



**VERA MÓNICA DE ALMEIDA FERNANDES ANÁLISE QUALITATIVA DE INICIATIVAS DE EMPREENDEDORISMO SOCIAL**

**QUALITATIVE ANALYSIS OF SOCIAL ENTREPRENEURSHIP INITIATIVES**



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Dissertação apresentada à Universidade de Aveiro para cumprimento dos requisitos necessários à obtenção do grau de Mestre em Gestão, realizada sob a orientação científica do Doutor António Carrizo Moreira, Professor Auxiliar do Departamento de Economia, Gestão e Engenharia Industrial da Universidade de Aveiro e da Doutora Ana Isabel Dias Daniel, Investigadora Auxiliar da Universidade de Aveiro.

Dedico este trabalho à Rita, por tudo o que ela significa para mim.

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**palavras-chave**

Empreendedorismo social, empreendedor social, empresa social, sustentabilidade, impacto, missão, processos.

**resumo**

O empreendedorismo social emerge nas sociedades contemporâneas como uma resposta a necessidades sociais e ambientais complexas, contribuindo assim para um desenvolvimento mais sustentável da sociedade.

A revisão do estado-da-arte revela-se essencial para compreender os conceitos básicos e propor definições-tipo para empreendedorismo social, empreendedor social e empresa social, adaptados à realidade portuguesa, nomeadamente do Terceiro Sector, onde por tradição se encaixam estas iniciativas de cariz social.

A crescente atenção nos últimos anos dada ao empreendedorismo social, do ponto de vista académico, deu origem a abordagens diferentes no contexto dos Estados Unidos da América e Europa Ocidental. É importante aferir da sua aplicabilidade no contexto português e identificar as diferenças e convergências de tais abordagens, de modo a conciliar o melhor de cada uma numa abordagem qualitativa ao referido contexto.

Com este trabalho pretende-se, globalmente, contribuir para o estudo do empreendedorismo social em Portugal, por meio de um estudo qualitativo de quatro iniciativas, identificando fatores sócio-culturais e económicos atuais que promovem a necessidade quer de inovação, quer de empreendedorismo social nas sociedades modernas, bem como aprofundar as temáticas da missão, impacto, processos e sustentabilidade nestas iniciativas de empreendedorismo social.

Ao se analisar a adequação de abordagens teóricas ao tema, visa-se contribuir para fomentar a consciencialização deste fenómeno, bem como para que os empreendedores sociais se inteirem da necessidade de uma ligação harmoniosa entre missão, impacto, processos e sustentabilidade no desenvolvimento da sua atividade em Portugal.

**keywords**

Social entrepreneurship, social entrepreneur, social enterprise, sustainability, impact, mission, processes

**abstract**

Social entrepreneurship is emerging in present-day societies as an innovative approach for dealing with complex social and environmental needs, contributing thus to a sustainable development of society.

The revision of the state-of-the-art reveals as essential to understand the basic concepts and propose for an ideal-type definition for social entrepreneurship, social entrepreneur and social enterprise adapted to the Portuguese reality, namely the Third Sector, where, by tradition, most initiatives of the kind fit in.

The growing attention in the last years paid to social entrepreneurship, from an academic point of view, gave rise to dissimilar approaches in the contexts of the United States of America and Western Europe. It is important to learn about the adequacy of such approaches to the Portuguese reality and identify the differences and convergences of such approaches, so as to retrieve the best of each for a qualitative analysis of the referred reality.

With this work, it is globally intended to contribute to the Portuguese social entrepreneurship body of research and debates, by means of a qualitative analysis of four initiatives, understanding contemporary socio-cultural and economic factors that foster the need for both social innovation and entrepreneurship in modern societies, as well as to deepen the themes of mission, impact, processes and sustainability within social entrepreneurship initiatives.

By exploring the adequacy of the theoretical approaches to the theme, it is also envisioned to foster social entrepreneurship awareness, as well to contribute for social entrepreneurs to understand the relevance of a smooth relationship among mission, impact, processes and sustainability within social entrepreneurship initiatives in Portugal.

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# 1. INTRODUCTION

Europe has been facing a deep need for transformation and Portugal is not, unfortunately, the exception to the rule. According to the European Commission (2011), the recent crisis in Europe has revived problems in the areas of employment and social policy. Examples of these common problems include high unemployment rates (especially within unqualified, young or disadvantaged people), the more and more flexibility demanded in the labour markets (which brings about insecurity and poorer working conditions), a growing number of aging population (which increases substantially welfare spending), an extended working period (which prevents workers from assisting their families), and the global increasing of poverty rates and consequent social exclusion (BEPA, 2011).

Additionally to the current economic and financial crisis affecting the majority of member states in the European Union (EU), pressing social challenges are also evident in all societies. The progress of life expectancy, the better sanitary work conditions and improved health care conditions make up a reality today that requires social intervention by governments and societies in general. The aging of populations, in this scenario, must be regarded differently, as society will have to learn how to look after this group and offer it quality and dignity at this age. Furthermore, the current need to address pressing environmental challenges requires a more concerted and collaborative approach for a balanced ecosystem management (Biggs, Westley, & Carpenter, 2010).

Moreover, at social level the interpersonal and social relationships have suffered greatly with capitalism, with spatial and geographical distribution of populations, as well as with the successive economic crises. These new social relations open space for various social settings, causing them to miss many of the human values, respect for others and tolerance to each other. However, nothing predicts so far that the economic crisis resolution will solve the social values crisis.

The rules of the game are changing constantly and it is in this scenario calling for intervention, that the opportunities to innovate and become socially active arise, whether in the business arena, in civil society, non-governmental organizations, or even at government level (Murray, Caulier-Grice, & Mulgan, 2010).

The buzzword of social innovation grows, hence, steadily and parallel to the already entrenched notion of technological innovation. If, on the one hand, the idea of innovation leads us instinctively to technology-based innovation, on the other hand, currently the idea of social innovation looks meaningful, given the

situations of social need or others that technology, by itself, cannot resolve. The vision that all innovation is social may break the parallelism technology vs. social, since the development of new services, goods and processes contributes, ultimately, to increase the life and the wellbeing of societies. The distinction is, nevertheless, treasured.

Apart from that, all innovation processes require the participation of social actors and the potential transformation of social structures to adopt the innovation itself. The "empowerment" of the ordinary citizen is an asset recognized globally and promoted all over the planet. It is clear the effort of national, European and worldwide institutions to strengthen this idea and implement measures for enhancing social innovation initiatives (BEPA, 2011).

Generally, the globalized focus on social innovation is, on the one hand, provoked by unbalances in society, either at economic, political, environmental or social level, as well as, on the other hand, by the inability of governments to effectively resolve alone the problems plaguing modern societies, regardless of geographical area, country or continent to which they belong. This is a research area in constant motion, which follows the evolution of the sciences, as Economics, Management, Anthropology and Sociology, among other disciplines.

This transversality of social innovation within different fields, disciplines or scientific areas is closely linked with its wide-ranging nature. It can manifest itself in many different ways to respond to varied socio-ecological phenomena. It may be a product, process or technology, a principle, an idea, a law, a social movement, an intervention or a combination of the former ways, among others, that aim at changing the prevailing social equilibrium (Social Innovation eXchange, 2010).

Throughout history, there are many examples of diffusion of innovative ideas that changed the life of human societies. At certain times, social movements erupted leading to fundamental social change, as the anti-slavery in the eighteenth century in England, which shaped current forms of public protest courts (petitions, consumer boycotts, logos and slogans, etc.), the environmental movement, the feminist movement and defense of human rights in the seventies which were responsible for wide spreading innovation in the three sectors of economic activity (Murray et al., 2010).

Initiatives and activities, which currently can be regarded as established patterns of society, could have been formerly tagged as social innovation. The groups aiming at helping in the fight against alcohol (e.g. Alcoholics Anonymous), against drug addiction (e.g. Rehabilitation and Reintegration Houses), support to the

most disadvantaged in terms of housing (e.g. Habitat), the open-source software (e.g. Linux), the wikis (e.g. Wikipedia), the Open Universities, the micro-credit, the initiatives for the rehabilitation of cities (e.g. "There is Life in the Park" in the city of Aveiro, Portugal), are all examples of social innovation dynamics, which were materialized to supply a societal need (Social Innovation eXchange, 2010). The micro-credit system, widely known thanks to the Nobel Prize awarded to Muhammad Yunus, is a social innovation in the field of economy. The organization of political manifestations by sms, email or social networks is a social innovation that crosses the domains of politics and technology. The marriage between persons of the same sex is a social innovation in the field of ethics (André & Abreu, 2006). Whatever the framework, the ultimate aim is to deliver social change by means of satisfying a need that the market, the business or, ultimately, the government cannot guarantee.

Social innovation is, therefore, a new paradigm of social intervention, a different way of addressing social risks, where everyone participates actively and may become an agent of change (Michela, Robert, & James, 2010). The fact that anyone can be this 'Schumpeterian' agent that triggers the change, either individually or in-groups is also a hallmark of social innovation. The ability to change and innovate is not in the hands of a minority, but available to all, and the information and communication technologies have made people more alert and reactive to societal needs and more easily empowered.

It is in this context that a new generation of entrepreneurs has emerged, driven by innovators who are using market-based approaches to solve social problems, fostering the expansion of the social entrepreneurship phenomenon. Social entrepreneurship is, thus, emerging as an innovative approach for dealing with complex social and environmental needs in order to contribute to a sustainable development of societies (CASE, 2008).

Although following many of the premises of 'conventional' entrepreneurship, the phenomenon of social entrepreneurship is, nonetheless, unknown to many, especially when referring to the Portuguese reality. This does not mean however, that many of the initiatives in the social and environmental field that populate the country could not be labeled as social entrepreneurship initiatives, or put into practice by social enterprises and social entrepreneurs. The problem relies in the conceptualization and bordering of disciplines and organizations, as well as in the low awareness about the theme.

Opportunities to develop social entrepreneurship initiatives abound, due to the wide range of social needs that remain unsatisfied by existing markets and institutions. Social entrepreneurship and social economy initiatives are currently

seen as part of the solution to the negative impacts of economic and financial crisis on society. To this context, the growing attention in the last few years paid to social entrepreneurship, from both practitioner's and academic points of view, gave rise to dissimilar approaches to social entrepreneurship in the different contexts of the United States and Western Europe, resulting in various schools of thoughts (Jacques Defourny & Nyssens, 2010a). International theoretical frameworks may not fit perfectly in all national contexts, due to differences in political, regulatory and historical perspectives. It is important to learn about the differences and convergences of such schools, so as to better understand this phenomenon and to be able to provide inputs for the development of initiatives that support their generation and growth. However, the research on social entrepreneurship is generally phenomenon-driven and one can consider it is still at its infancy (Dees, 2001).

With this work, it is globally intended to contribute to the social entrepreneurship body of research and debates and to the identification of Portuguese contemporary socio-cultural and economic factors that foster social innovation and social entrepreneurship initiatives. By means of a qualitative study, the main aims are to:

- Explore the adequacy of current international definitions and theoretical approaches to social entrepreneurship regarding the Portuguese reality;
- Contribute to raise awareness and visibility of the distinctive characteristics and outputs of social enterprises;
- Contribute to the understanding of the impact of the current economic and social crises in Portuguese social enterprises, mainly regarding sustainability and social impact.

The revision of the state-of-the-art reveals as essential to understand the basic concepts and the key issues in cataloguing the research area, the entrepreneur or the initiative itself. In light of the Portuguese reality, ideal-type definitions for social entrepreneurship, social entrepreneur and social enterprise are proposed.

Through an in-depth analysis of the case studies, the importance of the mission, social impact, processes adopted and sustainability practices are identified, so as to better depict this reality. Furthermore, facilitators, obstacles and other environmental factors that may interfere with the venture will be identified and this work may, therefore, contribute positively to sustain and better promote the development of social enterprises at national level.

The characteristics of the people involved in such initiatives is considered and hopefully will give insights into the impact and importance that training, education, personal sensitiveness and awareness to social causes may have on such

initiatives. The setting of frameworks for the characterization of social initiatives, social entrepreneurs and social enterprises will allow for a positive discrimination of types, applied then to each case study so as to assess differences, as well as for a better understanding of social entrepreneurship initiatives in Portugal.

This work is divided into six sections: the introduction (chapter 1), a theoretical approach to the theme where working definitions are set (chapters 2-4), the context and methodology adopted (chapter 5), a qualitative analysis of case studies in Portugal with description and discussion of cases (chapters 6-7) and the conclusions (chapter 8).

**Chapter 2** scrutinizes the concept of social entrepreneurship in both the social and entrepreneurship directions. Contributions to its definition are analyzed, aiming at contributing to setting boundaries and enlightening the research field by means of a comparison between approaches by different schools of thought. **Chapter 3** focuses on the social entrepreneur, representing the individual that aims at solving a specific societal need. Three types of social entrepreneurs are identified and this framework discussed. **Chapter 4** depicts the reality of social enterprises in light of the schools of thought, very much targeted at the ideal type definition for a social enterprise. Mission, processes, impact and sustainability aspects are highlighted.

In **Chapter 5**, the ecosystem is identified and contextualized. The Third Sector in Portugal is briefly described, so as to better understand the social field dynamics. The research methodology and objectives are set in light of the literature revision and of frameworks for social entrepreneurs and enterprises set previously.

In **Chapter 6**, the initiatives are factually identified and described, so as to better apprehend their reality and background. The case studies are discussed comparatively in **Chapter 7** and general assumptions on the entrepreneur, mission, impact, processes and sustainability are issued. The distribution of the initiatives in the frameworks for social entrepreneurship and social enterprise adopted is also performed in this chapter.

Within **Chapter 8**, some major conclusions and recommendations are made, so as to better sustain and promote the development of social entrepreneurship initiatives at national level.





## 2. SOCIAL ENTREPRENEURSHIP

### 2.1. THE CONCEPT

Bond to the concept of social innovation, the phenomenon of social entrepreneurship has been attracting significant attention from the research community. This concern and dedication derives, as already mentioned, from economic, political and social unbalances occurring in society, creating, on the one hand, problems that demand innovative solutions (demand side) and, on the other hand, creating opportunities and solutions to solve those same problems (supply side) (Hoogendoorn, Pennings, & Thurik, 2010).

The reason behind this movement is that state and philanthropic efforts are no longer believed to be sufficient to fight back societal needs and the result is that the majority of the Third Sector institutions are sometimes regarded as inefficient, ineffective, and unresponsive to the current demands of society (Dees, 2001). The problem may not be directly connected to the efficiency or capabilities of such organizations to attend social needs, because they have done it for years. They may just lack the skills to better manage the existing resources and prioritize needs, given the increase of unmet social problems and the more and more competitive environment, either at business or social level, that limits the access of third sector organizations to funding, restraining thus their possibilities to act appropriately.

Furthermore, the competition for the available funds has increased greatly over the years with the successive downsizing of government help and sponsorship, so it is mandatory for such organizations to seek for other sources of income to fund their activities, so as to gain financial sustainability and to get more consistent financial sources than just donations and government grants. This current need to self-fund organizations leads nonprofit leaders to develop a pro-business mindset, develop ambition and marketing skills, thus revealing entrepreneurial characteristics and attitudes and ultimately setting a different landscape of institutions operating within the Third Sector (Commission, 2003).

This need for innovation and for (social) change is a driving force for entrepreneurs in general and these concepts cannot be dissociated, the same happening with the agent performing the change, i.e. the social entrepreneur. It is

very difficult (impossible perhaps) to set unique and universally accepted definitions for those concepts, the same being consistent with the literature on entrepreneurship in general (Peredo & McLean, 2006).

Nevertheless, the recognition of common features between different approaches and definitions for social entrepreneurship is needed, in order to expand understanding of this phenomenon, as well as to promote the development of a new research field. Social entrepreneurship could be, in fact, set as a research field within entrepreneurship and the social organizations literature, blurring the boundaries between the for-profit and the not-for-profit sectors (CASE, 2008). Processes of social innovation and entrepreneurship are often multi-sectorial, that is, they blend aspects that are traditionally associated with different sectors, such as the social and for-profit sectors (Molina, 2010), as well as *“it intersects a number of boundaries drawing explicitly from anthropology, economics, political science, psychology, and sociology.”*(Dacin, Dacin, & Tracey, 2011, p. 1203).

Novel solutions are demanded every day and organizations or individuals aiming at social intervention are key players in solving many social situations. Given this, understanding what social entrepreneurship is all about may actually help these new ventures in guarantying a place in society and ease their integration in society.

#### 2.1.1. FRAMING “ENTREPRENEURSHIP” WITHIN SOCIAL ENTREPRENEURSHIP CONTEXT

The attempts to define social entrepreneurship tend to engage first by the definition of what entrepreneurship is and what may be social within entrepreneurship. Although entrepreneurship, even if not socially-oriented, *“brings about social value by nature, e.g. in creating employment”* (Bacq & Janssen, 2011, p. 376), social entrepreneurship has distinctive features that enable its distinction from commercial entrepreneurship (Santos, 2009).

In order to better understand the parentality between social entrepreneurship and commercial entrepreneurship, one must first conceptualize entrepreneurship in general. The term “entrepreneurship” has a long history in the business sector and to reduce it in this context to a stand-alone definition in the social field is a hazardous task. Many authors contributed to its definition, as seen in Figure 1. It had its origins in French economics, namely with Jean-Baptiste Say, in the 19th century, who described then an entrepreneur as someone who *“shifts economic resources out of an area of lower and into an area of higher productivity and greater yield.”* (as cited in Dees, 2001, p. 1). Very targeted at the business sector,

this definition embraces the mission of the entrepreneur to develop actions for economic progress.

With Schumpeter, the target of the entrepreneur is also very related to economy, as the functions associated are to “*reform or revolutionize the pattern of production [...] by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on*” (Schumpeter, 1943, p. 132).

The contribution of Schumpeter for the definition of the term is the fact that the entrepreneur is a “*risk-taker and innovator who, when successful, contributes fundamentally to creating economic value*”, operating as a change agent in the “creative-destructive” process of capitalism (Peredo & McLean, 2006, p. 58). Furthermore, the entrepreneurial venture should provoke a “*paradoxical impact, both disruptive and generative*”(Martin & Osberg, 2007, p. 31). Common in Say and Schumpeter is the idea that entrepreneurs may be the “*catalysts and innovators behind economic progress*” (Dees, 2001, p. 2) and this has served as basis for many concept variations.



FIGURE 1 – CONTRIBUTIONS TO THE EVOLUTION OF THE TERM

For Peter Drucker (1985), the introduction of the “opportunity factor” changed the focus, which became central to many writers in management and business. This author emphasizes the fact that entrepreneurs always search for change, respond to it, and exploit it as an opportunity, that is, they seize the opportunities that are caused by change to operate further changes, going beyond the simple fact of opening a new business or a profit-oriented venture.

It was with another contemporary author, Howard Stevenson, that the concept of entrepreneurship gained a new impetus with the resourcefulness element. According to this author, the entrepreneurs “*do not allow their own initial resource endowments to limit their options*” (as cited in Dees, 2001, p. 2) and are able to

mobilize others and needed resources to accomplish their goals, regardless of their initial capabilities.

With Dees (2001), the entrepreneur explores the opportunity for the change and is alert to the need for change, which is different from being the change element that forces the change. This idea of the change to be operated in society is, thus, introduced, and the entrepreneur is the change agent, who will implement his innovation and lead others to act accordingly.

Important for most authors on entrepreneurship are the personal characteristics of the entrepreneur. The vision, the ability to seize opportunities, the commitment to the cause and the willingness to risk and uncertainty are vital for entrepreneurs, no matter how appropriate the entrepreneurial context may be. As Martin and Osberg (2007, p. 7) describe, the set of characteristics "*inspiration, creativity, direct action, courage, and fortitude*" are inherent to any entrepreneur.

According to Dees, these theoretical approaches to entrepreneurship are very important for the development of social entrepreneurship field, as these are easily transferred to this new field, transforming social entrepreneurs as "*one species in the genus entrepreneurs. They are entrepreneurs with a social mission*" (Dees, 2001, p. 2). Whereas entrepreneurs identify and exploit opportunities to create economic value, social entrepreneurs equally identify and exploit opportunities but to create social value.

Martin and Osberg (2007, p. 30) defend the same idea that the type of value determines the type of entrepreneur. For them, "*social*" *simply modifies entrepreneurship*", which means "*a special, innate ability to sense and act on opportunity, combining out-of-the-box thinking with a unique brand of determination to create or bring about something new to the world*".

To help understanding social entrepreneurship, this comparison with its counterpart may be very helpful and enlightening. The mission, processes and potential impact are key elements on social entrepreneurship that allow its comparison/ distinction from commercial entrepreneurship and, consequently, increase its chance to be imposed as a new field of research.

In the first place, the social mission determines and guides the way these ventures act in pursue of their objectives. The social entrepreneur, either individual or in-groups, is driven almost blindly by the vision and mission of changing the world in some aspect, preferentially at larger scale. Martin and Osberg (2007, p. 70) reinforce the idea that "*the social entrepreneur aims for*

*value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large”.*

Thus, one of the main differences between social and commercial entrepreneurship is that both aim, in principle, at very different targets: social entrepreneurship sets an explicit and central social mission, while commercial ventures focus profit and market growth. As in social innovation, the defining element is, again, the “social character”. Either aiming at social value creating activities, solving unmet social problems, addressing existing social needs or trying to change an unfair social disequilibrium, the *alma mater* of social entrepreneurship relies in the efforts done to achieve a better future for a neglected group and ideally for society in general (Martin & Osberg, 2007).

The mission is not connected directly to profit, but profit, or at least sustainability should be paid attention. Wealth creation is not the first priority for those businesses, although one cannot consider it neither totally irrelevant nor impossible to attain. These ventures create a different kind of value, though they should always bear in mind the need for sustainability of the enterprise. If the venture does not generate revenue, and depends mostly on grants and subsidies, then it may not be entrepreneurial, only innovative (Boschee & McClurg, 2003).

The type of value created poses a different challenge for social entrepreneurs when it comes to performance evaluation. The rating of value creation is peculiar and hard, as “*social improvements, public goods and harms, and benefits for people who cannot afford to pay*” are difficult to judge (Dees, 2001, p. 45).

Secondly, the way individuals or organizations pursue their social goals is also distinctive. Social entrepreneurs must always bear in mind that adopted efforts and processes must be innovative, appealing and efficient, so as to prove their need and importance, taking advantage of market skills to promote social change (Certo & Miller, 2008). Furthermore, the use of relational networks to cause awareness and attract attention and possible resources may also be a distinctive point more easily attributed to social entrepreneurship ventures. However, as in the business sector, the ability of the social entrepreneur to capture investment, either in the form of grants, donations, public funds or volunteer work, is essential for the success of the venture, as, normally, the funding is scarce for such initiatives.

Thirdly, another important and determinant aspect of social entrepreneurship is the potential impact it may cause, which is expected to be systemic and provoke tangible change of old models and methods. Ideally, it breaks patterns on a wide-

scale, leading to a better solution to old problems. Regardless of the scale, the impact caused is of extreme importance and will determine the success of the initiative and the potential replicability at larger scale in the effort to alleviate the needed.

Also very relevant in this context is the fact that the potential economic profit generated by the commercial activities of the social venture are to be, in principle, reinvested in the social mission, whereas in a conventional commercial venture, profit will be, in principle, distributed to shareholders or reinvested in the commercial activities of the company (Bacq & Janssen, 2011).

Other important elements of distinction are, on the one hand, the empowerment that social entrepreneurship may foster, by sharing knowledge, responsibility and action with collaborators and partners. On the other hand, the current need for social entrepreneurship initiatives to develop a strategy for sustainability has also revealed itself as pivotal, whereas commercial entrepreneurship initiatives have always incorporated it since the creation (European Commission, 2012).

*“Sustainability is a value that cuts across definitional lines. Social entrepreneurs strive to promote a sustainable environment, a sustainable social order, sustainable nonprofit or for-profit enterprises—an array of goals often described as the triple bottom line”* (Trexler, 2008, p. 65).

In summary, the definitions of social entrepreneurship reveal synergies with entrepreneurship theory, but different features are identified. The evolution of this theory and potential new research field can in the future *“replicate the theoretical evolution of its parent-field”* (Bacq & Janssen, 2011, p. 376), although attention must be paid to the practitioners’ point of view and actions in real life situations.

#### 2.1.2. FRAMING “SOCIAL” WITHIN SOCIAL ENTREPRENEURSHIP CONTEXT

As Mair and Martí (2006, p. 36) stated, social entrepreneurship is *“still largely phenomenon-driven”*, as entrepreneurship has been in its early days. For years and without being devoted any particular research attention, individuals and agencies have run programmes and developed actions to help neglected groups or solve some social problem, either partnering with governmental efforts, nurturing social corporate responsibility or simply surviving based on the vision of the entrepreneur and his/her ability to overcome adversity.

Nowadays, it is possible to access a relatively large number of books and articles published on the persons and organizations that engage on social

entrepreneurship, leading business schools dedicate courses and initiatives to the subject (e.g. the Social Enterprise Initiative at the Harvard Business School and the Skoll Centre for Social Entrepreneurship at the Said Business School, Oxford), support organizations have been set (as Ashoka, Skoll Foundation or Schwab Foundation), more and more scientific meetings and journals embrace the topic and organizations worldwide flourish with the intent of studying and fostering this kind of entrepreneurship with social goals (Dacin et al., 2011; Martin & Osberg, 2007; Peredo & McLean, 2006).

Several authors have been trying for the last decades to impose assertively an integrated definition for social entrepreneurship, but no commonly accepted version has been issued, as social entrepreneurship *“in addition to innovative not-for-profit ventures (...) can include social purpose business ventures, such as for-profit community development banks, and hybrid organizations mixing not-for-profit and for-profit elements”* (Dees, 2001, p. 1).

*“Social entrepreneurship may be expressed in a vast array of economic, educational, research, welfare, social and spiritual activities engaged in by various organizations”* (Weerawardena & Mort, 2006, p. 22), i.e. the term became so inclusive that wide-ranging beneficial activities, as charities or corporate responsibility may fit under its umbrella, what may constitute a problem for ‘real’ social and entrepreneurial efforts. Thus, one of the greatest challenges in understanding entrepreneurship with social mission lies in defining the boundaries of this “social”. The desire to meet social needs and to benefit society in some way may not be enough to set such boundaries and, although highly meritorious, some social activities do not coincide with the definition of “social entrepreneurship”.

Examples of such highly meritorious activities are, for instance, social service provision and social activism. To better distinguish these from social entrepreneurship, Martin and Osberg (2007) added the notions of direct action and permanence, as figure 2 shows.

A typical **social service provision** is verified whenever a socially committed individual or group implements a venture in order to combat directly an identified social or environmental problem, as for instance the building of a school for refugees or an orphanage for AIDS victims (Martin & Osberg, 2007). What differs, according to the authors, social service provision from social entrepreneurship is the fact that these ventures have an isolated area of impact and only the target population is to benefit from the efforts. No “new equilibrium” is to be reached by local or focused initiatives, so the outcome is limited to one scenario. Additionally, the action and reach of such ventures is strictly bond to the resources supplied by



the founders or donors, i.e. these projects are not self-sustaining (nor seek to be) and many times stop operating as soon as the supply of resources ends.

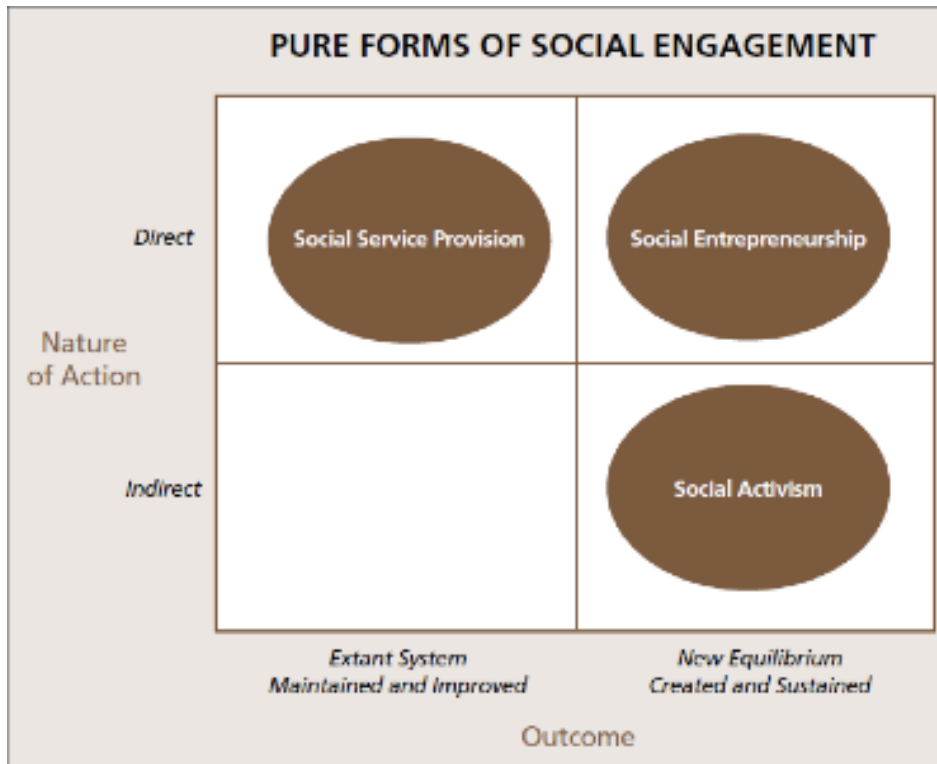


FIGURE 2 - FORMS OF SOCIAL ENGAGEMENT  
(SOURCE: MARTIN & OSBERG, 2007)

Secondly, Martin and Osberg (2007) contend that **social activism** should not be considered as social entrepreneurship either. Though social activists may be driven by the same motives and even in the same context, they act in a substantially different approach from social entrepreneurs. While social entrepreneurs establish organizations that carry out actions directly to reach the new intended equilibrium, social activists seek the same potential change through indirect actions, as they try to influence the attitude and behaviour of others, as governments, non-governmental organizations, consumers, workers, etc.

This lack of a global consensus on the definition and framework, or as Mair and Martin (2006, p. 36) refer, the lack of a “unifying paradigm”, as it has been with entrepreneurship itself, is the bottleneck of the cause. What comes up from this lack of boundaries is that definitions for the field, for the agent and for the context proliferate, almost as many as their authors, each one inheriting the distinctive disciplinary insights of the issuing author.

## 2.2. APPROACHES BY SCHOOLS OF THOUGHT

Although social entrepreneurship is considered a worldwide phenomenon, the importance of space and context in the theoretical approaches to this discipline gave rise to different schools of thought (Hoogendoorn et al., 2010). When discussing social entrepreneurship, two regions dominate the academy debate: United States of America (US) and Western Europe. The comparison between US and Europe contexts has been done, although it is recognized that other regions (Eastern Asia and Latin America) are also attracting researchers in this field (Jacques Defourny & Nyssens, 2008).

The different conceptions of capitalism and the government's role on each side of the Atlantic may have been the cause for the transatlantic boundary in the way social entrepreneurship is documented in the literature and for the major differences separating the schools of thought. It is acknowledged that in Western Europe governments the welfare provision is quite different from the US perspective.

Governments play a key role in fighting, for example, exclusion and poverty, but due to higher demand rates, even welfare-oriented governments tend to need help in meeting current social challenges. Regardless of the shape or vehicle to meet such challenges (social exclusion, childcare, low-qualified people, long-term unemployment, etc.) and the legal specificities of each country, the fact is that in Europe the lack of adequate policy schemes to meet rising social challenging situations led the civil society to enter into action, especially in the 1980s (Jacques Defourny & Nyssens, 2010a, p. 34)

On the contrary, US policies do not take exclusion or poverty as governmental priorities, nor do with other societal needs, as the welfare system is designed to be quite different from the European. The existence of "social enterprises", in this context, came up from the necessity to deal with the cutbacks in the 1970s and 1980s and represent the "market-oriented economic activities that serve a social goal" (Hoogendoorn et al., 2010, p. 6), mostly promoted by existing organizations.

Nevertheless, even continentally and within the same context, differences emerge in the perspectives (Bacq & Janssen, 2011). To this context, Dees and Anderson (2006) identified in the US two different schools of thought, guided by both practical and intellectual considerations (Anderson, 2006): the American Social Enterprise School and the American Social Innovation School. In the case of Europe, although considerable national differences exist within Europe in terms of services provided by social enterprises, welfare states and legal structures, two

main and distinct approaches have been identified in the literature: the European Research Network (EMES) approach and the UK approach (Hoogendoorn et al., 2010).

In the US framework, on the one hand, the **American Social Enterprise School** of thought focuses on income generation when conducting a social mission. The growing interest of non-profit organizations for new financial sources other than the traditional grants and subsidies, that are more and more difficult to obtain and sometimes insufficient, motivated the creation this movement (Hoogendoorn et al., 2010).

It is focused on the generation of “earned-income” to serve a social mission, forcing a blurring of lines between the business and social sectors. The adoption of business methods is, in this perspective, a successful way to improve the effectiveness of social enterprises and make them more entrepreneurial. Furthermore, major relevance is given to an understanding of entrepreneurship that defines entrepreneurs as individuals who start their own businesses, who have the necessary skills to manage an organization, again forcing the duality of the business character of the social entrepreneur.

On the other hand, the **American Social Innovation School** focuses on the establishment of new and better ways to address social problems or to meet social needs (Bacq & Janssen, 2011). Bill Drayton and his organization - Ashoka are the major references of this school and he was the one to launch in the early 1980s the term “social entrepreneurship” (Paul C. Light, 2008). Ashoka was created in 1980 with the purpose of searching and supporting outstanding individuals with ideas for social change. The school is grounded in a Schumpeterian understanding of entrepreneurship that defines entrepreneurs as innovators who carry out new combinations that are capable of reforming or revolutionizing patterns. By identifying and exploiting an opportunity in an innovative manner, the social entrepreneur satisfies a social need. As seen, the social entrepreneur is at the very core of this school’s attention, regarded as an activist of social change. This school focuses therefore on the individual, not around organizational structure (non-for-profit or for-profit) and often incorporates themes of effecting large scale, lasting and social systemic change (Priitha, 2007).

According to Dees and Anderson (2006), the intersection of these two schools of practice and thought is of major importance to further developments in this field. The authors merge both paths and define “**enterprising social innovation**” as carrying out innovations that blend methods from the worlds of business and philanthropy to create social value that is sustainable and has the potential for large-scale impact.

In Europe, the theoretical approaches have been mainly devoted to the concept of 'social enterprise', very focused on Defourny and Nyssens' work and EMES research outcomes (Jacques Defourny & Nyssens, 2008; Jacques Defourny & Nyssens, 2010b). EMES is a university research centres and researchers network from Member States of the European Union and whose acronym derives from the title of its first research program on the "Emergence of Social Enterprises in Europe" (EMES).

EMES was created, in the nineties, based on the recognition of the importance of the Third Sector in Europe allied to the broader interest in non-conventional entrepreneurial dynamics, leading researchers and organizations in Europe to focus on the emergent "social enterprises", as the American Social Enterprise School did.

Attempts to define these enterprises conceptually and legally across European countries have been done. The Organization for Economic and Cooperation Development (OECD) has defined 'social enterprise' as:

*'any private activity conducted in the public interest, organized with an entrepreneurial strategy, but whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment'* (OECD, 2012, p. 127).

EMES has taken the different European national realities in the period 1996-2000 into account and globally describes social enterprises as organizations providers of goods and services related to their explicit aim of benefitting community, initiated by a group of citizens and in which the material interest of capital investors is limited. Also, they rely on a collective dynamics involving various types of stakeholders in their governing bodies and they place a high value on their autonomy. Rather than concluding on a single definition, the EMES network used four criteria and five indicators to frame such ventures and set boundaries for the "galaxy of social enterprises", so as to help the conceptual characterization of an "ideal-type" social enterprise (Jacques Defourny & Nyssens, 2008), as figure 3 shows.

Though conceptual definitions bear the advantage of not being rooted in a specific national legislation or tied up to a specific context, EMES also focused on legal definitions of 'social enterprises' given by national governments in order to establish clear norms and the particular panorama of WISEs (Work Integration Social Enterprises) in different European countries has been studied. Generally, EMES social enterprises consist of associations, co-operatives, mutual

organizations, and foundations, very much concentrated in the Third Sector domain.

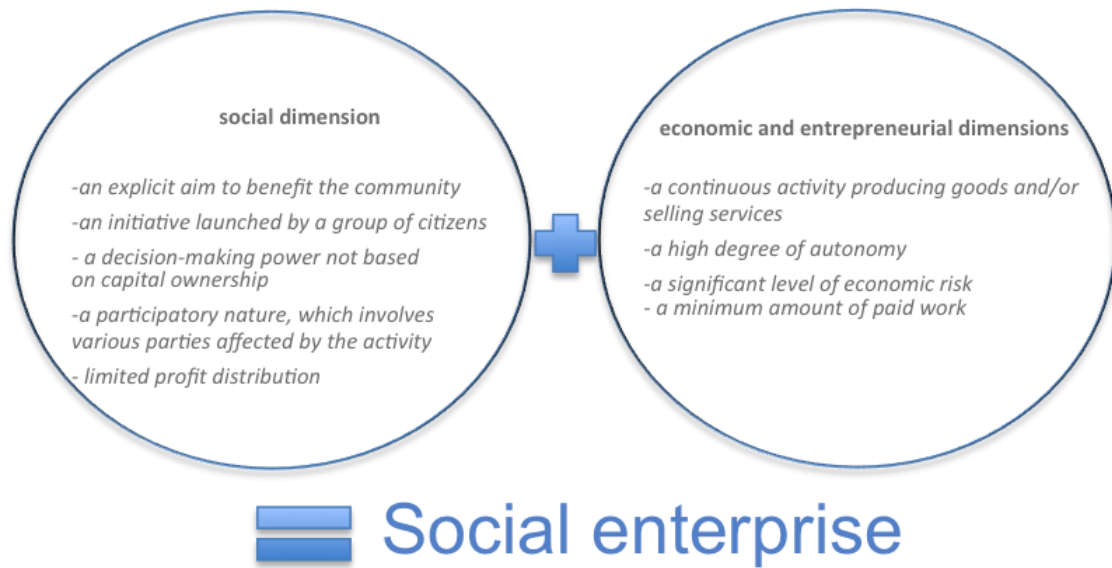


FIGURE 3- EMES "IDEAL-TYPE" OF SOCIAL ENTERPRISE

Notwithstanding the broadness of EMES definition, the **UK approach** to social entrepreneurship may be considered apart and distinct from the EMES and the American tradition approaches. The initiative to foster social enterprises had origins in the government itself, by promoting active "*partnerships between civil society, the public sector, and the private sector*" (Hoogendoorn et al., 2010).

Organisms have been set to promote the establishment of social enterprises, which were defined as being comprised of "*businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximize profits for shareholders and owners*" (Hoogendoorn et al., 2010, p. 9). They were given a special legal form, the "Community Interest Companies" and are subject to a limited distribution of profit and can be promoted by individuals, groups of citizens or by legal entities. In contrast to the EMES approach, the goods and services provided can be related, unrelated or central to the venture's mission, but must be traded within the market.

Common to theoretical approaches on both sides of the Atlantic is the underlying objective of creating social value. The four theoretical approaches reveal similarities and differences, better revealed by Hoogendoorn et al. (2010).

Following the schematic comparison in seven criteria presented in Table 1, differences and similarities become clearer. Regarding the focus of the school, or as called within this framework, the unit of observation is the first and primary criterion to allow for a separation. Whereas in the American Social Innovation School the entrepreneur is highlighted and given prior importance in the research efforts, in all other three approaches the perspective is much more focused on the organization, rather than on the agent, either individually or in groups of citizens.

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

TABLE 1 - DISTINCTIONS BETWEEN SCHOOLS OF THOUGHT ON SOCIAL ENTREPRENEURSHIP  
(SOURCE: HOOGENDOORN ET AL., 2010)

Regarding the services rendered and respective connection to social mission, a direct connection between the mission and activities developed is not a necessity either for the Social Enterprise School or for the UK approach, unlike the other two approaches. Thus, goods and services in social enterprises can be related, unrelated or central to mission, giving the entrepreneurs space and flexibility in the income strategy.

Relative to the legal form, the Social Innovation School and the UK approach impose no limitations. As for the Social Enterprise School, it exclusively considers nonprofits as adequate forms for social enterprises. The EMES considers globally that the degree of autonomy of the venture is more important than imposing constraints regarding legal forms, although the level of autonomy (not managed directly or indirectly by public authorities or other organizations) may, in fact, impose restrictions on the juridical form.

As for the innovative character of the social enterprise, it is a pre-requisite for the American Social Innovation School, influenced by a Schumpeterian vision of change, as already mentioned. The other approaches recognize the importance of creativity and innovativeness, but not as a fundamental condition.

An important point of interest in the literature is the profit distribution. The American Social Innovation School imposes no constraints, as the entrepreneur is free to do what is necessary to achieve the goals, even when related to profit policy. Contrarily, the Social Enterprise School steps up for a non-distribution policy on profit, connected to the nonprofit status of the enterprises herein framed. In the European perspective, social enterprises within the EMES and the UK approaches the social enterprise world is populated either by total non-distribution constraint enterprises, as well as by those, such as co-operatives, that may distribute profits to a limited extent as long as the principle of non-profit maximizing behavior is respected.

The earned income strategy is also an important and defining point in this characterization. As for the Social Enterprise School and for the UK approach, the importance of raising commercial income to abandon dependence on grants and subsidies and to secure sustainability and financial viability is mandatory. Within the EMES approach, financial viability of the enterprise depends on the effort of its members to secure adequate and varied resources to support the venture. The viability is irrespective of the amount of income generated by the enterprise, so income generation is not an important issue within this approach, but sustainability shall be ensured.

As for the seventh comparison criteria, governance is an important subject within the European approaches. For EMES, multiple stakeholder involvement, democratic management and the participative nature of the ventures are fundamental. Within the UK approach, on its turn, governance is considered an important topic, but direct or indirect involvement of stakeholders can vary depending on the legal structure of the enterprise. Within the US perspectives, on the one hand, the Social Innovation School contends the involvement of stakeholders by means of partnerships and networks through which ideas, knowledge, and expertise can be exchanged between organizations sharing similar social objectives. Democratic management is not considered an issue. On the other hand, the Social Enterprise School gives the founders freedom to achieve their goals, and so multiple stakeholder involvement is to be discouraged, in case it hampers the efficient management of both economic and social goals.

By exploring the distinctions and commonalities of the schools of thought, conceptual differences and approaches are more easily perceived, although two main commonalities must be highlighted: the emphasis on the creation of social value and the existence of earned income to sustain and develop the mission.

### 2.3. ESTABLISHING THE BOUNDARIES FOR A WORKING DEFINITION

Most studies available today are either conceptual or based on case studies, focusing largely on the specificities of the entrepreneur and the context, and borrowing concepts and insights from other disciplines, disregarding the need for a larger approach on the field. Table 2 summarizes some of the academic contributions to the field, which is still at its “infancy stage”, as Light described (2008, p. 2). Hence it is possible to compare key concepts and ideas and understand if the contributions of the entrepreneurship theory support these attempts to define social entrepreneurship and the change agent responsible for the socially entrepreneurial ventures. The general assumptions for entrepreneurship are globally present in most definitions as the creation of wealth, value and growth by means of processes of discovery and/ or creation, evaluation and exploitation of opportunities by individuals who discover and/or create, evaluate and exploit them. Evidencing the diversity of social entrepreneurship perspectives, table 2 also reveals distinct definitions and approaches to social entrepreneurship, reflecting the real world with the expanding number and diversity of social entrepreneurial ventures.

The more and more social problems, to which governments and funding agencies can no longer answer by themselves, justify this increase of initiatives and the general interest in the phenomenon. Instead of unifying, the result of this intense dedication to the theme is that more fuzziness is created. Researchers from different disciplinary and geographical origins have followed different approaches to define the concept (Alvord, 2004) (Bacq & Janssen, 2011; Dees & Anderson, 2006), as already mentioned, others identified different typologies of social entrepreneurship (Smith & Stevens, 2010) and others try to evaluate how the academic and theoretical approach differs from the practitioners’ *modus operandi* (Dave & Woods, 2005). Most authors have coalesced around the notion that social entrepreneurship involves the pursuing of opportunities to catalyze social change (Mair & Martí, 2006), a social value creation (Dees, 2001), a new social equilibrium (Martin & Osberg, 2007) achieved through innovative approaches (Skoll, 2012).

Within the context of this work, and considering that this is a complex and multidimensional phenomenon, the following umbrella definition for social entrepreneurship will be used: **Social entrepreneurship** is a process involving the identification of an unmet social need (opportunity) and the gathering of resources to act and resolve the need (social mission) in a sustainable and innovative way, through a business-like approach.



Source	Definition	Key concepts	Perspective
<b>Dees, 2001</b>	Social entrepreneurship “combines the passion of a social mission with an image of business-like discipline, innovation, and determination (...). Social entrepreneurs play the role of change agents in the social sector, by: <ul style="list-style-type: none"> <li>• Adopting a mission to create and sustain social value (not just private value),</li> <li>• Recognizing and relentlessly pursuing new opportunities to serve that mission,</li> <li>• Engaging in a process of continuous innovation, adaptation, and learning,</li> <li>• Acting boldly without being limited by resources currently in hand, and</li> <li>• Exhibiting heightened accountability to the constituencies served and for the outcomes created.</li> </ul>	Social mission, Innovation, Social value creation, Change agents, Resourcefulness, Business approach.	Focuses on the person that plays the role of change agent and engages on innovation processes for social benefits.
<b>Mair &amp; Martí, 2004</b>	Social entrepreneurship (...) as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.	Process, Innovation, Resources, Social change, Social needs, Opportunities.	Focuses on the processes to achieve social change.
<b>Seelos &amp; Mair, 2005</b>	Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions.	New models, Unmet human needs, Innovation, Social mission.	Focuses on the business models to meet social needs.
<b>Dave &amp; Woods, 2005</b>	‘Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals.’	Opportunities, Social change, Vision, Passionate individuals	Focuses on the ability of the entrepreneur to pursue opportunities in the social field.
<b>Peredo &amp; McLean, 2006(Peredo &amp; McLean, 2006)</b>	Social entrepreneurship is exercised where some person or group: <ol style="list-style-type: none"> <li>(1) aim(s) at creating social value, either exclusively or at least in some prominent way;</li> <li>(2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”);</li> <li>(3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value;</li> <li>(4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and</li> <li>(5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.</li> </ol>	Social value creation, Opportunity, Innovation, Risk-taking, Resourcefulness.	Focuses on the person or group behind the action.
<b>Nicholls, 2006</b>	Innovative and effective activities that focus strategically on resolving social market failures and creating new opportunities to add social value systemically by using a range of resources and organizational formats to maximize social impact and bring about change.	Activities, Social market failures, Opportunities, Social value, Resources, Formats, Social impact, Change.	Focuses on the activities developed to reach social change with impact.
<b>Weerawardena and Mort, 2006</b>	Social entrepreneurship is a bounded multidimensional construct that is deeply rooted in an organization’s social mission, its drive for sustainability and highly influenced and shaped by the environmental dynamics.	Social mission, Sustainability, Environmental dynamics.	Focuses on the social mission of the organization and the search for sustainability.
<b>Martin and Osberg, 2007</b>	Define social entrepreneurship as having the following three components: <ol style="list-style-type: none"> <li>(1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own;</li> </ol>	Unjust equilibrium, opportunity, Social value, Inspiration, Creativity, Direct action, Courage, Fortitude, Ecosystem, Society.	Focuses on the process of identifying the opportunity for action, develop a plan of action to fight back the disequilibrium.

	<p>(2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and</p> <p>(3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.</p>		
<b>ASHOKA</b>	<p>Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.</p>	Change agent, Opportunities, New approaches, Social mission, Global impact	Focuses on the change element, i.e. the entrepreneur and its capabilities of seizing opportunities and solving social problems in a systemic way.
<b>CASE Center for the Advancement of Social Entrepreneurship</b>	<p>Social entrepreneurship is the process of recognizing and resourcefully pursuing opportunities to create social value. Social entrepreneurs are innovative, resourceful, and results oriented. They draw upon the best thinking in both the business and nonprofit worlds to develop strategies that maximize their social impact. These entrepreneurial leaders operate in all kinds of organizations: large and small; new and old; religious and secular; nonprofit, for-profit, and hybrid. These organizations comprise the "social sector."</p>	Opportunities, Social value creation, Innovation, Resourcefulness, Results-oriented, Social impact.	Focuses on the process of social intervention, but also on the characteristics of the agent.
<b>Skoll Centre for Social Entrepreneurship</b>	<p>Social entrepreneurship is about innovative, market-oriented approaches underpinned by a passion for social equity and environmental sustainability. Ultimately, social entrepreneurship is aimed at transformational systems change that tackles the root causes of poverty, marginalization, environmental deterioration and accompanying loss of human dignity. The key concepts of social entrepreneurship are innovation, market orientation and systems change.</p>	Innovation, Market-oriented approach, Social equity, Environmental sustainability, Systems change,	Focuses on the approaches for social change.
<b>Dictionary of Sustainable Development. 2010.</b>	<p>The act of creating, organizing and managing an income-earning venture to serve an explicit social purpose. The primary mission of a socially entrepreneurial organization is to create value that benefits the health and well-being of individuals, society, or the natural environment, rather than to create wealth for shareholders. Social entrepreneurs draw upon principles and best practices developed in both the traditional business and non-profit worlds. Venture philanthropists and social venture funds are often sources of financial support for social entrepreneurs.</p>	Social purpose, value creation.	Focuses on the process of serving social purposes.

TABLE 2 – CONTRIBUTIONS TO THE DEFINITION OF SOCIAL ENTREPRENEURSHIP



# 3. THE SOCIAL ENTREPRENEUR

## 3.1. THE ENTREPRENEUR

When describing social entrepreneurship, many authors tend to prioritise the men and women involved and their personality traits, rather than other factors as environment, processes, societal demands, etc. The social entrepreneur's behaviour, character, background and life-experience, education, idea-management skills and processes selection may, in fact, be determinant for the delineation of this research field, the reason why many try not to distinguish entrepreneurship from social entrepreneurship, but rather entrepreneur from social entrepreneur (Paul C. Light, 2005).

If sometimes it may be difficult to translate the social mission of the enterprise or social entrepreneurship itself, it should be easier to verbalize the essence of the entrepreneur involved. One of the most well-known definitions of 'social entrepreneur' has been firstly proposed by Gregory Dees in 1998, who recognized a social entrepreneur as a leader incorporating a set of exceptional behaviours, described as following:

*“Social entrepreneurs play the role of change agents in the social sector, by*  
*-Adopting a mission to create and sustain social value (not just private value),*  
*-Recognizing and relentlessly pursuing new opportunities to serve that mission,*  
*-Engaging in a process of continuous innovation, adaptation, and learning,*  
*-Acting boldly without being limited by resources currently in hand, and*  
*-Exhibiting heightened accountability to the constituencies served and for the outcomes created” (Dees, 2001, p. 4).*

The significant role attributed to social entrepreneurs is highly connected with the sense of opportunity, a very important instrument for such entrepreneurs. Opportunities are identified and exploited, which may bring about resources, or further potential opportunities, to be able to ultimately provide for social value creation.

Important and universal characteristics of social entrepreneurial agents may be identified after theoretical contributions on business entrepreneurs, namely the capacity to recognize and exploit opportunities to serve (social) unmet needs, the

risky engagement in a process of (social) innovation, the action without being limited by resources in hand and the predisposition to endure risk and uncertainty. Both apply their minds and efforts to the venture with discipline, innovation and determination, daring to exceed limits if it helps them to achieve their mission.

It is, thus, possible to compare the two types of entrepreneurs (social vs. commercial focused) according to such dimensions as their strengths, focus, mission and the way they consider profit. Social entrepreneurs draw their strengths from collective wisdom and experience, rather than from personal competences and knowledge; they focus on long-term capacity rather than short-term financial gains; their ideas are limited only by their mission; they see profit as a means in people's service that has to be reinvested in the mission, rather than distributed to shareholders. They engage in a process of continuous innovation, adaptation and learning, which characterizes their *modus operandi* (Dees, 2001), but social entrepreneurs "*risk their monetary contributions and efforts and mobilize resources for investing in communities without expecting monetary returns*" (Autar, 2010, p. 705).

Furthermore, some personality traits as agreeableness (i.e. the ability to promote social consensus and mutual understanding), the openness and the conscientiousness have been recognized as key influence factors on potential social entrepreneurship development (Direction, 2011).

According to Dees (2001), social entrepreneurs are a 'sub-species' of the entrepreneurs' "family". However, although there is a lot of overlap between social entrepreneurs and their commercial counterparts – particularly leadership, vision, determination and opportunism – the main difference is that social entrepreneurs usually have a vision of something that they would like to solve in the social field, rather than pursuing wealth or fame in the business arena, as social value is the ultimate goal.

Worldwide institutions have been a key player in the propagation of social entrepreneurs and their "heroic" achievements. For the Skoll Centre for Social Entrepreneurship (founded in 2003 with a grant by Jeff Skoll, Skoll Foundation), whose mission is to foster innovative social transformation through education, research and collaboration, social entrepreneurs are "pioneers of innovation that benefit humanity". These change agents seize opportunities others miss, and aim at improving systems, inventing new approaches, and creating sustainable solutions to change society for the better (Skoll, 2012).

In turn, the Schwab Foundation describes a social entrepreneur as being a different type of leader, who "*identifies and applies practical solutions to social*

*problems by combining innovation, resourcefulness, and opportunities*". (Foundation & 2012).

Ashoka, a premier organization that invests in social entrepreneurs created by Bill Drayton, defines social entrepreneur as an individual with innovative solutions to society's most pressing social problems. They are persons with a "*committed vision and inexhaustible determination to persist until they have transformed an entire system*", who intend to fundamentally change communities, societies, and the world"(Paul C. Light, 2005). The social entrepreneur is deeply committed to the mission and to making change happen, by setting a goal with determination and emotion (Elkington & Hartigan, 2008).

Similarly to the theoretical contributions to social entrepreneurship, also with the construct of social entrepreneur different perspectives, different *modi operandi* and fields of action give origin to different "types" of social entrepreneurs. Again, it is possible to get confused with constructs within this field. Leadership, capacity to administer, willingness to get things done may define a person in charge of an organization that acts in the social, voluntary or community fields, but this may not be necessarily a social entrepreneur. The entrepreneurial quality or the impact extensiveness are missing.

Building upon conceptualizations of entrepreneurship, three types of social entrepreneurs are provided, namely the Social Bricoleurs, Social Constructionists and the Social Engineers (Zahra, Gedajlovic, Neubaum, & Shulman, 2009), as figure 4 depicts.

The **Social Bricoleur** stems from the perspective that "*entrepreneurial opportunities can only be discovered and acted upon at a very local level.*" (Zahra, Gedajlovic, Neubaum, & Shulman, 2009, p. 524). These entrepreneurs possess the tacit knowledge to intervene at a specific local situation with the resources available, thus the association to "bricolage". Their action is autonomous, but limited, as it occurs in a small local scale, many times intending to solve a specific and episodic situation with limited resources. In view of this, no systemic change or new social equilibrium is targeted, as Social Bricoleurs' actions are marked by a "*reliance on readily available resources and improvisation rather than formal planning*", what "*sometimes prevents Social Bricoleurs from addressing larger needs and scaling up their operations or expanding geographically*".(Zahra et al., 2009, p. 525).

Although their action is limited in time and broadness, it is important to consider the relevance of such social entrepreneurs, as they act on the mitigation of local or surrounding social needs, whatever their nature or scale. Their mitigation will

ultimately contribute to the harmonizing and/or maintenance of a theoretical existing social equilibrium, even though very much at local scale.

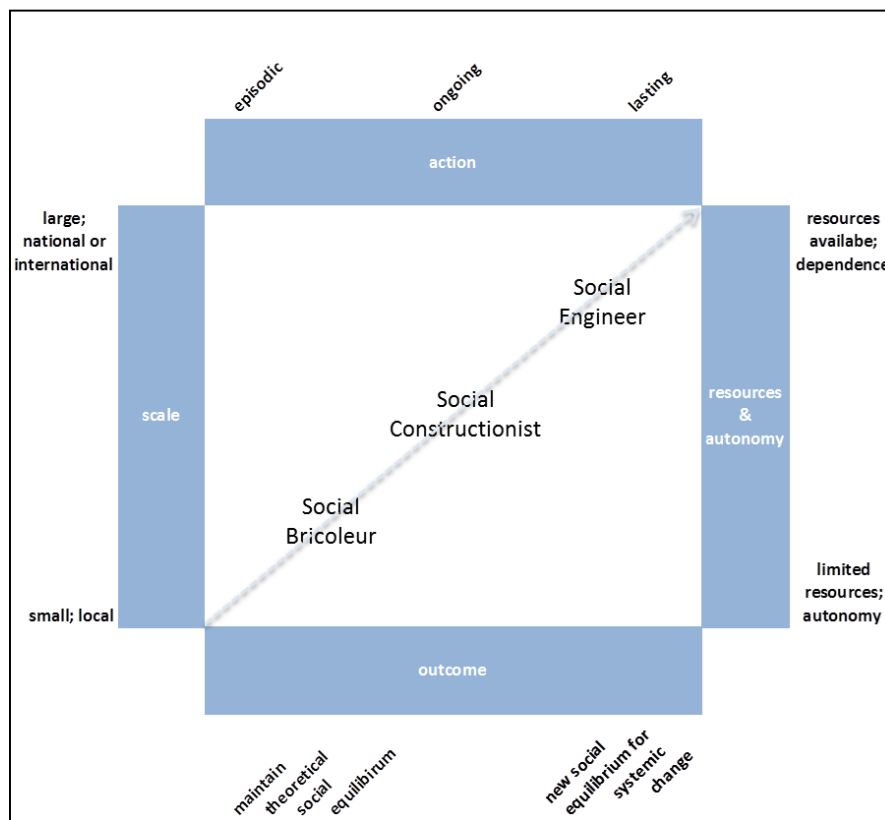


FIGURE 4 - TYPES OF SOCIAL ENTREPRENEUR

The **Social Constructionist**, on its turn, builds, launches and operates ventures to tackle social needs unsatisfactorily addressed by existing institutions, businesses, NGOs and/or government agencies. Their alertness to opportunities is of extreme importance, in order to exploit, on the perfect timing, the opportunities not yet apprehended by others, aiming not at economic, but social wealth. These social constructionists fill in the social gaps left unattended by for-profit businesses or not-for-profit organizations, which may not have the incentive or the basis to address such social problems. They match the scale and scope of the social needs, what in some cases, may be “*quite small, but in many others, the response could be regional, national or even global in scope*” (Zahra et al., 2009, p. 525).

Their distinctive capacity to spot and pursue those opportunities that generate social wealth and the capacity to innovatively deliver goods and services to that end turns social constructionists into global agents for change, as they are able to develop systemized scalable solutions to meet emergent needs, solutions that can be transferred to other social contexts. Due to their potential global action, Social Constructionists normally engage in large and complex organizations with considerable financing and staffing needs. This need to raise funds may, on the

one hand, divert their attention from their primary mission and, on the other hand, make them depend largely on funding agents.

The **Social Engineer** identifies systemic problems within the social systems and tries to address them by bringing about revolutionary change. Moved by innovation, they destroy dated systems, structures and processes, in order to replace them by newer and more efficient ones. Thus, it is easy to understand that Social Engineers are a strong change element, that can profoundly impact and influence on society.

*“The revolutionary and ideological nature of the reforms they introduce are usually a threat to the interests of established institutions, and are sometimes seen as subversive and illegitimate.”*(Zahra et al., 2009, p. 526).

Although of extreme importance, resistance to change sometimes limits their actions, often related to the “systemic” nature of the problems they target. Furthermore, due to their scale of action, necessary resources to act are hard to achieve and may sometimes impose limits to their autonomy.

As already seen with Martin and Osberg’s forms of social engagement (figure 2), these conceptualization schemes may seem, in theory, quite perfect. But the fact is that such frameworks cannot be understood as strictly as the authors contend. The Social Bricoleur is a social entrepreneur at his own scale. Nonetheless, he is still a social entrepreneur who may operate change in his ecosystem. It may not be a systemic or replicable change, but happens even if the scale is finite.

The Social Constructionist identifies the opportunity for action and puts all his efforts in order to solve the problem identified, even if it means operating large ventures and depending on funds and external resources. Despite this possible funding necessity, the action and potential impact still makes him a social entrepreneur in *genus*.

The Social Engineer holds the Schumpeterian view of the agent. Not all social entrepreneurs must focus on large-scale and systemic change, as some problems and societal needs do not ask for a social engineer, but for a social Bricoleur or a constructionist, as they are regionally-based or sporadic.

Again, the need to further develop the concept of social entrepreneur is felt. It may be possible to define different typologies of social entrepreneurs according to the field and mode of action, or roles as active and passive. To some extent, it would ease the study of this reality and contribute to further understanding social entrepreneurs, but could, painfully, delay the setting of social entrepreneurship as



a research field, as diverse interpretations and realities would come up, diverse persons, organizational structures and processes would provide for many different types of social entrepreneurs.

Regardless of the existence and relevance of a typology, some characteristics are common to social entrepreneurs. They have to meet the entrepreneurial condition and be innovators and pioneers, having to deal with those who are resistant and clinging on to acquired attitudes and practices, because of fear of the unknown occurring with the need for change. They adopt novel approaches and thereby overcome this inertia and aversion to risks. The need to acquire resources forces them to form social partnerships and exchange and cooperation networks. They engage in economic activities, produce goods, provide social and health services or pursue various societal objectives that contribute to the development of society in general or of local communities. The major objective is not connected to pecuniary or material gains to add to their assets, as profits, when possible, are, in principle, (re) invested in the enterprise to help achieve the underlying objectives.

It is commonly acknowledged that social entrepreneurs mobilize their creative and managerial skills to react positively to a social need, in an active and innovative style, not neglecting, hopefully, the sustainable character of his venture. The social entrepreneur is a person who seeks sustainable and impactful change through pattern-breaking ideas to address significant social or environmental problems, either focusing at local, national or global level, adopting both a social- and business-oriented strategy. Regardless of the field and broadness of action, the social entrepreneur seeks to establish social partnerships and exchange and cooperation networks.

In the context of this work, **social entrepreneur** is a sensitive individual deeply committed to social value creation, aiming at solving an identified problem or satisfying a need, ultimately contributing to a societal systemic change. In general, he engages in both social and economic activities, by adopting business-like management strategies and processes to ensure sustainability to the social mission and impact envisaged.

# 4. THE SOCIAL ENTERPRISE

## 4.1. THE ORGANIZATION

Several studies and research works highlight the increasing number and impact of social enterprises, as well as the key role they play in welfare provision, environmental issues and in helping restoring economic activity post crisis is recognized. (Dart, 2004; Jacques Defourny & Nyssens, 2010b; Michael, 2008; Nicholls, 2009; Teasdale, 2010; Teasdale, Lyon, & Baldock, 2013; Thompson & Doherty, 2006; Wilson & Post, 2011). Yet it is still a difficult task to theorize on social enterprising (Nicholls, 2009).

The construct of “social enterprise” is not clearly defined either, deriving, consequently, from the difficulty in defining the terms “social entrepreneurship” and “social entrepreneur”, as well as from the difficulty in setting boundaries for ventures in the Third Sector.

For many years, the terms social entrepreneurship, social enterprise and social capitalism were used interchangeably to describe revenue-generating activity on behalf of a social mission (Paul C. Light, 2008). As a result, most of the organizations or initiatives promoted by social entrepreneurs to achieve their goals tend to basically be labeled as social enterprises, regardless of the context, mission, legal and organizational form, income strategy, business model, etc.

Thompson and Doherty (2006) studied the diverse world of social enterprises, by means of a study of different “types” of social ventures, profiled according to a basic set of markers. According to the authors, social enterprises must have an underlying “social purpose”, where “assets and wealth” are used to benefit community and where “profits and surpluses are not distributed to shareholders” (Thompson & Doherty, 2006, p. 362).

Social entrepreneurs pursue this social mission “*with (at least in part) trade in a market place*” and ““members” or employees have some role in decision making and/or governance and the enterprise is seen as “accountable to both its members and a wider community”. To finalize, according to the authors, “*there is either a double- or triple-bottom line paradigm. The assumption is that the most effective social enterprises demonstrate healthy financial and social returns – rather than high returns in one and lower returns in the other*” (Thompson & Doherty, 2006, p. 362).

Following that simplistic point of view, social enterprises could be described as organizations employing “*business solutions to social problems*” (Thompson & Doherty, 2006, p. 362). This, though, seems to be an oversimplification of the term, but the lack of a specific legal form to encompass these “social enterprises” dims the application of the label. These organizations could benefit from being distinguished from other socially oriented organizations and initiatives. Notwithstanding the significant benefits and value that these socially oriented organizations and initiatives may bring to communities, these do not intend to be “businesses” or follow business-like approaches. As already seen when defining social entrepreneurship as a research field, social provision efforts or social activism efforts may be sometimes misunderstood with social entrepreneurial efforts, as the boundaries are so blurred.

Those socially oriented organizations are more likely to remain dependent on government funds, gifts and grants rather than develop true paying customers, as a true social enterprise must foster. In fact, authors contend that if an enterprise does not generate revenue, and depends mostly on grants and subsidies, then it may not be entrepreneurial, only innovative (Boschee & McClurg, 2003). The efforts made not to depend on government or other funds and towards self-sufficiency are generally recognized as inherent and mandatory features of social enterprises.

In his work on venture philanthropy in Europe, R. John (2006) depicted the subdivision of revenue generating in the entrepreneurial world, as shown in figure 5, where two extreme types of organizations can be distinguished. On the one hand, companies can be seen as profit-maximizing businesses, whose purpose is to create financial value and potentiate shareholder value. On the other hand, non-profit organizations exist to fulfill social objectives and create social value.

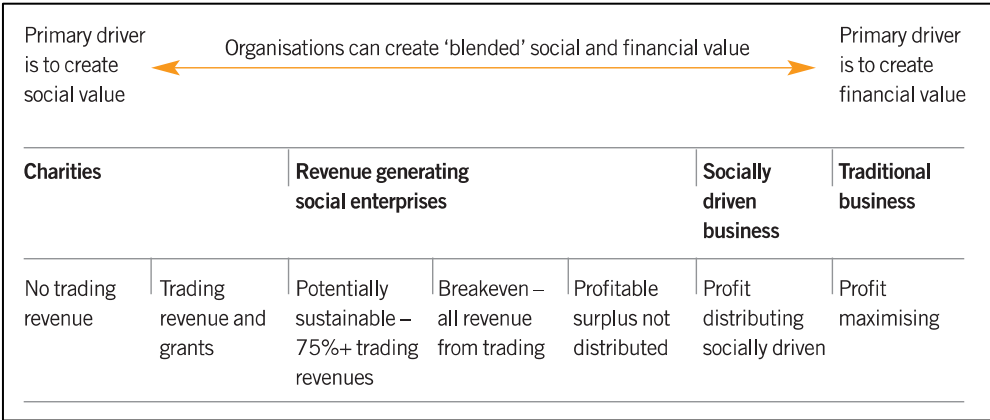


FIGURE 5 - REVENUE GENERATING IN SOCIAL ENTERPRISES (SOURCE: JOHN, 2006)

Ideally to the author, an organization should cover at least 75 % of its costs with revenues from the sale of products or services in order to be classified as a social enterprise. In the situation that full cost recovery is achieved, the oversupplies should not be distributed to shareholders, but re-invested in the social mission. Otherwise, the enterprise might lose its status as a social enterprise and be regarded merely as a socially driven business or a traditional for-profit business. More drastic than the 75% put forward by John (2006), is the definition by Muhammad Yunus, the founder of the well-known Grameen Bank, who puts forward an even more narrow definition of social business (Yunus, Moingeon, & Lehmann-Ortega, 2010).

Accordingly, “a social business is a new form of business that can be located somewhere between a profit-maximizing and a non-profit organization”, borrowing from both entities. Figure 6 illustrates this scenario. However, the difference, following the authors, is that it has to cover full costs from its operations, and the owners are entitled to recover their investments, although it is more cause- than profit-driven (Yunus et al., 2010).

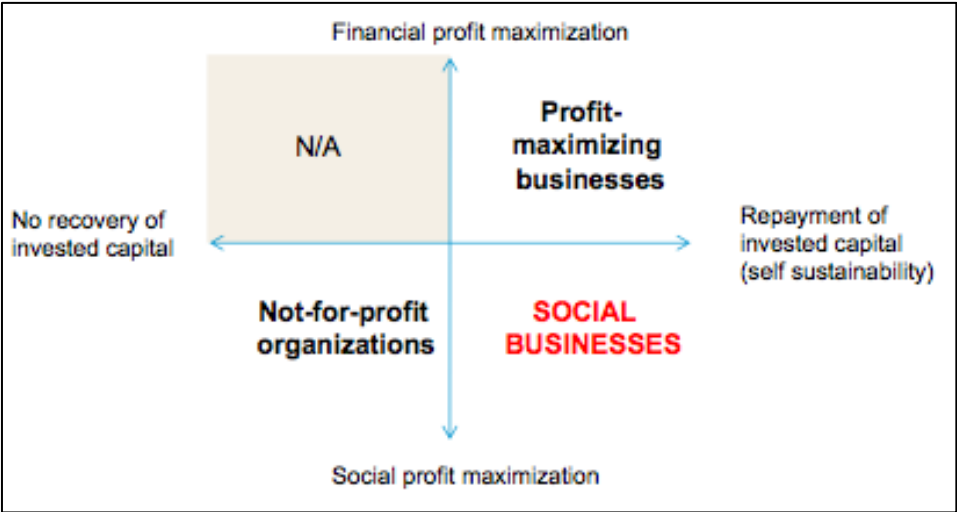


FIGURE 6 - SOCIAL BUSINESS VS.PROFIT MAXIMIZING BUSINESS AND NOT-FOR-PROFIT ORGANISATIONS (SOURCE: YUNUS ET AL., 2010)

In this point of view, the organizational structure is basically the same as profit-maximizing businesses, rather than charity-oriented or mixed/hybrid. The social entrepreneur runs a business differently than the social committed manager running a charity, although the underlying objective is quite different from a profit-maximizing company.

To this subject, the term “social business” is not used at random by Yunus *et al* (2010). According to them, those who design and run social businesses are social entrepreneurs, but not all social entrepreneurs are engaged in social business.

While trying to fulfill the social objective, social businesses need to recover their full costs, i.e. they need to be self-sustainable. Also different is the management/recovery of investments. Although owners/investors do not plan to make profits for themselves, as dividends are not foreseen and surpluses generated by the social business are to be reinvested, they are permitted to recover their investment, if they wish so.

*“A social business is designed and operated just like a ‘regular’ business enterprise, with products, services, customers, markets, expenses and revenues. It is a no-loss, no-dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor.”(Yunus et al., 2010, p. 98).*

According to CEFEC, an European Network of Social Firms, Social Co-operatives, NGO's and organizations that share the objective of creating paid work for disabled and disadvantaged people:

*“a social Firm is a business created for the employment of people with a disability or disadvantage in the labour market. It is a business that uses its market-oriented production of goods and services to pursue its social mission (more than 50% of its income should be derived from trade). A significant number (minimum 30%) of its employees will be people with a disability or other disadvantage in the labour market. Every worker is paid a market rate wage or salary appropriate to the work, whatever their productive capacity. Work opportunities should be equal between disadvantaged and non-disadvantaged employees. All employees have the same employment rights and obligations.” (CEFEC, 2012).*

The fact that more than 50% of a social firm's income should be generated through the sale of goods and services is, in a way, similar to John's classification of revenue generating social enterprises previously explained. The difference relies merely in the percentage and in the fact social firms explicitly require the direct employment of people with a disability or disadvantage in the labor market.

Other terms are referred in the literature on social entrepreneurial efforts, as low profit enterprises (which decide what to do with profits, to be or not distributed to owners or investors) and the already mentioned social firms, often described as those businesses employing people with a disability.

## 4.2. APPROACHES BY SCHOOLS OF THOUGHT

The way social enterprises are financed is a critical issue that reflects both distinct socio-economic contexts and the conceptions of social enterprise embedded in such contexts, especially when contrasting US and European landscapes (Jacques Defourny & Nyssens, 2010b). Geographical approaches have been applied (Bacq & Janssen, 2011), the same as already described for the “social entrepreneurship” term.

In Europe, as already seen, these organizations have been framed in the so-called Third Sector by EMES. Therefore, the term ‘social enterprise’ in this context is *“embedded in the field of social economy and includes co-operatives, mutuals, associations, foundations, as well as any company aiming at serving society”* (EMES, 2012).

In the USA, as the Third Sector isn’t as strong as in EU, the framework differs from EU and they are described by the Social Enterprise School as organizations pursuing a *“social objective and thus creating social value, with an entrepreneurial strategy, i.e. applying business expertise and market-based skills to not-for-profit organizations”*. The Social Innovation School, on its turn, highlights again the importance of the entrepreneur in the organization (Bacq & Janssen, 2011).

Researchers within the different schools of thought have also discussed the organizational form and profit distribution systems. As for the form, the Social Innovation School considers that such an organization can adopt a non-profit or a for-profit organizational form, without being limited to specific legal forms (Bacq & Janssen, 2011), but necessarily linked to the nature of the social need and the required resources.

To Mair and Martí (2006), the important element is the entrepreneurial attitude that provides the social initiatives with an entrepreneurial character. From this point of view, it is easy to understand the hybridity in the organizational forms and their flexibility towards market needs and available resources. They can be independent; generate profit, employ people and/or hire volunteers, as well as adopt innovative strategies in their pursuit of social change. Like this, such organizations are more prompt to answer to market needs, are more efficient and innovative and can easily mobilize volunteers. Regarding the profit distribution system, no constraints are imposed. If economic benefits are created, these should ideally be reinvested in the social mission, but this is not mandatory. In the end, only the social added value is important.

Still in the US perspective, the Social Enterprise School considered, in the first place, that these organizations should be non-profits. These would use earned income strategy in order to generate revenues on behalf of their charitable mission. However, later, any business that trades for a social purpose has been considered as a social enterprise. Regarding profit distribution, this perspective has also evolved, from, firstly, the notion that social entrepreneurship organizations cannot distribute profit to their shareholders, as it must be fully devoted to the social objective, to the concept that social entrepreneurship organizations are as any other business ventures, where profit distribution to owners, workers or others may happen (Bacq & Janssen, 2011).

In Europe, the study of social entrepreneurial organizations has been, as already stated, led by EMES (Jacques Defourny & Nyssens, 2008). The study of organizational forms has been deeply and broadly studied in the participating countries, as in some specific legal forms have been created to this end.

Different historical developments have led to legal frameworks for enterprises with significant differences across Member States, leading to the situation that most types of enterprises in the social economy are not recognized by a legal framework at European level, but only at national level in some Member States (Dees & Anderson, 2006).

Open-model legal frameworks exist nowadays across Europe, as in Belgium, Italy and United Kingdom, among other countries. For instance, in Belgium, the 'company with a social purpose' has been created and in Italy a law was passed on social enterprise. Both encompass a label that is transversal to all legal forms and can be adopted by various types of organization, i.e. not only cooperatives and non-profit organizations, but also investor-owned organizations, for instance, as long as the objective is social and not dedicated to the enrichment of their shareholders. In the UK, as already mentioned, a law was approved creating the 'community interest company' in 2004, followed in 2006 by a clarification of social enterprise as a "business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" (Lauren & Heledd, 2006).

Thus, within the EMES approach, social enterprises may combine income from sales or fees with public subsidies linked to their social mission and private donations and/or volunteering. This clearly contrasts with a strong US tendency to define social enterprises as mostly non-profit organizations more oriented towards the market, as a response to decreasing public subsidies and the limits of private grants from foundations.

The EMES approach establishes an "ideal-type" social enterprise, as already pictured in Fig. 6, which comprises the following indicators (I) to reflect both the economic and entrepreneurial dimensions of social enterprises:

***11- A continuous activity producing goods and/or selling services***

According to EMES, social enterprises are directly involved in the production of goods or the provision of services to people on a continuous basis, without being dependent on sponsorships or government funds. There is a societal demand for this useful and productive activity and this alone may justify the existence of social enterprises.

***12- A high degree of autonomy***

Social enterprises are created by individuals or a group of people on the basis of an autonomous project and are governed by their creators. Some of their funds may origin on government or other public funds, but it does not imply that they are to be managed by their sponsors.

***13- A significant level of economic risk***

Establishing a social enterprise implies for the entrepreneur the risk inherent in the initiative. The venture financial viability depends on the efforts to secure adequate resources and the potential success of such efforts.

***14- A minimum amount of paid work***

As in the majority of non-profit organizations, social enterprises may also associate monetary and non-monetary resources, voluntary and paid workers, although the minimum level of paid workers should be followed.

As for the social dimensions of such enterprises, the following indicators have been provided:

***15- An explicit aim to benefit the community***

One of the main objectives of a social enterprise, straightly connected to its mission, is to serve the community or a specific group of people, so as to answer a societal need. By acting socially, social enterprises are also able to foster social responsibility at the community.

***16- An initiative launched by a group of citizens***

Social enterprises are, normally, the result of collective work in a community. This collective dimension should be maintained, regardless of the individual leadership that may be set.

***17- A decision-making power not based on capital ownership***

The criterion "one member, one vote" should be adopted, or at least a decision-making process in which voting power is not distributed according to capital shares. Although the owners of capital are important when social enterprises have equity capital, the decision-making rights are generally to be shared with other stakeholders.

***18- A participatory nature, which involves various parties affected by the activity***

Social enterprises tend to foster the representation and participation of users or customers and privilege the influence of various stakeholders on decision-making and management of the social enterprise.

***19- A limited profit distribution***

Social enterprises may include organizations with non-distribution constraints, but also organizations that may distribute profits. It should be, however, limited to a certain extent, thus avoiding a profit-maximizing behaviour.



With such indicators and criteria, the authors aimed at providing governments, scholars and users in general with criteria and indicators to make it possible to position an organization within the "galaxy" of social enterprises (Jacques Defourny & Nyssens, 2008).

Regardless of the form, and in spite of the existence of such newly created forms for this specific context, the fact is that, according to Defourny and Nyssens (2008), the majority of 'social enterprises' across Europe still adopt old and regular legal forms, as associations, co-operatives or traditional business forms. This may be explained by the fact that these legal designations involve a considerable number of requirements, others than those of traditional legal forms, without adding value to the organization's mission.

The fact that "social enterprise", as used currently, may be, in practice, seen merely as a label, and not as a legal form, contributes to the difficulty in setting a definition or boundaries to work with. Furthermore, regarding Portugal, if one were to translate the term "social enterprise" into Portuguese and set a working definition, it would lead us to another discussion, as the term "enterprise" may mean "empresa", "firma", "empreendimento", "projecto", "iniciativa" and "arrojo" (Porto Editora).

All theoretical approaches may lead to different paths and leave room for endless discussion. Practical studies have been the main target of researchers, so as to better identify what a social enterprise stands for, in fact, and what set of characteristics, obstacles, facilitators and business models, among other aspects, better suit social enterprises.

Although the variety of terms and concepts presented, which prove again the lack of a unifying paradigm in the field, one can detect a certain convergence between the various definitions used, such as the pursue of a social mission through an entrepreneurial approach, that highlight, the social impact creation, the innovative approach and sustainability. This can be extremely useful in the establishment of a working definition in order to go deeper in the analysis in the field.

In this context, and by merging several concepts already discussed and focusing on the ecosystem to be analyzed, *a **social enterprise** can take any legal form, but it has to pursue a social objective to improve a given social condition (social mission), in an systemic and impactful way (impact creation), and by merging social and commercial methods (business-like approach) while at the same time testing creative ways (innovative operational approaches) to mobilize resources and generate revenue, other than government funds or complementing these (sustainability).*

# 5. THE ECOSYSTEM AND THE RESEARCH METHODOLOGY

## 5.1. THE PORTUGUESE ECOSYSTEM

The challenges faced in Portugal over the last 40 years forced civil society, governing bodies and Third Sector organizations to develop more and stronger efforts regarding societal and environmental issues. The end of the dictatorship with the April Revolution in 1974 triggered the development of new initiatives promoted by society, as these were before censored by the regime (Parente, 2011).

Other factors, though, have contributed to this rise of socially oriented initiatives in Portugal. On the one hand, and moving backwards, with the accession of Portugal to the European Union in 1986, a period of economic stability is established and social policies are implemented in line with European Union standards. On the other hand, and more recently, the progressive downsizing in the provision of social services by the state has also been a key player in the triggering of such initiatives. Portuguese society and business sector have varied on the efforts and answers to the emerging needs according to the specificities of the governing model, culture and society (Parente, Santos, Marcos, Costa, & Veloso, 2012).

Despite these many socially originated initiatives, with varied forms and actuation fields and sectors, 'social economy', 'social entrepreneurship' and 'social enterprise' are yet foreign topics for many in Portugal, especially in what conceptualization is concerned.

This lack of awareness is also associated with the fact that, for years, the provision of social services has been mainly promoted and supported by the Portuguese government, by means of the so called Private Institutions for Social Solidarity (IPSS's), by church-related charitable organizations (as Santa Casa da Misericórdia) or on a large and fundamental basis by families which still play a central role as providers of social assistance (Jacques Defourny & Nyssens, 2008). Therefore, most initiatives aiming at a social end are, normally, framed within the Third Sector field of actuation and are incorporated as such, as its definition and framework is more loose than those of the Primary and Secondary Sectors (Corry, 2010).

Currently, the heterogeneity of this sector is revealed by the wealth and diversity of the legal forms and types of entities, some more traditional than others, that may fit under this category, as well as by the wide range of intervention, from social action, education and health, culture and sport, banking and insurance, agriculture, etc. (Quintão, 2011).

In terms of typology, social entrepreneurship initiatives or social enterprises to this context, are not yet considered within the existing legal forms defined:

*“Associations and foundations, private hospitals and social service agencies, mutualist associations formed under the statute of Private Institutions for Social Solidarity, housing and social solidarity cooperatives, government units classified as nonprofit institutions, business associations, chambers of commerce and similar market producers, Misericórdias (Holy Houses of Mercy), Religious orders (“brotherhoods”), private universities, and public-private research institutions serving households”* (Salamon, Sokolowski, Haddock, & Tice, 2012).

Of major relevance in the Portuguese scenario are the Private Institutions for Social Solidarity (IPSS). This statute is given since 1979 to organizations involved in the provision of social services, like the assistance of children, young people and families, as well as in the promotion of social and community integration, assistance to elderly and disabled people, education and vocational training, and may take the form of social solidarity associations, mutual foundations, *misericórdias*, parish organizations and various religious organizations. These organizations, whose predominant activity is the provision of social assistance, rely mostly on government funding through protocols with Social Security or on religious organizations support to survive, which turns them heavily dependent on the State, also impacting on their management structure and innovation capacity (Parente, 2011).

This sector assumes an important position in Portugal, as it “generates employment and promotes the strengthening of national economy through the provision of goods, products and services” (Parente et al., 2012, p. 121). It contributed 2% in 2006 to the Gross Domestic Product (GDP) and employed 4,3% of the economically active population (nearly 185.000 workers). These figures, compiled by *Instituto Nacional de Estatística* (National Institute for Statistics) through the establishment of the first Nonprofit Institution (NPI) Satellite Account in Portugal, despite being significant, place Portugal below the average of the other 15 counterpartyed countries, with 5.5% of total employment and 3,6% of contribution to GDP (INE, 2010). In 2010, those numbers rose to 2,8% in terms of GDP and 5,5% of economically active population, which allows to conclude that

the number or dimension of organizations within the Third Sector has grown. Of the 55,383 units considered under social economy in 2010, associations and other non-profit organizations represented 94%, co-operatives were the second group with higher relative weight in terms of number of units, contribution to GDP and compensation of employees.

Although a wide range of functions and activities provided by non-profit institutions, the dominant NPI activity is the provision of social assistance, accounting for 52% of employment and 47% of the NPI value added (Salamon et al., 2012)

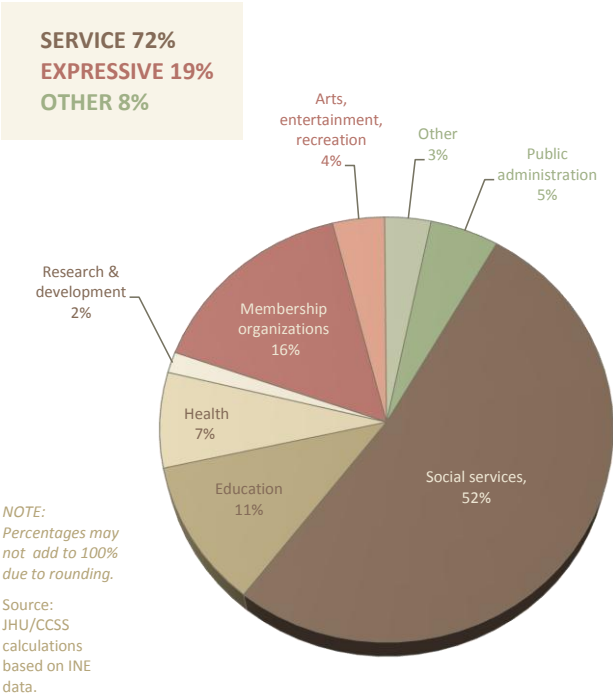


FIGURE 7 – DISTRIBUTION OF NPI EMPLOYMENT, BY FIELD, IN PORTUGAL, IN 2006

Regarding finances, in 2010, this sector total expenditure accounted for 14.748 million euros, mostly originated from intermediate consumption (31,4%), salaries (26,8% and social benefits (24,3%). The total revenues and resources accounted for 14.177,9 million euros from production (62,8%), transferences and subsidies (23,8%) and property income (10,3%).

Having in consideration these figures, it is perceptible the importance of the Third Sector in Portugal, not only in terms of the provision of social assistance, but also in terms of employment creation, contribution to GDP and provision of goods and services provided to the market.

Nowadays, the Third Sector in Portugal is fragmented and crosses the State, the market and the community (Parente, 2011). The specificities, such as the different

legal status and broad social focus that Third Sector organizations can assume, as well as their high dependency on the intervention of the state, the strong influence from Catholic Church and the absence of a dynamic civil society (Franco, Sokolowski, Hairel, & Salamon, 2012) difficult the setting of a framework for social entrepreneurship and the identification of social enterprises in their core essence.

## 5.2. METHODOLOGY AND OBJECTIVES

Given the interest in those initiatives that valorize, simultaneously, social impact, entrepreneurial approach and sustainability, cases were sought to illustrate the Portuguese reality at the time, acting as potential catalysts for social entrepreneurship initiatives and for the creation of more social enterprises. Therefore, this study aims at providing a comparative analysis of social entrepreneurship initiatives in Portugal, focusing mainly on the mission, impact, processes and sustainability vectors, as figure 8 demonstrates. The analysis of such initiatives will allow for a positive distinction of social enterprises, based on working definitions and frameworks set.

As stated by Dees (2001, p. 1), social entrepreneurship initiatives embrace a wide range of activities and organizations, that *“in addition to innovative not-for-profit ventures (...) can include social purpose business ventures, such as for-profit community development banks, and hybrid organizations mixing not-for-profit and for-profit elements”*. In the scope of this research work, and despite social entrepreneurship initiatives can be theoretically found in all sectors, the main focus was given to organizations within the Portuguese Third Sector, since those had an explicit social mission.

However, as already explored in the previous chapter, the Third Sector in Portugal has several specificities that difficult the identification of social enterprises. Additionally, there is a lack of unity in Portugal regarding the definition of social entrepreneurship, and usually it is not a label that organizations easily attribute to themselves (Parente et al., 2012).

Therefore, and in order to overcome the lack of accurate data regarding that type of organizations, an exploratory analysis was made. A preliminary consultation to key social actors actually operating within the Third Sector and the analysis of secondary sources of information allowed the selection of institutions that might fit in the category of social enterprises, considering their hybrid mission (both social and business oriented), as well as their potential social impact.

As in Portugal no legal form for social enterprises exists, the selection of the organizations for this study depended, thus, not on the legal form itself, but most exclusively on a set of criteria that enables the distinction from other socially-focused organizations, as for instance their independence, the clear social mission, the adoption of a business-like approach to address social needs and the awareness of the sustainability requisite. Due to the economic crisis and funding downscaling, the striving for sustainability is widespread, either in for-profit or non-for-profit realities, but it has been likewise taken into consideration for this selection. Efforts have been done to best represent and study both realities, specifically for-profit and non-for-profit, and their geographic dispersion considered, but in the Portuguese scenario it revealed itself difficult to identify (for-profit) social enterprises.

The four Portuguese organizations selected, namely two foundations, an association and a co-operative, were created between 1976 and 2011. Table 3 provides basic information of the selected organizations.

<b>Organization/ year</b>	<b>Year of creation</b>	<b>Legal status</b>	<b>Localization</b>	<b>Legal form/ Sector</b>
<b>PariPassu</b>	<b>2011</b>	Co-operative	Porto	Second and Third Sector
<b>Fundação Porto Social</b>	<b>2009</b>	Foundation	Porto	Third Sector
<b>ARCIL</b>	<b>1976</b>	Association	Coimbra	Third Sector
<b>Fundação Graça Gonçalves</b>	<b>2006</b>	Foundation	Aveiro	Third Sector

TABLE 3 – SELECTED ORGANIZATIONS

The methodology used to carry out this study was explorative, based in the case studies' qualitative data, collected from semi-structured interviews, conducted, between June and July 2012, and available information on media. The Foundation Graça Gonçalves did not allow any records of the conversation.

Deriving from the state-of-the-art review, frameworks adopted and specificities of the Portuguese scenario, questions were formulated (Annex I) and comprised in 10 major sets of questions (Annex II):

- I. Characterization of the organization
- II. Mission & Vision
- III. The entrepreneur
- IV. Human resources

- V. Organization & Management
- VI. Business strategy & performance
- VII. Finances & Funding
- VIII. Interest & pressure groups
- IX. Academic or business creation Support
- X. Future actions

The entrepreneurs' motivations and the future actions are very important data to be explored, as these may determine the large-scale impact of the organization, and the classification of the agent as Social *Bricoleur*, Social Constructionist or Social Engineer.

In order to characterize these organizations and consider the possibility, in fact, to label them as social enterprises, the defined working definitions were considered and two approaches were followed.

Firstly, it was used the framework proposed by Martin and Osberg (2007), which distinguishes three types of social engagement. This approach was chosen because it tends to provide a narrower notion of social enterprise. Globally it is aimed to define whether the field of actuation of the organization may be characterized as social service provision, social activism or, in fact, social entrepreneurship.

The second approach followed offered a broader definition of an ideal-type social enterprise, adding the EMES selected indicators to other criteria, mainly sustainability issues, developing thus a characterization framework that sets no strict boundaries and potentially applicable to the Portuguese scenario (Figure 8).

The drive for sustainable ventures, whatever their nature and percentages outcome, is essential in current days, as seen in the importance given to sustainability issues in EMES indicators. The basic assumption is that a sustainable enterprise is more efficient in accomplishing its mission than a company that strives for survival. In this case, it is relevant to understand their financial sustainability. Therefore, this ideal-type social enterprise proposed in Figure 8 sets the mission as the central vector, establishes relations between processes and sustainability, sustainability and social impact and processes and social impact.

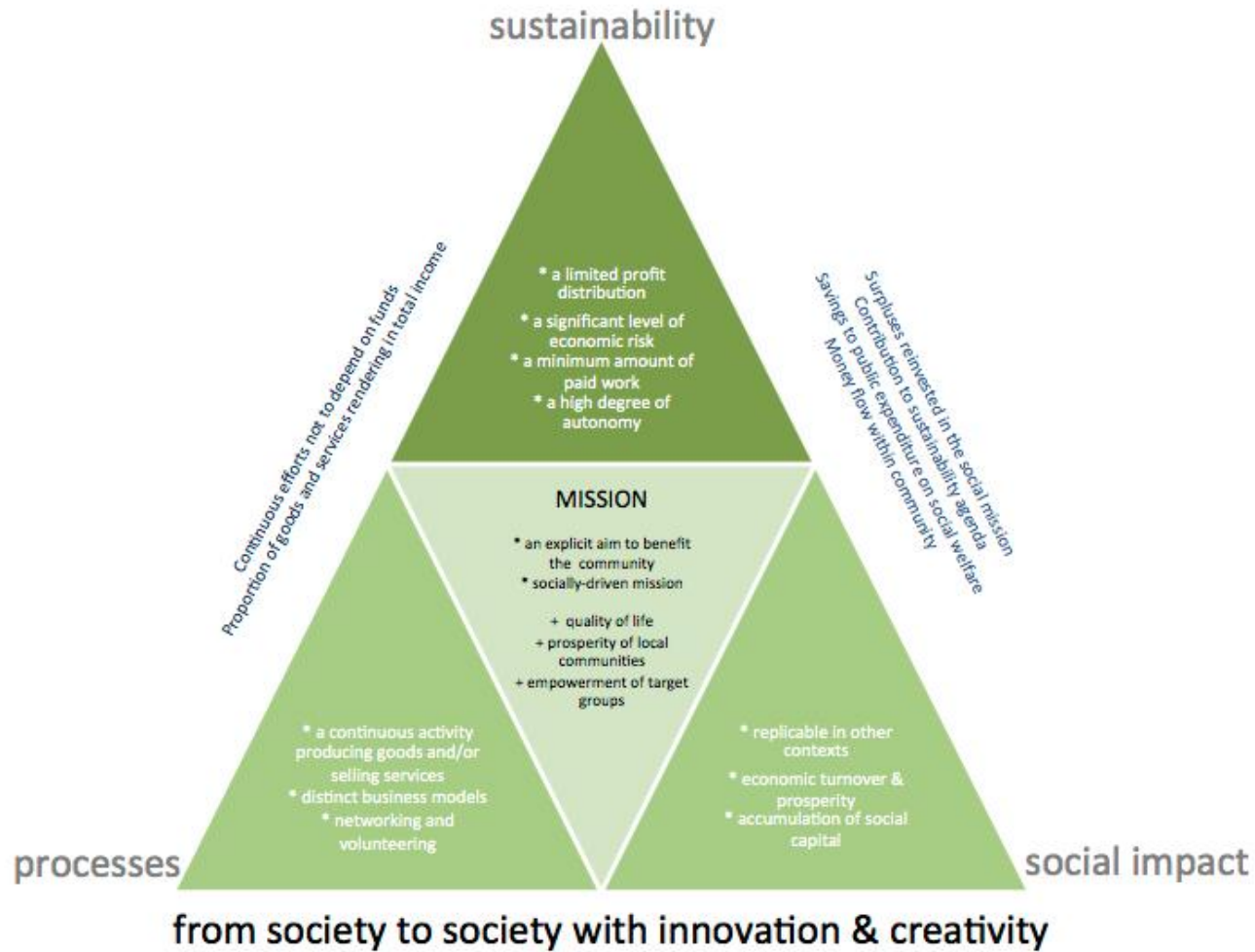


FIGURE 8 - FRAMEWORK FOR SOCIAL ENTERPRISES





# 6. ANALYSIS OF SOCIAL ENTREPRENEURSHIP INITIATIVES

## 6.1. PARIPASSU

Pari Passu's mission is based on creating an interface between business and social economy organizations, encouraging the first to incorporate social responsibility in their culture.

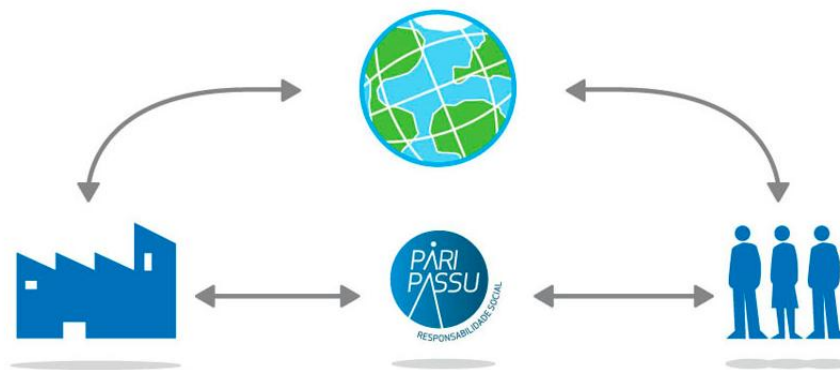


FIGURE 9 - PARIPASSU SCHEMATIC REPRESENTATION

Although labeled as 'social enterprise', Pari Passu is not a legally created company yet. Following juridical counseling, they agreed upon a legal form that may better fit the mission and vision for Pari Passu, namely the co-operative type. The possibility to register later Pari Passu as a company is not excluded, according to Inês Pinto Cardoso, CEO and one of the founders. For the moment, however, the co-operative type suits better their interests, adapts to the mission and fulfills their personal expectations, apart from the important taxes downgrading it implies. Entrepreneurs have agreed that the profit is to be used to invest in projects that aim at meeting social needs in the community.

Settled at the Incubator of the Universidade Católica Portuguesa, the 4 founders, all female, have been working for a year to set the basic conditions, to prepare business and marketing plans for the organization and have already established contact with current and potential clients. At the moment, they haven't recruited any employees or volunteers, but consider doing it in the future.

Pari Passu will render service in three major areas:

**Consulting in Social Responsibility**

- Diagnosis of the management model in Social Responsibility
- Implementation of ISO 26000:2010
- Implementation of standard NP4469-1: 2008 and support to certification
- Training: *Optimization of the management system for Social Responsibility; Training in Social Responsibility*
- Reports of social impact

**Preparation and Management of Sustainability Reports**

- Diagnostics for the selection of sustainability indicators
- Elaboration of sustainability reports
- Training for the preparation of sustainability reports

**Development of Social Responsibility Projects**

- Diagnosis of opportunities for projects of social responsibility
- Support to the formulation and/or project management.
- Training: *Fundraising; Management of volunteering; Business volunteering; Promotion of teambuilding and skills management.*
- Reports of social impact.

The business strategy is at its exploratory phase, as the founders are now introducing Pari Passu to potential clients, mostly SME's and social organizations, and have so far performed one social responsibility report for a company. The business sectors envisaged encompass traditional industry, as ceramics, shoe manufacturing, textiles and tourism, with a more high-tech industry as communication agencies, software developers, etc. From their several visits and budgets presented to some invitations, they expect to receive positive answers soon, as the potential clients revealed interest in their services, despite some problems in the conceptualization of the concept of social responsibility.

Social responsibility in business organizations is related to their responsibilities to the surrounding community, the environment and working practices. In this sense, sustainability is crucial in a socially responsible conduct, inasmuch as in their mode of action, organizations should contribute to the economic and social development of the community, to a healthy environment and to improve labor relations.

The founders share the same ideals and values that served as basis for their mission. They do not defend simple donations or sponsorship; they aim at using market tools and strategies to serve a social cause, to give support to minorities and empower them to act, leading businessmen to pay attention for a double-line objective: profit and social benefit.

Pari Passu aims at being a reference in the market for fostering social responsible behaviors within business organizations, which will ultimately contribute to a long-term and impactful social change, with quantitative and qualitative benefits for both

parties. By incorporating social responsibility in their culture, business organizations may improve the trust of customers, motivate employees, gain visibility and establish a closer relationship with all stakeholders. This was the current opportunity that the founders saw and seized.

The sensibility and willingness to help that the founders demonstrated derives also from their education, as all are psychologists doing master courses in different areas, and have always served social causes, despite their ages (all aged between 25-30).

The identification of this social need for more socially responsible organizations derived from the founders' former experience as volunteers in different organizations. The work they have developed at Acreditar (Association of parents and friends of children with cancer), Gas'África (Catholic association for volunteering programs in Africa and Portugal) and CASO (the Universidade Católica Portuguesa volunteering group) made them perceive this market gap, as they witnessed that many companies tried effectively to help social organizations, but in a wrong way, what sometimes could be a problem for the social organization to handle with. They believe that by introducing social responsibility practices and by rendering services in this field to companies, they can help changing mentalities of Portuguese businessmen, making them recognize that it is possible to develop a successful business by adopting a double line paradigm, envisaging not only profit, but also social and/or environmental equilibrium.

Their entrepreneurial character is also a very important aspect in this context. Inês Pinto Cardoso, the CEO, recognizes entrepreneurial features in her and in the other co-founders. She claims to be persistent, have initiative and love challenges. She is keen on learning and improving her own skills to do more and better, especially in this social field. Nevertheless, she considers that to be a social entrepreneur, the only thing that one needs is the will to help and contribute to solve a social problem. She is involved in parallel projects, as a project with worldwide traditional dances and music (aiming at reviving traditional cultures in cities and foster openness to other cultures) and training to children by means of art therapy.

Furthermore, the fact that three of the founders are doing a master course on social economy helped them understanding the cause of the failure of internal and external social policies and the current need to change mentalities and cultures within organizations and communities.

Their dedication to the project is not yet total, as some have part-time jobs and one is working full-time and are also involved in other social projects. However the

intention is to dedicate full time to Pari Passu as soon as possible and as soon as it is viable for the cooperative to support a salary for the founders/workers. The founders intend only to receive a salary for their work and the remaining profit shall be all re-invested in the mission and/or other social projects.

The difference in perceiving social responsibility has been appointed as one of the major obstacles to overcome, together with the resistance to change and to integrate social responsibility. This may be due to the fact that senior businessmen, who are more resilient to change mentalities and to adopt new management paradigms, own and manage some of the target industries.

The fact that a great percentage of companies is currently striving for financial sustainability may also constitute an important obstacle, as attentions are driven to survive in the competitive industrial arena and keep workplaces, rather than be socially responsible. It is, in fact a cultural issue, as both sustainability vectors should be preserved.

The CEO has identified the current panorama of Portuguese crisis as a facilitator for the integration of social responsibility in companies. With such a high unemployment rate, people are becoming more aware of social needs and feel the impetus to act. A very stressed facilitator pointed out by the CEO has been the integration in the incubator of the Universidade Católica Portuguesa. Described as essential, the incubation period in this business environment has led Pari Passu to gain a more business-like attitude and profit from the services offered, as juridical support, accounting and secretariat.

The incubation period at the Universidade Católica Portuguesa and a monetary amount of 5.000€ was the prize awarded to the founders, who submitted in 2011 the Pari Passu business plan to Socialspin, a contest launched by the same university, aiming at fostering social innovation among the students. Another very important and highlighted aspect has been the counseling and guidance from professors and senior managers at Universidade Católica. The advice in strategic matters is considered as crucial, as decisions at Pari Passu are very democratic and very discussed among the four founders.

Pari Passu benefits, as well, from the business network of the incubator and the university itself to expand connections and business approaches. Their strategy involves partnerships and close relations to business associations, as ACP (Associação Comercial do Porto) and AEP (Associação Empresarial de Portugal) and to social organizations as Association PAR and possibly the IES (Instituto de Empreendedorismo Social).

Pari Passu founders will work for the change of mentalities and culture within organizations, achieving the balance between working and managing an organization with employees and serving a social or environmental cause. By creating the interface between business and social economy organizations, this organization hopes to contribute to solve social problems and make companies and social organizations walk *pari passu* (i.e. on equal footing).

## 6.2. FUNDAÇÃO PORTO SOCIAL

The Fundação para o Desenvolvimento Social do Porto (Oporto's Foundation for Social Development), also known by its brand name Fundação Porto Social (Oporto Social Foundation), is a privately funded non-profit organization with corporate identity and of public utility, founded by Oporto's City Council. Its governance model includes a direction board, which approves an Activity Plan and Budget, and an executive director, who holds autonomy of decision.

The mission is to "promote social inclusion and cohesion" within the Oporto area and the vision is to be recognized as an institution that, directly or indirectly, identifies and analyses the problems of Oporto's citizens with specific needs, providing them with an answer, while constantly interacting with the city of Oporto, as a real network.

By fulfilling this mission, the Foundation is responsible for implementing, directly or through partnerships, the policies of social intervention defined by Oporto's City Council, in order to promote dynamic social cohesion in the city's institutions. The principles ruling their action are: Social responsibility; Solidarity; Civic training; Life Quality and Network. The major goals are thus to contribute to a growing social cohesion in the Oporto area; actively collaborate in order to improve the quality of life of the city's inhabitants and foster the network amongst the different institutions offering social support, creating an inter-institutional articulation.

A rational use of the available resources is essential to fight social exclusion and support social interventions, as well as to promote and disseminate relevant cultural content aiming the city's development.

The work is centred in the development of various projects and initiatives that contribute to improve life quality in general and also provide a range of infrastructural resources open to the City. Due to its nature, its actuation intertwines with other initiatives and areas of the council and city, in general, so it is also a concern to create beneficial partnerships, searching for alliances to complement the services/interventions. Partnerships and collaboration with the

council services of Education, Culture, Science, Knowledge and Third Sector, among others, are essential to the implementation of the initiatives.

Examples of the work the foundation has been developing are the “Aconchego”, “Música para Todos” and the “Orquestra Juvenil da Bonjóia”. Aconchego is a well-known project, developed since 2004, which has been awarded by the European Commission.

The main driving force for the promotion of this foundation was the resilience of the city mayor, who recognised the lack of articulation and inefficient management of social institutions in Oporto. With the downsizing of funding and the necessary thrive for sustainability the opportunity to create a more supported and efficient network arose.

The Foundation is recognized as an active institution when it comes to the pursuit of behavioural changes that can result in improved life quality of OPorto's inhabitants. Being an affiliate of Porto City Council gives as great competitive advantage as well as the effective citizens' recognition of the high degree of efficiency in the solution of problems in which it intervenes.

The executive director since 2009, Raquel Castello-Branco, an engineer that had previously developed the same function at a national theatre, highlighted the main obstacles she found when she joined the foundation, namely the already mentioned lack of articulation in the social network, the funding and the typical assistentialist culture within social organizations and their public.

Regarding the human resources in the foundation (ca. 30 employees), the majority is female and holds a university degree. The director pointed out the fact that a good percentage of the employees do not belong to the social field, i.e. they hold degrees in Accounting, Management and Engineering, among other fields. The reason behind this curious fact is that she believes that the culture of assistentialism is still very present and taught in the social field courses. As it is intended to foster a more entrepreneurial and active attitude in social workers and society in general, this organization suits better the objective.

With fixed expenses with the infrastructures, human resources being paid regular salaries and with the promotion of the initiatives, the foundation tries continuously to improve its income strategy. In terms of funding, the foundation receives ca.70% of the budget from the city council and obtains the remaining 30%.

The search for new forms of financing is a constant concern of the director, in order to guarantee and promote the sustainability of the foundation, either by

obtaining its own revenue, whose percentage is intended to raise, through sponsorships or by the undertaking of sponsorship contracts, or by rendering services as training, lodging, room and infrastructures renting.

It is essential for the foundation that every initiative is promoted in partnership. A good example of these potential partners is the Foundation Mota Engil, which supports the rehabilitation of old buildings for elderly, in straight collaboration with the foundation who evaluates and selects the target.

Partnerships with universities, as Oporto, Católica, Oporto Business School and Lusófona, and with institutes, as the Social Entrepreneurship Institute are recognised as very significant for the success of the foundation as well.

The measure of the social impact is also an issue of major concern in this institution, although the director recognized that it is not easy to evaluate social efforts and social results. Indicators of performance have been included in the Activity Plan and it is expected to measure the impact of their actions based on the achievement of such indicators. Another measure that has been implemented is the evaluation of the project “Música para Todos”, where the student’s grades were compared before and after the project, so as to validate the importance of music in the education of those children, who would not have access to music if it weren’t for the project.

The basis for the success of social projects relies upon the social networking, as this way one can rationalize resources and benefit from each other's know-how, so that, together, all can work towards the growth of social cohesion.

### 6.3. ARCIL

Working under the motto “Equal people, different products”, the Associação para a Recuperação de Cidadãos Inadaptados da Lousa (ARCIL) is a non-profit social solidarity private organization, an association currently with ca. 600 associates founded in 1976 by a group of parents and a social assistant, with the objective of contributing to the effective inclusion of people with disabilities and other special needs, promoting ultimately a change in the way people face disability and difference.

The mission of ARCIL is to act actively, sustainably and entrepreneurially in the rehabilitation and in the promotion of citizenship and quality of life, believing in the human potential in difference. This entrepreneurial-type mission may also be



decoded in the vision of the institution, as it aims at being a sustainable organization, that guarantees respect for the difference and equality of opportunity for all.

ARCIL's action has been, since the foundation, guided by the intentions of promoting the valorisation, social inclusion and professional development of the customers (ca. 430 currently sharing one or more social facilities), through targeted intervention, working side by side with public and private organizations, in a cooperative, open and complementary way.

The principles of ARCIL enclose the quality in the intervention, community development, partnering and the fight against social exclusion, and their application is measured by the satisfaction and development of their clients and their quality of life. An important asset of ARCIL has been the continuous search for sustainability. This type of association aiming at inclusion was common in the 80's, but very dependent on governmental subsidies. Normally these pro-rehabilitation and inclusion institutions focus on selling goods, but at a very small scale.

The novelty in ARCIL was introduced by one of the most important persons in the institution, the former director and professor José Ernesto Carvalhinho. Before introducing this new governance model with measures and aims towards sustainability, the director spent a period in France in order to learn how to better manage this difficult reality. He brought to the institution the best practices in inclusion and rehabilitation, as well as a vision for a sustainable institution.

Cristina Silva and Helena Sameiro, the executive directors for management and rehabilitation highlight his willingness to learn abroad and his dedication to the institution, which allowed him to remain in ARCIL for almost 25 years, as director. He left the institution in 2001, due to personal reasons, but his legacy remains. The search for sustainability and the vision of an open institution integrating and participating in the society remain as hallmarks of ARCIL. The existence of a traditional folk group ('rancho') and the participation in regional cultural and sportive events highlight the relation of the institution with society.

Furthermore, the participation in projects, either national or international, has also been very important to promote the sustainability and recognition of the institution. ARCIL has integrated European networks on rehabilitation and other projects funded by EU, retrieving best practices, exchanging know-how and funding for some activities and human resources. The participation in EU projects was driven by the existence of a network, very fostered by the director himself. He was, as one of the directors mentioned, ahead of his time and has been inclusively

involved in the creation of the national legislation for the centres of protected employment (the first law was made public in 1983).

The leadership of the director also had some drawbacks, according to the directors. The institution was very dependent on his actions and network and the majority of decision-making processes were his responsibility. After 2001, with a new management model, decisions became more 'democratic'. A direction board and two executive managers, one for the area of rehabilitation and one for the area of management, are responsible for the institution and answer to associates.

The perspective of ARCIL as a resource centre for the community reflects the history of the institution. Some services were created following the identification of their need in the surrounding area. For instance, the *Centro de Medicina Física e Reabilitação* was created to fill in a gap in the region, as there were no facilities performing this service. ARCIL had the means, i.e. specialized human resources and facilities, and made it available to the population. This initiative had a two-folded objective: serving society and increasing income by the service rendering to paying customers. Sustainability was, thus, based in a society need, by following a market-driven approach.

ARCIL has been suffering a setback of its business units, from the turnover of about EUR 1.336 million in 2010 to 1.117 million euros in 2011, caused mainly by the economic and financial crisis that has been experienced in recent times. Consequently, ARCIL has been downsizing its actuation range. Some productions units, as the printing of cards has been suspended and most probably the wood production unit will also be suspended. The reasons include, firstly, the economic crisis, but also critical were the need of facilities modernization (where investment in equipment was mandatory) and the lack of added value in some products. The competition is very high and it is practically impossible to compete with highly specified and equipped industry.

All business areas have currently a dedicated manager and the production and marketing strategies are being re-designed. The services of laundry, gardening health and children day-care facilities are some good examples of ARCIL's vision for sustainability. However, the agriculture products and the ceramics can be further exploited. Markets for specific and unique ceramic products may be found and ARCIL benefits from the uniqueness of their products. Most work is hand-made and may be customized, supporting the motto "Equal people, different products".



FIGURE 10 - ARCIL BUSINESS AREAS

The strategy to be followed in the next years can include only service rendering and abandonment of production. However, this would constitute a major drawback in the employees' lives, especially those with disabilities. Investment in innovation and opportunity seizing may be the solution to continue fostering the sustainability and maintain the job of so many disabled people. It is currently in discussion the rendering of specific health services to society, some of which are only available out of Portugal.

ARCIL has the facilities, the capacity and the will to learn, as proven by its history. The management of products portfolio and the launching of new business areas is a constant in the institution, seeking to promote continuous improvement and being part of the sustainability and entrepreneurship policy of ARCIL. The creation of a centre to help creating jobs, a kind of incubator, is also a recent measure to improve capabilities of their customers and have already contributed for some persons with physical disabilities to create their own jobs.

The adoption of this market approach in a non-for-profit institution and the search for internationalization of the products led ARCIL to achieve a very good percentage of income in the past. For instance, 40% of the budget in 2009 was obtained by the services or goods selling. This figure is very significant for the association, in an era where the funding of organizations and other social NGOs, continues to decrease and, consequently, there is greater pressure and need to strengthen the self-financing. The search for new funding led ARCIL to win the BPI Capacitar programme, in a total of 200.000Euro, with the project of building a unique facility where all production units could labour and therefore save money and increase competitive advantages. However, the lack of capacity to co-fund the

investment and the impossibility to ask for a loan (due to other commitments), made it impossible for ARCIL to receive the prize.

Not only the business range is downsizing, but also the number of employees, as human resources constitute one of the major expenses. 33 employees hold a higher education diploma. Various professional categories and different levels of disability mean varied salaries, but the same salary is paid to workers performing the same functions, either the worker has, or not, a disability.

From a total of ca.190 workers, 63 are persons with some kind of disability and the centre of protected employment in ARCIL employs 60 of them (the salary is funded partially by the government for a certain period). One of the major achievements that the centre aims at is the employment of these persons by private companies, which happened to two former customers, now employed in a private company in the region, unrelated to ARCIL.

The involvement with society is very relevant in what volunteering is concerned. ARCIL does not have regular volunteers. In some activities, though, the volunteer work is very important and allows ARCIL to answer clients in a short term.

According to the interviewees, a very positive aspect from the impact of ARCIL in society is also the raise of awareness of younger generations to the difference. Children with disabilities go to the same school as other children, do the same activities, share space and play together. This grows respect and understanding towards difference. Furthermore, it fosters volunteering in the regional schools, as many students get involved in the activities of ARCIL, or promote events to gather money to the institution. These small contributions from society highlight the importance of ARCIL in the region.

ARCIL also looks for funding opportunities in socially responsible companies. For instance, Vodafone will finance a marketing study and applications to the EDP Solidária and Montepio Frota Solidária have been made.

In terms of collaboration with universities, it hasn't been much explored yet. Most interaction is done by means of practitioners, mostly in the field of social care, psychology, physiotherapy and nursing, from the Universities of Coimbra, Algarve and Atlântica and the Polytechnic School of Leiria. Currently the need for help in the areas of management, economy and design may open doors for new collaborations.

ARCIL directors are aware that the association will continue to deal with financial restraints. Nevertheless, the spirit of co-working, confraternity and the importance

of the institution led the majority (90%) of the employees to give two months' salary to the institution.

#### 6.4. FUNDAÇÃO GRAÇA GONÇALVES – LUGAR DOS AFECTOS

The Foundation Graça Gonçalves is a privately funded non-profit organization of public utility, established on June 29, 2006, to ensure the conclusion, operation and animation of “*Lugar dos Afectos*”, open since 2009, which was designed by the founder to be a place where “anyone, at any age, may try emotions, discover the paths, even if only a small one, to reach the hearts of others and the heart of themselves”.

The Foundation aims to develop and implement the underlying principle: education by (and for) the affections; which is rooted solely in the work of Graça Gonçalves. Doctor, professor and author of books, games for affections, thematic spaces and collections, the founder has been conducting, since more than twenty years, pioneering work centred on the theme of affection, which has been recognized and recommended by various entities. Bertrand, Caminho and Ambar, three major book editors in Portugal, published her books. But she created “Gostar”, her own publisher only for the purpose of building the “Lugar dos Afectos”.

“*Lugar dos Afectos*” embraces an innovative dimension, not only in the area of social pedagogy and feelings, but also in the formation of emotion citizenship and global citizenship. “Lugar dos Afectos” represents an allegory and symbolic internal life of each person in the sensory, cognitive, emotional and social dimensions.

The Foundation carries out its activity in accordance with the Universal Declaration of Human Rights and the principles of protection of human life, of freedom, with a view to education by (and for) the affections of children, adolescents, adults and seniors. The main objectives of the Foundation, via “Lugar dos Afectos”, are to promote:

- a. The expression and communication, participation and responsibility, as well as the bonds of affection between people;*
- b. The development through a healthy emotional life;*
- c. Human formation centred in education by (and for) the affections;*
- d. The development of emotional intelligence, especially within the poorest population;*

- e. The realization of actions of solidarity, particularly with disadvantaged groups;*
- f. The implementation of measures in the area of emotional health in general, and risk behavior in particular.*

The “Lugar dos Afectos” was designed and constructed to cover several thematic houses, paths, gardens and unique corners. Graça Gonçalves conceived the smallest details of the exterior and interior architecture of this innovative place. According to the author, the smallest detail has meaning, in a place where sharing, great joy and tenderness are a way to reach the hearts of others and us. It holds a deep, intimate and consistent atmosphere. In general, this work could be characterized as Emotional Tourism.

The journey of the publisher and this particular place has been difficult. Over more than seven years, the results of the publisher, little by little, and the personal efforts of the author allowed the "transformation" of the books and games in materials to build the place. Over 50 works, books and games, have been published in the umbrella themes of Family, Sexuality, Nutrition, Friendship, Dating, Drugs and Alcohol, AIDS, Environmental Education, Love and Harmony.

Considered to be a perfect alliance between "science" and "art," the Lugar dos Afectos (figure 12) was designed to hold several thematic **houses**, as the House of Harmony (7), House Gift of Love (1), Feeling Flower House (2), Tenderness stations (3), Hope Refugee (4); **gardens**, as the Garden of Good-Will (G) and the Garden of Feelings (F); **roads** (as the Avenue of Feelings (B) and the Solidarity bridge (A); **unique places** (as the Lovers’ Corner (I) and Friendship Shelter (D), as well as the Love Square (J) that symbolizes the starting point (ie, the preparation) and the end point (ie, the renewal) of the route that everyone (children, teenagers, adults and seniors) are invited to do in this place.

The activities developed by the foundation are varied and aim at different publics, either to be developed there or abroad. For instance, ‘Affections on the road...’ is a program aimed at bringing affections either in national or international territories. There are activities targeted at associations, institutions, families, schools, groups or simply individuals that may attend the ateliers, thematic workshops, meetings, shows of theatre and dance, exhibitions, festivals and events, among other initiatives that are based on the affections games and books. Individual therapy with specialists is also a possibility at the Lugar dos Afectos. The basis of all activities is shared, i.e. the affections.



FIGURE 11 - PLANT OF LUGAR DOS AFECTOS

For instance, in the field of Education and training, it is common to have groups of educators. By inviting educators and teachers to base their practice on the philosophy of affective and relational support, Lugar dos Afectos is in tune with the essential contemporary theses calling for a paradigm shift in the area of education. In fact, instead of the closed model of rationality (*I think, therefore I teach*), it assumes and transmits a model of open rationality that favours the reconciliation between reason and feelings (*I think and feel, therefore I teach*), which is essential to reach the so-called "Education for a sustainable future".

In parallel, an affection collection was created to broaden the concept that underlies the language of the affections, within areas as diverse as textiles, furniture, pottery, jewellery, ceramic tiles and others. This collection is contributing to the sustainability of the project and reflects the persistence, motivation and endurance of Graça Gonçalves.

Instituto Superior Miguel Torga described the project as social intervention oriented, where the inter-generational dimension and the affections-oriented atmosphere increase the potencial social and emotional impact of affections in the fields of rehabilitation of risk groups as drug and alcohol dependencies, adolescent motherhood, children victims of abuse at school or home, or any other situations that involve affections in people at any age.

The Faculty of Psychology and Education Sciences of the University of Coimbra highlight the innovative vocation in the promotion of healthier lifestyles, prevention of risk behaviour and the construction of a consistent future. Themes as family, alimentation, environmental education, sexuality, drug dependency, anorexia and bulimia, alcoholism and social competences, among others, are worked in the Lugar dos Afectos in a comprehensive and innovative way. The foundation work has been recommended by several entities, as the Portuguese Ministry for Education, the National Reading Plan, the Life project, the Calouste Gulbenkian Foundation and the AIDS fight commission, among others.

Despite all favourable statements by credible institutions in the field, the five books included in the Plano Nacional de Leitura (Ler+) and the more than 50.000 visitors since 2009, the foundation did not receive so far any funds or any type of help.

Graça Gonçalves put all her efforts in the building of the place. Her determination and goodwill have led “Lugar dos Afectos” to be the only place in the world to deal with the theme of affections with such an approach.

The team working at the Foundation includes 7 persons, full-time, from whom 4 are either teachers or psychologists, and the publisher team includes 1 designer, besides the author and creative Graça Gonçalves. It is important to highlight that the creative work depends on her, as well as the financial responsibilities for the Foundation and publisher activities. Financial problems are reported, as the receipts from the publisher and the investment of the founder were not enough to build and give form to the project, and currently do not cover all expenses as well.

The Foundation develops currently all the necessary actions to raise funds for the publication and re-publication of all titles related to affections books and games of the author, and thus guarantee the continuity and sustainability of the Lugar dos Afectos.





## 7. DISCUSSION OF CASES

The appearance of social entrepreneurship initiatives, namely enterprises with a hybrid mission, *i.e.* both social and market oriented, are an important contributor to meeting the XXI century challenges, by responding to the ecosystem 'pushes and pulls'. The current economic crisis and the emergent social needs in some societies are, certainly, the main causes leading to the development of such initiatives.

General sustainability demands created this impetus to act in social entrepreneurs, as the founders of PariPassu. The need to concentrate all social efforts gave strength to the creation of Porto Social, as all disperse efforts can only gain if assembled. In the case of ARCIL, the main environmental factor leading to its foundation was the need to create the perfect place and environment to assist people with disabilities, in a time where awareness to the importance of educating and fostering their capabilities was low. Regarding Fundação Graça Gonçalves, one can also associate the economic crisis as leading to its creation, although not as pivotal as in other situations. The crisis may derive in situations of lack of affections, but it is not a direct consequence. The social paradigm of affections must be renewed and the due importance of affections in people must be paid attention.

Both ARCIL and Fundação Porto Social render services in the Third Sector. Fundação Graça Gonçalves operates in the Third Sector as well, but PariPassu operates both in the Second and Third Sectors. Similar social initiatives are not a recent phenomenon in Portugal and several are, in fact, quite old, as ARCIL itself, a good example of an organization operating in the Third Sector since 1976, namely with and for people with disabilities.

Environmental factors are of extreme importance to create the opportunity to act and may determine the success of the venture. Circumstances may be afterwards favourable or not. In table 4, some facilitators and obstacles were also identified, so as to best picture the reality of the creation of such ventures.

In the opinion of PariPassu founders, the most important facilitator has been the neighbouring academic and entrepreneurial environment. The fact that PariPassu won the SocialSpin Contest, launched by the Portuguese Catholic University (UCP), provided them with the opportunity to grow in the university social incubator, with access to the business network already established and benefitting from the dynamics existing at such place. The monetary prize was also a

facilitator, but what the founders also considered vital was the support, counselling and guidance from professors and senior managers at UCP.

Organization	Environmental factors	Facilitators	Obstacles
<b>PariPassu</b>	Economic crisis Current need for organizations to be socially responsible; General sustainability demands in all domains of society; Growing awareness of social needs and impetus to act.	Incubation period at UCP SocialSpin monetary prize Incubator business network Counseling and guidance from professors and senior managers at UCP	Differences in the conceptualization of social responsibility; Resistance to change and to integrate novel forms of management
<b>Fundação Porto Social</b>	Economic crisis Increasing social needs Disperse social efforts	Affiliate of Porto City Council Resilience and sensibility of the city mayor to the social cause	Culture of assistentialism Downsizing in funding Lack of articulation in the social network
<b>ARCIL</b>	Need to assist people with disability	Problem shared by many local parents. Raising awareness to the theme	Downsizing in funding Conceived idea of people with disability
<b>Fundação Graça Gonçalves</b>	Increasing need for affections Necessary shift in social paradigms Economic crisis	First initiative of the kind in Portugal Innovative approach	Lack of funding Lack of awareness and sensibility to the theme of affections Budget constraints in families

TABLE 4 – ENVIRONMENTAL FACTORS, FACILITATORS AND OBSTACLES

Obstacles faced by PariPassu are related mainly to the differences in the conceptualization of social responsibility in society. It is a novel theme for some companies and its introduction in the management and leadership of a company is difficult, facing resistance to change and to integrate these novel forms of social awareness and responsibility. Currently, managers or owners are also striving for economic sustainability, which may contribute to placing social concerns behind.

In the case of Fundação Porto Social, the main facilitator is the umbilical connection to the Oporto city Council, which provides for almost 70% of the budget and supports its activity. This would not be possible, if it were not for the resilience and sensibility of the city mayor to the social cause, which was also very highlighted by the executive director. In such a big urban area, several initiatives

aiming at providing answers to social needs develop their efforts. The problem, according to Fundação Porto Social executive director, is the lack of articulation in this social network, leading to duplicated efforts and misuse of funds, which are scarcer and scarcer. Besides this downsizing in funding, which obliges to some additional efforts, one of the main obstacles referred by Raquel Castello-Branco was the existing culture of assistentialism that the Portuguese society suffers from. Some people still expect that government, or any other organization, will support them in unemployment, disease, aging, hunger, homelessness or any other situation of social need.

This dependence on others was one of the situations that the founders of ARCIL intended to avoid. Parents sharing the same concerns joined efforts so that their children could have a proper place to learn a trade and learn how to live and outlive with a disability, where physical treatment could be appropriate and directed towards the needs of people with any kind of disability. Government was also fostering these rehabilitation centers, which raised awareness to the area. Currently, ARCIL is also facing the downsizing in funding and also in the sales, due to the economic crisis. The conceived idea of people with disability is also a permanent obstacle to fight back, since the creation of ARCIL.

Despite being the first initiative of the kind in Portugal, Fundação Graça Gonçalves does not profit from this status. Unfortunately, there has been no downsizing in their funding, as the foundation never obtained any funding at all. The fact that the Lugar dos Afectos provides visitors with an innovative approach in the area of affections, the fact that still much has to be done to combat the lack of awareness and sensibility to the theme. Budget constraints in families are also not contributing to the situation, as families focus on the economic sustainability and maintenance of life status, rather than on fostering family affections.

The hybrid mission adopted by all case studies, as seen in table 5, reveal the contemporary application of innovative business models to address a social problem. There is general consensus and recognition among interviewees that sustainable operational processes are currently mandatory for any social initiative, regardless of the fields of action and entrepreneurial characteristics are recognized in all.

Generally speaking, the four initiatives presented have been created to respond to a societal need, i.e. have a social mission, but employ (or try to) business-like strategies to achieve sustainability and depend less on donations or subsidies, recognizing that it is vital in current days.

Therefore, the current mission and orientation of the studied cases are hybrid, i.e. social- and business-oriented.

Organization	Employees	Mission	Orientation
<b>PariPassu</b>	4	Create an interface between business and social economy organizations, encouraging the first to incorporate social responsibility in their culture.	Social-and business-oriented.
<b>Fundação Porto Social</b>	30	Promote social inclusion and cohesion within the OPorto area.	
<b>ARCIL</b>	190	Act actively, sustainably and entrepreneurially in the rehabilitation and in the promotion of citizenship and quality of life, believing in the human potential in difference.	
<b>Fundação Graça Gonçalves</b>	8	Promote and implement innovative methods to promote education by (and for) the affections.	

TABLE 5 - OVERVIEW OF ORGANIZATIONS

## 7.1. CLASSIFICATION OF INITIATIVES REGARDING TYPE OF ENTREPRENEUR

Similarly to entrepreneurial businesses, the role of the social entrepreneur is vital in the creation and development of social enterprises. The personal and academic background of the entrepreneur may play a major role in the launching and characterization of social initiatives.

According to the literature revision, social enterprise leaders are, by pattern, female with a degree or post-graduation. It is interesting to realise that all responsible members interviewed are female and are highly qualified for the position occupied (Table 6).

The experience in social work is highly treasured, as in the situation of Inês Pinto Cardoso. She has a long experience of serving social causes, as well as the other PariPassu co-founders. Their sensibility and willingness complements their instruction, namely the master course in social economy that they are attending. The persistence and initiative-oriented character are personal characteristics of Inês Pinto Cardoso, which, according to her words, also fit perfectly the other co-founders of the venture.

The professional management of social initiatives contributes to achieving financial viability and ease the access to market, so is the understanding of Raquel Castello-Branco, the executive director of Porto Social. The engineer has developed throughout her professional career alertness to social causes and the functions previously developed at the Oporto city hall contributed largely to her accepting the position at Fundação Porto Social. She believes strongly in the project and her determination and strategy may lead the institution to achieve a higher degree of autonomy, without losing focus on the social mission.

<b>Organization member</b>	<b>Education</b>	<b>Function</b>	<b>Dedication /years</b>	<b>Personal characteristics</b>
<b>PariPassu Inês Pinto Cardoso</b>	BsC in Psychology MsC student in Social Economy	Founder and CEO	Partial 2 years	Sensibility and willingness to social causes; Experience of serving social causes; Persistence and initiative; Education
<b>Fundação Porto Social Raquel Castello-Branco</b>	Engineering	Executive Director	Full-time 4 years	Experienced manager Alertness to social causes Determined and strategist
<b>ARCIL Cristina Silva Helena Sameiro</b>	Management	Executive directors for management and rehabilitation	Full-time 14 years 1year	Sensibility to social causes; Experience of serving social causes
<b>Fundação Graça Gonçalves Graça Gonçalves</b>	Medicine	Founder and director	Full-time 6 (+1 of preparation work)	Persistence, endurance and motivation of the founder Alertness and dedication to the theme of affections

TABLE 6- ORGANIZATION MEMBER INTERVIEWED

Following the vision of ARCIL's former director José Ernesto Carvalhinho, Cristina Silva and Helena Sameiro, the executive directors for management and rehabilitation, highlight that the institution always looks for the best practices in inclusion and rehabilitation, but at the same time strives continuously for sustainability. This vision of an open and sustainable institution, which integrates and participates in the society, remains as a trademark of ARCIL and is shared by the executive directors and direction board, as well as by all employees, regardless of the function. This is a very important aspect, as all co-workers work for a common cause in which they believe.

In the case of Fundação Graça Gonçalves, the medical career raised in the author a sense of alertness to the importance of feeling, as many current health problems may derive from the lack of affection in our daily lives. She has, as a writer, been devoted to this theme for years, but always envisaged the creation of Lugar dos Afectos, a park to valorise and learn affections.

The three types of social entrepreneurs, namely the Social Bricoleurs, Social Constructionists and the Social Engineers (Zahra, Gedajlovic, Neubaum, & Shulman, 2009) allow us to understand some differences and, similarly to the types of social engagement by Martin and Osberg (2007), place the founders/directors of the initiatives under the large umbrella of social entrepreneurs, as seen in the figure below, according to the scale, action, outcome and resources & autonomy demonstrated.

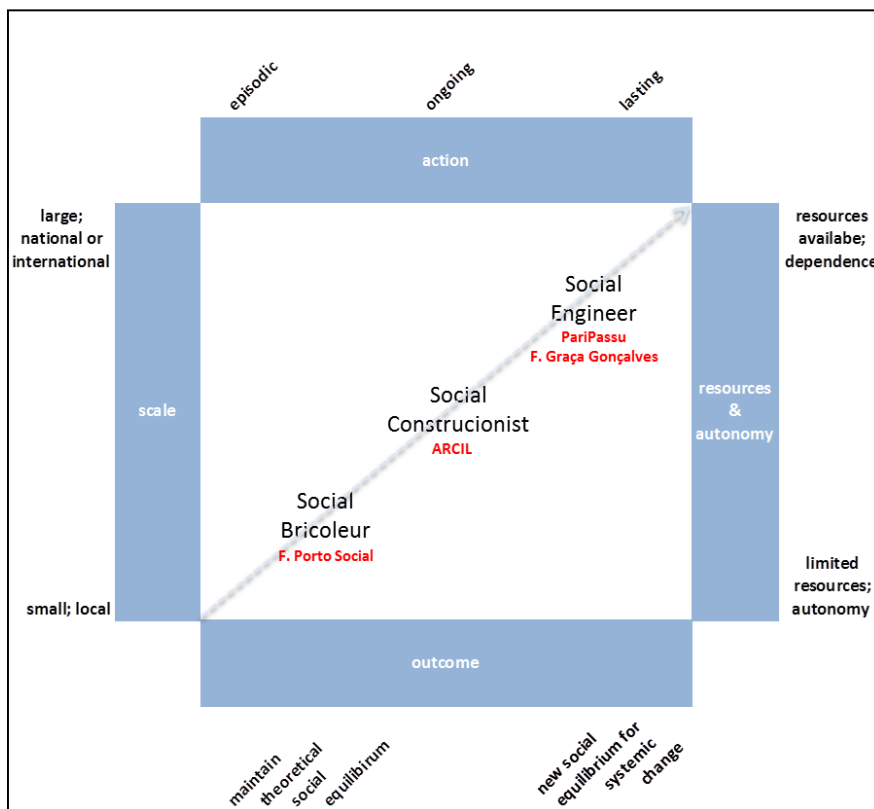


FIGURE 12 - CASE STUDIES AND ZAHRA, ET AL, FRAMEWORK

Fundação Porto Social represents the *Social Bricoleur* type, as it possesses the tacit knowledge to intervene at a specific local situation, in the case Oporto city, with the resources made available by the council and with some self-income. By following an activity plan that is approved by the council, the foundation's action is autonomous, but limited. The scale is local, the resources are controlled, so their action is limited in time and broadness, and the ultimate goal is not to create a new social equilibrium, but to maintain it, which will ultimately contribute to the harmonizing of social needs.

ARCIL, the *Social Constructionist*, was created to respond to a social need, not addressed at that time by existing institutions or by government agencies. Their alertness to the need derives from their own experience as parents of children with disability, so the incentive to address this social gap was enormous.

The director of ARCIL for almost 20 years is still today a reference for the employees and contributed enormously for the sustainability and credibility of the institution. He was the social constructionist behind ARCIL and employees and friends of the institution still share his vision. His capacity to learn, adopt new management skills in the rehabilitation field and innovative strategies to deliver goods and services to the community generated social wealth and sustainability to the institution. His management model could be easily transferred to other social contexts and the fact that he was involved in the creation of the legislation for rehabilitation is a proof of that.

The scale of ARCIL is local, but the organization is large and complex. Resources must be carefully handled, as there are considerable resources and staffing needs. The action is limited to the governmental funding and to the self-income capabilities, and the ultimate goal is not to create a new social equilibrium, but to provide the best life quality to the people with disability that are part of the institution.

As seen in the figure, *PariPassu* and *Fundação Graça Gonçalves* fit both in the *Social Engineer* typology, although with some differences. The systemic problems within the social systems identified by the *PariPassu* founders is related to the lack of social responsibility in companies, which is quite different from the lack of affections focused by *Graça Gonçalves*. Despite the differences in the object, the mission is to replace old models of dealing with social responsibility and affections by newer and more efficient ones. The Schumpeterian change element hold by both institutions has the power to profoundly impact and influence society. Due to this substantial objective and scale of action, especially in the case of *Fundação Graça Gonçalves*, resources are hard to achieve and may impose limits to the autonomy and action of the entrepreneur, as no funding has been obtained. The scale of both institutions may be national, or even international, and the ultimate goal is to create a new social equilibrium, where companies recognize the values of social responsibility and society the value of affections.

Regardless of the differences in the scale, action, outcome and resources & autonomy, it is possible to understand some similarities among the interviewees. They demonstrated the willingness and capacity to deal with a social problem or need with an innovative approach, by adopting novel strategies, breaking with tradition, inertia and aversion to risk. They are social and business-oriented and



are aware of the importance of social partnerships and cooperation networks to reach their goals. They engage in economic activities to reach social goals, produce goods and render services, aiming at the development of local communities, groups, etc. or society in general.

### 7.2. CLASSIFICATION OF INITIATIVES BY SOCIAL ENTERPRISE FRAMEWORKS

In order to best serve their purposes, social enterprises need to be distinguished from other socially oriented initiatives, notwithstanding the significant benefits and value these may bring to communities, but which do not follow business-like approaches and depend totally on funding to act. Despite fitting under the general umbrella of social engagement, a classification of the targeted organizations is possible according to the framework put forward by Martin and Osberg (2007), based on the interviews and information obtained, as one can see in the figure below.

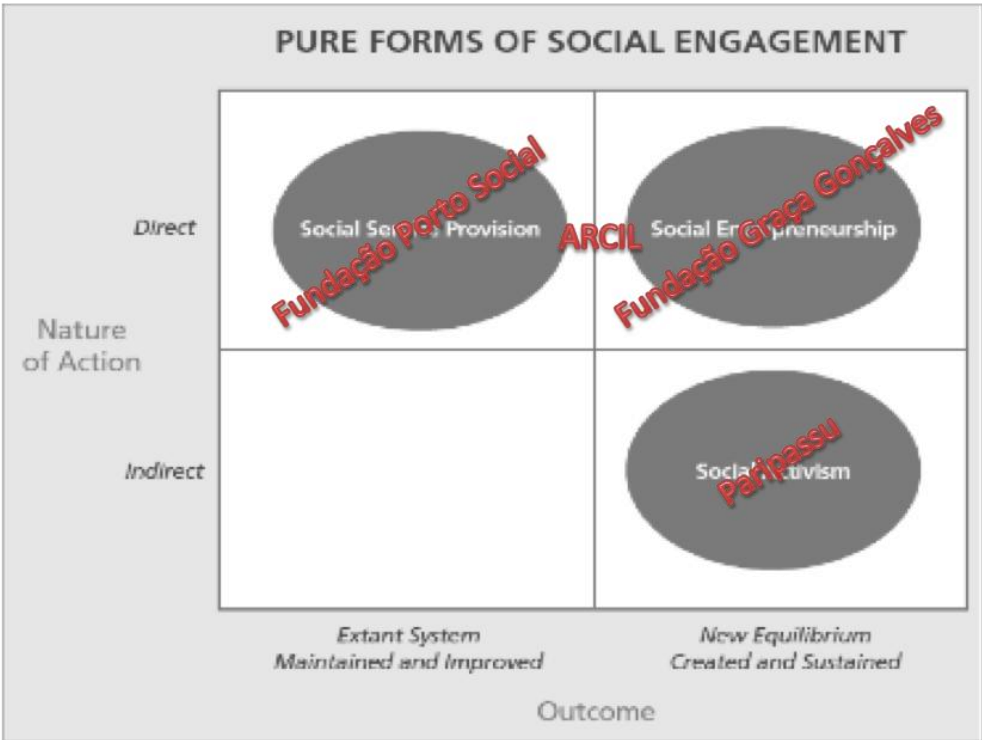


FIGURE 13 - CASE STUDIES IN MARTIN AND OSBERG'S FRAMEWORK

According to the referred framework, PariPassu shall be considered under *Social Activism*, rather than *Social Entrepreneurship*. The reason for this relies in the fact that the action of PariPassu will not contribute directly to reaching a new equilibrium. It will stimulate the attitude and behaviour of others, as companies,

governments, non-governmental organizations, consumers, workers, etc. Although inspired by the same motives and context, social activists act differently, as they pursue the same potential change through indirect actions, unlike social entrepreneurs who establish organizations that carry out actions directly to reach the new intended equilibrium.

Fundação Porto Social fills in the requisites for a *Social Service Provision* organization, as the objective is to combat directly identified social problems in the Oporto area. This isolated area of impact is decisive in the classification of Porto Social, as only the population of the geographic area is to benefit from the efforts and no “new equilibrium” is to be reached with this localized action. Furthermore, the fact that the foundation depends largely on the resources supplied by the council, the foundation is not self-sustaining, and in case of lack of support, it may stop operating.

ARCIL may be classified in-between *Social Service Provision* and *Social Entrepreneurship*, as it shares characteristics from both. The association has, since its creation, adopted an entrepreneurial attitude, searching continuously for new income sources. However, due to its core field of action, the rehabilitation of people with disability, it requires simultaneously receiving governmental support to be able to provide this service to the local community. Due to the specificities of this rehabilitation work and the people with different types and levels of disability, it is practically impossible for such an organization to survive without governmental support, or other.

Fundação Graça Gonçalves is considered under Social Entrepreneurship, according to this framework. The direct action of the foundation in the area of affections is perceived in all its efforts, either in the books, games, thematic park, missions, therapy, etc. The foundation recognized the importance of being global and created a webpage on the Internet, with an online store, where products and concept are thus accessible to all. A new social equilibrium can theoretically be achieved with the action of the foundation, as affections may replicate in networks and consequently reach other environments and communities.

Therefore, using this quite narrow definition of social entrepreneurship as proposed by Martin and Osberg (2007), only one of the selected case studies could indeed be classified under as a social entrepreneurship initiative.

Although this model may seem, in theory, very easy to apply, the fact is that social concepts and fields of action cannot be separated and considered apart that easy and radically. It may be fallacious to consider that the Fundação Porto Social cannot be considered as social entrepreneurship, merely because it is neither

sustainable nor replicable. How countable can social entrepreneurship be? In that particular place and time, the initiatives promoted by that institution have solved a serious societal need and/or contributed greatly to the education of future citizens.

One feature missing should not contribute to the exclusion of the concept, notwithstanding its importance. The outcome may be limited, but exists for those who benefit from those initiatives, learned about the importance of education and met a social entrepreneur. As far as its sustainability is concerned, the issue may also be controversial. The question whether all social entrepreneurship initiatives should be sustainable is also controversial, as it may not less social entrepreneurial, just because it depends, more or less, on philanthropy.

Regarding social activism, one must also bear in mind that a social activist must possess some entrepreneurial characteristics; otherwise he/she would not feel the need and impetus to act when facing the opportunity, in this case in the social field. If the final results of his/her actions are that a societal need, for instance, is given an answer, even if by others, then the mission was due to his/her actions as well.

Therefore, the use of a broader approach within the Portuguese context may be more useful, namely by using the developed ideal-type social enterprise framework (figure 8). All four cases were placed within the “galaxy” of social enterprises, working with indicators and descriptors in each vector, based on the literature revision and matching with the EMES indicators as basis as well. The mission is set as the central vector and relations between processes and sustainability, sustainability and social impact and processes and social impact are established.

Table 7 demonstrates the reality of the case studies, in light of the framework for a social enterprise adopted and leads to the identification of two social enterprises, namely PariPassu and Fundação Graça Gonçalves.

As previously verified, the mission of these organizations reflects a double paradigm or hybrid form, as they are currently social and business-oriented. However, characteristics and *modi operandi* of the organizations Fundação Porto Social and ARCIL are similar, aiming at promoting social and professional integration through the employment of disadvantage or disabled people, which may, or may not, promote services and/or goods to vulnerable persons, specifically the promotion of social inclusion and cohesion in the case of Porto Social and rehabilitation and promotion of citizenship and quality of life in the case of ARCIL.

In turn, the mission of Fundação Graça Gonçalves is to “develop and implement the underlying principle: education by (and for) the affections; which is rooted solely in the work of Graça Gonçalves” and it could not be more virtuous. The explicit social aim is to benefit community, by offering the possibility to learn more and valorise affections in people’s lives.

Vectors	Descriptors	Case studies				EMES indicators
		PariPassu	Fundação Porto Social	ARCIL	Fundação Graça Gonçalves	
mission	an explicit aim to benefit the community	+	+	+	+	<i>15-an explicit aim to benefit the community</i>
	socially-driven mission	+	+	+	+	
	quality of life	+	+	+	+	
	prosperity of local communities	+	+	+	+	
	empowerment of target groups	+	+	+	+	<i>18-a participatory nature, which involves various parties affected by the activity</i>
social impact	replicable in other contexts	+	-	-	+	
	economic turnover & prosperity	-	-	-	-	
	accumulation of social capital	+	+	+	+	
processes	a continuous activity producing goods and/or selling services	+	-	+	+	<i>11-a continuous activity producing goods and/or selling services</i>
	distinct business models	+	-	+	+	
	networking and volunteering	-	+	+	-	
sustainability	a limited profit distribution	+	+	+	+	<i>19- limited profit distribution</i>
	a significant level of economic risk	+	-	-	+	<i>13-a significant level of economic risk</i>
	a minimum amount of paid work	-	-	-	-	<i>14- a minimum amount of paid work</i>
	a high degree of autonomy	+	-	-	+	<i>12-a high degree of autonomy</i>
sustainability & social impact	surpluses reinvested in the social mission	+	+	+	+	
	contribution to sustainability agenda	+	+	+	+	
	savings to public expenditure on social welfare	-	+	+	-	
	money flow within community	-	+	+	-	
sustainability & processes	continuous efforts not to depend on funds	+	+	+	+	
	proportion of goods and services rendering in total income	+	+	+	+	
		+	-	+	-	<i>16-an initiative launched by a group of citizens</i>
		+	+	+	-	<i>17- a decision-making power not based on capital ownership</i>

Legend: (+) verified, (-) non-verified

TABLE 7- VECTORS AND INDICATORS OF IDEAL-TYPE SOCIAL ENTERPRISE

The mission of PariPassu reflects a more proactive and business-oriented perspective, as the objective is to “create an interface between business and social economy organizations, encouraging the first to incorporate social responsibility in their culture”. It reveals a new approach to a societal need. By means of raising awareness in business organizations to social responsibility, PariPassu will lead others to act and to fill in a gap in society. PariPassu will indirectly contribute to a more balanced society, by applying a business model to the social-oriented idea.

The fact that Fundação Porto Social and ARCIL depend largely on governmental support (regardless of the form), distinguishes them from PariPassu and Fundação Graça Gonçalves, which have no subsidies or support to operation (Table 8). Although the first two organizations have their activity mainly supported by governmental subsidies or donations, a relatively good percentage is already obtained with earned income strategies, from products or services rendered to community, reflecting the current reality of support downsizing and strive for sustainability. The obtained percentages of ca. 30 and 40 % of income in the case of Fundação Porto Social and ARCIL are to be highly treasured in the Portuguese scenario. The point to highlight here is that ARCIL has always pursued this double objective and it is reflected in the mission statement as well, i.e. the social intervention and the organization sustainability.

Organization	Revenue streams
<b>PariPassu</b>	-Provision of services: Consulting; Development of reports and projects; Training
<b>Fundação Porto Social</b>	-Grant and subsidies from CityCouncil (ca.70%) -Services: Organization of workshops -Donations & sponsorships
<b>ARCIL</b>	Subsidies from Government(ca.60%) -Services:laundry, gardening, physiotherapy, kindergarden -Products ( <i>woodboxes, pottery,cards, vegetables</i> ) -Donations & sponsorships
<b>Fundação Graça Gonçalves</b>	-Services: visitors’ fees to Lugar dos Afectos; individual, group or family therapy; Room renting to weddings, anniversaries or other celebrations. - Products: Books; Games; home, pottery, jewellery, etc

TABLE 8 - INCOME STRATEGY

After the mission, the processes adopted envisage sustainability and simultaneously fulfill the mission and create social impact. These organizations are not immune to the impact of the economic crisis, societal needs grow every day and their sustainability may be at risk, with the decrease of government grants and

support. However, socially oriented initiatives are not always supplemented with the preoccupation with sustainability and the fact that ARCIL has always acted active, sustainable and entrepreneurially sets the difference to other rehabilitation institutions and is reflected in the organization's daily actions and habits. Several services were thought and created to respond to the local community needs and this became a win-win situation. Besides satisfying the societal need, profit may be generated and thus contribute to the sustainability of the institution.

On the other hand, PariPassu and Fundação Graça Gonçalves must endure without this direct support. The continuous production of goods or provision of services to the community provides the income to their existence and guarantees the independency and autonomy of decision. At the moment of the interview, PariPassu has no fixed monthly expenses, as besides the monetary prize, the incubation period was included and guarantees the space and other related costs. Regardless of these facts, it hopes to be, in a near future, completely autonomous and self-sustainable. The founders will not abdicate their salaries when dedicated full-time to the cooperative. However, the profit will not be distributed, but re-invested in the mission of PariPassu.

The financial risk involved in PariPassu is minor when compared to the risky venture of the creator of Fundação Graça Gonçalves, as personal patrimony is involved and bank credits were asked. The activities of the publisher, the visitors' fees to Lugar dos Afectos and all services and products available to community may not be enough to guarantee long-term sustainability of the foundation, as a gross amount was invested in the acquisition and building of the thematic park. The foundation activities imply permanent costs with maintenance, human resources, raw materials and acquisition of services (as printing, design, etc.).

The foundation sustainability depends fundamentally on the creative Graça Gonçalves, who conceived, created and manages the foundation without any kind of external support. Thus, the foundation and the decision-making processes benefit from autonomy, but are concentrated in the social entrepreneur.

Although funds may origin on government or other public funds, as in the case of Fundação Porto Social and ARCIL, organizations share a high degree of autonomy to develop and implement other funding schemes, enabling the sustainability and enhancement of their activities (I2).

As seen in table 8, PariPassu, ARCIL and Fundação Graça Gonçalves are continuously rendering services or selling of goods to be able to provide for their objectives. The business models are different, though. The adoption of distinct business models enables them to act innovatively and creatively. PariPassu

focuses on a single business area (corporate social responsibility), ARCIL provides services and goods to varied areas (physiatry, laundry, gardening, boxes, cards, pottery, etc.) and Fundação Graça Gonçalves provides services and goods (therapy, books, games, etc.) in the umbrella area of affections. Unattended social gaps are permanently dealt with by such initiatives. In the case of Fundação Porto Social, the rendering of services is more sporadic and the production of goods is scarce. Workshops, expositions, room renting are some examples of the services rendered, but not on a permanent basis.

In summary, the core of all initiatives is social(I6), regardless of the form and labeling of each initiative. All envisage benefiting community, bringing about with the initiative more quality of life to the target public and general society, which may bring about social and economic prosperity to the target community (I5), as well as to empower each of the target groups. Ultimately, those organizations have the capacity to influence and empower locals to act socially (I8), by giving all the power to intervene and to participate on decision-making and management of the organization.

The continuous rendering of services or selling of goods (I1) provides those organizations with an important income, which complement, in the case of ARCIL and Fundação Porto Social, the governmental support.

A networking and volunteering network (I4) is also helpful in the downsizing of dependency on funds or donors, as it, on the one hand, reduces the requirement of human resources and lowers the economic risk and, on the other hand, is also empowering and creating the social impact foreseen. *PariPassu* and Fundação Graça Gonçalves have not yet recruited volunteers, as the need has not been felt so far. However, the hypothesis is to be considered in the future, as the level of economic risk is higher for them. The economic risk in Fundação Porto Social and ARCIL is minor, as a large percentage of income is provided by funds.

The existence of this non-paid work is very helpful for a sustainable achievement of the social enterprise. The sustainability pillar is currently essential for any venture, and 4 (out of 9) EMES indicators are reflex of that importance. The distribution of profit is perhaps, the most controversial aspect, as schools of thought point out in different directions. To this context, it is believed that profit distribution is not a problem, in ventures where it is viable and the social mission is not surpassed by economic objectives. In this context, none of the initiatives has yet surpluses to re-invest or share by stakeholders, but expressed the intention of re-investment in the social mission.

Although all cases strive for a higher proportion of earned income, rather than



other sources of subsistence, the analysis of the relationships between processes and sustainability, sustainability and social impact and processes and social impact, as detailed in Figure 9, can provide some insights regarding the ability of these institutions to pursue their mission in the future and boost their impact.

The sustainability of an enterprise also contributes to broader sustainability agenda. By serving a societal need, the action of social welfare services can be directed towards other needs, which is a positive spillover effect. ARCIL represents perfectly the institution that replaced the responsibility of social welfare services by taking care of people with disability.

By coordinating social efforts and by better exploring the existent resources, Fundação Porto Social plays an important role in safeguarding that public expenditure on social welfare is well distributed and the outcome is as best as possible with the resources available. In the cases of PariPassu and Fundação Graça Gonçalves, one cannot affirm that public expenditure will be reduced, as scarce public investment has been done in the areas of social responsibility and affections.

Fundação Porto Social is very dependent on the funds and orientation provided by the city council and it is unlikely to change, as the council was its creator. It acts as a social service provider of Oporto city and the executive director is the social Bricoleur that manages and conciliates efforts to achieve the social effects intended to provoke. Thus, it has a limited autonomy regarding its operational and investment strategy.

ARCIL possesses intrinsic characteristics of social entrepreneurship, ever since its origins. The development of a business strategy allied to the social aim represents perfectly the ideal matching of social and economic activity. However, due to the field of actuation and target public, it is impossible for the association to run their everyday actions without governmental support. Their efforts towards autonomy and sustainability are to be admired and followed by similar institutions.

PariPassu is a well-funded project, with a social and business oriented strategy, founded by socially aware young entrepreneurs. In light of this framework, PariPassu is a young social enterprise, which will certainly develop their work in a sustainable way, providing society with solutions to existing needs and empowering others to act socially as well.

One of the most extraordinary effects of social initiatives is the capability to empower others to act. PariPassu, for example, exerts this power of influencing others, leading companies to act and to recognize the importance of being socially

active. To create social impact, either by influencing or empowering others to act, or by creating the necessary conditions for social prosperity in unfavorable situations is a *sine qua non* condition for social enterprises. Economic turnover and prosperity may also be fostered and achieved, as for instance with the setting of business areas in ARCIL, where people with disability learn a trade and may become, eventually, autonomous.

Fundação Graça Gonçalves is the most entrepreneurial institution, in an innovative area and resulting from the dream and personal efforts of a social entrepreneur. The lack of funding may origin some sustainability issues, but provides the foundation with autonomy of decision and action. It is expected, however, that with time, the theme of affections will be given more attention. The focus on affections will certainly provide the foundation with the necessary income to ensure its sustainability and future action.



## 8. CONCLUSIONS AND FUTURE WORK

To the best understanding at the writing of this work, it is believed that in Portugal the problem with social entrepreneurship does not rely on the legal vacuum, but on the general lack of perception on social entrepreneurship. Efforts are being done to promote awareness of this type of entrepreneurship and important steps have been taken.

With this work, it was expected to contribute to the social entrepreneurship body of research and understand Portuguese contemporary socio-cultural and economic factors that foster the need for social innovation and social entrepreneurship in society, as well as to understand the adequacy of current international definitions and theoretical approaches to social entrepreneurship to the Portuguese reality.

In Portugal, several entities operate currently in the Third Sector, as co-operatives, mutual societies, associations and foundations, as well as voluntary non-profit entities or the self-entitled 'social enterprises'. Not all organizations fit in the definition of "social enterprises", despite their important contribution to social services provision or to counteract social inequalities, just to name a few.

The differences in the schools of thought regarding social enterprises and entrepreneurs allowed us to understand the importance of the context in such approaches. The ideal-type definitions for social entrepreneurship, social entrepreneur and social enterprise proposed are in harmony with the Portuguese reality. Therefore, the term social enterprise was not literally interpreted and was enlarged to social initiatives that envisage social aims and sustainability, and the analysis of the content of 4 semi-structured interviews with key actors within the Portuguese third sector provided useful insights about the specific features of national social enterprises.

The difficulty in the conceptualization and distinction of such initiatives was corroborated when testing the frameworks for the classification of the initiatives by Martin and Osberg (2007), for the classification of entrepreneurs based on Zahra et al. (2010) and ultimately for the classification of social enterprises by means of the vectors and indicators (mostly based on EMES) chosen.

Based on the state-of-the-art knowledge and on the framework/ definitions for the Portuguese social entrepreneurship ecosystem, four organizations were selected, namely two foundations, an association and a co-operative. There are clearly some drawbacks to this sampling approach, as there is little variance in the

sample with respect to the form and number of the organizations, which may limit the capacity for comparison, but, as already discussed in the characterization of the Portuguese Third Sector ecosystem, those legal forms are by far the most representative of that sector. These four case studies were selected considering their importance and relevance in the Portuguese social arena, their hybrid mission, both social and business oriented, and lastly their longevity and geographic dispersion.

Patterns and regularities across these initiatives were sought, adopting a proposition generating rather than a hypothesis testing approach to this multifaceted topic. Comparative analysis of cases may be useful to generate new understanding of complex phenomena that involve long-term dynamics (Yin, 1984). Furthermore, case descriptions provide rich sources of information that enable recognition of patterns.

Despite the fact that all initiatives studied fit under the general umbrella of social entrepreneurship, a distinction was possible according to the selected framework. However, social concepts and fields of action cannot be separated and considered apart completely and easily. One feature missing should not contribute to the exclusion of the concept, notwithstanding its importance.

Social enterprises in Portugal tend to render services in the Third Sector, as childcare, disabled persons, senior population and inclusion, among others, but the scenario is changing. *PariPassu* and *Fundação Graça Gonçalves* render services and provide goods in innovative fields of social service. Besides, these social enterprises benefit from autonomy and the decision-making is autonomous. The services and goods are provided without any public funding, recurring only to the personal efforts of the founders and to the success of the income strategies developed.

The outcome of *Fundação Porto Social* (under Social Service Provision mark) is limited to Oporto inhabitants, but exists and may influence the future of those children who were given the opportunity to learn music, or provide comfort and company to those seniors who accommodate students at their homes. As far as its sustainability is concerned, it was recognized that *ARCIL* is not less social entrepreneurial, because it depends 60% on governmental support, as it could not behave differently, regarding the field of action and target public

Regarding *PariPassu*, fitting under Social Activism, one must also bear in mind that a social activist must possess some entrepreneurial characteristics; otherwise he/she would not feel the need and impetus to act when facing the opportunity, in this case in the social field. If the final results of his/her actions are that a societal

need, for instance, is given an answer, even if by others, then the mission was due to his/her actions as well.

Fundação Graça Gonçalves met all requirements of the framework to be considered under social entrepreneurship. The direct action of the foundation in the area of affections, the recognition of the importance of being global to potentiate a new social equilibrium and the potential replication of the initiative in networks and other environments and communities characterize this initiative. However, if sustainability is not maintained, this uniqueness and importance of the foundation will not be sufficient to maintain it. More aggressive marketing strategies, a more assiduous presence of the project in social networks and new publics and the efficient balancing between income and costs shall be fostered.

Graça Gonçalves is aware of the necessity to develop efforts towards sustainability, but is, perhaps, much focused on the social mission that is inherent to her. A professional management of the foundation and more aggressive marketing strategies could alleviate some economic pressures and better profit from existing human resources, infrastructures and goods produced.

Observing the positive social impact of entrepreneurs providing for social needs, the unique role of social entrepreneurs in the efficient contribution to sustainable economic and social development goals is to be recognized. Their role, above all, is vital in all initiatives and their classification also led to the conclusion that their study must be deepened.

The Social Bricoleur, as represented in Fundação Porto Social, is a social entrepreneur at his/her own scale. Nonetheless, he/she is still a social entrepreneur who may operate change in his ecosystem. It may not be a systemic or replicable change, but again, how scalable can social entrepreneurship be? The Social Constructionist identifies the opportunity for action and puts all his efforts in order to solve the problem identified, even if it means operating large ventures and depending on funds and external resources. Does this make him less a social entrepreneur, due to the funding orientation? The Social Engineer holds the Schumpeterian view of the agent, but must all social entrepreneurs focus on large-scale and systemic change? Some problems and societal needs do not ask for a social engineer, but for a social Bricoleur or a constructionist, as they are regionally-based or sporadic.

Regarding autonomy, organizations like Fundação Porto Social and ARCIL can hardly be completely autonomous due to their core field of action. Differences in the field of action may, thus, influence the capacity of organizations to become completely sustainable. Understanding how the field of action or the attended

societal need may limit the capacity of sustainability of the venture would be interesting to explore, since a sustainable social enterprise is more likely to create social impact than an enterprise striving to survive.

Aware of the impossibility to generalize, as the research is the result of a series of four case studies, it is, nonetheless, interesting to substantiate that the social mission, form and adoption of some business-oriented measures may not be sufficient for an initiative to be classified as a social enterprise. For instance, Fundação Porto Social lacks the autonomy, a broader impact area and sustainability is not possible without public support. For ARCIL it is impossible to run the everyday actions without governmental support, as well, regardless of the fact that their mindset and efforts towards autonomy and sustainability are to be admired and followed by similar institutions. In light of this framework, PariPassu is a young social enterprise, which will certainly develop their work in a sustainable way, providing society with solutions to existing needs and empowering others to act socially as well. Fundação Graça Gonçalves is the institution that most resembles a social enterprise, according to the definition adopted. However, the lack of funding and sufficient income and a poor marketing strategy may origin some sustainability issues. Hopefully, the theme of affections will be given more attention in the future and revenue may increase with the adoption of new measures.

All initiatives are aware of the importance of measuring their social impact and are starting to devote efforts to that end. Fundação Porto Social, for instance, has been introducing indicators of performance in the annual reports and has conducted social experiences in schools with children from unfavorable situations who were given the opportunity to learn music and play an instrument. Their learning performance was evaluated before and after experiencing music and the results proved that concentration levels were higher and their general learning performance improved. Although not quantitative, these qualitative results are positive and are indicators of success and impactful measures in those children lives.

From the interviews, it was also concluded that some people make the difference in such organizations. Some people are able to lead employees to share the vision and mission of the enterprise and create a true organizational culture. The example of ARCIL employees abdicating from two salaries in 2011 is highly meritorious and enlightens the global sense of the social mission shared by all and the sense of belonging and contributing to a major cause.

The professional management of social initiatives allows the organization to more easily achieve financial viability and eases access to market. Social workers

training is not focused anymore on social assistance BSc's or psychology, which were the privileged training for social employees for many years. Engineers, as the executive director of Fundação Porto Social or the managers of ARCIL provide the social organization with a business insight. Strategists with business skills and aware of the social mission may, in fact, provide the organization with efficient tools to render the best service in the perfect conditions.

The training, background, character and gender of the organization leaders, founders or directors could also be further explored in future studies. Such variables can provide insight on the entrepreneurs' motivation, strategy and orientation and eventually result in some binding personal characteristics for the social worker.

Apart from the personal side of social organizations, it was also verified that the environment contributes greatly to the development of social enterprises. The access to incubators and the partnership with the university were determinant for PariPassu and created the perfect conditions for its launching. The access to funding capital is eased and the contact with the network of the university provides PariPassu with a large portfolio of potential clients. The environmental facts leading to the Fundação Porto Social have been the lack of articulation in the city social network and the sensibility of the city mayor to the social cause. The creation of ARCIL answered to local problem, fostered by the lack of answers in society by parents with disabled children. In the case of Fundação Graça Gonçalves, it was the awareness of the importance and sensibility to the theme of affections that created the impetus to act in the founder, allied to a stressful society with emergent social problems and health related outcomes.

Understanding the obstacles faced by the initiatives also enabled to conclude that conceptualization issues and downsizing of funding are the major concerns of all interviewees.

Differences in the conceptualization and visibility of social responsibility in society, the novelty of the theme for some companies and its difficult introduction in the traditional management and leadership of a company were mentioned by PariPassu, but can apply as well to Fundação Graça Gonçalves. This innovative approach in the area of affections has to combat resistance to the importance of affections in daily lives. Budget constraints in families are also not contributing to the situation, as families focus on the economic sustainability and maintenance of life status, rather than on fostering family affections. Besides the general downsizing in funding, Fundação Porto Social identified the existing culture of assistentialism in Portugal as a major obstacle to social enterprising and ARCIL pointed out the conceived idea of people with disability as a permanent obstacle to



fight back. Deepening the influence of cultural issues in the Portuguese scenario of social enterprises would certainly contribute greatly to understanding the creation, form and consistency of such initiatives.

Therefore, the main obstacles identified to the development of social enterprises in Portugal were: the culture of assistentialism still linking to organizations within third sector, the downsizing in funding and the economic crisis.

The individual characteristics, training and environment influence their action and are a mirror of the organizations that they manage. Social awareness and education also influence the performance, but at what scale? Again, the need to further develop the concept of social entrepreneur is felt. Should there be active and passive roles in social entrepreneurship, or different typologies of social entrepreneurs according to the field and mode of action? To some extent, this study could ease the study of this reality and contribute to further understanding social entrepreneurs, but could, painfully, delay the setting of social entrepreneurship as a research field, as diverse interpretations and realities would come up, diverse persons, organizational structures and processes would provide for many different types of social entrepreneurs.

The concept of social enterprise has also been attracting much attention from researchers, may be useful in offering guidance as how to create social businesses. Nevertheless, despite ever-growing literature on the social enterprises' concept, there is no consensus as to its definition. With the in-depth analysis of concepts and indicators in the literature, among the overabundance of definitions, three elements are usually distinguished: the social mission, the social impact and the processes adopted. However, the drive for sustainable ventures in the social field, whatever their nature, is essential in current days and a fourth element of sustainability is to be inter-connected with the other three.

To the best understanding at the present time, a social enterprise is created to respond to a societal need, i.e. fulfills a social mission, employs business-like strategies to achieve sustainability and depend less on donations or subsidies, recognizing that it is vital in current days. It seems appropriate that the concept of social enterprise remains as an umbrella concept, which can embrace a non-profit, a hybrid or a for-profit organizational form, without being limited to a specific legal form. It should be as independent or autonomous as possible; it can generate profit deriving from their activity, employ people and/or hire volunteers. No constraints are imposed, regarding the profit distribution system, although ideally it should be reinvested in the social mission.

In the Portuguese scenario, government regulations recognizing social enterprises

could interfere positively on the evolution of social entrepreneurship initiatives, in the way that access to financing could be eased and competition with legally formed enterprises could be eased and fostered. By developing products or services suitable for the market, the social enterprise would have to compete with others, acting in a competitive way, adopting marketing and selling strategies.

Certain mandatory conditions for the legally formed and recognized social enterprises could be created to ease their development. Lower taxes and contributions to social security in case of employing disabled people or long-term unemployed, minimum amount of paid work and salary constraints, well-defined activity and implementation plans are good examples of incentives to social enterprise creation.

Profit can always be controversial in social issues, but if rules were created to regulate their application and distribution, the issue could no longer raise doubts. The creation of social enterprises with legally set boundaries, guidelines and indicators could benefit society in general and become advantageous for all. Furthermore, business model guidelines could be provided to social entrepreneurs, teaching how to generate new sources of revenue by finding novel value propositions to address social needs.

The potential market for social enterprises in Portugal is huge, because of the wide range of social needs that remain unsatisfied by existing markets and institutions, brought about by political and economic turmoil in recent times. A reactive and proactive generation of entrepreneurs may be the solution to emerging social problems, by exploiting market-based approaches to solve social problems. Social enterprising is, thus, emerging as an innovative approach for dealing with complex social and environmental needs in order to contribute to a sustainable development of societies.

In short, the *modus operandi* of traditional organizations has been changing in their essence, mainly due to the downsizing of governmental support and changes in mentalities of non-for-profit organizations managers. The mission can no longer be merely social, but hybrid, meaning that profitability or, at least, financial sustainability must also become a concern of such organizations. Currently, in a time of crisis and increasing societal challenges and demands, new income sources and new business models are searched in order to allow their survival, regardless of the sector they develop activity in.



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## 10. ANNEXES

### **Annex I – Guideline for Interviews**

Topics	Nr.	Questions
Characterization of the organization	1	Name and address of the organization
	2	Date of constitution
	3	Which legal form does your organization have?
	4	Do you own your work facilities? If not, are they rent or lent?
	5	Do you act at local, regional, national or international level?
Mission and Vision	6	What is the mission of your organization?
	7	Which goals were prevalent at the time of creation?
	8	What kind of obstacles did you had to face at the foundation of the organization?
	9	What facilitated or motivated even more your dedication to the organization?
	10	Which problems or grievance are you trying to solve with your entrepreneurship?
	11	What are your experiences so far?
	12	Based on your current knowledge, would you act equally again? What would you change?
	13	How do you measure and control your organization's results and impact?
The entrepreneur	14	Do you consider yourself to be a social entrepreneur? Can you describe why?
	15	What were your personal motivations to start/join this organization?
	16	What socio-cultural or economic factor was more determining to force you into action?
	17	What was your vision at the time your organization was founded?
	18	Has your vision or your goals changed in the course of time?
	19	Does your organization benefit anyhow from your personal contacts network?
	20	How much do you achieve the balancing act between "working economically and acting socially"?
	21	What impact do you expect to create globally with your actions?
Human Resources	22	How many employees does the organization have at the moment?
	23	Are there handicapped employees in your organization? If so, which challenges do you have to overcome while integrating handicapped employees?
	24	How do you attract and keep great employees?
	25	Do you pay salaries that are customary in your particular market?
	26	Besides paid work, do you recruit volunteers? If so, in what proportion?
	27	How do you manage to recruit volunteers? What strategies do you use to allocate people to help you?
Organization and management	28	How is your organization structured? Pyramid organization, etc?
	29	Which persons or which body takes decisions relevant for the organization?
	30	How (if at all) is your "mandate" regulated? Are you working under a "performance mandate" or do you settle in terms of "fulfilled orders"?
	31	In case you are the social enterprise founder, how dependent on you is the organization?
	32	Is there anyone prepared to replace you, in case you leave the organization?
Business performance	33	Can you name some of the projects your organization develops?
	34	Who actually benefits from your projects?
	35	How do you measure and control the performance of your organization?
	36	Is it possible to measure the project's impact on social terms?

Finances and Funding	37	Where did your organization receive the founding capital from?
	38	Is your organization financially autonomous?
	39	How do you finance your organization? (loans from banks, issue of bonds, issue of shares)
	40	Which goods or services do you render?
	41	How big is the proportion of goods and services rendering in the total earnings?
	42	Does your organization receive monetary support from public authorities? (from government or other funds)
	43	If so, how big is the proportion of public support in relation to the total earnings?
	44	How big is the proportion of donations (from private persons or firms) in relation to total earnings?
	45	How difficult is it to obtain loans from banks for your organization? Would it be any different if your organization was a profit-oriented/profit-maximizing enterprise?
	46	What happens with profits? (re-investment in enterprise, donation to organizations, pay-out to investors, etc.)
Interest & pressure groups	47	With which interest and pressure groups (stakeholders) is your organization in contact with? (e.g. handicapped associations or professional associations)
	48	Are there any persons/groups which support your organization in a special way?
	49	Do you have/had contact with organizations such Instituto de Empreendedorismo Social or do/did you receive support from any social entrepreneurship organization?
	50	Are there any persons/groups, which hinder the development of your organization?
	51	Are you member in any special association for social entrepreneurs?
Academic or business creation Support	52	Do you receive any support from universities/universities in the area of business management, strategy implementation, etc.?
	53	Would you wish to receive more support from the academic scene? In which form should this support be?
	54	Do you consider research projects or offering of education in the area of social entrepreneurship as necessary?
	55	Do you have access to business incubators in you region?
	56	Do you consider that the creation of your organization would be easier if integrated in an incubator?
Future actions	57	In a time of economic crisis, how do you foresee your organization's financial sustainability?
	58	Do you have plans of scaling your business or have you already done so? How is/was the scaling planned, implemented and financed?
	59	Do you have at the moment other social projects to be implemented?
	60	In your opinion, will the third Sector in the future be mainly populated by social enterprises, rather than other socially-oriented organizations?



## **Annex II – Set of questions**



<b>Framework for social enterprise</b>	<b>Set of questions</b>	<b>Framework for social entrepreneur</b>
Understand the form and general data.	<b>I. Characterization of the organization</b>	NA
Understand the mission, vision and objectives behind the organization and the strategy adopted.	<b>II. Mission &amp; Vision</b>	Understand the social motivation of the agent.
NA	<b>III. The entrepreneur</b>	Understand the motivations behind the agent (s).
Understand the human resources strategy.	<b>IV. Human resources</b>	Understand the use of personal networks and capacity to influence others.
Understand the decision-making process.	<b>V. Organization &amp; Management</b>	Understand the dependence of the organization on the entrepreneur.
Understand the business strategy and the approach for impact measurement	<b>VI. Business strategy &amp; performance</b>	Understand the ability of the entrepreneur to self-assess his/her performance.
Understand the income strategy and the profit management, as well as perceive the business strategies for sustainability.	<b>VII. Finances &amp; Funding</b>	Evaluate the commitment to sustainability.
Understand the efforts for networking and lobbying.	<b>VIII. Interest &amp; pressure groups</b>	Evaluate the entrepreneurs' ability to network and cooperate with others.
Understand if some facilitators (as incubators or training) could contribute to the success of the organization	<b>IX. Academic or business creation Support</b>	Understand the entrepreneurs openness to learning
Understand the efforts for sustainability and large-scale replicability	<b>X. Future actions</b>	Learn about the entrepreneurs' future intentions.