation of new organizations, BoP enterprises usually incorporate existing organizations including governments and non-governmental organizations.

As this study intends to shed light on the distinct perceptions of social enterprises and broaden the understanding of these ecosystems, the following concept will be adopted, based on the established literature revisited for this research: organizations – focused on solving demands related to social problems with mechanisms from profitable markets, combining resources, and often reconciling conflicting goals (Ebrahim, Battilana & Mair, 2014; Mair & Marti, 2006).

## **2.2 Network Theory**

In the last decades, the value of networks has gained awareness in the academic field as being an important source of value creation, knowledge, efficiency, and as a fundamental element of business (Borgatti & Foster, 2003). Networks may be characterized as complex interconnected groups or systems that can help a company to address the lack of financial capital, experienced management teams, and resource capacity (Bessant & Tidd, 2007).

Granovetter (1985) argues that most behaviors are embedded in networks of interpersonal relationships, and the effect it has on institutions is one of the classic questions of social theory. Actors do not behave or make decisions as if they were outside a social context, nor do they adopt a script that is already written for them. Their actions are immersed in concrete and continuous systems of social relations, penetrating irregularly and in different degrees of an individual's life. The author criticizes economists who, in general, abstract themselves from the history of relations, describing interpersonal ties as extremely stylized, conventional, and typical - deprived of content and history, isolating the actor from the context. The embedded argument emphasizes the role of real personal relationships and their networks as sources of trust and discouragement of bad faith. The prevailing preference for dealing with individuals of known reputation implies the desire to rely on generalized morality or institutional devices to avoid problems.

Granovetter's approach identifies and analyzes patterns of social relations, placing them between the super socialized description of generalized morality (atomized utilitarian

actors drive actions and decisions) and sub socialized (impersonal institutional arrangements and behaviors are guided entirely by standards and values). He argues that the capacity to change the individual's life comes from the so-called weak ties, those from occasional and sporadic contacts, with a lower degree of cohesion between people. Comparing to strong ties, which are intense and have frequent contacts, the weak ties generate a better connection among distinct groups, once the stronger the link that connects two individuals is, the more similar their networks are. These ties usually create new social connections, and communication has a vital role in the spread of business's practices and structures, and it exposes individuals to new information that they would not receive from their immediate network. This combination of resources bridges different social worlds together, conveying more information through personal communication than the public channels (Granovetter, 1985).

Powell (2003) defines networks as distinctive forms of coordinating economic activity that help small firms to meet resources and functional needs. He observes that there are various kinds of exchanges: ones that are more social, depending on relationships, mutual interests and reputation, and others that are guided by a formal structure of authority. Homogeneous groups have, in general, greater confidence among their participants and higher maintenance of network-like arrangements. Therefore, reputation is the most critical factor in their reliability.

Markets, hierarchies, and networks are all part of a system of interaction that takes place in the economy and shapes the behaviors and interests of individual actors. Networks do not involve the explicit criteria of the markets nor the familiar paternalism of hierarchies. They encourage learning and dissemination of information while translating ideas into actions and offering a way of utilizing and enhancing intangible assets as knowledge and technological innovation. Although each part in a network can be a source of conflict or harmony, trust reduces complexities more effectively than prediction, authority, or bargaining. Still, cooperative arrangements may not be easy to sustain, nor do they always entail success. Each position in a network may both empower and constrain the actions in it (Powell, 2003).

Smith-Doerr and Powell (2010) wrote about the role of networks and how they shape economic life through structural arrangements, prospering and generating benefits with no boundaries between work and personal life. The flow of information and opportunities varies according to the structure of each social relation which has consequences for employment prospects and the diffusion of ideas and policies. In decentralized systems, dense social

networks and open labor markets encourage entrepreneurship and mobilization of resources. Companies compete for clients, but they can also learn about changing markets and technologies through informal communications, collaborative projects, and common ties to research.

Firms with collaborative networks usually increase their agility through supportive access to relevant external competencies. This inter-organizational network is also a source of news about administrative and technological innovations. The early adopters of new practices tend to be at the intersection of multiple networks, with links to diverse sources that expose them to innovative ideas more quickly. As a quick way to access resources and knowledge that cannot be produced internally, entrepreneurs often rely on networks to start new businesses (Katzy & Crowston, 2008).

Mair and Schoen (2007) explain that successful social entrepreneurial organizations proactively develop their specific networks of companies aiming social value creation and social vision sharing, increasing their resource strategies as a part of their business' models, integrating target groups into the social value network. These interactions not only promote the generation of new knowledge but also help social enterprises to acquire and develop capabilities. Mulgan et al. (2007) identify the lack of networks as a barrier to social entrepreneurship and a reason for the failure of many social innovations. Witt (2004) measured the entrepreneurial network activities and found a positive relation between the networking projects of founders and their ventures' success, based on the theory of socially embedded ties. Other authors demonstrated findings such as strong connections and exchange of resources as critical factors to enterprises, the importance of trust between actors, and how a well-organized network is the most significant factor for incubators success (Haapasalo & Ekholm, 2004; Miller, Besser & Malshe, 2007; Sharir & Lerner, 2006).

According to Bouchard (2012), interactions between distinct social actors give rise to new norms, values, and rules, changing the status quo. It results in social developments to meet needs, solutions, or opportunities for actions to modify social relations. Entrepreneurship activities performed by a group of people can have a far greater reach than the ones managed by only one person. They have a business support network that helps them to overcome difficulties, learn new skills and work with volunteers and other organizations, creating businesses ecosystems.

Openly and collaboratively, socially responsible entrepreneurs search for relationships (and networks) to share their knowledge and expertise and learn from each other (social, cultural, and intellectual capital). These interactions may result in the regeneration of

resources to their enterprises or back into the community they work with. These approaches are one of the pivotal roles in identifying, acquiring and exploiting knowledge to solve the social demands (Nicolopoulou et al., 2017). Social context and local environment have foremost importance in social businesses, since organizations may have multiple forms, depending on their socioeconomic and cultural circumstances (Mair & Marti, 2006).

Social context and local environment have foremost importance in social businesses, since organizations may have multiple forms, depending on their socioeconomic and cultural circumstances. Social entrepreneurship, like any other type of businesses, need to be study according to its embeddedness and multiple forms, as it may enable or constrain the emergence of activities targeting at social change. The level of embeddedness may help entrepreneurs to access critical resources or constraint their entrance in traditional markets (Mair & Marti, 2006).

### **2.3 Ecosystems Approach**

There is an increasing agreement that to improve societies' environmental and social outcomes, a more adaptive, integrated, and collaborative ecosystem-management approach is needed at multiple interlinked levels (Biggs, Westley & Carpenter, 2010). Polese et al. (2017) state that ecosystems are concepts that represent society as a system of interacting actors with distinct views, who share a purpose, and cooperate, directly and indirectly, to achieve results. It is a trend of behavior toward survival. Actors and systems recognize where they belong through positive connections that support their operations and sustain the development of their environments. Every actor, shares information, resources, and skills, without losing identity and overcoming the personal gain.

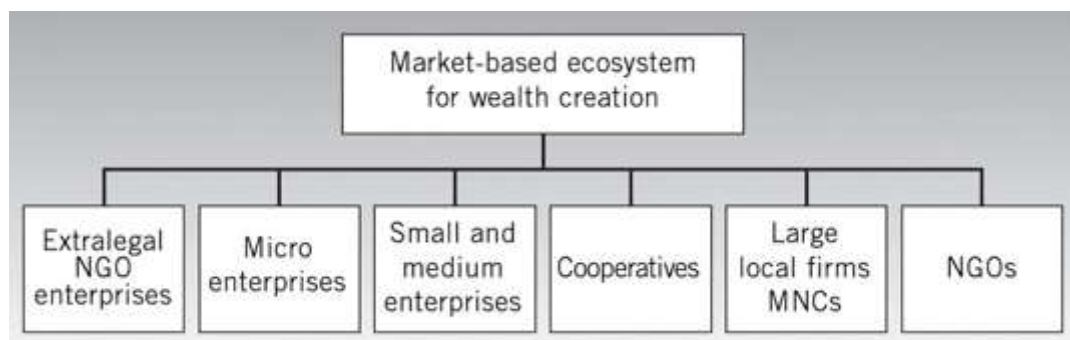
An ecosystem perspective joins the micro (local service provided), meso (local network, families, friends) and macro levels (global network, local public, and private socioeconomic actors with indirect impact). It is a dynamic, inclusive network concept, in which actors have intrinsic motivations, multiple interactions, and relationships, leveraging their resources, arrangements, and competencies. These partnerships between civil society and ventures generate access channels beyond the traditional ones, identifying and including multiple actors with their value creation contexts. The collaborations that arise in these contexts embrace direct and indirect stakeholders (Ben Letaifa & Reynoso, 2015).

In the organizational world, entrepreneurs' connections affect the direction of their businesses, as key nodes that convey and link ideas. Still, there are systemic conditions considered essential to the development of their ecosystems: networks of entrepreneurs, leadership, finance, talent, and support services. This structure is possible in a community of interdependent actors and factors, where informal interaction has paramount importance for cooperation and exchange knowledge. The networks and learning processes are fundamental factors to overcome connection difficulties and to ensure access to the appropriate support. To transform and promote the entrepreneurship world, it is essential to have environments that enable alternatives, engaging people and taking their different perspectives, priorities, and limitations into account. An atmosphere that promotes new ideas may follow a few strategies such as: to foster environmental awareness and attachment to local entities; to build capacity for social entrepreneurship; to stimulate the dialog among key stakeholders, and to give institutional support (Biggs et al., 2010; Stam, 2015).

Mason and Brown (2014) define the entrepreneurial ecosystem as a set of entrepreneurial actors (existing or potential), organizations (venture capitalists, business angels, and banks), entities (universities, public agencies) and interconnected processes that, formally and informally, agglutinate to connect, mediate and govern performance within the local entrepreneurial context. As they build global networks, companies can gain access to specialized knowledge and assets that are not available locally.

### ***2.3.1 Ecosystems of Business with Social Impact***

In the environment of social enterprises, Prahalad (2006) urges the need to create an ecosystem for wealth generation and social development. He has used the concept of a market-oriented as a structure that allows the private sector and other social actors, with different traditions and motivations, to act together and create wealth in a symbiotic relationship. This structure has a wide variety of institutions coexisting and complementing each other, playing roles, and counting on one another. Even with distortions, the system adapts and evolves, persistent and flexible, oriented towards a dynamic balance.



**Figure 3- Components of the market-based ecosystem**

Source: Prahalad (2006)

Bloom and Dees (2008) explain that social entrepreneurs must comprehend the full environment in which they work and, when it is possible, to shape it to support their goals through the mobilization of the interdependent players and new institutional arrangements. Social entrepreneurs should create a map of their surroundings, identifying all the relevant players (individuals and organizations) and environmental conditions (social norms, policies, culture, markets, and laws), along with their relationships, and divided it into six categories: resource providers, competitors, complementary organizations and allies, beneficiaries and customers, opponents and problem makers, and affected or influential bystanders.

Connections and articulations among actors from distinct sectors are crucial aspects of the creation of a social business ecosystem. According to Phillips et al., (2015) social businesses are not developed in isolation by lone entrepreneurs that strive at all costs to bring social change, but in interactive processes shaped by the collective sharing of knowledge, experiences and dynamics interplayed by actors, organizations, and institutions, working together to develop distinct areas. These connections help enterprises to acquire and increase their capabilities, contributing to addressing a social need.

Environments that support social enterprises lead them to their progress and growth and are necessary to overcome barriers that are still slowly emerging. Social systems can be viewed as a set of interrelated sub-systems that act independently but contribute toward addressing social needs and concerns within communities of practitioners and institutions (Wilkinson et al., 2014). There is currently a considerable range of organizations involved in supporting social businesses ecosystems, and some of them will be approached next.

### 2.3.2 Ashoka Network of Social Entrepreneurs

In the field of support to business with social impact, the Ashoka Network of Social Entrepreneurs, founded in 1980, was a pioneer in partnerships. Today, Ashoka encompasses more than 3,500 entrepreneurs spread across 89 countries.

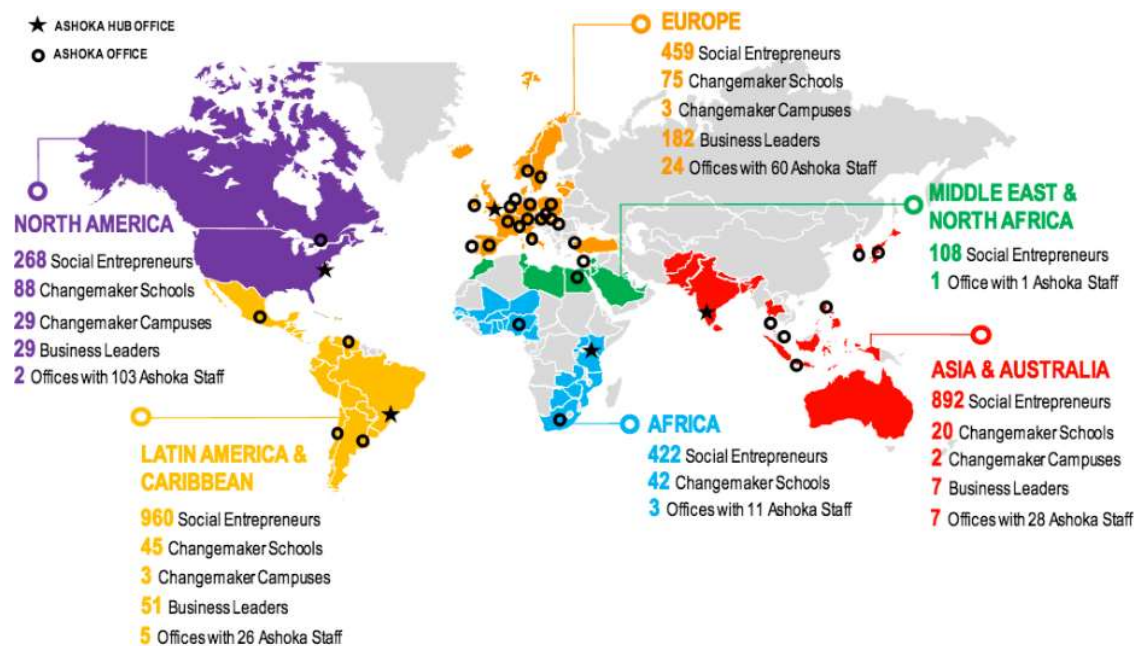


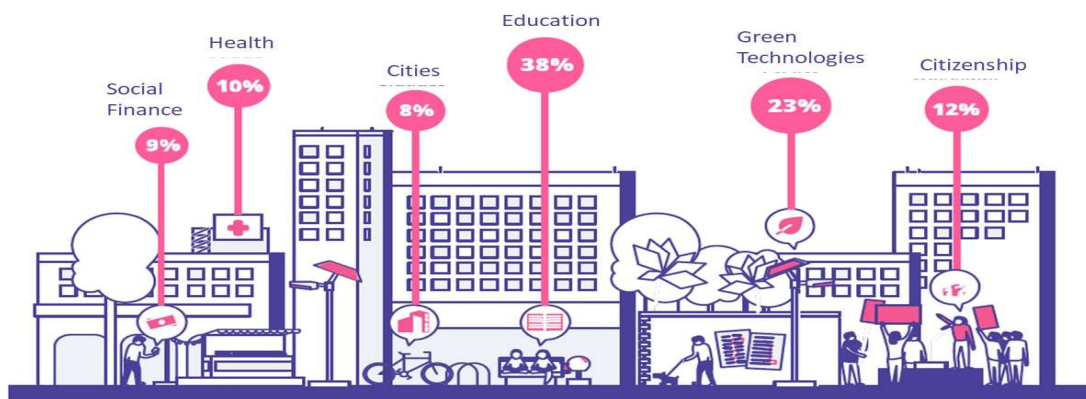
Figure 4- Ashoka's Impact

Source: Ashoka (2018)

Ashoka is committed to helping the world to adapt to a changing era, being responsible for some of the most significant and ongoing social transitions that have taken place in recent decades. It is an initiative that helps to implement changes and innovations in the world system, developing leadership to create business and jobs to communities in need. Through their acting, entrepreneurs accelerate the process of progress, empower disadvantaged individuals, and inspire other actors to engage in a common cause, changing the standards of the whole society. Conceptually, Ashoka understands that social enterprises confront social issues through new ideas, with partnerships, ambition, resilience and bold strategies aiming at systemic transformations. The social actors must constantly ask themselves how to manage their enterprises without lose sight of their social missions, bringing responses that ensure impact and meet social challenges (Ashoka, 2018).

### 2.3.3 *Pipe Social*

The Pipe Social is an impact business showcase that has arisen with the desire to match entrepreneurs and enhancers for the success of their business. They act by mapping and recruiting businesses in six verticals of impact: health, education, green technologies, cities, citizenship, and social finance. Pipe conducts annual surveys to analyze problems, reflections, and opportunities for actions that foster the strengthening and maturity of their ecosystem (Pipe, 2018). Figure 5 shows the representation of each area in their last survey. However, it should be noticed, that many enterprises point to more than one area of impact.



**Figure 5- Pipe impact areas**

Source: Pipe (2018)

Their analyses aim to quantify the profile of each business and its founders. It encompasses regional distribution, working teams, the gender of the founders, impact areas, revenues, commitment to the mission of the enterprise, investments received, urgent demands, and business model.

### 2.3.4 *Aspen Network of Development Entrepreneurs*

In this segment, the Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations which provides financial and educational support to enterprises in emerging markets. It was founded in the United States in 2009. According to its website, ANDE has already 280 members and eight offices working in more than 150 countries. To propel entrepreneurship in emerging markets, this organization provides



partnerships, specialized knowledge, and national and international connections to its members, which include foundations, universities, accelerators, incubators, for and nonprofit investment funds, government agencies, capacity development providers, and corporations from around the world (ANDE, 2018).

ANDE has the conviction that Small and Growing Businesses (SGB's) have the potential to create jobs, stimulate long-term economic growth, produce environmental and social benefits, lift countries out of poverty, and are engines of growth which address critical challenges. To seize new opportunities, ANDE acts through collective action and assessment of the entrepreneurial ecosystem, understanding which resources are currently available and which are missing. The mapping efforts enable the identification of potential challenges, new businesses options, and market gaps.

### ***2.3.5 Instituto de Cidadania Empresarial***

The Institute of Corporate Citizenship (Instituto de Cidadania Empresarial - ICE) was founded in 1999 in Sao Paulo, Brazil, with the purpose of bringing together entrepreneurs and investors that could help the improvement of social innovations and, at the same time, leverage their personal, corporate, and philanthropic investments. It delivers significant improvements in low-income communities, contributing to the advancement of the social field. The Institute seeks to articulate transformational leaders and promote innovative solutions to generate positive and lasting social impact, helping to reduce poverty and social inequality. In a country like Brazil, with inequality and precariousness in areas such as health, education, housing, and financial services, impact businesses can play a relevant role in the path to social transformation (ICE, 2019).

An impact business must follow a few principles to receive ICE support: a) having the purpose of solving a socio-environmental issue, b) monitoring and reporting periodically the impact achieved, c) generating revenue, and d) having governance that considers all stakeholders (investors, customers, and the community). For a more significant resource mobilization, impact businesses can take on different legal formats: membership, foundations, cooperatives, or companies.



**Figure 6 - Basic Composition of the Social Finance Ecosystem**

Source: Adapted from Charter of Principles for Business Impact in Brazil (2015)

According to the Charter of Principles for Business Impact in Brazil (2015), social finance emerges as an effective option to expand capital available for impact businesses, as it fills the gap left by traditional sources of funding such as government, international agencies, private social investment, and philanthropy. Currently, ICE has defined social finance and impact business as the main focal points of its strategic planning, and it has a goal to reach R\$ 50 billion allocated in social finance by 2020.

### 2.3.6 *Schusterman Foundation*

The Charles and Lynn Schusterman Family Foundation is a global NGO that seeks to instigate individuals to create positive change. Since 1987, this organization is committed to encouraging progress through extensive ideas, research, and arduous work, while supporting those who share their commitment to building a better world, advocating for inclusion, equality, diversity, and greater educational opportunities. The Foundation is a multi-office, global network of initiatives and entities, and it has offices in Tulsa, Washington, Atlanta, San Francisco, and Jerusalem. It supports young people and organizations to rebuild the world, delivering profound impact to their focal areas, and ensuring the safety of the most vulnerable. Their mission is to work collaboratively with others to operate high-quality education, identity development, leadership training, and service programs designed to help citizens to cultivate their growth as individuals and as leaders (Schusterman, 2018).

The Foundation offers 12 distinct journeys, in Israel, each one with its unique focus but all targeting at repairing the world. These journeys are crafted to provide a platform for new ideas, understandings, and connections that can be shared amongst diverse networks worldwide. The participants become part of a global network of changemakers armed with the mission to take what they have learned in Israel and make a lasting difference in their communities. The journeys are divided in the following spheres:

- Storytellers: for leading content creators who drive conversations, expose truths and shape opinions, this journey brings award-winning authors, writers, publicists, producers, filmmakers and other artistic leaders to develop their own storytelling;
- Travel: for trailblazers in the travel and hospitality industries, entrepreneurs, experience designers, resort developers and content creators, to experience the rhythms of local life and discover moments of cultural immersion that push boundaries of growth;
- Women under 30: to connect, learn and draw inspiration for Forbes Under 30 women attending the Forbes Global Summit in Israel;
- Sports and wellness: for prominent athletes, managers, health and fitness experts, sports entrepreneurs and media figures are invited to tap into the physical, mental and spiritual complexity of Israel;
- Tech: for groundbreaking entrepreneurs, innovators and thought leaders, to harness the inspirational power of the Start-Up Nation's vibrant technology to foster social transformations;
- Adelante: for innovators from the Latin American community, and those who are interested in exploring and experiencing the commonalities between Israel and the Americas;
- Revolve: designed specifically for current and former Teach for America corps members and Teach for All partner organization participants, this journey brings teachers, school and district leaders, policymakers, advocacy leaders and social entrepreneurs;
- Design: for product managers, organizational consultants, visual designers, engineers, architects and other interdisciplinary scholars who approach problem solving with design thinking;

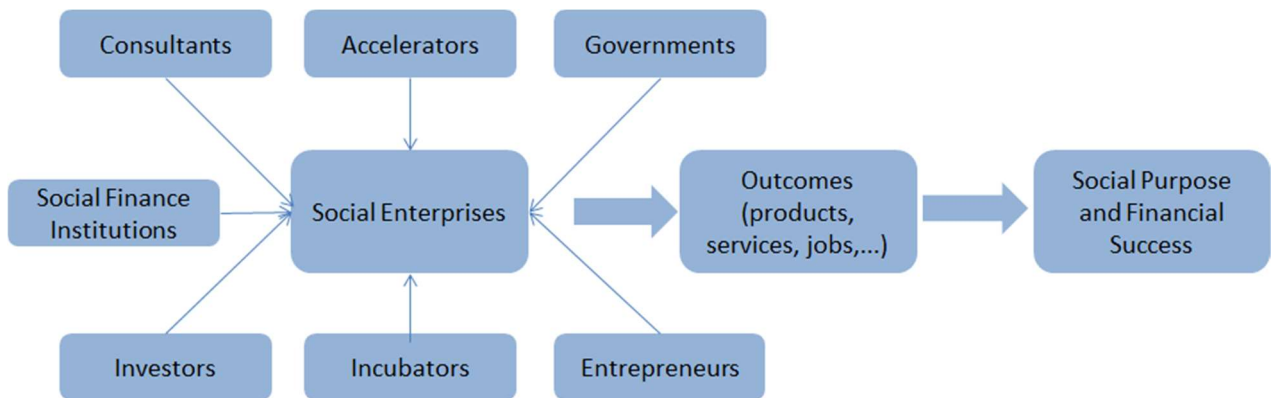
- Venture: designed for frontrunners in the financial field to dive deep into the unparalleled innovation, inspirational growth and entrepreneurial spirit as well as to explore ways to channel cutting-edge thinking into positive social change;
- Music: it brings together songwriters, producers, executives, media figures and content creators to embrace the unifying power of melody and experience the beats of Israeli life;
- Impact: this journey gathers education entrepreneurs, criminal justice reformers, civic engagers, advocates for vulnerable communities and other champions of social good to draw inspiration from Israel's culture of innovation and channel that energy to repair the world;
- Taste: it gathers acclaimed chefs, food and beverage entrepreneurs, media figures, food justice activists, content creators and photographers to connect with Israel's diverse and eclectic culinary traditions, delight their taste buds and let their food imaginations run wild.

The author of this dissertation was selected to be part of the Reality Social Impact Experience, a program of transformative leadership development for prestigious scholarship students, social entrepreneurs, impact investors, international exponents, education reform leaders, public policy professionals and other influencers in social good areas. For eight days, the participants attended several workshops and leadership activities which encouraged and challenged them to provide, with the necessary motivation and tools, what they need to make an even greater positive impact on today's most pressing civic, social, and humanitarian problems.

This journey connected the participants with Israeli leaders in the social good space and explored the country's complex contemporary environment while challenging them to think differently about their roles as changemakers in a global context. It is also a source of ideas and actions to progress in distinct social areas, exploring the participants' leadership capacities. Attendants learned how Israeli society devises innovative solutions to deal with multi-dimensional social and economic challenges. They also explored their personal growth and professional development with a group of fellow leaders, while gaining a deeper understanding of the social, political, and cultural forces that shape the country, and the complexities of the region where Israel is inserted in.

### 2.3.7 Map of the Ecosystems

In order to meet the first specific objective of this research, it was possible to build a framework of the main actors involved in this environment. Based on the theoretical review and ecosystems already mapped by the organizations presented, the following figure was developed.



**Figure 7 - Ecosystem of Social Enterprises**

Source: elaborated by the author

The figure 7 was created to guide the research and demonstrate who are the main actors involved in the environment of this type of businesses. The frame enable to identify these agents and look for respondents for the interviews. The term used for social enterprises encompass the many types of businesses already discussed in the literature review.

### **3. METHODS**

To achieve the objectives proposed, this research had an exploratory qualitative approach. The qualitative method was selected as the study intends to analyze and interpret deeper aspects and complexities of human behavior. It provides a detailed analysis of people's lives, experiences, emotions, and motivations, which the researcher interpreted, shaped by personal experiences and backgrounds. The process was mostly inductive, as the meaning was created from the data collected in the field, and open-ended questions that let the participants express their views (Creswell, 2002). The exploratory research was chosen because it enables researchers to understand a phenomenon with a limited investigation, leading to the identification of categories and the generation of hypotheses for later studies (Yin, 2015).

The field of social enterprises is under construction, and it is based on several concepts that deal with a complex and challenging environment. Therefore, this study did not start from a structured ecosystem, but from many others already mapped. The researcher framed it in a specific reality, by looking for backgrounds and knowledge from numerous actors engaged in distinct models and structures, and by raising information and awareness about the problems that exist, the opinions presented, and the collective interest.

After analyzing the ecosystems, the researcher was able to highlight the perceptions that were pertinent to approach the object of this study, and to describe the roles that comprise the various arrangements that may occur, developing knowledge through a process of collective construction by the group of interviewees and the rest of the data collected (Comini et al., 2012; Triviños, 2001). Drawn on the construction of a theoretical ecosystem and the analysis of secondary data on the studied phenomenon, a primary data research was carried out. A script for a semi-structured interview with a sample composed of 29 individuals was applied. In the following pages, the methodological steps will be described as well as the techniques of data collection, the definition of the interviewees, the structure of the questionnaire, and the data analyses.

#### **3.1 Data Collection**

To obtain knowledge on this subject, and to better formulate the problem, secondary data was collected through research, from written and electronic means, such as information from newspapers, previously theses, ANDE's reports and studies from Stanford Social

Innovation Review, among others, were also gathered. They offer a preliminary perspective of the sector. This documental investigation also made it possible to understand the analyzed ecosystems better, and to identify the actors to be interviewed.

The primary data was collected from interviews with participants and organizers of the Reality Experience in Israel. After that, distinct actors involved in the social sphere in Brazil were also interviewed. As noticed by Gil (2002), interviews are a fundamental technique of qualitative research, with the advantage that there is a chance that the meaning of the questions can be clarified during the process, and that it is even possible to obtain additional data, something that could not be identified through questionnaires or forms. By using interviews, the researcher was able to understand the meanings that respondents attributed to issues and situations in contexts that were not previously structured from assumptions and collected data. The interviews, together with the archival data, enable a better understanding of the dynamics of their contexts and the heterogeneity of actors involved in businesses with social impact.

The interviews had a semi-structured format. It was chosen to have a set of questions and then allow the interviewee to talk about issues that could arise from the main theme, exploring their own stories but always guided by the list of points of interest that convert with the subjects of this study. For this purpose, the participants were categorized according to their roles in the social sphere (NGOs, entrepreneurs, consultants, social finance institutions, governments, investors, accelerators, and CSR), and three different guides of interviews were created, with questions adapted accordingly to their occupation or previous experience. All interviews lasted from fifteen to thirty-five minutes. The meetings with Brazilian agents were held in Portuguese, and the ones with international agents were in English. The researcher made a brief presentation about the study and its general data, and gave information about the interview, its estimated duration, and the recording with an electronic device, to ensure more reliability at the moment of reproduction, and in the analysis of responses. After the consent of the respondents, the interviews started. All the presential interviews were recorded, totaling twenty-two out of the twenty-nine.

Prior to the application of questionnaires with participants in Israel, a pre-test was done to check the run time and applicability of the questions. After minor changes, the questionnaire proved to be comprehensible. The pre-test was done with the manager of a social business accelerator, located in São Paulo, who was selected because of his role as a link among entrepreneurs and investors, and someone who may understand the ecosystem as a whole. The interview was twenty-five minutes long, in Portuguese, and was conducted via

Skype, after an exchange of e-mails and explanation of the research. Subsequently, the questions and the protocol were reviewed and reformulated to obtain data aligned with the proposed objectives and avoid inconsistencies or ambiguities of the questions. The script applied in the pre-test is attached in Appendix A, and the final version applied with adjustments is in Appendix B.

To increase the reliability of the information, a protocol was adopted to assist the conduction of the interviews. However, new questions were introduced when deemed necessary. In that sense, Yin (2015) explains that a protocol should comprehend the following steps:

- a) Project overview: introduce the relevant literature, purposes, and scenario of the study;
- b) Field procedures: present the general information on the procedures that will be developed;
- c) Settlement of the questions: the information to be collected and its sources;
- d) Guide for the preparation of the report: the report is often prepared in parallel with the data collection.

The interview protocol was based on the following points: particularities of the businesses in which the actors are involved; identification of the main actors in each ecosystem described; understanding of networks, relationships and other factors that may stimulate the interaction and alignment between these actors.

The data collection was complemented employing participant observation, which is characterized by the involvement and identification of the researcher with the people investigated (Gil, 2002). The technique was applied while direct contact with the phenomenon, obtaining information about the reality of the social actors in their contexts. As the researcher has influence in the group and is also influenced by personal reasons, the literature deliberates that the investigator must maintain the objectivity in this type of data collection, therefore limiting the observation to a picture of the studied ecosystem.

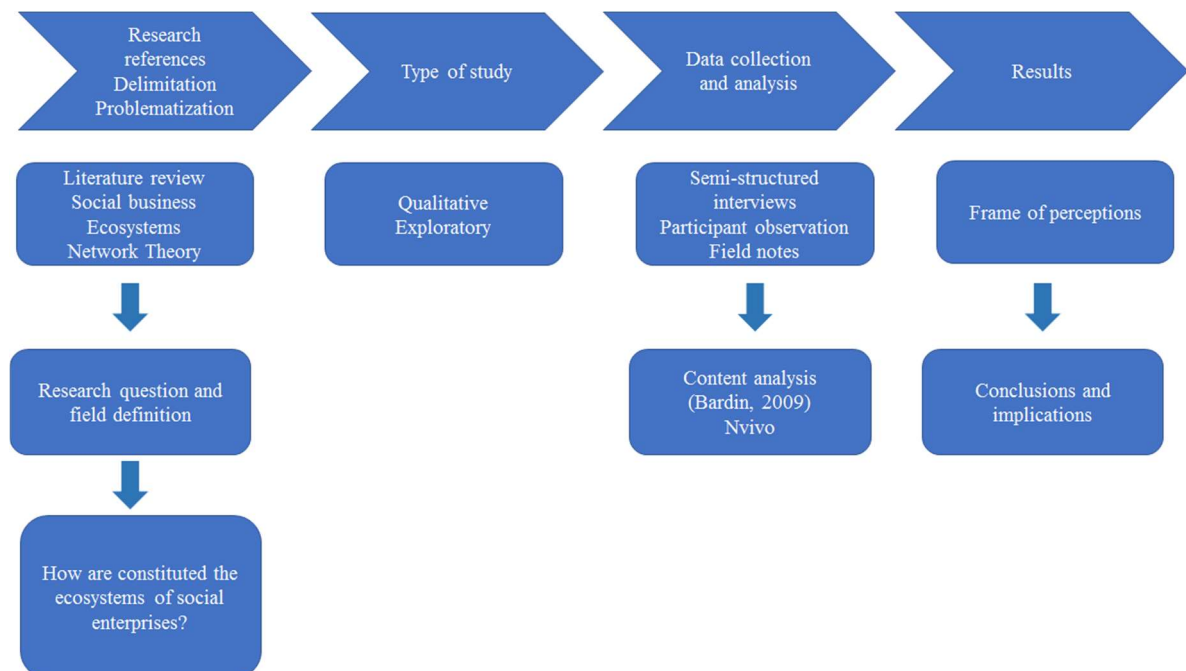
The researcher documented the interviews and the observation process employing field notes (attached in Appendix C), containing information and details of the experience (Lofland & Lofland, 1984). These notes represent the first spontaneous searches of meanings and serve to delineate the behavior of the researcher as an observer using the written description of the manifestations perceived, the circumstances considered necessary to record, and the reflections that arose in the face of the observation of the phenomena. The reflections



may refer to processes that need to be further elaborated or aspects that require more information (Triviños, 2001). Whenever possible, field diaries were written after the interviews or during the contacts with the actors. These documents were used to crosscheck notes and avoid the imminent lack of accuracy, as they are composed of impressions of the events, speeches, materials, and other essential elements to analyze the practices. The notes are the author's personal opinions and intend to show the feelings, values, world views, and other issues highlighted by the participants. They allowed the researcher not only to describe and analyze the phenomena studied but also to complement it and to understand the actors' profiles and attitudes while interacting.

### 3.2 Research Design

The figure below represents the research design, specifying the sequence in which it was developed, and the activities performed in each phase to obtain the answers to the proposed problem.



**Figure 8 – Research Design**

Source: elaborated by the author

### 3.3 Interviews

The selection of a sample to be studied delimits the horizon of cases, people, and objects to a manageable option (Flick, 2009). Therefore, the research population should represent a set with at least one characteristic in common. Its definition consists in specify people, things or phenomena enumerating their common particularities (Marconi & Lakatos, 2001). After the search about the actors that represented the analyzed ecosystems, the researcher went to the field to do the interviews.

The first part of the interviews happened in Israel, with the group of participants from the Reality Impact Experience journey. There were forty-six individuals from around the globe engaged in different areas of business with social impact. At least two individuals from each type of businesses were interviewed. Before the selection of the interviewees, all the participants were studied; the sources of information were their materials sent to Schusterman Foundation, their websites, LinkedIn and Facebook pages, magazine articles and information available in the internet. The selection of which participant to interview was based on the type of business and previous experience they have, their willingness to participate in the research and their availability. The researcher chose twenty-two of them to be part of this study. The questionnaire was applied according to the category of their roles and activities related to social business. The answers were recorded for later transcription.

After gathering the data in Israel, the author went after other actors involved in businesses with social impact that were not represented in the collected sample. The process was conducted either personally or via Skype, from April 2018 to January 2019, after a first introduction by email or telephone, and a description of the research. Seven interviews were done with Brazilian agents. They were chosen carefully according to their working activities related to social enterprises and their roles in the Brazilian social impact ecosystem. These individuals were selected to complement the study with their points of view and to bring their perspectives of the efforts to improve lives, strengthen communities and reduce inequalities.

All interviews were carried out by the researcher, preserving the reliability and avoiding different approaches. The names of the interviewed were omitted to protect individual privacy. Their statements were identified by their roles to show differences in the reflections and perceptions about the analyzed ecosystems. After the identification of the key actors in the ecosystem, the interviews were applied to understand their opinions, challenges and motivations, to achieve the other specific objectives of this study. The interviews were

essential to provide the actors' own understanding of the environment that they are inserted in.

The following pages demonstrate relevant information on the work and previous activities done by the actors interviewed in this dissertation. The table 2 shows the location and sector of interest of the interviewees and the means used for each interrogation.

Table 2 - Categories of actors

	<b>Role in the ecosystem</b>	<b>City/Country</b>	<b>Sector</b>	<b>Contact</b>
NGO1	NGOs	New York, USA	Immigrants	Presential
NGO2	NGOs	Miami, USA	Public Health	Presential
NGO3	NGOs	Mariana, Porto Rico	Assistance in disasters	Presential
NGO4	NGOs	Porto Alegre, Brazil	Women empowerment	Presential
NGO5	NGOs	Porto Alegre, Brazil	Women empowerment	Telephone
ENT1	Entrepreneurs	San Francisco, USA	Housing	Presential
ENT2	Entrepreneurs	Buenos Aires, Argentina	Education	Presential
ENT3	Entrepreneurs	San Francisco, USA	Low income inclusion	Presential
ENT4	Entrepreneurs	New Delhi, India	Low income inclusion	Presential
ENT5	Entrepreneurs	Porto Alegre, Brazil	Environmental	Telephone
CON1	Consultants	Spartanburg, USA	All sectors	Presential
CON2	Consultants	Los Angeles, USA	All sectors	Presential
CON3	Consultants	San Francisco, USA	Technology	Presential
CON4	Consultants	Washington, USA	Microfinance	Presential
SFI1	Social Finance Institutions	New York, USA	Microfinance	Presential
SFI2	Social Finance Institutions	Washington, USA	Ecosystem development	Presential

SFI3	Social Finance Institutions	São Paulo, Brazil	All sectors	Telephone
SFI4	Social Finance Institutions	São Paulo, Brazil	Environmental	Telephone
GOV1	Government	Los Angeles, USA	Education	Presential
GOV2	Government	Boston, USA	Transparency laws	Presential
GOV3	Government	Canberra, Australia	Assistance in disasters	Presential
INV1	Investors	London, UK	All sectors	Presential
INV2	Investors	Atlanta, USA	All sectors	Presential
INV3	Investors	London, UK	All sectors	Presential
CSR1	CSR	Los Angeles, USA	Poverty	Presential
CSR2	CSR	New York, USA	Low income inclusion	Presential
CSR3	CSR	Boston, USA	Social inclusion and diversity	Presential
ACC1	Accelerator	São Paulo, Brazil	All sectors	Skype
ACC2	Accelerator	Rio de Janeiro, Brazil	Low income inclusion	Telephone

Source: elaborated by the author

### 3.3.1 NGOs

There are five representatives of this category participating in the research. One of them is a senior staff attorney at the Immigrant Defense Project in New York City, and she advises and trains defense attorneys on minimizing the immigration impact for non-citizens in contact with criminal justice and child welfare systems. Another interviewee founded an NGO to set health policies for the entire school district in Miami. The program empowers teens to tackle the health crises of their generation by educating, encouraging, and assisting them in accessing existing community health resources. The third one founded an organization in Puerto Rico, to meet the emerging crisis after hurricane María devastated the Island. It

establishes programs to feed neighbors, building a sense of community, providing open health clinics with medical volunteers, meal delivery, entertainment by local artists, children's workshops, and free Wi-Fi access.

The next interviewee trains women to work in construction activities. She offers courses for women in socioeconomic vulnerability in the south of Brazil, providing them resources to be agents in their communities. The last interviewee founded an organization that hires low-income women from the community. She trains them to produce handmade sewing artifacts and sustainable fashion items.

### ***3.3.2 Entrepreneurs***

The researcher interviewed five entrepreneurs. The first one is the co-founder of a web platform that empowers and informs the rental low-income communities, connecting good renters to good home providers by using landlord reviews, verified tenant information, and real-time available listings. He is also a contributor in the Big Brothers Big Sisters entrepreneurial program. The next interviewee is an Educational Technologist that founded an organization in Argentina whose aim is to motivate, empower, and increase the knowledge and enthusiasm of young women via technology, and by closing the gender gap in technology and entrepreneurship.

The third interviewee was the co-founder of a company dedicated to defeating global poverty by employing artisans in rural Thailand. It helps them inch over the poverty line and create a sustainable middle-class wage. Her work is to create a transformative new model for a 21st-century artisan enterprise. The fourth entrepreneur founded a globally social venture that operates in Bihar whose objective is to radically enhance income levels of rural households by converting unproductive waterlogged wastelands into profitable fish farms. The next entrepreneur works with sustainable agroforestry fabrics in Brazil, hiring low-income community members as suppliers, partners, and employee.

### ***3.3.3 Governments***

The research has three leaders who work with public policies. The first one serves on the boards of the Los Angeles County Young Democrats. He worked in the White House

(Obama's term) with the Domestic Policy Council. He leads and facilitates efforts to rethink and shape the future of Los Angeles's schools, focusing on increasing parent and community engagement.

The second interview of this group was with a Boston attorney who promotes government transparency and accountability, investigating citizen and media complaints against the state, the county, and municipal public bodies. He is the Director of the Division of Open Government, responsible for enforcing the Commonwealth's government transparency laws. The third agent is a public policy professional – a lawyer with experience across governmental, intergovernmental and community sectors. He is also a board member of Oxfam Australia, one of the country's largest international development organization, that helps to mobilize the power of people against poverty.

#### ***3.3.4 Investors***

One of the investors focuses on shaping social innovation and investment strategy with fund managers, corporations, policymakers, and entrepreneurs. The next investor is the co-founder of a community which convenes the world's most influential people – entrepreneurs, family offices, athletes, investors, next-generation leaders and creators – to scale impact by investing in and influencing culture. The last interviewee is the founder of a global charity fund that works with technology entrepreneurs who are committed to donate a small percentage of their personal exit proceeds to high impact social causes.

#### ***3.3.5 Corporate Social Responsibility***

This group comprehends three professionals from distinct areas involved in CSR. The first is a professional who has worked in distinct areas such as communication, public policies, and Corporate Citizenship at Walt Disney Parks. She developed and implemented strategies for philanthropic giving, environmental stewardship, and stakeholder engagement. Another one is a decorated Veteran of the U.S. Army who launched a growth strategy shop that elevates purpose as a platform to challenge the status quo of marketing, helping private companies to maximize their impacts in the world.

The third agent has a multi-cultural agency that focuses on helping corporations and institutions to increase the effectiveness in their diversity and inclusion efforts, integrating it into their strategy, leadership, and corporate culture.

### ***3.3.6 Accelerators***

The first interviewee works in São Paulo in the promotion and dissemination of impact businesses. His performance boosts business with innovative solutions to improve the lives of thousands of low-income Brazilians. The next actor works in São Paulo, supporting entrepreneurs and their businesses in different stages. Its focus is to generate impact to scale by monitoring and developing disruptive and social businesses.

### ***3.3.7 Social Finance Institutions***

Four individuals represented social finance institutions. The first one works in global projects in inclusive finance at the World Economic Forum. The next agent advises the United Nations and governments in matters related to social investments, leveraging entrepreneurship, creating jobs, increasing tax payments, building intentional communities and smart cities. The next interviewee works in an institute that brings together investors around social innovations in Brazil. Its action targets the mobilization of resources, and the articulation of investors and entrepreneurs for initiatives with measurable positive social impact, and financial sustainability. The last interviewee works with financial products of socio-environmental impact, moving financial and social capital to foster the sustainable development of the planet.

### ***3.3.8 Consultants***

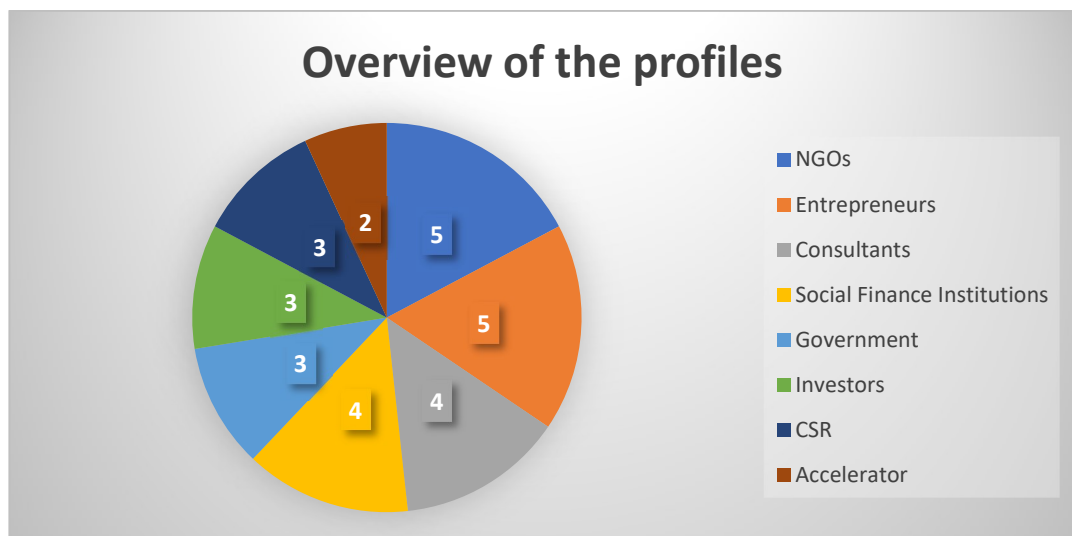
These group of agents consisted of four interviewees. The first is the founder of a company that works to elevate brands, organizations, and individuals through storytelling. The second agent is a project manager that supports the nonprofit sector, empowering innovative businesses, and nonprofit leaders to address social, economic, and environmental

issues. She collaborates with large corporations to positively impact employees, communities, and industries.

The next is a writer who investigates how technology is shaping education, politics, Generation Y, social good, and the media industry. The last one works as a consultant to governments and develops and implements programs that advance the rights of working families. He was also a consultant on social programs for the re-election of President Barack Obama.

### 3.4 Overview of the profiles

Each of these agents interacts in their ambiances, and they are all members of a larger social business ecosystem. This exploratory investigation selected respondents willing to cover the perspectives of the main stakeholders that could represent the general purpose of this study.



**Figure 9 – Overview of the profiles**

Source: elaborated by the author

### 3.5 Data Analyses

After the data collection, the audios were initially transcribed in text documents and categorized in the software NVivo (version 11). The data was treated to shed light on the



previously mentioned research objectives and then analyzed with the technique of content analysis. According to Bardin (2009), this technique consists in a set of communication analysis that, through systematic and objective procedures, intends to obtain indicators (quantitative or not) that enable inferences about the conditions of messages replicable to its social context. This process was implemented in three stages:

1. Pre-analysis: choice of documents, formulation of hypotheses, systematization of initial ideas and preparation of material;
2. Exploration of material: choice of units, enumeration, and classification;
3. Treatment of the collected data: inference and interpretation of data through reflexive and critical analysis.

The second step consisted in the categorization of the elements to organize and reduce the gathered material. Firstly, the common aspects of the elements were identified and, secondly, those were brought together under generic titles and expressions to represent them, focusing on the research objectives. Information was first isolated and then grouped into categories, considering the following characteristics: mutually exclusive, homogeneity, relevance, objectivity, fidelity, and productivity. This stage aims to provide a simplified representation of the raw data and the creation of content analysis nodes (Caregnato & Mutti, 2006). Afterward, a word frequency query was created. From the initial result, some words were excluded so that the cloud was focused on nouns that represented the meaning of the answers.

The next stage was to triangulate the pieces of evidence. The diversity of sources of evidence and the triangulation of data made it possible to assume different perspectives on the same questions, bringing reliability to the research. Reviewing the interviews and the observations pointed in the field diary, two factors were analyzed: if the variables found in the literature were present in the ecosystems of social businesses, and how to influence and stimulate the interaction among the actors.

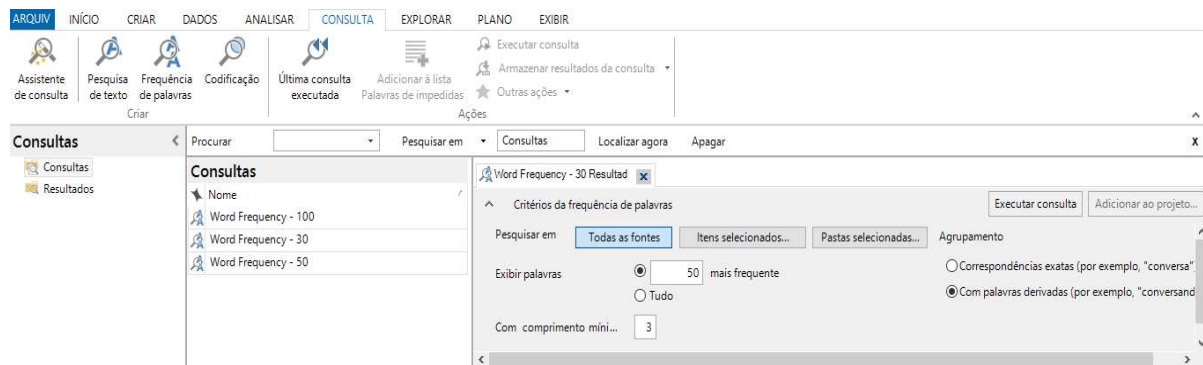
Finally, data was interpreted as a whole to bring about conclusions to the research objectives. To describe trends, identify characteristics, compare messages, and construct patterns between the actors, the content analysis sought the essence of the interviews, field journals, and observations on the details of the available information, data, and evidence.

Intending to understand the social businesses environment, the profiles of the interviewees were mapped, and the main issues debated and problematized by them were also presented. For a better understanding of their perceptions, a framework was constructed.

Frames are considered references built collectively by actors for the sharing of common essential notions, that is, a general reference or a shared idea, in its general dimensions. (Cornelissen & Werner, 2014). Benford and Snow (2000) explain that frames are the construction of meaning in groups that enable individuals to make connections through their experiences. To develop such a framework for analysis, it was presented the types of businesses, sectors of interests and the particularities, challenges and priorities that the agents perceived as important in the roles they play.

### 3.6 Content Analyses

In order to improve the analysis of the data, all interviewees' responses were transcribed, tabulated in text documents and then into PDF files. A word frequency query was generated, and, from the initial result, some words were excluded, for example, 'the,' 'and,' 'that,' 'for,' so that nouns were the focus of the cloud. The frequency analysis was chosen to express the correlation of the content addressed by the interviewees. This procedure was repeated by changing the number of keywords, to obtain results with the 100, 50 and 30 most frequent words, as recorded in Figure 10.



**Figure 10 - Filters used for the Cloud of Frequency**

Source: elaborated by the author

The 50 most frequent words were chosen as a parameter for the analyzes, since the option of 30 did not indicate all the meanings brought by the respondents, and the 100 words ended up bringing words with similar meanings. The following illustration shows the results obtained. It can be verified that the most present terms are related to the roles played by the actors, such as entrepreneurs, NGOs, investors, governments, companies, and communities. It

is possible to infer that a considerable part of the interviewees has a great involvement with other agents.



Figure 11 - Word Frequency Cloud

Source: elaborated by the author

The Word Frequency Cloud enable a deeper analysis of the content brought by the actors during the semi-structured interviews. The main actors; ‘community’, ‘NGO’, ‘women’, ‘investors’, ‘entrepreneurs’, and ‘governments’; were constantly mentioned, demonstrating a great involvement among the members in each of their ecosystems. At the same time, references to accelerators and incubators rarely appeared. To complement that, ‘connection’ and ‘involvement’ were also cited many times. It’s possible to observe, in a systemic way, the relations of these words with social and economic inclusion, highlighted by Defourny and Nyssens (2017). The proximity of the social enterprises with the low income community was also showed as they express to ‘help’, ‘develop’ and ‘educate’ the vulnerable ones.

Many of the speeches that have quoted words like ‘optimistic’, ‘better’, ‘culture’ and ‘people’ indicated a possible maturation of the field. Still, in relation to the characterization of

the agents, attention was drawn to the fact that their discourses about changing the world were very close to their own attitudes (to ‘help’, ‘create’, ‘develop’ ...).

Words like ‘inclusion,’ ‘connection,’ ‘education,’ ‘diversity’ and ‘empowerment’ are found repeatedly in the responses, demonstrating means to contribute to the generation of social and economic impact in the community. Verbs like ‘work,’ ‘build,’ ‘give,’ ‘need’ and ‘change’ can also be observed with minor frequency, complementing the sense expressed by the set of words of greater relevance.

Although social businesses have a wide range of options (BoP, inclusive business, social entrepreneurship, hybrid organization, social business, ...), this research indicates a greater proximity to one sector than in another. Noticeable is that, systematically, most of the words in the cloud are related to social and economic inclusion, in a mindset of social enterprises achieving results by the inclusive businesses’ models previous explained in the literature review. Concerning organizations, attention has been drawn to the fact that their speeches often mentioned the words ‘money’ and ‘impact,’ demonstrating how much closer they are to the logic of hybrid companies dealing with the duality of goals than to one of the traditional organizations (Haigh et al., 2015; Holt & Littlewood, 2015).

Subsequently, initial concepts were identified to cluster the information into categories in the software NVivo, version 11, which has as one of its main functionalities the structure the data in nodes for digital information storage and the synchronization of evidence (Johnston, 2006).

Initially, the classification of the material collected in the interviews generated 12 nodes. This first descriptive codification focused on the cross-referencing of the bibliography consulted, the specific objectives established in this study, and the questions applied to the interviewees. After this step, a deep analysis of the individual contents of each of the identified nodes was performed. These guiding nodes were grouped, and then, three main categories were chosen as the axes of the research (landscape, networks, and ecosystems), composed by nine subcategories of analysis.

The choice of which nodes to regroup was made to specify the points that emerged from the interviews, as well as aspects that this research sought to clarify about the ecosystem’s landscape of social enterprises and its main actors. The subcategories were chosen to represent the relevant points that were raised during the investigation, which could bring greater meanings to the propose of this study as shown in the Table 3.

Table 3 - Categories of analysis

<b>Level of analysis</b>	<b>Category</b>	<b>Subcategory</b>	<b>References</b>
Micro	Landscape	Challenges	27
		Opportunities	16
		Reality Experience	22
Meso	Networks	Weak ties	27
		Personal paths	19
Macro	Ecosystem	Main Actors	29
		Low-Income Inclusion	11
		Sectors	29
		Insights	9

Source: elaborated by the author

These main results demonstrated the content of the opinions of the interviewees and the relevant information for the promotion of these ecosystems. Refinements and analyzes of the results are presented in the following chapter. From these categories, it was possible to understand the ecosystems in which the interviewees are inserted in and identify the main elements that enable the promotion these businesses environments, the relationships between agents and engaged organizations and future opportunities and challenges that they may have to face.

## 4. ANALYSIS OF RESULTS

Considering it is an exploratory and qualitative study, triangulations of the collected data were done to complement the understanding of the objectives of this study. The supplementary data used was collected from journals, articles, theses, dissertations, material provided by development agencies and the Schusterman Foundation, and reports from secondary sources.

The proposed investigation intended to understand the elements that foster the development of social enterprises ecosystems. To achieve that, the perceptions of actors and the role of their networks in the promotion of social businesses were also analyzed; therefore, the option of using word frequency in the data exploration phase was made. However, to reach the proposed objectives, it was chosen to present frameworks with the main ideas related. This choice was based on the understanding that few informants could bring relevant information and terms that, although often quoted, would not have much applicability. The guiding nodes (landscape, networks, and ecosystems) and its subcategories were selected according to the main subjects that surface during the interviews and based on the review authors in the literature.

### 4.1 Micro level analysis - Landscape

Regarding micro analysis, three subcategories emerged: challenges, opportunities and Reality Experience. Looking at the challenges perceived by the interviewees, the sample was very diversified, particularly among their functions in the ecosystem. NGOs usually claimed for fundraising, as nowadays their donors are demanding more transparency and governments are reducing the amount of money spend on aids. Another recurring theme that was the struggle by these organizations was to make long term decisions and to motivate voluntaries working with them. Investors saw most of their challenges in the business models that were offered to them and also had many critics about their relations with social entrepreneurs, how to deal with their egos and inefficiencies. One participant explained that initial stages of social enterprises usually have many doubts, as there are no certainties of the impact that will be generated and how to develop initiatives that are not merely local or welfare.

Legislation was a common problem for social actors (specific for the ones who are located in Brazil), who complained about the lack of support from public policies and a precise category to fit enterprises that seek for social and financial outcomes, which are taxed equal as the traditional businesses. One specific participant identified the importance to explain long term goals to people in poverty, and how difficult it is. There are social and cultural factors that influence their lives, and a whole back ground that comes together with the community. Still, the most common sources of conflicts and challenges to be overcome were related to change the mentality and current legislations. To adjust the way society faces social problems and to offer new solutions for the poor is a daily problem for most of these actors. A new mindset needs to emerge, showing the value of social enterprises to investor, governments, and even to the low income community.

The agents saw opportunities in distinct areas of the social sphere. Since employee engagement programs, virtual reality for medical treatments, hackathons that connect people with disabilities to manufacturers, projects that contribute to sustainable development goals (SDGs); developers of GPS for accompanying young people with autism and restaurants for the training and employment of at-risk youth. All with the responsibility to repair the world. Regarding entrepreneurs, most of them never thought about social impact or to be entrepreneurs, but they saw businesses alternatives and decided to take the risks. A few participants said that they just realized that simple solutions to social problems could have a tremendous impact.

As agents of change, they work on promoting options to improve the community around them and to change some of the narratives in the world. They understand social problems as opportunities to develop new businesses and to get involved. Apparently, most of the participants demonstrated predispositions to expand their capacities. They express their preoccupations to work only in specific assignments and to learn where they could be more effective, not doing all that they are able to, but empowering others to help them.

The Reality Experience was chosen as a subcategory as it was a current topic during most of the interviews. Many of the agents formerly knew a few of other participants; even living in different regions of the world (USA, Australia, India, England, Puerto Rico ...). These leaders had already interacted with each other in courses, lectures, and events related to social affairs, and still see each other periodically afterward. The course is done in a country known for being a start-up nation, which has long addressed the impact of its endeavors, revolutionizing the business world beyond profit and individual success, thinking about people and ecosystems, and common and sustainable value added. It explores the

complexities of geopolitics, race, language, religion, and culture of the region. The involvement of this changemakers in a place like Israel was a firsthand revelation about what it means to have a positive impact in the world, and how to act with meaning and purpose, working in teams and resolving challenges to learn other ways to lead. The actors developed a connection with the other participants, which, along with their desires to build a better world, is not lost even with the physical distance after returning to their homes, as they plan to work together to develop opportunities to build an inclusive society in the communities around them.

#### 4.2 Meso level analysis - Networks

In their reports, six respondents described growing up in environments with a profound awareness of social issues. Other five agents explained that they had had contact with the matter in college or by close friends. The rest of them had had no previous connections with this field until they reach adulthood. Although each actor has a distinct trajectory, all of them stated to have a tipping point that made them get involved in their ecosystems. The table below presents some testimonies of their early relationships with the environment and personal journeys:

Table 4 – First contact with the ecosystem

Actor	First step in the ecosystem
Government	“I was raised to change realities, to help people, to volunteer, to get involved with other children, and it was very important for me. If you don’t have the other, you don’t have yourself.”
NGO	“We were stuck in the mountains after the hurricane. No one was coming with aid and that’s when we had to do something.”
CSR	“I, actually, applied for a different job, and they thought I could be better at this.”
Social Finance	“My parents were always connected with voluntary work in the community. They always had the belief helping people.”
Consultant	“When I quit my job, I decided to work with nonprofits and my first client came recommended by my college professor. She saw my LinkedIn and reached out to me ...”



Entrepreneur	“I was back after finishing college and I didn’t know that I wanted to be an entrepreneur but with all the problems I saw, I wanted to do something about it but how I was going to do it I didn’t know.”
Investor	“I decided to give some money to the world. And I found it very frustrating. It was so difficult, I felt uncomfortable in giving it, so I decided not to give, because I thought that I was wasting my money.”

Source: elaborated by the author

To achieve the second specific objective, it was identified the networks and relationships developed by the analyzed individuals. It was possible to understand that everyone’s weak ties reflected on countless benefits, such as financial resources, cultural support, alliances, and new business models. Regardless of the country, individuals who work in consultancies and CSR, and deal directly with poverty and inclusion have evinced the development of strong bonds with the community, referring to them as “family”. They express their concern to do businesses with individuals that they don’t know previously.

People working in NGOs also stated to have close relationships with the community and schools that they interact with. Opposite to this, results-oriented investors and entrepreneurs have often shown that, despite wanting to help the world, they are not willing to let go of their profitability. They stated to have distant purely professional ties with their contacts. Apart from their opinions, all of them admitted the importance of having contacts to improve their ecosystems, proactively looking to meet new people, and engaged organizations that converged with their objectives. This continuous network of interactions shaped their ecosystems, as it possible to see in the lines bellow:

.. it was exponential growth; from one person to whom I talked, who introduced me to other three, and that went on to a global network of investors, with 1300 pledgers in 13 countries. But at a certain point I identified people that I thought were nodes in the networks in the entrepreneur ecosystem; I would target them amid the people that had already joined. I would ask “does anyone know this person?” and then I would get to that node, which would open another network of people to join...

(INV3)

As the answers were analyzed, it was noticed that only one actor had said to have built his networks alone, without the support of relatives, friends, or colleagues. He had a very specific trajectory in the army and saw his life as a journey on his own, giving credits to his

achievements solely to himself. Despite that, this research indicates the importance that relationships, weak or strong, had in the development of everyone's occupations.

### 4.3 Macro level analysis - Ecosystem

The macro level analysis had four subcategories: main actors, low-income inclusion, sectors and insights. The stakeholders of each ecosystem of the analyzed actors varied widely from global funds to local governments, but the main actors identified in the responses were: entrepreneurs, investors, NGOs, governments, and the assisted community. This study analyzed individuals engaged in distinct activities, all of them targeting on solving problems affecting humankind. They embrace a range of causes and sectors, e.g., humanitarian assistance in disasters, the democratization of financial services in Africa, fish farmers in India, women education in Argentina, and environmental protection in Brazil.

It was observed that neither investors nor accelerators work at specific impact niches. Their lines invariably explained that they analyze the offered solutions and not the sector. They stated that the important thing was to have a gap and an option to explore it. It does not matter if it is a big or small company; they measure the impact and set the goals. However, a question remains: how to get people and companies involved in these ecosystems? Here are two of the answers received:

It's not about a sector, but all you can do to help the others. Even a tobacco company, which is good at drug delivery, could use its power in business to do something... to deliver pharmacy drugs to people, in countries where they need them. (INV1)

Among the interviewees, one third of them work directly with low-income communities and collaborate as partners, suppliers, consumers or employees; all focused in inclusion and empowerment. Their business models were very similar to the ones described previously in the review of the literature, depending on market-based strategies to raise the necessary funds to create social value (Portocarrero & Delgado, 2010).

All agents seek to create a more inclusive society, but their means to do that may come from different methods. Some of them believe in the power of young people to propagate new opportunities; others, seek to remodel the mindset of commercial entrepreneurs, or through inclusion and diversity in private enterprises. They alternate among the distinct type of social

enterprises found in the literature. Education seems to be a reliable path to achieve the expected growth in our society, whether through programs in private schools, which bring experiences that address diversity, or via empowering needy children to become young professionals prepared for the job market. Moreover, it is important to notice that only four actors named universities as their main interaction fields.

Their insights during the interviews brought rich information to this research. What appeared as a prevalent feeling among respondents, was that they did not believe in the effectiveness of NGOs. They complained that these organizations still have ‘government aid mentality,’ dependent on the state and donors, and that there are better ways to help the vulnerable communities.

At the same time, individuals related to NGOs stated that they were reinventing their business models and mobilizing new forms of leveraging resources to achieve their final outcomes. As previously discussed, entrepreneurs are one of the main players identified in social business ecosystems. At the same time, other agents had restrictions about their roles and impact of their activities.

.. successful entrepreneurs are greedy, determinant, and work crazy hours... But the people we were helping were generally wealthy kids, who feel guilty about their parent's success, and decided that they wanted to do something for the world. And that is awesome, but it does not mean you are going to be good at. And none of them were. Most of our entrepreneurs are not entrepreneurs. They are “good doers”. So, if you cannot help the social-minded to do better commercially, it is better to help the commercial entrepreneurs to be social. Because you are fixing a problem of talent in the social sector. If you make this entrepreneur give his money to philanthropy, eventually they will have the right frame to think about their role in the rest of the world, and in society in a long term. It's a process in which we are doing mind shifts, creating talent in the social sector, so we can build meaningful change. (INV1)

The following table contemplates significant testimonials that exemplifies and concludes the respondents' thoughts concerning key points of their ecosystems. It demonstrates strategic points that may guide the development of these environments in other contexts.

Table 5 – Landscape of the ecosystem

Topic	Landscape
Fundraising	“I didn’t want to create a community of people that were already doing it, I wanted to bring people who wouldn’t stand up and say, "I’m an impact investor". Instead, they would say that they were the founder a company, a CEO, a musician, an athlete ... And then engaged them, aligning their investments to their values.” (INV2)
Power to change	“I want to change education and local economy. You don’t need to go to Silicon Valley. From where you are, with your own technology you can change the world. It’s a different approach to change the mindset and the discrimination... to show the girls that they are the next generation of talented women, it’s not a full-time job it’s a full life job.” (ENT2)
Women	“We put money in the hands of women, they do a great job in breaking the poverty circle for their family, the communities, to educate their children.” (ENT3)
Humanitarian Disaster	“It’s a long-term development effort, we started with food, but it’s not only about giving people food. It’s about asking, "what you can offer? how do you want to contribute?", showing they can be a part of the solution. And then realizing what else we needed at the moment, water to wash our hands, communication to know about our families, energy because we had no refrigeration ...” (NGO3)
Profit	“To have impact you have to be a sustainable and scalable business.” (CSR1)  “I’m a believer that regardless the social project you are in, there must be commercial sustainability... profitability shouldn’t be a conflict but interconnected.” (SF11)
Impact Investors	“At the end of the day, I’m not in the impact space to lose money. The things that I take on, are at least as profitable as what’s in the legacy market and, in general, more so. At the end of the day I’m selling a good investment vehicle.” (SF12)
CSR	“Diversity and inclusion are the last things companies think about. But that’s no longer a choice because it is affecting the bottom line,

	companies are seeing that it costs too much and are having a proactive engagement.” (CSR3)
Low income communities	<p>“How are we going to make gangs stop selling drugs? We need to find something else for them to sell. Everyone wants to have a stable life.” (GOV2)</p> <p>“I remember I would always get some artisans things from my aunts when they traveled and hear sad histories about who made it, so when we founded it (..), I was really excited to make something that could empower those women, teach them to make products with high value and not depend on charity.” (ENT3)</p>
Tendencies	<p>“It is a collaborative ecosystem that today attracts more skilled entrepreneurs than it used to.” (ACC1)</p> <p>“This is a very difficult field. A lot of things don’t go the way that you want. You will need a support system, whenever it gets difficult and you don’t want to do it anymore, they will inspire you again and show you that you are doing something good for the world.” (ENT4)</p> <p>“The development of the field is growing very fast in Brazil. B corp is now the group that most unites and articulates actors.” (SFI4)</p>

Source: elaborated by the author

Most of the agents were sensitive to change the social, political and economic context of their communities. Several of them understood the importance to build a more inclusive culture and the role of foundations and institutions in this achievement. To take people out of their comfort zone can be a challenge but also an opportunity. Their opinions regarding private companies were that they might recognize the value to solve social issues but comparing to the budget that they have, they may not be able to allocate the money in that.

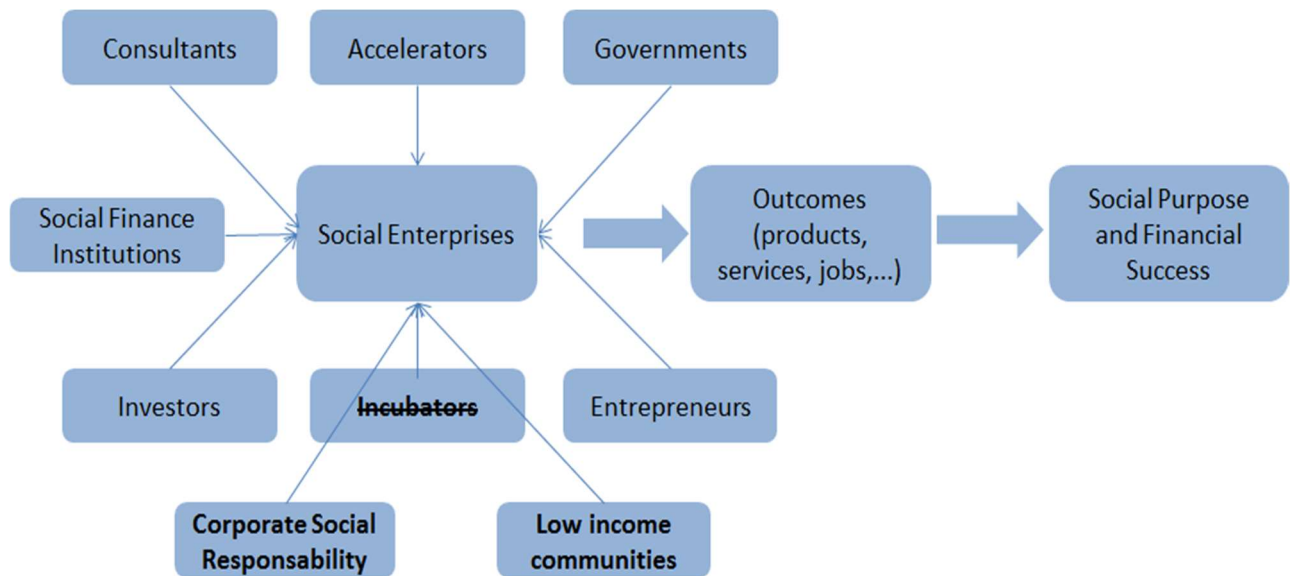
This study looked forward to hearing the various voices in the social business ecosystem. All of them demonstrated optimism about the future of businesses with social impact, and a will to create a society that is more equitable, inclusive and respectful of all people. Collaborations in their spheres were an evidenced way to generate solutions. By

working together, actors can go further in their objectives, learning from each other, improving their business models and proactively sharing goals with others.

#### **4.4 Final structure of social enterprises ecosystems**

After analyzing the collected material, the previously proposed ecosystems framework was reviewed. It was observed that some adjustments could be made, since the agents indicated different perspectives from those obtained initially in this research. None of them mentioned incubators as they were asked about their interactions. At the same time, Corporate Social Responsibility was evidenced in some cases (two interviewees formerly worked in CSR and others had direct contact with this area in private companies), and so was the low income community. The inclusion of the community as a representative agent in the ecosystem has a great importance because without them, most of these enterprises wouldn't exist in the first place. The community may be the target of the organizations or its working force (Prahalad, 2006; Yunus, 2009). They are the ones to have their qualities of life improved and where the impact should be measured.

The diversity of the interviewed actors, with different objectives and proposals, encompasses the macro ecosystem presented. It is important to mention that not all ecosystems of social enterprises will have all the agents described, as this may vary according to their business models. Equally, the found elements in this study may not be present in other ecosystems of other actors. It is believed, however, that their presence makes the business environment more prosperous and the larger the network of individuals and organizations engaged, the greater the chance that these businesses will achieve their financial and social goals.



**Figure 12 - Ecosystem of Social Enterprises**

Source: elaborated by the author

Several elements were identified for the promotion of these environments. Among them, the weak ties, the business and social opportunities stand out. As the theoretical framework has already highlighted, the power of networks is recognized in different spheres of both personal and professional relationships (Granovetter, 1985). As a field still under construction, with new forms of organizations with dual objectives, trust is the basis of many negotiations and agreements. However, what can be conclude from the actors and their studied ecosystems is that they are the result of support and faith from others; people who also look for the achievement of the common good. It is perceived that their will to improve the world unites them with stronger ties than purely commercial ones. Each agent has its values and priorities, but the fact that they are all pursuing common good, creates more long-term connections than market-based, or hierarchical relationships. Their perceptions may differ in terms of how to reach the desired impact, but the reason they are doing it seems to be always present. The attitude of these agents is similar to what Dees (2017) describes as the internal motivation of social entrepreneurs to solve social problems, as agents of change, not afraid of the risks and possible failure in their journeys.

The amount of reports from people who ended up working with this kind of business, incidentally, indicates that even individuals who have never heard of social business, may engage to this increasing area. There is an enormous scope potential in events, lectures, and courses to bring knowledge and capacitation from other areas. As it was already stated, many

of the interviewed formerly knew each other as they had already interacted in social events. These social opportunities have emerged as an element that has brought great involvement of the actors. The social meetings disseminate information about the field and provide sociability among the agents, who are constantly in search of new opportunities. Reunions with other individuals who are likely to transform the world, lead to optimism to organizations and future careers paths. Much of the interviews' content, conducted during the course in Israel, indicated the gratitude of the participants in sharing their stories and learning about other narratives that help to improve society. This idealism and enthusiasm are the key factors to the development of ecosystems, actors and organizations as engines to transform the world into an equalitarian place.

The group was very rich and diverse and brought many insights. The content of their speeches was very solid in relation to the integration of the social and economic goals, through the generation of profit and social value. Although not the focus of this particular study, it was interesting to note that the measurement of impact, how to capture successful case studies and to set goals, were some internal struggles relating to social enterprises potential outcomes. This position points to the same vision as a few authors already mentioned such as Chu (2007) and Thompson and Macmillan (2010). Solving social problems through the inclusion of women in business models was another point worth mentioning in this analysis. The multiple effects of investing in women and girls were ratified in some interviews, aligning with the thinking of Yunus (2009) that they make better use of small loans than men and invest their gains in their families and in the communities that they live.

As was proposed previously in this investigation, countless elements were identified to foster these ecosystems - information and resource sharing, involvement from the participants in the development of their networks, to build partnerships and to take advantage of all opportunities that appear, for example. To make more profound and lasting changes in societies, actors showed to constantly challenge themselves to maximize the positive impact of their operations. Through the use of human and financial resources available to them, they seek to improve lives, strengthen communities and reduce inequality locally and, in many cases, even globally.

Finally, through the increase of these debates, it is noticed that there is a movement of conscious citizens that grows in different economies of the world. As a last element that was observed in the research, business opportunities in stood out as a stimulus for the development of the ecosystems. Every day more business opportunities are emerging,



consumers are becoming more conscious about their roles, investors are getting interest in doing good, and more people is engaged in this movement of social change (Dailey, 2018).

In this context, new businesses models have implications for social enterprises' ecosystems and its strategies. Mission-driven leaders are seen to be playing a predominant position in this new era, with a general orientation towards a multiple bottom line logic and effectiveness to address the opportunities of local communities, especially in the developing world. Alongside leadership, traditional organizations with the capacity to create different forms of impact, are also perceived with immense importance. It seems crucial to understand these interactions and the vast environment to achieve a sustainable growth.

## 5. CONCLUSIONS

The present work endeavored to investigate social enterprises' ecosystems. In several countries, a variety of actors are considered to have the power to act in favor of these markets, removing barriers, creating incentives, facilitating access, disseminating information, and investing in assets. Through the diversity of their operations, they interact and embrace social change.

The theoretical framework provided a deeply understanding of these businesses whose concept is broad and does not yet have a homogenous view; there may be numerous formats for enterprises with social goals. The term is so inclusive that it has an immense scope that can suit any socially beneficial activity. Clearly, there is still much to be learned and understood about it (Martin & Osberg, 2007; Ross, 2018). Much is said about social businesses being scalable and innovative, involving humanitarian organizations, governments, and investors. On the other hand, as it can be observed in this research, well-structured local activities also have an enormous reach in communities as well as the power to impact the lives of many citizens. These actions transcend what has been done by traditional companies and governments and goes beyond simple incentives to good practices. Businesses that reduce poverty and minimize the vulnerability of people in need are a critical and urgent call in society nowadays.

As it was already exposed, not all businesses create revenues, but all pursue social values. Many of them still struggle to find their places between the for-profit and nonprofit sectors. There may be a lot of challenges - legal structure and local governments, measurement of social value and access to capital, for example – that can be overcome in the proper ecosystem. This study investigates how are constituted the environments for these enterprises to prosper. The analyzed individuals were chosen as a sample to represent the plentiful roles played in this sphere. Entrepreneurs, NGOs, investors, and governments were identified as being the main agents in the ecosystem, although each one has its type of donors, shareholders, markets and clients with their particularities.

The existence of these organizations and individuals is seen as essential to give a support network to social enterprises and to help them to solve specific problems that usually appear on the way. They cooperate to ensure that their businesses have access to capital and contacts that they alone cannot. Much of the identified obstacles were common in distinct countries and regions. The reconciliation of divergent stakeholder groups may be a barrier,

but it can also contribute to creating a universe that supports such movements. These environments emerge from the joint actions of individuals, and it is through them that agents can positively impact society. As social enterprises thrive, humanity can take countless advantages and promote positive actions to diverse groups.

That means that leaders, especially in such activities, must continuously challenge themselves to maintain their social mission, in a healthy balance commitment to the effectiveness of their operations. At the same time, it is important to mention, that the development of these ecosystems requires the engagement of all the agents around the social sphere. By understanding the concept of networks, and the possible ties among the individuals and organizations, it is observed that a wide range of informal and unstructured links and processes takes place. The individual's ability to identify and link to suitable networks will have a positive impact in the growth of their enterprises (Granovetter, 1985; Lettice & Parekh, 2010).

To build societies in which social organizations can progress and reach their potential, it demands to challenge cultures, and that is a very difficult achievement. It's a fast-changing environment that arises as a result of interactions with different individuals, operating in the same social system, learning collectively how to flourish (Neumeier, 2012). This field brings new employment opportunities, where each person has an individual value in their networks, but with collective action, they are able to generate significant transformations around the world. Their positive interactions are contagious and help communities to grow. By recognizing the importance of empathy and connection, bridges are built, connecting and co-creating projects that positively impact the communities in which the actors are in.

There are many ways to help the creation of these ecosystems, as it remains a largely unexplored territory with a powerful force for economic growth. All citizens may be players to foster these ecosystems, for instance, by aligning themselves with brands that have a purpose beyond profiting, demanding that organizations pay their staff a living wage or helping NGOs with fundraising. Companies can create shared knowledge, data, and technologies with those who need it to solve pressing global issues. Donors may reevaluate where their money can have the greatest social impact. Governments may establish public policies to stimulate this development. Private companies must ensure that they cover the social costs related to their businesses. Agents must consider what roles they want to play in their societies.

The data collected made it possible to recognize that people engaged in social sectors usually connect themselves beyond the conventional networks, spreading boundaries across

multiple categories. New contacts and alignment of values are required to solve their connections gaps and help them achieve sustainable results; that establishes intentions and commitment to a lasting effect on what surrounds them. There is a great human potential and ability to make a change, developing a true movement of inspired individuals. In an intertwined ecosystem, they have the potential to learn new skills, enhance their roles, make an outsized impact in the causes they support and provide a unique and beneficial endorsement to this sector.

As an academic contribution, it is expected that the protocol used may indicate ways for subsequent studies in this area. Also, as readers learn from diverse perspectives, it may contribute to a deeper sense of responsibility and exchange of information from the actors of the field. This research aims to increase the discussion of the theme and to promote the results to other stakeholders in the field, increasing the levels of research and activity about social enterprises.

### **5.1 Study Implications and Future Research**

The qualitative approach was chosen as a more appropriate way to explore the experiences, behaviors, and visions of the individuals related to the research object. The conclusions presented were based on the judgements of some individuals and may have been impacted by the individual subjectivity of the researcher. Consequently, as an exploratory study, the results were contextual, thus limiting their generalizations. The perceptions obtained are not free from deficiencies, but it is hoped to contribute to the advancement of the field, the clarification of the variables in these ecosystems and to stimulate possible paths for future research. Despite the advances, the interviews of the main actors of social enterprises ecosystems configured a limitation of this research. After analyzing the answers from the agents, it was identified that low-income communities were present in the networks of a considerable number of individuals and were not interviewed.

It is important to highlight the fact that part of this research was done in Israel, and political issues can bias the participants' responses as well as the selection of the profiles of the actors who participated in the Reality Impact Experience. Although the choice of the participants did not have the any ideological tendency, the fact that they were engaged in the social sphere and willing to participate in a course in a region of conflict in the Middle East, may already lead to bias. Another notable thing was that practically all the participants from

USA were Democrats and at least a quarter of them served the Obama administration or was involved in his campaign.

Further researches could be conducted through case studies, in a reapplication of the selected method in specific regions. Other studies could also explore deeper contexts of the social enterprises, addressing the previously chosen categories according to the target impact, such as social finance companies, social inclusion, or girls' education. Besides that, it could also be suggested to incorporate the Stakeholder Theory in the analysis, to conciliate the distinct points of view among the social actors. A quantitative research could adopt the proposed ecosystem and test the performance of the engaged social enterprises according to their categories and elements or in relation to their networks of weak ties.

Nevertheless, this study pledges social actors to continue to work to encourage others, sharing their commitment in their networks of people, initiatives and organizations that seek to repair the world. The inclusion of agents of all ages and capacities broader the reach of communities, creating benefits from a diversity of people, perspectives and approaches as they strive to tackle problems of common concern.

It is expected that the objectives of this dissertation, and the further questions to which it gives rise, will help organizations to understand where their operations can be strengthened, which connections are essential for the promotion of their business and who to seek or join in new business opportunities

As a particularly fruitful research topic and it tries to bring agents a step closer towards consolidating the ecosystems and inspiring others as a means to create social and economic value and as a field of research. By directing greater attention and focus in this area, social enterprises can be even more fertile source of explanation, prediction and delight.

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## **Appendix A - Interview script (before pre-test)**

Presentation if the researcher to the respondent. Explanation that the purpose of the interview is to characterize the ecosystems in distinct types of social businesses, by identifying the key actors, describing their networks and relationships with other players and collecting data from the ecosystems. The expected duration of this interview was approximately twenty minutes.

### **a. General Information:**

- 1) Name:
- 2) Occupation:
- 3) Age:

### **b. Networks**

- 4) Did your networks/reputation play any role in the development of your occupation?
- 5) Did you know your co-workers, investors, employees and business partners previously?

### **c. Ecosystem**

- 6) What kind of barriers and challenges did you have to overcome? (resistance of other social entrepreneurs, clients and market mentality...)
- 7) Who are the main actors in the ecosystem that you work with?
- 8) Did socio-cultural norms, conventions, and beliefs impact (helping or restricting) your ecosystem?

### **d. Specific Topics**

- 9) How are social entrepreneurial opportunities identified and evaluated?
- 10) What kind of market-based initiatives (products, services, programs, or organizations) can create social value in your opinion?
- 11) How can social enterprises be more efficient without moving away from their social mission?
- 12) How can someone converge their aspirations into opportunities?

## **Appendix B - Interview applied**

Presentation to the respondent. Explanation that the purpose of the interview is to characterize the ecosystems in distinct types of social businesses, by identifying the key actors, describing their networks and relationships with other players and collecting data from the ecosystems. The expected duration of this interview was approximately twenty-five minutes and then the researcher asked to record.

### **a. General Information:**

- 1) Name:
- 2) Occupation:
- 3) Age:
- 4) Nationality:
- 5) Services/Activities covered:
- 6) Which sectors of business are you most interested in?

### **b. Networks**

- 7) Did your networks/reputation play any role in the development of your occupation?
- 8) Did you know your co-workers, investors, employees and business partners previously?

### **c. Ecosystem**

- 9) What kind of barriers, challenges and main difficulties did you have to overcome?
- 10) What are the main needs that your business feels?
- 11) Who are the main actors in the ecosystem that you collaborate with?
- 12) How can you describe the demand for your services?

### **d. Representatives of NGOs**

- 13) Does your NGO use external advice or guidance in day-to-day operations?

### **e. Entrepreneurs**

- 14) Do you offer access to products / services to low-income people or do you work in partnerships with them, such as suppliers, employees?

**f. Consultants and investors**

15) What draws your attention to a business with social impact?

16) How is the relationship with Social Businesses? (customers are looking for you or you are looking for them)

## Appendix C – Field journal

Although I had been involved for a while in the environment of social business, it was essential for this research to write a field diary with my impressions during the course. I left Brazil to Israel on April 19, 2018, to join a journey with world leaders and experts in creating social impact, a theme that a year ago was new for me. I was nervous, still perplexed and honored for being chosen to be a part of this adventure. I knew that I was about to live an unforgettable experience. Until then, everything I knew about the Reality Experience was a description of a friend who met someone who had participated and defined it as a life-changing experience. Added to this, I saw the opportunity to collect data with such a relevant group for my ongoing research about social businesses. So, I decided to sign up to participate in the selection process. Until I got to Israel, my contact with the project had been solely through the exchange of emails. As I arrived in Tel Aviv, on April 21, I began a new chapter in my life.

On the days that followed, I asked for a moment alone with all participants, to understand where they came from, how they had gotten there, and if they had already participated in similar courses. The first thing that caught my attention was that many of them formerly knew other participants. The organizers had created a Facebook group, and I had already noticed that people from different regions of the world were talking to one another like longtime friends. That showed me that, although they came from different countries (mostly from the USA, but also Australia, India, England, Puerto Rico, ...), these leaders had already interacted with each other in courses, lectures, and events related to social affairs, and still see each other periodically afterward. I believe I was the only person who did not know any colleague nor had a friend who referred to the course.

For eight days we had uncountable learnings, but I believe that the first one was about the Tikkun Olam concept, which means responsibility to repair the world and is the best definition for the Reality Impact journey. The involvement with changemakers in a place like Israel was a firsthand revelation about what it means to have a positive impact in the world, and how to act with meaning and purpose, working in teams and resolving challenges to learn other ways to lead.

Although we spent most of our time together, visiting businesses, traveling around the country, eating meals, and even sharing rooms, we were separated into groups to work at certain times of the day, so we could discuss and share our experiences and opinions closely. One of the most significant moments for me was when I had to share a personal item with the



group. It was Wednesday night, and we were at Assaf Winery. The activity of sharing a personal object had been happening for a few days. Each time a colleague brought a story, I cried and felt as I was part of that story. However, I was not willing to open myself and expose matters as personal as the ones that were my friends were doing.

That day had been very intense. We had visited a kibbutz and learned about life in these communities. After that, we went to the border with Syria. It started to rain. Some Arabs saw us and called us to enter their houses to protect us from the storm. They brought us sweets, coffee, tea and told us about their lives, the conviviality with the Jewish people, life on the border, with families divided by a fence. We visited areas devastated by the war, and it was a very touching moment.

Still involved by this energy, I took a deep breath and let myself in this adventure, as I realized that I had nothing to lose, sharing my story, my fears, and challenges. It was a great moment for me, and I saw how this journey creates such a strong bond among its participants. By placing ourselves in positions of vulnerability, we develop a connection with the other participants, which, along with our desire to build a better world, is not lost even with the physical distance after returning to our homes, as we will work together to build an inclusive society in our communities.

During the moments of observation, I perceived that, in many groups, their participants integrated themselves in such a way that each group had a distinct experience. Some groups were more emotional; others had more fun, and others were able to discuss better the issues addressed daily. One of the relevant issues that I noticed was how the racial issue was a recurring theme among some participants. Because they face daily problems related to this, and being leaders engaged in social equality, these debates were enriching for me. Another remarkable thing was that practically all the participants in our journey were Democrats and at least a quarter of them served the Obama administration or was involved in his campaign.

Fascinated with the history of Israel, in every city we went, I saw and experienced a culture of innovation, courage, and perseverance. It seemed to me that the conflicts between Israel and Palestine lead people to become risk takers for a greater good, not afraid to start over when it is necessary. We contacted different types of organizations: virtual reality for medical treatments; hackathons that connect people with disabilities to manufacturers to create free solutions; incubators which accelerate projects that contribute to sustainable development goals (SDGs); developers of GPS for accompanying young people with autism; a restaurant for the training and employment of at-risk youth; and a technology and

entrepreneurship training program for young Israelis and Palestinians to create social impact and political development in the Middle East.

In a few occasions, one thing that called my attention was that participants who worked in investment funds or were investors themselves often questioned the impact measurement of the ventures visited and were not always satisfied with the answers. Perhaps because they were used to more developed markets and tools, they expected to get other explanations than the ones they received. Israel is known for being a start-up nation and has long addressed the impact of its endeavors, revolutionizing the business world beyond profit and individual success, thinking about people and ecosystems, and common and sustainable value added. This trip explored the complexities of geopolitics, race, language, religion, and culture of the region. In conversations with my colleagues, I was taken by surprise as I became aware of their life experiences and working projects. In each conversation, I was more motivated to get to know and experience their day by day activities.

I also learned about cultural gestures that I had never heard before. At any time, while someone was speaking, people would bring their hands toward their hearts or chests to show consideration and a quiet signal of appreciation. Another popular gesture among the participants was to snap their fingers repeatedly for sustained several seconds, instead of clapping. They explained to me that it was a silently way to show that they supported what others were saying without disturbing their discourse. It was very confusing for me in the begging, especially because, in Brazil, people usually snap their fingers when they are in a hurry.

Gradually we began to reflect on our abilities and improvement points. All activities were enriching, not only the ones focused on social impact, but on our growth as individuals, on empathy, patience, and resilience. We built a boat on the beach, only with wood, barrels, and ropes so we could at least imagine what was like for an immigrant to travel on that for weeks. We dined in the dark, in a restaurant with blind staff, to promote equal dialogues about the needs and aspirations of every person, and how all human beings are equal. We analyzed Bible leaders, attended lectures with humanitarian workers around the world, went to the house of a Holocaust survivor, and had dinner alone in the middle of the desert.

My journey was transformative in several aspects, but mainly about people – friendships that were formed through this adventure. A journey that began with 40 strangers and ended with a big family and friends. Most of us left Israel with more questions than answers, but we also returned home with a strong intention to create a better future, and with the consciousness of our places on Earth. I could have never dreamed of a more meaningful

and transformative moment, and I am very grateful to know that there are individuals who inspire confidence in a better world. By the way, learning how to be grateful, was one of the topics most covered in the journey. We started each day with “gratitude sessions”, and since I returned, I kept doing it weekly. I believe that I was able to fully enjoy this wonderful opportunity in this magical place with those extraordinary people, and I will carry it with me forever. And this is just the beginning of a journey as an agent of change who will have to work on promoting alternatives to improve the community around me. This motivation to become active and drive change in our communities is the main legacy that the course left us. I hope more people experience the kind of community support that I received in Israel.

## Appendix D – Reality Impact Itinerary



REALITY Impact: April 22 - 29, 2018

### Sunday, April 22, 2018

12:15pm Program Opening at Neot Kedumim

*A Biblical Landscape Reserve is a living museum re-creating the physical setting of the Bible in a garden of various plants native to Israel from that time.*

6:30pm “An Overview of Israeli Social Entrepreneurship” with Professor Jonathan Mervis

*A senior lecturer at the Hebrew University of Jerusalem and the foremost academic specialist in social entrepreneurship, social innovation and adult Jewish education.*

### Monday, April 23, 2018

8:30am “An Overview of the Middle East & Israel” with tour guide Michael Bauer

Walking tour along Rothschild Boulevard

*Israel's Declaration of Independence was signed at Independence Hall on Rothschild Boulevard, and many of the historic buildings are built in the Bauhaus or International style, forming part of the White City of Tel Aviv, a UNESCO-designated World Heritage Site.*

Cohort Time

6:45pm Round Tables Event at NaLaga’at Center

Table 1: Social Capital Market – Cecile Blilious

*Cecile is the Founder and Managing Partner at Impact First Investments, Israel’s first impact venture fund, exclusively focused on investing in technology companies that are creating innovative ways to address global social. She was also one of the initiators of the Al-Bawader private equity fund, established to invest in businesses in the Arab community in Israel.*

Table 2: Tikkun Olam Makers – Daniel Weil

*Daniel founded the non-profit organization, Machsava Tova, which bridges social gaps through technological empowerment. He oversaw the establishment of a nationwide network of community-oriented computer centers, technology and entrepreneurship.*

Table 3: IsraAID – Yotam Polizer

*Yotam Polizer is the Co-CEO of IsraAID – Israel’s biggest humanitarian NGO active in 18 countries. He supports Syrian refugees in Greece and Yazidi and Syrian refugees in Germany. Polizer has also built psycho-education programs in Japan after the 2011 earthquake*

*tsunami, in South Korea after the reintegration of North Korean defectors, in Nepal following the Gorkha Earthquake and in Sierra Leone for Ebola survivors.*

9:00pm Dinner at NaLagaat “Dinner in the Dark”

*Established itself as one of the most innovative theaters in the world, and Israel’s leading cultural sites. A nonprofit center of culture and arts, it offers unique employment opportunities that assist deaf, blind and deaf-blind individuals in providing for themselves, while developing their own unique talents, skills and abilities. A space that enables an equal dialogue that promotes the needs and aspirations of every person, in the belief that all human beings are equal, and every person has the right to make his or her contribution to society.*

### **Tuesday, April 24, 2018**

Program with “Special in Uniform”

*” Special in Uniform” is a groundbreaking program that integrates young adults with special needs into the Israel Defense Forces.*

Lunch at Café Hiriya

*Café Hiriya is a social-environmental project that employs youths from the Ramat Gan youth advancement unit. Through working at the café and managing it, the youngsters are given a second chance to resume a normative way of life and are helped to be integrate in society.*

4:00pm “Four Styles of Leadership” exercise and teambuilding on the Michmoret Beach

### **Wednesday, April 25, 2018**

9:15am Tour Kibbutz Maagan Michael

*Ma'agan Michael is the largest kibbutz in the Israel, with a population of over 1,400 residents. Ma'agan Michael was founded on 25 August 1949.*

“Arab Society in Israel” at Salem Village towards the Syrian border

*Mt. Bental is 1,170 meters above sea level and offers a spectacular panoramic view of Syria, Lebanon and Northeastern Israel. You will be briefed on this key strategic point, the implications of proximity for the region, and the history of “the Valley of Tears.*

Group Program at Assaf Winery

### **Thursday, April 26, 2018**

Drive to Jerusalem

*Set your sights on glorious Jerusalem, the city King David declared the capital of the Israelite kingdom over 3,000 years ago. There is a magical quality that does not exist anywhere else in*

*the world. The glorious history of the towering stone walls and ancient buildings, and the sacred atmosphere and the holy sites of Jewish, Christian, and Muslim religions. An enchanting history, woven with war and peace, love and hate, destruction and resurrection.*

1:00pm Lunch at Bulghourji Armenian Restaurant

6:30pm Program with MEET (Middle East Entrepreneurs of Tomorrow)

*MEET is an innovative program that partners with MIT to educate and empower the next generation of Israeli and Palestinian young leaders to create positive social and political change in their communities, through technology and entrepreneurship.*

8:30pm Cocktails at Anna and Meet with representative of Dualis

*“Anna” is a social business that employs at-risk youth and offers them the opportunity, support and guidance to change the course of their lives.*

9:30pm Culinary Tour and Dinner in Machane Yehuda Market

### **Friday, April 27, 2018**

8:45am “Zikaron Basalon” - Meet with a Holocaust Survivor Rina Quint in her home

10:15am Visit Yad Vashem Holocaust Museum

*The memorial to the Holocaust and the Avenue of the Righteous among the Nations that commemorates non-Jews who risked their own lives to save the lives of Jews.*

2:00pm Reflection and light lunch at Wine & Cheese Rooftop Restaurant, Notre Dame

Shabbat Candle Lighting - “Kabbalat Shabbat” at the Western Wall

*For generations, Jews have come to pray, as it represents the sole remnant of the Temple.*

### **Saturday, April 28, 2018**

Hike Masada

*King Herod’s historic hilltop fortress, where a small group of Jewish zealots took refuge after the Roman destruction of the Second Temple in 70 BCE. Today, is a source of self-reflection for Israelis and Jews around the world. How far are we willing to go for our ideals?*

Float at the Dead Sea – the International Beach

*At 1,300 feet below sea level, is the lowest point on earth. The high concentrations of salts and minerals is believed to be healing for the skin and soul.*

Drive South to Ramon Crater

*The Ramon Crater is the largest erosion crater in the world. An otherworldly landscape in the center of Israel’s southern Negev desert.*

Sunset and “Havdalah” in Mizpe Ramon

*A Jewish religious ceremony that marks the symbolic end of Shabbat and Jewish holidays, and ushers in the new week.*

Check-in at Beresheet Hotel

*Beresheet, meaning “Genesis”, is a new hotel on the edge of the towering cliffs that slope down into the Ramon Crater, which maintains a unique relationship with the desert.*

“Hitbodedut” in the Ramon Crater

*“Self-seclusion” refers to an unstructured, spontaneous and individualized form of prayer and meditation. The ultimate goal is to free oneself of all negative traits.*

9:00pm Desert Dinner Experience in the Ramon Crater

### **Sunday, April 29, 2018**

Visit Beit Hashanti

*Founded in 1984 and serves both as a temporary home and long-term support for runaway, homeless youth at risk aged 14-21 from all population strata and sectors, who have usually also been physically, sexually and emotionally abused, regardless of religion, race, sex or gender. The Shanti staff had created a track where 80% return to normative life, complete 12 years of studies and matriculation exams.*

Visit to Ben Gurion’s Grave- “The Decisions We Make as Leaders”

*David Ben-Gurion was the primary founder and the first Prime Minister of Israel.*

*He became the de facto leader of the Jewish community in Palestine, and largely led its struggle for an independent Jewish state in The British mandate of Palestine.*

Leadership Dilemmas program in Sde Boker

3:30pm Closing Session and Dinner at Hedai Offaim’s Home

*A model farm that has become a super high-tech demonstration of how to be small scale, organic, sustainable, and profitable. They are committed to producing strictly organic food in a sustainable way.*