

**Inventory of social entrepreneurial methods/tools for PC3
implementation,
- the business perspective -**

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This is the line

**The line between
winning and losing**

**Between failure
and success**

Between good and great

**Between dreaming
and believing**

**Between convention
and innovation**

Between head and heart

It's a fine line

**It challenges
everything we do**

And we ride it every day

- Sky Pro Cycling -

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It was the minor sustainable development that awoke my passion for social entrepreneurship, which was reinforced during my time at Heart Capital in Cape Town, SA.

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Content

Executive summary	6
Acronyms	7
1. Introduction	8
1.1 Introduction of the research topic	8
1.2 Research problem	9
1.3 Research purpose	10
1.4 Research question	11
1.5 Relevance of the research	11
2. Theoretical framework	12
2.1 Traditional entrepreneurship	12
2.2 Social entrepreneurship	14
2.3 Base of the Pyramid	18
2.4 Contributors to success	22
<i>2.4.1 Defining success</i>	<i>22</i>
<i>2.4.2 Contributing factors</i>	<i>23</i>
<i>2.4.3 Internal business processes</i>	<i>25</i>
<i>2.4.4 Learning and Innovation</i>	<i>28</i>
<i>2.4.6 Finance</i>	<i>32</i>
<i>2.4.7 Summarizing</i>	<i>33</i>
2.5 Defining social value	38
3. Methodology	39
3.1 Research structure	39
3.2 Justification of research method	41
3.3 Data collection	42
<i>3.3.1 Interviews</i>	<i>42</i>
<i>3.3.2 Questionnaire</i>	<i>42</i>

3.4 Sample selection	44
3.5 Data analysis	45
4. Analysis	46
4.1 The data	46
4.2 Analysis of the data	47
4.2.1 <i>Internal business processes</i>	47
4.2.2 <i>Learning and Innovation</i>	50
4.2.3 <i>Market</i>	54
4.2.4 <i>Finance</i>	56
4.3 Summary	58
5. Discussion	60
6. Conclusion	64
7. Recommendations	68
Bibliography	70
Appendices	73

Executive summary

This thesis tries to identify the factors contributing to successfully operating in BoP markets. Literature review was used to identify success factors for traditional businesses, this revealed several factors in 4 different categories.

A working definition for social entrepreneurship was introduced and used as a tool to identify social entrepreneurs and invite them to participate in an online survey. A total of 53 social entrepreneurs were invited to participate of which 8 completed the survey. The survey contained 29 questions in the 4 different categories as were found in literature review. The survey was used to test if these factors would also apply to social entrepreneurship.

Most factors as found in the literature review, that applied to traditional entrepreneurship, also apply to social entrepreneurs.

A second goal of this thesis was to contribute to the development of a viable business model for social entrepreneurs. This research showed that existing business models mostly lack the social mission of the social entrepreneurs. In order to develop a viable business model for social entrepreneurship the empathy should move towards the social mission.

In order to get a permanent place in the world, social entrepreneurship needs to keep developing itself.

Acronyms

BoP - Base of the Pyramid

HRM - Human Resource Management

IC - Intellectual Capital

MNC - Multi National Companies

NGO - Non Governmental Organization

OL - Organizational Learning

PC3 - Product Co-Creation Centers

PPP - Purchasing Power Parity

SCA - Sustainable Competitive Advantage

1. Introduction

1.1 Introduction of the research topic

“Small, medium and micro enterprises represent an important vehicle to address the challenges of job creation, economic growth and equity in our country.” This quote, from Trevor Manuel’s Foreword to the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa, shows the importance of entrepreneurship for developing countries. Sustainable job creation is one of the many issues developing countries face, but essential in order to reduce poverty and increase economic growth.

Although the importance of entrepreneurship for the base of the pyramid (BoP) markets has been recognized by governments and scholars, prior research on companies entering BoP markets and adopting a market-based approach to eradicate poverty is relatively young and hence limited (Zhang and Tong 2012). Furthermore, the people at the BoP have often been seen as a potential future market but not recognized as a group with the possibility to engage in innovative, entrepreneurial activities. This all leads to a situation in which the people at the BoP often still pay a premium on food, health care, and other basic services, hence spending a larger amount of their income on basic needs (Webb, Kistruck et al. 2009).

It is estimated that the BoP group represent approximately 4 billion people. The majority of these people live in the least developed and developing countries and are characterized by the lowest income strata. In the literature this group often is referred to as the next 4 billion, showing the potential of the people at the BoP. While this group lives in relative poverty, as a group they have substantial purchasing power of estimated \$5 trillion (Hammond 2007).

Traditional business models, as often used by Multi-National Companies (MNC), tend to exclude the people at the BoP. As a result of this, people at the BoP tend to rely on informal markets which can be characterized by a lack of efficiency and competition (Hammond 2007). It is estimated that between 30% and 70% of the labor force in developing countries is employed in informal jobs (Bosch and Esteban-Pretel 2012)

The *“Product Co-creation Centers”* project of the University of Twente is a collaboration between the department of Design, Production and Management and the Twente Centre for Studies in Technology and Sustainable Development. It conducts research in the field of development through co-creation, under the criteria of social entrepreneurship. Product Co-Creation Centers (PC3) could be a useful instrument to support the people at the BoP to successfully transfer from informal markets to formal markets through social entrepreneurship.

Co-creation is used as an instrument to empower the people at the BoP to create sustainable enterprises. This will not only increase the wealth among the people at the BoP but also stabilize their incomes and ensure a better access to basic needs.

As part of the “*Product Co-creation Centers*” project, this thesis will focus on the business perspective of the PC3 approach to stimulate development through social entrepreneurship. Two purposes can be identified. First is identifying factors, under the criteria of social entrepreneurship, that contribute to successful entrepreneurship. This leads to the second purpose which is to contribute to the development of a business model, designed to engage people at the BoP in innovative and entrepreneurial activities, targeting the people at the BoP to improve livelihood among the poorest people.

1.2 Research problem

BoP markets are often located in the least developed and developing countries, where most of the approximately 2.5 billion people that live on less than \$2 a day can be found. Although this represents a fast majority of the world’s population, the BoP market has not attracted much attention of conventional business models. The group of the next 4 billion represents a large amount of consumers, producers and entrepreneurs with the potential of engaging in innovative, entrepreneurial activities to serve the BoP markets.

The World Resource Institute estimates that the total BoP market accounts for \$5 trillion a year, when at the same time BoP markets are often poorly served, dominated by the informal economy, and, as a result, relatively inefficient and uncompetitive (Hammond 2007). Income at the BoP has been growing rapidly in the past decades and the World Bank expects income will keep growing, although at a lower rate, due to the worldwide financial and economic crisis.

In their *The Next Billions* report, the World Economic Forum divided the people at the BoP into three segments on the basis of their income, namely lowest, middle and top (Hammond 2007).

- The lowest segment is characterized by its income of less than \$1 a day and this group struggles to make ends meet and has hardly enough income to satisfy their basic needs.
- The middle group lives on \$1.25 - \$2 a day and represents with 1.2 billion people the largest group. This group is in general capable of fulfilling their basic needs.
- The top segment lives on \$2 - \$8 a day and therefore has a high enough income to purchase nonessential products. Although this group has disposable income, in general it does not belong to the targeted customers of MNCs due to their income that use to vary (Samans and Nayyar 2009).

The people at the BoP represent a fast-growing consumer market which offers great opportunities. Engaging the people at the BoP not only as an, in potential, interesting market, but also as entrepreneurs, has the potential to reduce poverty and increase economic growth.

People at the BoP, often forced into entrepreneurship, have proven to have strong entrepreneurial energy. In order to increase the wealth at the BoP, new business models have to be developed through an understanding of the wants and needs of the people at the BoP because existing business models are not successful in targeting the people at the BoP.

Summarizing, in spite of the extensive poverty at the BoP there are numerous opportunities to increase the livelihood of this group. In order to increase the income and wealth of this group, a new approach is necessary. A fundamental shift in approaching the economic and business challenges is required, a possible way of achieving is by engaging the people within the BoP and stimulating and developing their entrepreneurial skills. In order to do so a deep understanding of the concept of social entrepreneurship and development of business models is needed.

1.3 Research purpose

The purpose of this research will be 1) to identify the most important factors contributing to the successful businesses which have been incubated by BoP's and 2) to contribute to the development of a business model to successfully serve the BoP markets.

Accessing BoP markets potentially offer great opportunities for the future, but accessing these markets comes with unconventional challenges that requires entrepreneurs to look beyond the conventional business models. This does not only apply to MNCs wanting to enter the BoP markets, but also to initiatives from within the BoP markets itself. The adoption of new perspectives and models is necessary in order to successfully serve the BoP markets.

Therefore, the objectives of this research can be described as:

1. Identifying the criteria of social entrepreneurship in the context of BoP markets.
2. Identifying the factors contributing to successful businesses serving the BoP markets.
3. Identifying the critical factors for a business model targeting the BoP markets.

This research will include extensive literature review to generate a better understanding of the research topic. Literature review will include the analysis of current economic tools and methods for social entrepreneurship and business venturing processes. Furthermore, a set of interviews will be included with knowledgeable people with experience in the field of development and entrepreneurship.

1.4 Research question

The above information leads to the following research question:

“Which factors can be identified as contributors for an enterprise to successfully serving the BoP market and how can these be integrated into a business model targeting the BoP market?”

This question tries to find an answer that can be used for developing a model that can be applied in different regional contexts and conditions for successful business incubation when targeting the people at the BoP's.

In order to answer the research question, a set of sub-questions is used to frame the area of relevance and will provide a theoretical basis and lead to answering the research question as stated above.

1. What are the criteria for social entrepreneurship?
2. What are the criteria for successfully serving BoP markets under the criteria of social entrepreneurship?
3. Which factors used under the criteria of traditional entrepreneurship, can be identified for successful businesses?
4. Which factors, under the criteria of social entrepreneurship, can be identified for successful businesses?
5. To what extent can existing business models be used for BoP markets?

1.5 Relevance of the research

The scientific relevance of this research can be found in the field of contributing to the available literature. Linking PC3, sustainability and social entrepreneurship is a relatively new research topic with potential to contribute to the development of developing countries through job creation, economic growth and equity. This thesis tries to contribute to the empirical studies by identifying methods, instruments, tools and/or practices adopted by businesses that successfully serve the BoP markets and by contributing to development of a general business model as part of the “Product Co-creation Centers” research.

Furthermore, MNCs, NGOs and governments can benefit from the results of this thesis and adopt the outcomes into their practices.

2. Theoretical framework

This chapter of the thesis will outline the existing body of knowledge used as a guideline to answer the research question, therefore it will include a selection of relevant literature and models as published by leading scholars in the related field. This section starts with the introduction of the concept of traditional and social entrepreneurship and discusses the first research question “What are the criteria for social entrepreneurship?”. In addition, the second research question “What are the criteria for successfully serving BoP markets under the criteria of social entrepreneurship?” will be addressed. The theoretical framework ends up with some highlighted facts.

2.1 *Traditional entrepreneurship*

Social entrepreneurship is a relatively new research topic, though it has attracted the attention of leading scholars and has become a respected research field within the research on entrepreneurship. It has not only attracted the attention of scholars, it has attracted the attention of the media, governments and NGOs as well. It is commonly referred to the social stream of doing business.

Social entrepreneurship is based on the concept of entrepreneurship, therefore it is necessary to start there. But in order to have entrepreneurship, entrepreneurial opportunities must exist first. Entrepreneurial opportunities are those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production (Shane and Venkataraman 2000). Discovering an opportunity is a necessary condition, but not sufficient for entrepreneurship. The opportunity has to be exploited by the entrepreneur.

It is important to mention that the concept of entrepreneurship is quite fuzzy, both in ordinary language and within the literature. Jean-Baptiste Say can be seen as one of the earliest contributors to the concept of entrepreneurship, in the 19th century he defined it as “*one who shifts economic resources out of an area of lower and into an area of higher productivity and greater yield*” (Martin and Osberg 2007). With this definition, Say introduced the concept of value creation, an essential part of entrepreneurship. Adding value to a product or service is essential in the concept of entrepreneurship because it gives an entrepreneur the economic legitimacy to exist and enables the continuation of the business.

In the 20th century, Joseph Schumpeter introduced the most influential idea of entrepreneurship. Schumpeter described entrepreneurs as innovators by seeing the entrepreneur as a leader and a contributor to the process of creative destruction (Bull and Willard 1993). Schumpeter argued that economic development emerged when “new combinations appear discontinuously”, new combinations were described as (1) the introduction of a new good, or a new quality of a good, (2) the introduction of a new method of production, (3) the opening of a new market, (4) the conquest of a new source of supply of raw materials or components, or (5) the reorganization of any industry (Bull and Willard 1993). With his definition Schumpeter introduced the concept of innovation. This concept is important because it pushes the market forward.

Both, Say and Schumpeter realized that by starting new, profit seeking, businesses and serving new markets, or serving existing markets in a new way, the economy would be moved forward.

An important, more modern daily view on entrepreneurship, comes from Peter Drucker. Drucker uses Say’s definition as his starting point, he defines entrepreneurship as *“the entrepreneur always searches for change, responds to it, and exploits it as an opportunity.”* (Martin and Osberg 2007). In this definition the entrepreneur becomes an opportunity seeker. Whereas for Say and Schumpeter, it was necessary to operate a business or be part of the strategic management team of a business. Drucker explicitly argues that starting a business is neither necessary nor sufficient for entrepreneurship by stating *“not every new small business is entrepreneurial or represents entrepreneurship”* (Dees 1998). This definition broadens the concept of entrepreneurship.

Another important concept that was added was introduced by Howard Stevenson which added the element of resourcefulness (Stevenson and Jarillo 1990). In a study he found a difference between “entrepreneurial” management and “administrative” management, one dimension of difference was that entrepreneurial management does not allow initial resources endowments to limit their options. Stevenson defines entrepreneurship as *“entrepreneurship is a process by which individuals-either on their own or inside organizations- pursue opportunities without regard to the resources they currently control”* (Stevenson and Jarillo 1990). With this definition Stevenson builds on the definition of Schumpeter, who introduced the concept of innovation. Stevenson applies the concept of innovation on the management of a business and argues that this implies skills of which many are teachable.

This section provided a short overview of the most influential scholars in the field of traditional entrepreneurship. Concluding, entrepreneurship is more than starting a business. The above mentioned scholars build a foundation that is not only easily applicable to the traditional

business sector but also applies to the social sector, the concept of **value creation, innovation, opportunity seekers** and **finding new resources** must all be seen as key elements of social entrepreneurship and will be discussed in more depth in the next section.

2.2 Social entrepreneurship

After providing a better understanding of the concept of traditional entrepreneurship, this section elaborate on the concept of entrepreneurship, namely social entrepreneurship. Definitions of leading scholars will be discussed and a working definition will be given in the last section of this chapter.

Social entrepreneurship and traditional entrepreneurship differ significantly, mainly the markets in which they operate have different characteristics. Traditional entrepreneurs usually operate in open markets with a market discipline. This is not necessary true for social enterprises, these tend to compete with organizations financed through subsidies, donations and volunteers and often find themselves competing with the informal sector.

Some scholars see social entrepreneurship as not-for-profit initiatives of alternative funding strategies, or management schemes to create social value. Some consider it as the socially responsible practice of commercial business engaged in cross-sector partnerships. Whereas others view social entrepreneurship as a means to alleviate social problems and catalyze social transformation (Mair and Marti 2006).

One of the most quoted and most influential scholars in the field of social entrepreneurship is Dees. In Dees his definition the concepts of value creation (Say), innovation (Schumpeter), opportunity seekers (Drucker) and resourcefulness (Stevenson) are all combined. Dees' definition of social entrepreneurship is stated as follows (1998):

Social entrepreneur plays 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, adaption, and learning,*
- *Acting boldly without being limited by resources currently in hand, and*
- *Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.*

Sullivan et al. (2002) choose a different approach, they used Law's latent model to conceptualize social entrepreneurship. The latent model specifies the overall construct by the latent commonality underlying the dimensions. Figure 1 shows the model as developed by Sullivan et

al. (2002). Sullivan (2002) argues that the main driver of social entrepreneurs is ***their social mission*** of creating better social value than their competitors, this leads to entrepreneurial behavior. In the next phase, the social entrepreneur exhibit a balanced judgement in the face of complexity. Thirdly, the social entrepreneur recognize opportunities to create a better social value and finally, displaying innovativeness, proactive and risk-taking approach in their key decision making.

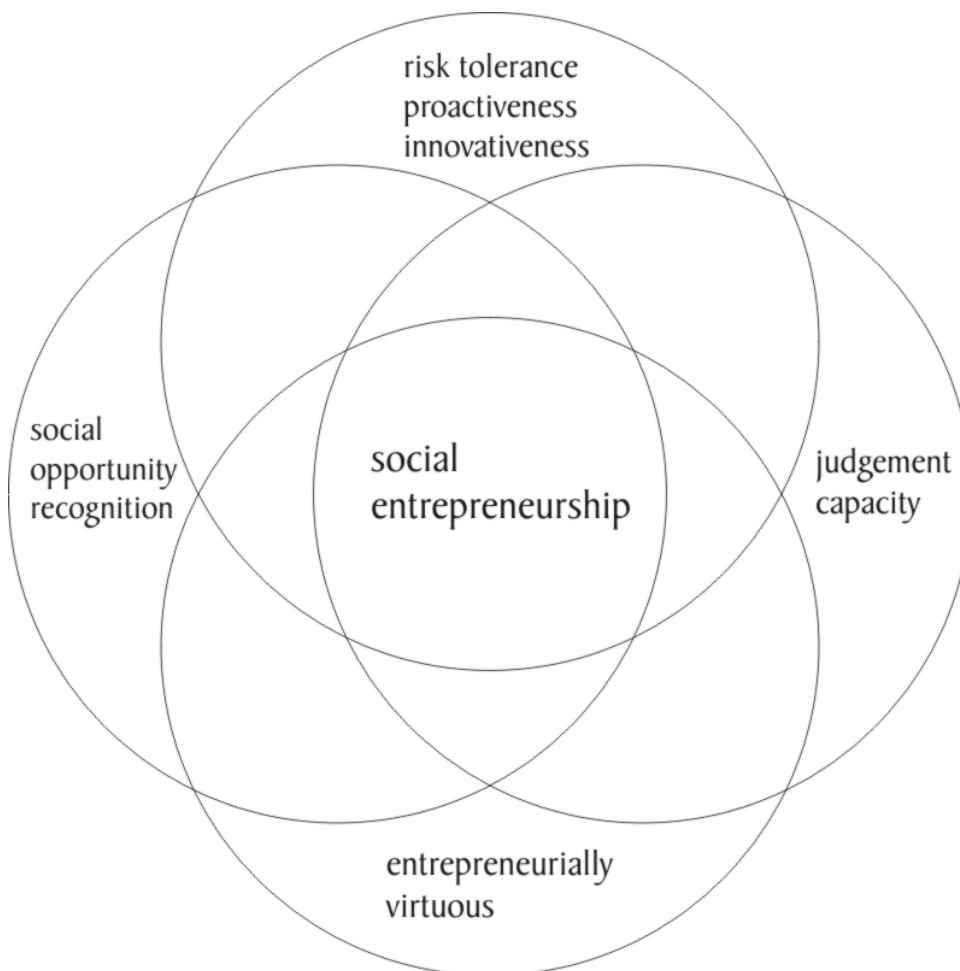


Figure 1 Multidimensional social entrepreneurship construct (Sullivan et al., 2002)

The construct of social entrepreneurship evolves in the overlapping commonality of all dimensions, thus one is only a social entrepreneur in that overlapping space.

Another frequently quoted definition comes from Tan et al. (2005), they define social entrepreneurship as *“making profits by innovation in the face of risk with the involvement of a segment of society and where all or part of the benefits accrue to the same segment of society”*. Figure 2 gives an overview of this definition.

Social Entrepreneur = Legal person engaged in the process of entrepreneurship that involves a segment of society with the altruistic objective that benefits accrue to that segment of society

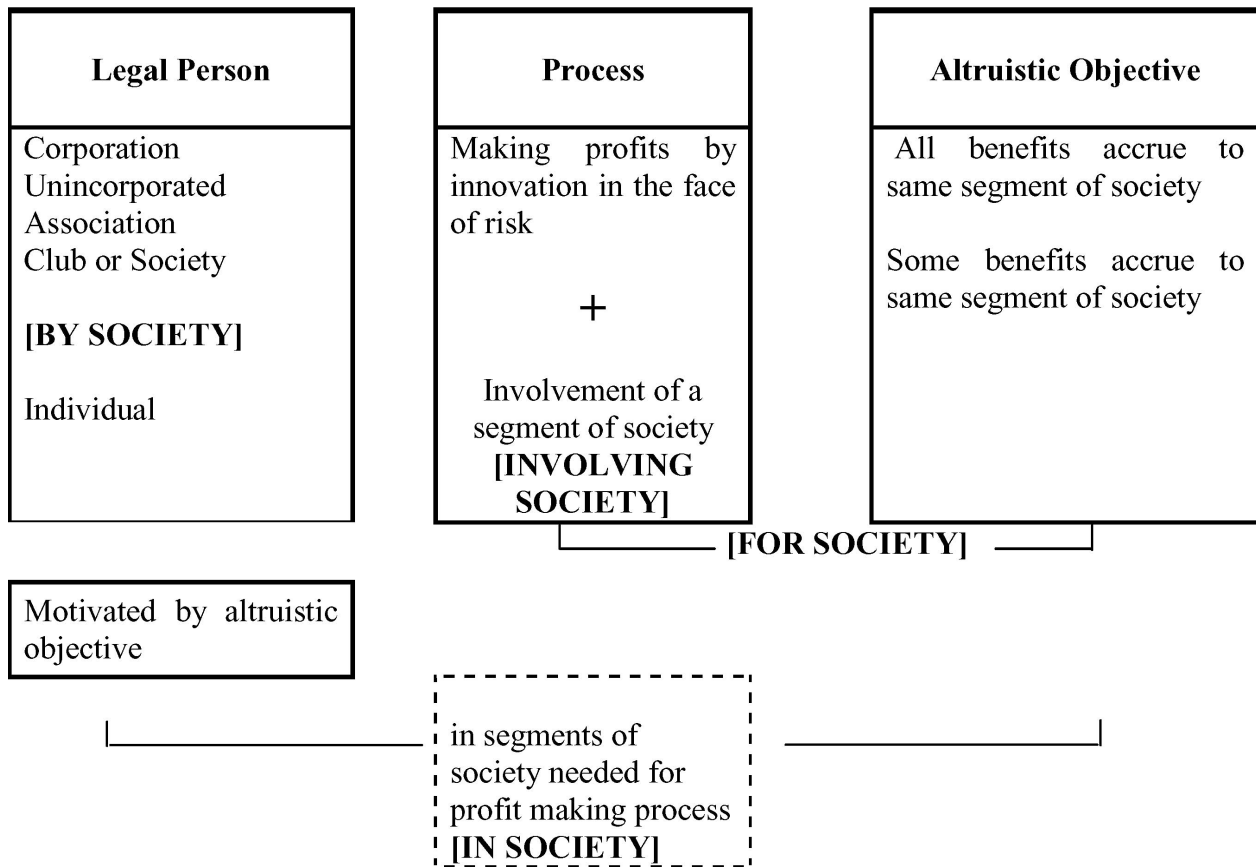


Figure 2 Definition of social entrepreneurship (Tan et al., 2005)

A forth, and often used, definition of social entrepreneurship comes from Martin and Osberg (2007). They define social entrepreneurship as having the following three components:

- 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;
- Identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony;
- Forging a new, stable equilibrium that releases the 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 large.

Table 1 includes an overview of the characteristics of social entrepreneurship as included in the definition of leading scholars in the research field. This will be used as a guideline to create a working definition of social entrepreneurship.

Table 1: Overview of Characteristics of social entrepreneurship

Author	Characteristics of social entrepreneurship
Dees (1998)	<ul style="list-style-type: none"> - Mission - Social value - Recognize opportunity - Innovation
Sullivan et al. (2002)	<ul style="list-style-type: none"> - Social mission - Social value - Entrepreneurial behavior - Recognize opportunity - Innovativeness - Risk taking
Tan et al. (2005)	<ul style="list-style-type: none"> - Profit - Innovation - Risk - Society benefits
Martin & Osberg (2007)	<ul style="list-style-type: none"> - Identify unjust equilibrium - Own benefits - Identify opportunity - Targeted group / society benefits

Although there is not a generally accepted definition of social entrepreneurship, leading scholars seem to reach consensus on certain aspects in defining social entrepreneurship. All of the definitions include the recognition of ***an opportunity, the creation of social value and risk taking.***

The working definition of social entrepreneurship for this thesis is:

“Having the capability to identify an unjust equilibrium and the ability to recognize and create profitable business opportunities from this unjust equilibrium, placing the resolution of social benefits as a primary goal.”.

In this definition a distinction between the capability to identify an unjust equilibrium and the ability to recognize and create profitable business opportunities is made and is considered to be crucial. By making this distinction, it is recognized that a majority of the world’s population is able to identify an unjust equilibrium, but only a minority is able to recognize and create profitable

business opportunities within this unjust equilibrium, making this the space in which social entrepreneurs operate. This is in line with the discovery theory which states that opportunities exist and entrepreneurs are able to detect these whereas others not. By including profitable business opportunities in the working definition, it is argued that the entrepreneur operates a business in which a profit motive is necessary for the continuation of the business, this making it a self-sustaining organization. By adding the social benefits as a primary goal, the entrepreneur becomes a social entrepreneur. Thus resulting in a complex context in which the social entrepreneur operates with a dual mission, this being creating a financially stable business model and creating social value. Sustainability can be seen as a self-limiting term as it implies continuous stability. Social entrepreneurship must be seen as a progressive pro-active manifestation and not as a method to maintain a certain profit and/or social impact.

The working definition will be used to identify whether a social enterprise qualifies as a social enterprise and therefore will be included in the sample of enterprises which will be invited to complete the questionnaire.

2.3 Base of the Pyramid

This section will provide an overview of the BoP markets, first will be defined what BoP markets are and then the unique characteristics of these markets will be described.

The estimate of people being part of the BoP market is 4 billion (Hammond 2007), within the literature there seems to be consensus about this number. About the annual purchasing power parity (PPP) of this group seems to be no consensus among scholars, Prahalad and Hart (Prahalad and Hart 1999) estimates that the annual PPP is limited to USD 1,500, Hammond (2007) estimates the PPP for a BoP individual to be almost twice the amount, namely USD 2,920.

Prahalad and Hart were among the first to create awareness of the untapped market at the BoP. In their article they argue that the erstwhile closed markets like China, India, the former Soviet Union and Latin America opened to foreign investments and that for the first time their population of aspiring poor joined the market economy (Prahalad and Hart 1999).

Although their PPP is low compared to the tier 1, tier 2 and tier 3 incomes, with 4 billion people, the tier 4 group represent a vast majority of the world's population. Figure 3 gives a representation of the PPP of the world's population, this clearly shows that the majority of the people are in the tier 4 group and are characterized by their low PPP.

The World Pyramid

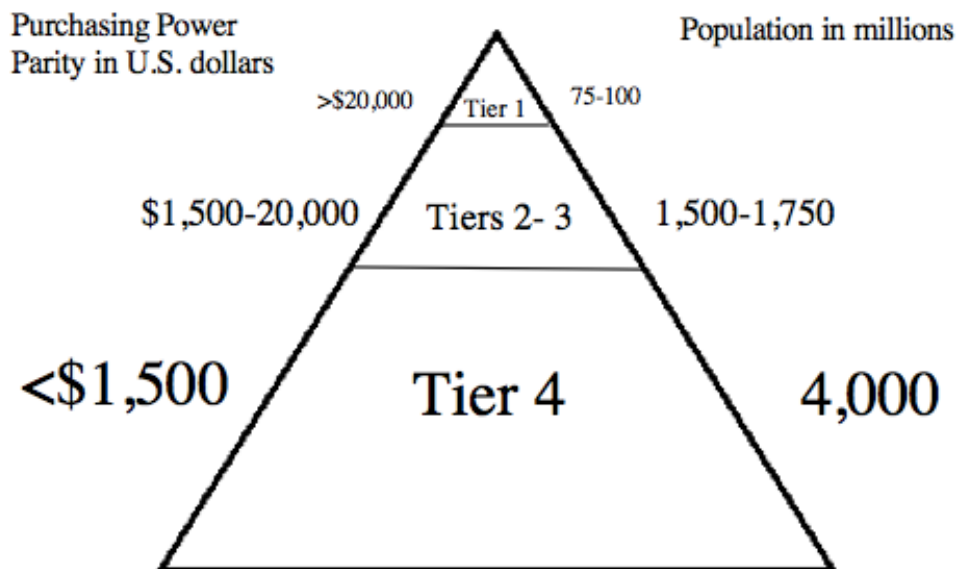


Figure 3 :The World Pyramid by Prahalad & Stuart (1999)

At first glance, this group at the BoP does not seem to offer great opportunities but in their article Prahalad and Hart (1999) argue that a significant portion of important business opportunities arise in BoP markets and that MNCs must recognize the people at the BoP as consumers, they write *"MNCs must recognize that the bottom of the pyramid poses a fundamentally new question: How do we marry low cost, good quality, sustainability, and profitability at the same time?"*. In order to find an answer to these questions, managers need an entrepreneurial orientation and the ability to shift markets from an unorganized state to an organized state.

Although their article focusses on the role of MNCs, valuable insights for operating in BoP settings can be gained from it. The most important being:

- Sustainable development, due to their market size natural limits are imposed when serving the BoP markets.
- Bottom-up innovation is needed, strategies for the bottom of the pyramid must be built from the bottom up.
- Products must be tailored to the needs and conditions of those at the BoP.
- Increase labor intensity in order to generate income among the people at the BoP.
- Form new alliances, alliances must be formed in order to create a commercial infrastructure.

In 2002 Prahalad and Hammond introduced an updated version of The World Pyramid, as it is shown in figure 4.

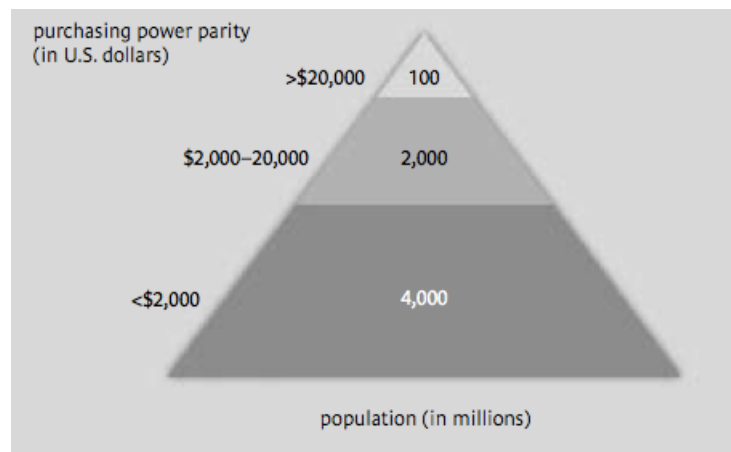


Figure 4: The World Pyramid by Prahalad & Hammond (2002)

In their updated version the population of 4 billion has a higher PPP compared to the original version. Prahalad and Hammond continue to build on the work of Prahalad and Hart, focussing on strategies for serving BoP markets. They recognize the potential of the BoP markets but they argue that traditional business models will not work in those markets and call for the development of alternative business models like the shared access model in which the user does not buy their own equipment but use equipment on a pay-per-use base (Prahalad and Hammond 2002).

Simanis and Hart (2008) introduced *The Base of the Pyramid Protocol* as a method to develop new BoP strategies, in their work the people at the BoP are described as those with per capita incomes below USD 1,500. They argue that the early strategies will fail on the long run because the perspective of the people at the BoP got lost along the way. Therefore it is necessary to invite the people at the BoP to work along in the process.

In their *The Next Billions* report, the World Economic Forum divided the people at the BoP into three segments on the basis of their income, namely lowest, middle and top (Hammond 2007).

- The lowest segment is characterized by its income of less than USD 1 a day and this group struggles to make ends meet and has hardly enough income to satisfy their basic needs.
- The middle group lives on USD 1.25 - USD 2 a day and represents with 1.2 billion people the largest group. This group is in general capable of fulfilling their basic needs.
- The top segment lives on USD 2 - USD 8 a day and therefore has a high enough income to purchase nonessential products. Although this group has disposable income, in general it does not belong to the targeted customers of MNCs due to their income that use to vary (Samans and Nayyar 2009).

The large BoP markets in Africa, Asia, Latin-America and Eastern Europa have a combined total purchasing power of USD 5 trillion (Hammond 2007). The largest BoP market is Asia, with 2.86 billion people with income of USD 3.47 trillion. Eastern Europe counts 254 million people with income of USD 458 billion. The Latin-American BoP market represents 360 million people, having an income of USD 509 billion. The smallest BoP market is Africa with 486 million people with income of USD 429 billion. Figure 5 represents the estimated BoP market by sector (Hammond 2007).

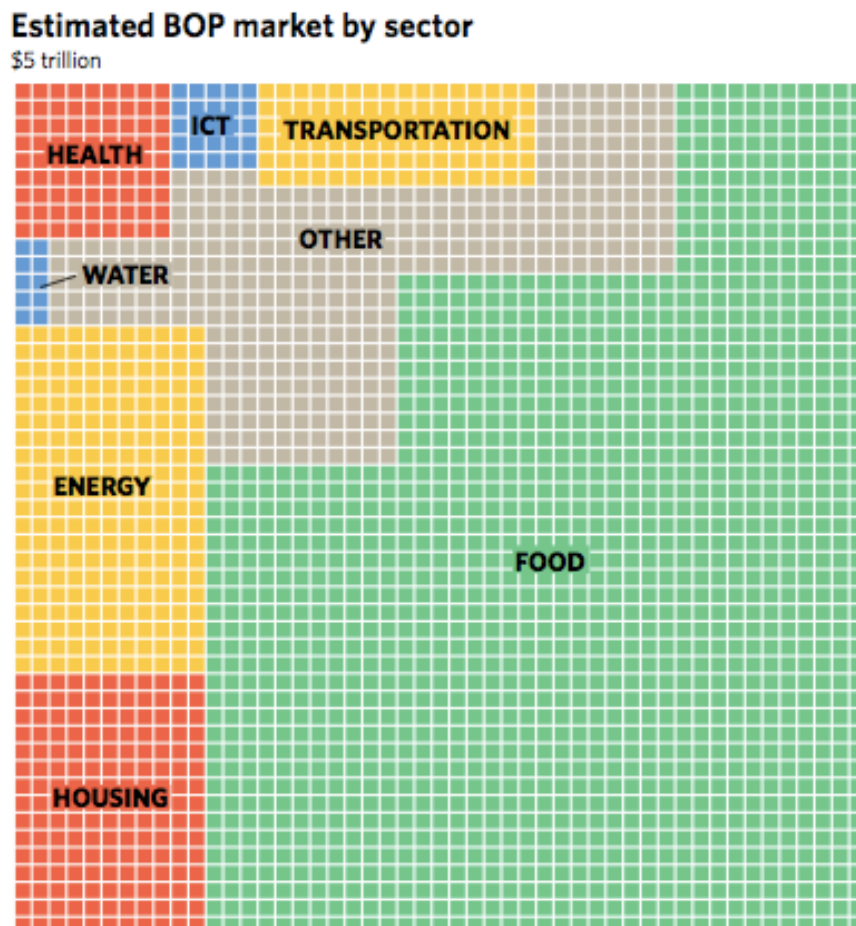


Figure 5 Estimated BoP market by sector (Hammond, 2007)

The low purchasing power of the people in BoP markets must be seen as one of the main characteristics in which they differ from developed markets. Other characteristics of BoP markets include:

- Absence of skills and knowledge: Many people in BoP markets lack a good education, illiteracy still is common.
- Limited access to financial resources: Most people in BoP markets have no access to modern financial services like bank accounts, loans and debit cards.
- Unmet needs: Many people in BoP markets lack access to water, electricity and basic health care.

- Informal market: BoP markets are often informal markets, people operating as entrepreneurs in BoP markets lack good access to formal markets which make them vulnerable to middlemen exploiting them.
- Precarious legal framework: In BoP markets there is a lack of protection towards intellectual property rights.
- Absence of proper infrastructure: BoP markets are often located in rural areas where there is no connection to the main supply chain and communication channels.

2.4 Contributors to success

This section will provide an overview of the factors contributing to success of an enterprise according to the literature. In order to get an understanding of what is considered to be success, the first part will elaborate on literature defining successful enterprises. Secondly, after defining what success is, factors contributing to success will be introduced. Literature review lead to the construction of four different categories all containing different factors contributing to success. These factors will be discussed according to the category they are placed in. Finally, a short summary will be given with the main findings.

2.4.1 Defining success

Defining success can be done along several dimensions, these include financial, non-financial or meeting or not meeting expectations. All of them are relevant, but financial measures are the easiest to measure and to put in perspective. Although success is not clearly defined in literature, in this thesis success will be defined as an enterprises survival or growth. In the context of social entrepreneurship it is referred to as sustainability, thus describing whether the enterprise is capable of continuing to meet its social purpose.

New enterprises often fail in their early stages of development, the reason for this failure include for example externalities, lack of skills, finance or imperfect information. The focus in this thesis is on the early stage of development of an enterprise, therefore it was chosen to conduct literature review in the field of business venturing and business incubation as they specialized in early stage financing. Furthermore, venture capitalist are considered to be among the most successful investors in new businesses. In-depth studies related to the success and failure of new enterprises have been conducted by scholars in these fields and will be used to identify factors contributing to the success or failure of newly formed enterprises.

Though success is not clearly defined in the literature, in order to be able to separate successful and unsuccessful enterprises a working definition is necessary. Hackett and Dilts (2004) identified five mutually exclusive outcome states at the completion of the incubation process:

1. The incubatee is surviving and growing profitably.
2. The incubatee is surviving and growing on a path towards profitability.
3. The incubatee is surviving but is not growing and is not profitable or is only marginally profitable.
4. Incubatee operations were terminated while still in the incubator, but losses were minimized.
5. Incubatee operation were terminated while still in the incubator, and the losses were large.

If at the completion of the incubation process the enterprises outcome is in one of the first three stages it is considered to be a success, if the outcome is in stage four or five it is considered to be a failure. One could argue that a outcome in stage four could be considered to be a success due to the minimization of losses, as so could be argued that stage three is a failure due to the lack of profit. In the light of this thesis, the latter will be considered as success thus a social enterprise does not necessarily need to make a significant profit from its operations as it can combine several income streams.

2.4.2 Contributing factors

By having defined what success is in the early stage of an enterprise, it is possible to identify which factors contribute to this success. Research in the field of successful enterprises often makes a distinction between *who* the entrepreneur is and *what* the entrepreneur does, the first focusses on the personal characteristics of the entrepreneur whereas the latter focusses on how the enterprise is organized and how it interacts with its environment.

Enterprises in an early stage of development are complex organizations and influenced by numerous internal and external factors, often facing very limited financial resources. This complexity and the differences in the external environments makes it difficult to identify the critical success factors. Furthermore, traditional organizational theories often do not apply to new enterprises which still are in an early stage of development, this due to the organizational differences.

Hackett and Dilts (2004) recognize four dimensions relevant for the selection performance of a incubator that contribute to the future success of newly formed enterprises. These are, 1) managerial characteristics, 2) market characteristics, 3) product characteristics and 4) financial characteristics. Managerial characteristics refers to the prior employment experience and technical expertise of the management team. Market characteristics refers to the properties of

the market which the entrepreneur intends to enter. Product characteristics refers to the properties of the product or service which the entrepreneur intends to commercialize. Financial characteristics refers to the profit potential of the enterprise.

Austin et al. (2006) conducted a case study, comparing traditional entrepreneurs and social entrepreneurs and which factors differ among them, to build a framework for social entrepreneurship. They start with Sahlman's analytical framework, a model stressing the creation of a dynamic fit among *people*, *context*, *deal*, and *opportunity*. These elements are considered to be interdependent and entrepreneurs must manage the fit and adaption of these elements continuously.

People are defined as those who actively participate in the enterprise or who bring resources. Furthermore, people's skills, attitudes, knowledge, contacts, goals, and values are considered as the resource mix that contributes to success.

Context is defined as those elements outside the control of the entrepreneur that will influence success or failure, this includes the macroeconomy, tax policies and regulatory structure, and sociopolitical environment.

Deal is what defines who in a venture gives what, who gets what, and when those deliveries and receipts will take place. This includes economic benefits, social recognition, autonomy and decision rights, satisfaction of deep personal needs, social interactions, fulfillment of generative and legacy desire, and delivery on altruistic goals.

Opportunity is defined as any activity requiring the investment of scarce resources in hopes of future return.

They applied a case study in order to identify factors in which traditional- and social entrepreneurship differs, in this process they also identified which factors are essential contributors to success for an enterprise. Critical factors that were identified include the *organizational alignment*, entrepreneurs must keep track on contextual changes that affect the operations of the enterprise and react to any changes. The *development of a long-term strategy* and sticking to this strategy. Essential for success is that the entrepreneur 1) *knows the industry one wish to enter*, 2) *is known by others, including key suppliers, customers, and competitors*. Financial stability also is a factor contributing to success, an entrepreneur who is capable of ensuring long time finance can focus on the enterprise, whereas an entrepreneur who does not have access to sufficient funding struggles on a daily base to ensure short term financing.

Literature review suggest that there are several different factors in different categories contributing to success. The four dimensions as identified by Hackett and Dilts (2004) will be used as a starting point to identify the different categories, it was chosen to broaden the

managerial characteristics and product characteristics dimensions due to the factors that were found during literature review. The managerial characteristics are renamed as *internal business processes* and include beside managerial characteristics also organizational characteristics. The product characteristics dimension is replaced by *learning & innovation*, this group contains factors related to the “soft skills” of management, (organizational) learning and innovation. It was chosen to do so because product characteristics are strongly related to the market and depends on the strategy chosen by an enterprise.

2.4.3 Internal business processes

This category includes factors related how to organize the enterprise and how this relates to the environment which it interacts with. Literature review was conducted from a broad to a narrow perspective (e.g. from interacting with the environment to interacting on firm level), therefor the starting point of literature review was in the field of stakeholder theories. Scholars agree that enterprises will act differently with stakeholders at different stages of development, even differently with the same stakeholders over time due to the different importance of a stakeholder in difference stages of development. One of the most influential studies in this field was conducted by Mitchell et al. (1997), by using the attributes power, legitimacy and urgency they identified eight types of stakeholders. Power reflects the capability of a party in a relationship to gain access to coercive, utilitarian, or normative means to impose its will in the relationship (Mitchell, Agle et al. 1997). Legitimacy is defined as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions (Mitchell, Agle et al. 1997). Urgency is defined as the degree to which stakeholder claims call for immediate attention (Mitchell, Agle et al. 1997). By combining these three attributes, a total of eight different stakeholder classes were identified which all need to be addressed in a different way. Figure 6 gives an overview of the different types of stakeholders as identified by Mitchell et al.

Stakeholder Typology: One, Two, or Three Attributes Present

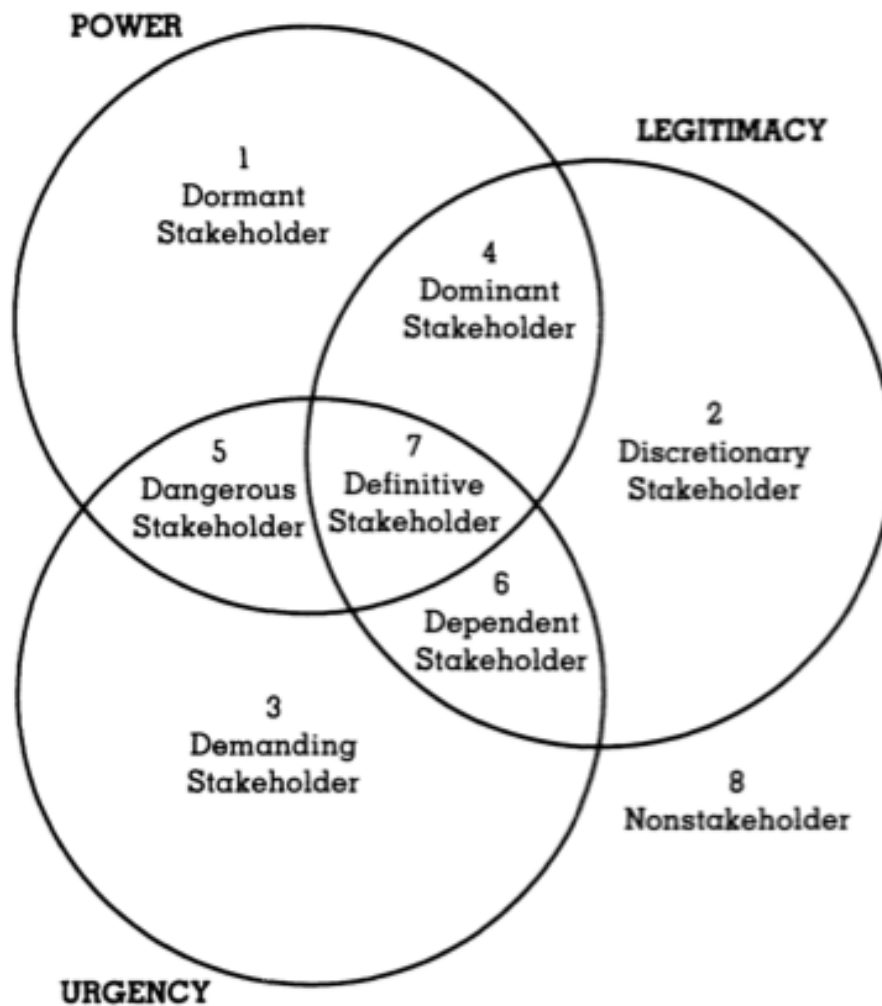


Figure 6 Estimated BoP market by sector (Mitchell, Agle et al. 1997)

Jawahar and McLaughlin (2001) continued to build on the work of Mitchell et al., they build a more comprehensive stakeholder theory due to the limitations in the model of Mitchell et al. Jawahar and McLaughlin (2001) used the resource dependence theory, prospect theory and organizational life cycle models to develop a descriptive stakeholder theory. Their model is more comprehensive as the one developed by Mitchell et al. (1997) because it did not only identify the different type of stakeholders, but included strategies pursued by management to address the stakeholders in the different stages of the organizational life cycle. As the focus in this thesis is on the early stage of development, only the start-up stage will be discussed shortly. The most critical needs in this stage of development are funding, cash flow, defining targeted market, and customer acceptance (Jawahar and McLaughlin 2001). Organizations in the start-up stage must attract sources of funding and proactively interact with their customers and problems as they are

the main source of cash flow. Furthermore it is important to negotiate flexible contracts with suppliers to limit risk and maximize efficiency in the use of financial resources.

Both articles discuss the importance of stakeholder relations in relationship to the chance of survival, entrepreneurs must be able to identify the stakeholders, identify their importance related to the life cycle stage of the enterprise and know how to interact with them.

Related to the broader scope of stakeholder theories, managing relationships with stakeholders has been an ongoing research field. Many scholars from different fields conducted research in the field of managing relationships with stakeholders and the relationship with an enterprises' performance. One of the fields in which a lot of research has been conducted is the field of organizational learning. One of the leading scholars in this field is Gibb (1997), he argues that managing relationships with stakeholder networks is the essence of management in small enterprises. As an enterprise one must interact with its environment and learn from it in order to move the enterprise forward. De Geus (1988) even states that competitive advantage is achieved through the ability of an organization to learn.

Baron (2000) chose a different approach, a psychological perspective. Social capital is often seen as an important factor (the entrepreneurs' social networks, etc.) for an entrepreneurs' success. Social competence is important because it influences the outcome (e.g. receiving financing, etc.) of the interaction. In his work the central question is why some entrepreneurs are more successful than others in starting new enterprises. In one of his studies he focuses on the cognitive and social factors and found that successful entrepreneurs appear to be higher in social competence and therefore better capable of interacting with others and adopting to new social situations (Baron 2000).

In a study conducted by Baron and Markman (2003), 230 questionnaires were sent out to entrepreneurs in order to measure several aspects of their social competences. The success of an entrepreneur was measured by obtaining the personal yearly income from their enterprise averaged across several years. The results of the research supported the hypothesis that the higher entrepreneurs' social competence, the greater their financial success (Baron and Markman 2003). These results indicate that the capability of the entrepreneur to interact with others is a strong predictor for an enterprises' success.

Holmes and Schmitz (1995) studied the relationship between enterprise founders, managers and the quality of an enterprise, as well as the match between the business and the manager. They used data from the *1982 Characteristics of Business Owners* survey as it was mailed in 1986. The results showed whether or not an enterprise was still in business and whether or not it

was still owned by the founder. These data provided the base for their study. They found a relationship between the manager and the match with the job, the better the match, the more likely an enterprise is in surviving. This is supported by the SAPPHO project as conducted by Rothwell et al. (1974), they found that high quality managers are important for success. The SAPPHO project also revealed that it is crucial to understand the user needs, to pay attention to marketing and publicity, and to work efficiently in the stage of developing a product or service (Rothwell, Freeman et al. 1974).

Covin and Slevin (1990) conducted research in the field of strategic management practices and industry life cycle stages and linked this to an enterprises' performance. Several factors were included, these include the strategic posture (ranging from conservative to entrepreneurial), organization structure (ranging from highly mechanistic to highly organic) and the industry life cycle stage. The performance of an enterprise was measured on base of their financial performance. The results show that new ventures' strategic posture and organizational structures varies across the industry life cycle (Covin and Slevin 1990). Entrepreneurs need to find the right organizational structure and strategic posture according to the industry life cycle stage. In emerging and growing industries, a risk taking, innovative and proactive entry strategy, combined with an organic organization structure, increases the chances to achieve high performance (Covin and Slevin 1990). This is not in line with the results of Stuart and Abetti (1987), they found that the entrepreneur must learn to exercise tighter control of the enterprise in order to improve probability of success.

2.4.4 Learning and Innovation

Learning and innovation are seen as important categories for newly formed enterprises. Pena (2002) conducted research in the field of Intellectual Capital (IC) and new business performance. A field study, containing a sample of 114 enterprises, all between three and four years old, was conducted in the Basque region in Spain. IC assets were sorted out into three blocks, 1) human capital (containing level of education, experience and motivation), 2) organizational capital, and 3) relational capital. The influence of human capital on the business start-up performance shows that enterprises founded by entrepreneurs with college degrees, and with special interest in business programs, are more successful than those without knowledge in the business area. Prior experience is important for enterprises experiencing growth. Successful entrepreneurs in the sample devote a larger amount of hours to their business, invest more of their own capital in their enterprise and are more likely to abandon the previous job (Pena 2002). This indicates that an enterprise has a better chance of succeeding if the entrepreneur is fully committed and focussed on the enterprise. The influence of

organizational capital on business start-up performance shows that adaption to the market and firm age explain the enterprises' success. Furthermore, larger sums of financial resources at the moment of firm creation contribute positively to firm endurance, this is also in line with findings from other studies that all show that financial resources are a good predictor of an enterprises' success. The firm strategies of successful entrepreneurs were more quality oriented and considered innovation as an important strategic activity (Pena 2002). The influence of relational capital on business start-up performance shows that concentrating the supplying market close to a start-up firm and expanding sales market beyond its local area increase the odds for business success (Pena 2002).

Several scholars found that leadership(style) is important for an enterprises' success as well, as Hmieleski and Ensley (2007) put it *"In the context of new venture creation, founders must lead because there are no standard operating procedures or organizational structures to fall back on when creating a firm from scratch."* Other scholars like Cogliser & Brigham (2004), and Vecchio (2003), also showed the importance of leadership in new enterprises. The study conducted by Hmieleski and Ensley (2007) indicated that in dynamic environments, start-ups with heterogeneous top management teams were found to perform best when led by individuals high in directive leadership behavior and low in empowering leadership behavior. Homogenous top management teams were found to perform best when led by individuals low in directive leadership behavior and high in empowering leadership behavior.

In the case of stable environments, start-ups with heterogeneous top management teams were found to perform best when led by individuals high in empowering leadership behavior and low in directive leadership behavior; whereas homogeneous top management teams were found to perform best when led by individuals low in empowering leadership behavior and high in directive leadership behavior (Hmieleski and Ensley 2007).

In another study Ensley et al. (2006) used a sample of 66 new enterprises to test the effect of environmental dynamism on the relationship between leadership and new enterprises' performance. In their study they included transactional and transformational leadership behavior, transactional leadership focusses on motivating behavior of followers through exchange processes as administering rewards and punishments, whereas transformational leadership focusses on motivating followers by appealing to their ideals and intrinsic motives (Ensley, Pearce et al. 2006). Their results suggest that the performance of new enterprises' are highly dependent on the behavior of leaders, both, transactional and transformational types of leadership affect the performance. The effect of transactional leadership on the enterprises' performance were positive, whereas the effect of transformational leadership was negative.

As the enterprise grows, the entrepreneur faces a number of unique problems leading to challenges not easy to address. Sexton et al. (1997) conducted a study to identify the learning needs of growth oriented entrepreneurs facing these unique problems when the enterprise growth. As Pascarella & Frohman (1989) state "*most companies have the right problem in their sights, but they often fail in implementing solutions.*". Their study indicate that what entrepreneurs want to learn is closely related to developing business skills. The ten most desired topics to learn about are 1) using cash flow to make operational/financial decisions, 2) financing growth, 3) increasing the value of the business, 4) compensation for self and associates, 5) hiring, training, and motivating for growth, 6) succeeding in rapidly changing world, 7) successful selling via helping the customer buy, 8) sales force management, 9) management succession, and 10) problems and pitfalls of growth (Sexton, Upton et al. 1997). These finding are in line with other studies that identified problems of growing enterprises and suggest that the entrepreneurs need to put a strong empathy on developing business skills in order to make the enterprise grow.

Pena (2002) also described that a firms capacity to react and adapt quickly to changes is related to survival and growth. It is necessary that information must be available within the organization so that one can response quickly to these changes.

One of the instruments to react to market changes is to emphasis innovation, several studies by authors like Rothwell et al. (1974) and Stuart & Abetti (1985) show that innovation is an important contributor to an enterprises' success. Although the market characteristics influence this, it is important that one adopts strategies, innovations, and organizational procedures in consonance with the served markets (Stuart and Abetti 1987). This is in line with the results of Pena (2002), who found that owners of stable and growing enterprises consider innovation as an important strategic activity to remain in business.

Lumpkin & Lichtenstein (2005) put emphasis on the learning organization, chances for short term survival and long term success will be enhanced if organizational learning (OL) practices are adopted. OL is engaged with improving practices and the detection of misalignments. Two of the most common categories of OL are behavioral and cognitive learning. Lumkin & Lichtenstein (2005) add the concept of action learning, as an aspect of cognitive learning, because it is considered to be particularly important in the learning process of new enterprises. Action learning is primarily concerned with the patterns of belief and qualities of interaction between organizational members that facilitate the capabilities of the firm (Lumpkin and Lichtenstein 2005).

Gibb (1997) choose a different approach. Where Lumpkin & Lichtenstein had their focus on learning within the organization, Gibb focusses on the learning process from the interaction with the environment. According to Gibb (1997), learning is a process that happens within the stakeholder environment and takes place both ways in order to bring forward the environment and improve the position of the enterprise.

2.4.5 Market

In this section of the thesis, the market represents the environment in which the enterprise sells its products or service. Markets can have different characteristics and the best strategy may vary according to the characteristics of the market. Although the dynamics of the market, several authors studied the success of different strategies.

Stuart & Abetti (1987) found that one can achieve initial success more easily and rapidly in a more stable, less dynamic market, by focussing on a specific market niche. By focussing on a specific market niche, one can more easily tailor the product to the needs of the customer. Understanding the needs of the customer is considered to be critical for success (Rothwell, Freeman et al. 1974). If one understands the needs of the customer one can offer the right product that offers value for the customer (Levitt 1980, Porter 1985).

Turpin (1995) suggest that giving customers more than they expect is the surest way to build their loyalty and your future. In order to exceed customer expectations one must understand them first, therefor it is of vital importance to understand your customer expectations. Furthermore, it is important to mention that exceeding customers expectations does not mean that it should jeopardize profitability.

Once the needs of the customers are understood and the product suits the needs, one must communicate this to the (potential) customers, this is underlined by the SAPPHO project as conducted by Rothwell et al. (1974). Communicating must be effective though, this to avoid misunderstandings, incorrect strategies and frustration (Mohr and Nevin 1990). Therefor, marketing must be considered to be an important contributor to success for an enterprise. Findings also suggest that for integrating marketing and development in the innovation process, information must flow both ways (Rothwell, Freeman et al. 1974). If all is fulfilled, one can start building relationships with customers and build on loyal customers (Porter 1985, Turpin 1995, Baron and Markman 2003).

2.4.6 Finance

The section finance relates to all the financial factors contributing to success, these include, but are not limited to, how the enterprise generates income and how the financial resources are used by the enterprise. Financial resources are often seen as one of the critical factors for success in the early stage of development of an enterprise, thus many enterprises in the early stage of development are characterized by a lack of financial resources and therefore it is of vital importance to utilize the available resources in the best possible manner.

The business model is the starting point of every enterprise, it describes the way an enterprise adds value. It is essential for the entrepreneur to understand how the enterprise adds value to its customers, why customers are willing to do business with the enterprise and how one can make a profit from those sales. One has to keep track of its business model and adapt to changes in the environment, one has to adjust in order to become more likely to succeed (Teece 2010). The business model also builds on the theory in chapter 2.4.4, chances to succeed are greater if the entrepreneur has a deep understanding of user needs (Teece 2010). A good business model that is understood by the entrepreneur can become a competitive advantage, it is therefore to be considered to be an important factor contributing to the success of an enterprise.

Income diversification is a strategy to gain more stable cash flows, reduce operating risks and increase financial leverage. The results of Amit & Livnat (1988) study suggest that enterprises which diversify into related businesses have, on average, higher profitability than non-diversified enterprises.

Social entrepreneurs in the early stage of development must focus on diversification of income streams, this means that by ensuring income from different sources one has a better chance to succeed and reach growth (Dees and Anderson 2003). Social entrepreneurs can tap from different sources like donations, grants or income from operations, one must be aware of fragmentation and loss of focus (Dees and Anderson 2003). Traditional entrepreneurs are generally not capable of generating income from comparable sources, although they are generally better capable of applying for finance from venture capitalist, banks, and in some cases grants or fundings from institutions stimulating certain sectors.

Evans & Jovanovic (1989) found that almost all entrepreneurs devote less capital to their business than they would like to, this due to the lack of financial means. It therefore is of vital importance that the available resources are managed and applied in the most efficient and effective way. Covin & Slavin (1989) suggest, in case of a benign environment, to apply risk

averse financial management. Chrisman et al. (1999) found that inadequate management teams are prominent contributors of failure among enterprises.

It is important for an enterprise to invest in the development of its product or service (Rothwell, Freeman et al. 1974, MacMillan, Siegel et al. 1985, Stuart and Abetti 1985), though Stuart & Abetti (1985) found that entrepreneurs who are making significant investments in R&D are not satisfied with the progress of the firm toward its business objectives. Start-up enterprises should invest wisely because the return on investment is generally negative.

Narver & Slater (1990) argue that entrepreneurs must create Sustainable Competitive Advantages (SCA) in order to consistently outperform the market. The concept of SCA implies that to seduce a buyer to purchase your product or service, it must exceed the expected value of any alternative available. Narver & Slater (1990) consider market orientation as the instrument to achieve the highest profitability in business, market orientation is defined as an organizational culture consisting the following components 1) customer orientation, 2) competitor orientation, and 3) interfunctional coordination. The first two are focused on activities involved in acquiring information about the customers and the competitors. The interfunctional coordination focusses on coordinated efforts among departments to create customer value. Value creation can be obtained by either increasing the benefits or decreasing the cost for the buyer. In order to do so, one needs to constantly invest in its product or service, either to increase the value by adding new features, make the buyers perceived added value higher through marketing efforts, or by lowering the cost of the product by investing in new ways of production.

2.4.7 Summarizing

After extensive literature review, four categories were identified, all containing several factors, which are contributors to an enterprises' success. Table 2 gives an overview of the factors contributing to success of enterprises as identified by leading scholars in the research field.

Table 2: Overview of contributors to success

Category	Factor	Description	Reference
Internal business processes	- Strategic management of different interest of stakeholders	(Social) entrepreneurs need to identify their stakeholders, be able to rank them in order of importance (setting boundaries) and be able to identify the different interest of stakeholders and strategically manage these different interests.	- Mitchell et al. 1997 - Jawahar & McLaughlin, 2001 - Austin et al., 2006 - Groen et al., 2008
	- Professional organization	Entrepreneurs need to find the right organizational structure which fits their stage of development. One should also consider hierarchical structure, span of management control, lines of communication and the 'engine room'	- Slevin & Covin, 1990 - Boschee, 1998 - Boschee, 2001 - Groen et al., 2008
	- Strong relationships with key partners	One should be able to build strong relationships at strategic, as well personal, level with key stakeholders and the organization must learn from them.	- Gibb, 1997 - Baron, 2000 - Honig, 2001 - Baron & Markman, 2003
	- High quality managers	As the enterprise grows it is important to show commitment to monitoring and improving reporting. A high quality match between manager (not necessarily the founder) and business is important.	- Rothwell et al., 1974 - Holmes & Schmitz, 1995

Category	Factor	Description	Reference
Learning & Innovation	- Strong empathy on innovation	Innovation is an important factor in the success of an enterprise, one should build a supportive atmosphere within the enterprise.	- <i>Abetti & Stuart, 1985</i> - MacMillan, 1985 - <i>Pena, 2001</i>
	- React to changes in the market	Enterprises that are 'open' are better capable of adapting to changes in the market. Openness implies that an enterprise shares information and is open to new opportunities.	- <i>Pena, 2001</i>
	- Leadership style	The leadership style is a factor contributing to success, an entrepreneurial or creative leadership style tends to be more successful.	- MacMillan, 1985 - Abetti & Stuart, 1985 - <i>Ensley et al., 2006</i> - <i>Hmieleski & Ensley, 2007</i>
	- Developing business skills	Business skills like organizing, resource-acquisition, negotiating and so on are important skills to succeed and must be learned during the entrepreneurial process.	- Wright et al., 1997 - <i>Sexton et al., 1997</i>
	- Learning culture	Enterprises that invest in learning, on all levels, tend to outperform those who do not invest in learning. Education in itself is also a success factor for entrepreneurs.	- <i>Gibb, 1997</i> - <i>Lumpkin et al., 2005</i>

Category	Factor	Description	Reference
Market	- Focus on a specific segment/ Market orientation	If an entrepreneur focusses on a specific segment, chances of success tend to increase because one is better in understanding the needs of the customer and therefor better capable of delivering a product or service tailored to the needs of the customer. From there, create sustainable competitive advantage.	- <i>Stuart & Abetti, 1987</i> - <i>Boschee, 1998</i>
	- Build relationship with customers	One should build strong relationships in order to maintain long-term relationships and understand customer needs. Long-term relationships tend to increase the chance of success.	- <i>Gibb, 1997</i> - <i>Boschee, 1998</i>
	- Exceed customer expectations	Customers are more likely to form an image of a company through personal interactions with employees or their experiences with the product. One need to exceed customer expectations to be successful.	- <i>Rothwell et al., 1974</i> - <i>Turpin, 1995</i>
	- Communicate effectively and exchange information	One should be able to effectively communicate the added value of the product or service offered. This contributes to the relationship with the customer and gives a reason to become a customer.	- <i>Rothwell et al., 1974</i> - <i>Parker, 1982</i> - <i>Mohr & Nevin, 1990</i>
	- Offer the right product	One should offer a product or service which provides value to the customer. A product or service should target a clear gap in the market.	- <i>Levitt, 1980</i> - <i>Porter, 1985</i>

Category	Factor	Description	Reference
Finance	- Good financial management	Good financial management is a key success factor, especially in the phase of growth. Lack of capital and liquidity constraints are common. Financial information needs to be relevant, timely and accurate.	- <i>Evans & Jovanovic, 1989</i> - <i>Covin & Slevin, 1989</i> - <i>Chrisman et al., 1999</i> - <i>Groen et al., 2008</i>
	- Viable business model	Entrepreneurs needs to completely understand their business model. One also needs to understand what makes or breaks the model.	- <i>Teece, 2010</i>
	- Investing	Investments are important for the success of enterprises, they contribute to achieving goals. Investments must be based on the right information.	- <i>Narver & Slater, 1990</i>
	- Income diversification	Social entrepreneurs must combine a blend of income streams, for example: grants, donations, investments or income from operations.	- <i>Amit & Livnat, 1988</i> - <i>Dees & Anderson, 2003</i>

2.5 Defining social value

Defining the social value generated by an enterprise is a research area on its own and not the central question in this thesis, therefore it will not be discussed in depth. It is necessary to devote a section on this topic due to the fact that traditional and social entrepreneurship differ in measuring their outcomes. Measuring outcomes is of great importance because it gives the enterprise the opportunity to look back and evaluate, at the same time it is important for making decisions about the future. Furthermore, it provides the basis for the accountability of the enterprise. Traditional entrepreneurs tend to measure and report their outcomes in financial parameters like profit before and after tax, cash flow, profit per share, dividend paid to shareholders, Return on Investment, and numerous more. Although financial outcomes are important to social entrepreneurs as well, the working definition as defined in chapter 2.2 put the emphasis on social value. Measuring social value or social impact is not as easy as measuring financial parameters. Accounting standards have been developed and generally applied. In the field of social entrepreneurship there are no generally accepted standards of measuring impact, and developing standards is difficult due to the variety in social goals of these entrepreneurs. Although it is difficult to create standards, and there have been attempts to do so, it is important for social entrepreneurs to create ways to measure their social impact and report this to stakeholders. Measuring impact can be done by the number of jobs created, the number of customers that have access to a product or service that they did not have before, the number of trees planted, and many more.

3. Methodology

The following chapter gives accountability on the data, it will describe the methods used for data collection and sample selection. First, a descriptive and graphical overview is provided, stating which research method is used to cover the research sub-questions. Secondly, a justification for the chosen research methods is given. Thirdly, a discussion on the application and the strengths and weaknesses of the research methods is included.

3.1 Research structure

The main research question of this projects is: *“Which factors, under the criteria of social entrepreneurship, can be identified as contributors for an enterprise to successfully serving the BoP market and how can these be integrated into a business model targeting the BoP market?”*

In order to bring arguments to answer, the main research question was broken down in five research sub-questions which make part of table 3. The purpose to have table 3 is to provide an overview of the research methods and target groups needed to answer each of the sub-questions.

Table 3: Research Methodology

Research sub-question	Research method	Target group	Output
1. What are the criteria for social entrepreneurship?	- Literature review (secondary source)		- Own working definition to be used to select the cases of social entrepreneurs.
2. What are the criteria for successfully serving BoP markets under the criteria of social entrepreneurship?	- Literature review (secondary source) - Interviews - Questionnaire	- Experts in the field - Social entrepreneurs	- Ways to measure the economic impact of a social enterprise (value proposition).

Research sub-question	Research method	Target group	Output
3. Which factors used under the criteria of traditional entrepreneurship, can be identified for successful businesses?	<ul style="list-style-type: none"> - Literature review (secondary source) - Interviews 	<ul style="list-style-type: none"> - Experts in the field 	<ul style="list-style-type: none"> - Factors that contribute to increasing the chance of keeping an enterprise in the market, accounting for the different continents in the world.
4. Which factors, under the criteria of social entrepreneurship, can be identified for successful businesses?	<ul style="list-style-type: none"> - Literature review (secondary source) - Interviews - Questionnaire 	<ul style="list-style-type: none"> - Experts in the field - Social entrepreneurs 	<ul style="list-style-type: none"> - Factors that contribute to increasing the chance of keeping a social enterprise in the market, accounting for the different continents in the world.
5. To what extend can existing business models be used for BoP markets?	<ul style="list-style-type: none"> - Literature review (secondary source) 		<ul style="list-style-type: none"> - Contribute to the development of a new business model developed to target the BoP markets.

As provided in table 3, three methods of gathering data in order to answer the research question can be identified within this thesis. These are, literature review, interviews and questionnaires. Thus, using primary as well secondary data to answer the research question.

Survey research was used to gather information from social entrepreneurs in order to answer sub-questions 2 and 4 and information from experts in the field to answer research questions 2, 3 and 4.

A questionnaire containing closed-ended as well open-ended questions was sent to social entrepreneurs. A questionnaire was chosen due to the limited timeframe, the categorical data and the sample size.

Interviews were held with experts in the field of social entrepreneurship, these included interviews with representatives of Cordaid (Catholic Organization for Relief & Development),

TNO, ASEN (African Social Entrepreneur Network) and Heart Capital. Interviews were chosen to get a deeper understanding of successfully operating social enterprises in BoP markets and formed, combined with the literature review, the base of the design for the questionnaire.

Sub-question 1 was answered by the use of extensive literature review. Several databases have been used to gather relevant literature, these are JSTOR, ScienceDirect, SpringerLink, Web of Science and the (digital) library of the University of Twente.

The research conducted in this thesis is inductive. That is, by using a questionnaire among the individual social entrepreneurs, the discovery of a pattern may point to relatively universal principles (Babbie 2007). Thus, it is important to state that with the chosen research method, survey research, one is only able to describe the data collected, one is not able to state causal relationships.

3.2 Justification of research method

As stated before, survey research was used to answer the research question. One could have argued that qualitative field research could have been considered as the appropriate research method. Field research is described as “observe or participate in social behavior and try to understand it” (Babbie 2007). The factors contributing to a social enterprises’ success in operating in BoP markets could be considered to be social interaction. By doing so, one could have considered case studies as an appropriate research method to understand what contributes to the successful operation of an enterprise in BoP markets. This research method is considered not to be applicable due to the nature of this thesis, it is not aimed at understanding how a small number of social enterprises arrange themselves to successfully operate in BoP markets, rather it is aimed at gathering a theoretical model of successfully operating in BoP markets based on a larger number of social enterprise experiences. Furthermore, due to time limitations it is not possible to conduct case studies, nor conduct a field study. This lead to the use of survey research. Babbie (2007) mentions some advantages and disadvantages of survey research, one of the main advantages in the context of this thesis is that survey research gives the opportunity to gather data about the attitudes and opinions of a larger group. Furthermore, it may be used for descriptive, explanatory and exploratory purposes. Another advantage that can be identified is that survey research generally can be conducted at low cost and within limited timeframes.

Disadvantages of survey research, especially when using questionnaires, are the risk of biased outcomes and by using standardized questions one may not include questions that are exclusively important to a smaller group of respondents within the sample. Babbie (2007) also mentions that by using questionnaires, one is not able to place the answer within the context of

social life of the respondent. Within the context of this thesis, this must be recognized as a serious limitation.

3.3 Data collection

In this section a description of the research methods used for data collection is given.

3.3.1 Interviews

Interviews have been conducted with several experts in the field of social enterprises operating in BoP markets, these interviews provided qualitative insights which contributed to a more in depth understanding of the context of social entrepreneurship in BoP markets. Interviews were chosen as the method of gathering data from experts due to the fact that the face to face dialogue enabled interviewer and interviewee to respond to each other. Skype was used in case of interviewees outside The Netherlands. The questions asked during the interview are included in appendix A, also a transcript of the interviews is included in appendixes B and C.

3.3.2 Questionnaire

A questionnaire was used to gather data from social entrepreneurs, this provided useful insights from those operating enterprises in BoP markets. The IGS Datalab software was used as technical platform to facilitate the collection, storage and analysis of the data gathered. The purpose of the questionnaire was to get an insight in how social entrepreneurs operate their enterprise, as well to identify the factors that make their enterprise successful. Table 4 includes the operationalization of the questionnaire, the questions are based on the information gathered in the analytical framework. A Spanish version of the questionnaire was available online as well. A copy of the questionnaire as it was published online is included in appendix E.

Table 4: Operationalization of questionnaire

Descriptive categories	Survey question
Internal business processes Successful social entrepreneurs are: 1) Mission driven, not financially driven. 2) Are supported by experienced entrepreneurs/ managers/ board members. 3) Able to manage different coalitions of stakeholder interests. 4) Characterized by operational excellence.	1) Do you receive (professional) support in any of the following areas? 2) What is the source of the (professional) support in any of the following areas? 3) Is your social enterprise involved in any of these partnerships?

Descriptive categories	Survey question
<p>Learning & Innovation Successful social entrepreneurs ability to get maximum return from their assets:</p> <ol style="list-style-type: none"> 1) Team members must share the value of the enterprise and have the right skills. 2) In general entrepreneurial leadership brings the best results. 3) Business skills are needed within successful social enterprises. 4) Innovate, even with limited resources (creativity). 5) Are able to react to market changes. 	<ol style="list-style-type: none"> 1) How technologically advanced would you describe the product offered by your enterprise? 2) Did your social enterprise revolutionize the way the industry was operating? 3) Please indicate to what extent the following innovation applies to your social enterprise. 4) How would you describe the relationship with your key partners? 5) Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market. 6) To what extent do the following aspects apply to your social enterprise?
<p>Market Successful social entrepreneurs:</p> <ol style="list-style-type: none"> 1) Tend to operate in markets which are not served by traditional entrepreneurs. 2) Target a specific segment of the market. 	<ol style="list-style-type: none"> 1) Does your social enterprise target a specific customer segment within the Base of the Pyramid market? 2) In which sector(s) is your enterprise active? 3) Who are your customers? 4) What type of relationship do you have with your customers? 5) Please indicate for every question to what extent this applies to your social enterprise 6) How do you measure the social impact of your enterprise?

Descriptive categories	Survey question
<p>Finance How social entrepreneurs secure and manage their financial resources is strongly related to the success of the enterprise.</p> <p>1) Social entrepreneurs need to fully understand the business model used by the enterprise. 2) Financial management is a key factor in successfully operating. 3) Diversification of income is preferred.</p>	<p>1) Is your social enterprise financially profitable?</p> <p>2) Please indicate for each financial year what you expect in terms of turnover and profit/loss.</p> <p>3) Did your social enterprise create a business model?</p> <p>4) How would you rate your knowledge about finances regarding operating a business?</p> <p>5) How is your enterprise financed?</p> <p>6) How satisfied are you with the access to funding for social enterprises?</p>
<p>General information General characteristics of the social enterprise and social entrepreneur to:</p> <p>1) Better statistically analyze the sample.</p>	<p>1) Gender</p> <p>2) What is your educational background?</p> <p>3) What year was this social enterprise started?</p> <p>4) In which region(s) does your social enterprise operate?</p> <p>5) Number of employees</p> <p>6) Is your present social enterprise the first enterprise that you started?</p>
<p>End of survey Extra comments could be placed in this section, also a word of gratitude for participating in this survey.</p>	<p>1) What motivated you to become a social entrepreneur?</p> <p>2) In your own words, what would you describe as the critical success factor(s) for successfully operating in Bottom of the Pyramid markets? Blank field.</p>

3.4 Sample selection

The sample of social enterprises was built by using information from Cordaid, the Schwab Foundation, the ASEN network, Heart Capital, Skoll Foundation, Ashoka and the Grassroots Business Fund. Each social enterprise was assessed by the working definition as stated in chapter 2.2, thus each unit of analysis (e.g. social entrepreneur) a) is operating in a BoP market, b) has a profit motive and c) social benefits are their primary goal. A total of 53 social entrepreneurs were included in the sample and all were invited by email to complete the questionnaire. Unfortunately, probability sampling could not be used due to the fact that there is

not a comprehensive database comprising all social enterprises operating in BoP markets. The non-probability sampling method used for this thesis was considered to be the method that would include those social enterprises considered to be the most representative according to the variables used within the working definition. Data on individual social entrepreneurs and enterprises was generalized and compared.

3.5 Data analysis

This section will discuss the analysis of the data gathered. The questionnaires included both qualitative data (open-ended questions) and categorical data (closed-ended questions). Qualitative data will be analyzed by the use of a case-oriented analysis across cases in order to discover patterns (Babbie 2007). A variable-oriented analysis will be used to analyze the qualitative data (Babbie 2007).

Categorical data will be analyzed by the use of descriptive statistical methods, it is common to analyze this type of data by using frequency tables, contingency tables and charts. The IGS Datalab software offers basic statistical methods to compare data, it was chosen to use SPSS instead due to the limitations in the IGS Datalab software. The data was exported from the IGS Datalab software. Two files, one syntax file and one data file, were used to import the data to SPSS. The syntax file was used to create the data file, this data was analyzed by using different statistical methods as included in SPSS.

4. Analysis

Whereas the previous chapter discussed the methods of data gathering, this chapter will include the presentation and actual analysis of the data. In this chapter the factors contributing to success as found in the literature review will be compared with the data gathered from the questionnaire as it was sent to the social entrepreneurs in the sample.

4.1 The data

As previously mentioned, data was gathered by inviting 53 social entrepreneurs to complete an online survey. From the 53 that were invited, 20 started the survey of which 8 completed the survey. One of the respondents answered all the questions but did not finalize the survey by clicking on the finish button, therefore this data is not included in the analysis. The response rate is low, if only complete questionnaires are considered, the response rate is 8/53 which gives a response rate of approximately 15%. If the completed questionnaire from the respondent who did not finalize the questionnaire is included, the response rate is 9/53 which accounts for approximately 17%. If unfinished questionnaires are included the response rate increases to 34%. The response rate is lower than expected, but previous research in the field of social entrepreneurship seems to struggle with the same issue. Although the low response rate, the data gives a unique opportunity to look at how social entrepreneurs operate. The consequence of this low response rate is that a thorough review of the data is required. Taking a closer look at the data reveals that five of the respondents operate in Africa, two in Europe, one in Asia, one in South-America and one in North-America. Seven of the respondents only operate in one region, where one of the respondents operates in three regions. With 5 of the 8 respondents operating in Africa, one has to be careful drawing general conclusions from this data. The data includes social enterprises that have been operating since 1995, as well as one started operating in 2013. Five of the respondents are male, whereas three are female. Four of the respondents indicated that this was their first social enterprise they founded and four had started a social enterprise before. Furthermore, the number of employees working within the social enterprise vary from 1 to at least 26. Most of the enterprises offer simple products or services with no or very little technology, five entrepreneurs describe the product as low tech. Four of the respondents operate a profitable enterprise, four are not profitable. Although the response rate is low and the majority of the respondents operates in the African continent, the data gives useful insights in the success factors for these social entrepreneurs and their enterprises.

4.2 Analysis of the data

In this section the data gathered from the questionnaires will be compared with the factors contributing to success as they were found in the literature review. The categorization as used in chapter 2 will be used in this section as well. Only the data from the completed questionnaires will be used in this section. A table is included at the end of every section, this table contains the factors as found in the literature review, a short summary of the results from the questionnaire and a Y if the analysis supports the literature, a N if not and Y/N if the data points in the direction of the literature but with some relevant differences.

4.2.1 Internal business processes

Respondents were asked to indicate how much support they receive in any of the following areas, personal development, organizational, marketing, finance, legal, operations, logistics, and human resource management (HRM). As well what the source of support was. Four respondents received a moderate to large extent of organizational support and three little to some extent of organizational support. Six of the respondents also received little to some extent of support in the field of finance and one received support to a moderate extent. Marketing is an area in which all of the social entrepreneurs receive support, four to little or some extent whereas four moderate to a large extent of support. Six of the respondents receive at least little legal support, whereas operational support is received by seven respondents. Less support is received in the field of HRM, logistics and personal development. Although six respondents indicate that they receive support in the field of personal development, four receive only little support in this area. The same applies to operational support, seven respondents receive it but usually little or to some extent. In case of logistical support four respondents indicated to receive little support and one to some extent. A graphical representation is included in appendix E. Although one has to be careful to analyze the data from a small amount of respondents, the data clearly indicates that the source of support is strongly related to the knowledge needed to deliver high quality support. Respondents could choose between several sources namely, friends & family, training course for entrepreneurship, professional acquaintances, professional consultants, organizations specialized in (social) enterprise start-ups, financial institutions, no access to advice and no advice needed. Financial, legal, organizational and personal development support is mostly received through professionals, whereas marketing, operational and HRM support is frequently received through friends and family. Logistical support is not needed by 37.5% of the respondents and 25% receives this support by friends & family. One can not state that friends & family do not provide high quality support in any case, but by looking at the categories one could say that social entrepreneurs tend to ask for support in areas of

specific knowledge whereas less professional support is asked in areas where there is less (specific) knowledge required.

If looking at the relationship with the stakeholders, as it is perceived by the social entrepreneurs. They were asked to rate their perceived relationship with customers, suppliers, competitors, investors, NGO's and governments. One could clearly say that the scores are generally high. Three of the respondents describe their relationship with customers as average, while five describe this relationship as above average. The relationship with suppliers scores high as well, three describe it as average, four as above average and one as excellent. The relationship with competitors shows something different, a total of four respondents rate this as either below average (3) or poor (1) and four as either average (2) or above average (2). The relationship with investors scores high, only one rates it as poor while three as average and four as above average. The same pattern is visible in the relationship with governments and NGO's, four rate the relationship with NGO's as above average or excellent (six in case of governments) whereas only one describes their relationship with NGO's as below average (two in case of governments). This clearly suggests that social entrepreneurs tend to invest in relationships with stakeholders, which is underlined by the results in table 5 which show the longer an enterprise is in business the better the relationship with the stakeholders is. This is in line with the answers given to the question regarding the effectiveness of relationships with stakeholders.

Table 5: SPSS cross tab

[Competitors] How would you describe the relationship with your key partners? * In what year was your social enterprise founded?
Crosstabulation

Count		In what year was your social enterprise founded?								Total
		1995	2001	2002	2005	2008	2009	2011	2013	
[Competitors] How would you describe the relationship with your key partners?	Poor	0	0	0	0	0	0	0	1	1
	Below average	0	0	1	0	0	1	1	0	3
	Average	1	0	0	0	1	0	0	0	2
	Above average	0	1	0	1	0	0	0	0	2
Total		1	1	1	1	1	1	1	1	8

If one focusses on the perceived relationship between the enterprise and the different stakeholders and the year the enterprise was founded one can see that enterprises founded in the past 5 years (4) have a better relationship with customers, whereas enterprises founded more then 5 years ago tend to have better relationships with suppliers, competitors, investors, NGO's and governments.

Literature review also showed that high quality managers are important, the questionnaire contained two questions regarding this factor. The first question was about the (former) management experience of the social entrepreneur and the second question was about the

number of employees and the type of employees. Seven of the respondents had prior management experience, only one did not have any management experience at all.

Most of the social enterprises do not have a team of high quality professionals supporting them, although five of the respondents indicate that management experience is at least somewhat to very important to successfully operate. Six of the entrepreneurs have completed at least tertiary education (college or university) and two completed secondary education.

The measure of success for a social enterprise within this thesis is profit, as mentioned before, it is the simplest measure to determine whether or not a social enterprise is successful. Four of the enterprises in the list of respondents are profitable. In general the data shows that those who operate a profitable enterprise describe their relationships with stakeholders better than those that are not profitable. There is one exception though, the respondent who described the relationship with the customers, suppliers and NGO's as average and the relationship with competitors, investors and governments as poor, is operating a profitable social enterprise.

The data does suggest that the profitable social enterprises score better on the factors as found in the literature. Table 6 gives an overview of the factors contributing to success as found in the literature and how these relate to the data from the questionnaire.

Table 6: Overview of literature findings and data from questionnaire (Internal business process)

Literature	Questionnaire	
Strategic management of different interest of stakeholders	This is in line with the findings of this research, the data suggest that the social entrepreneurs tend to invest time and effort in their relationships with stakeholders and that these vary over time.	Y
Professional organization	The data suggest that the social entrepreneurs invest in their organization, support in areas where specific knowledge is required is mainly gathered from professionals. The respondents recognize the importance of high quality managers, although most do not have a extensive management team or board. All of the enterprises are formal organizations.	Y
Strong relationships with key partners	This is in line with the findings of this research, the data suggest that the social entrepreneurs tend to invest time and effort in their relationships with stakeholders which is reflected by the good relationships they have with important stakeholders. The data also suggest that the respondents recognize the importance of networking.	Y

Literature	Questionnaire	
High quality managers	The data from the questionnaire did not suggest that the social enterprises attracted a team of high quality managers. Though the respondents do recognize the importance of a good management team. Furthermore, most respondents went through tertiary education and have management experience.	N

4.2.2 Learning and Innovation

Literature review suggested that a strong empathy on innovation, reacting to changes in the market, the leadership style, the development of business skills and a learning culture are all factors contributing to successful enterprises.

The questionnaire contained questions regarding product innovation, process innovation, organizational innovation and marketing innovation. The data suggest that innovation is mostly in the field of product and processes. Organizational innovation is important as well according to the data, though slightly less important than product and process innovation. Marketing innovation applies only to one respondent to a large extent. Table 7 gives an overview of the different types of innovation and to what extent each type of innovation applies to the social enterprise. It suggest that the respondents are aware of the chances innovation offers to gain competitive advantages.

Table 7: SPSS cross tab

[Product innovation] Please indicate to what extent the following innovation applies to your social enterprise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all	1	12.5	12.5	12.5
To little extent	1	12.5	12.5	25.0
To some extent	1	12.5	12.5	37.5
To a moderate extent	4	50.0	50.0	87.5
To a large extent	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Process innovation] Please indicate to what extent the following innovation applies to your social enterprise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To little extent	1	12.5	12.5	12.5
To a moderate extent	3	37.5	37.5	50.0
To a large extent	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[Organizational innovation] Please indicate to what extent the following innovation applies to your social enterprise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all	1	12.5	12.5	12.5
To little extent	2	25.0	25.0	37.5
To some extent	1	12.5	12.5	50.0
To a moderate extent	2	25.0	25.0	75.0
To a large extent	2	25.0	25.0	100.0
Total	8	100.0	100.0	

[Marketing innovation] Please indicate to what extent the following innovation applies to your social enterprise.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all	1	12.5	12.5	12.5
To little extent	4	50.0	50.0	62.5
To some extent	1	12.5	12.5	75.0
To a moderate extent	1	12.5	12.5	87.5
To a large extent	1	12.5	12.5	100.0
Total	8	100.0	100.0	

It is remarkable though that five respondents state that there is only little innovation in the market in which they operate, one even states that there is no innovation at all. Furthermore, the data indicates that the respondents do not consider innovation as very important, only two respondent answered this question with very important. Five respondents consider innovation to be neither important nor unimportant or somewhat important. This is not in line with the results when asked to what extent the different types of innovation apply to their social enterprise.

If the different types of innovation are compared with the profitability of the social enterprises, the data suggest that the profitable enterprises all operate with low tech products and do not consider innovation as a very important factor when operating in a BoP environment. The focus among the respondents is on the product (62.5% at least to a moderate extent) and process (87.5% at least to a moderate extent) innovation. Organizational (50% at least to a moderate

extent) and marketing (25% at least to a moderate extent) innovation are considered to be less important.

The profitable enterprises tend to operate in the markets of food security, water supply and education, these are all markets catering the very basic needs of human beings. Not showing a great empathy for innovation might be related to the type of market in which one operates. All of the respondents indicate that there is only to a little extent innovation in the markets in which they operate, though they describe their own enterprise as innovative (to some extent: 1, to a moderate extent: 3, to a large extent: 4)

All of the respondents consider flexibility to react to changes in the market as important and most do react to changes to a moderate or large extent. Only one of the respondents reacts to some extent, this respondent operates in a market with little innovation.

In relation to leadership style, literature review suggested that the style of leadership has a great influence on an enterprises' success. Leadership style is a topic of research on its own and therefor it was chosen to only ask the respondents how important they consider inspirational leadership and to what extent it applies to them and their enterprise. The data suggest that inspirational leadership is important. Three out of the four respondents with profitable enterprises indicate that they consider inspirational leadership to be very important and that it applies to them to a large extent. If one looks at the data of the entrepreneurs that do not make a profit their answers are somewhat unimportant (2), unimportant (1) and very important (1) and when asked whether or not this applies to them they answered not at all (1), to little extent (1), to moderate extent (1) and to large extent (1). The data states that there is a relationship between leadership and success if success is measured in terms of profit. Though one has to state that this only accounts for the respondents in this thesis and is only based on two questions, due to the low number of respondents it is not possible to generalize these findings to a large population.

Literature review also directed in the direction of developing business skills, as a social entrepreneur one runs a business which requires certain skills. Business skills is a broad concept and includes numerous skills. A first look at the data shows that four of the respondents previously owned an enterprise and have experience as business owners. Furthermore, most of the respondents had at least some management experience before starting as entrepreneur. Five of the respondents rate their knowledge about finances in the context of operating an enterprise as average or better, three respondents answered with below average. Table 8 gives an overview of profitability and knowledge about finance, the entrepreneurs perceiving their own

knowledge as below average are more likely to run a profitable enterprise. This is not in line with the findings of Pena (2002) who found that entrepreneurs with at least a college degree and an interest in business are more likely to be successful. In case of education there does not seem to be a relationship between the education and the profitability.

Table 8: SPSS cross tab

How would you rate your knowledge about finances regarding operating a business? * Is your social enterprise financially profitable? Crosstabulation

Count		Is your social enterprise financially profitable?		Total
		Yes	No	
How would you rate your knowledge about finances regarding operating a business?	Below average	2	1	3
	Average	1	1	2
	Above average	1	1	2
	Excellent	0	1	1
Total		4	4	8

In regard to learning, the respondents consider learning to be an important factor for success. Non of the respondents answered with less than neither important nor unimportant. If asked to what extent personal development applies to their own enterprise, the answers range from to little extent (3), to some extent (1), to a moderate extent (3), to to a large extent (1). It seems like the respondents do invest in themselves, 75% does receive professional support in the field of learning. The respondents also indicate that it is important to be open as an enterprise, e.g. share information within the enterprise but also with the outside world. The respondents indicated it to be neither important nor unimportant (2), somewhat important (4), or very important (2). The openness of an enterprise also contributes to the learning culture and OL.

Table 9 gives an overview of the factors contributing to success as found in the literature and how these relate to the data from the questionnaire.

Table 9: Overview of literature findings and data from questionnaire (Learning and innovation)

Literature	Questionnaire	
Strong empathy on innovation	The data does not provide a strong support for this factor. The data suggest that social entrepreneurs apply product and process innovation, although the profitable enterprises mainly to little or moderate extent whereas those not making a profit to a larger extent. This could be due to investments required to promote the innovation process. Little empathy on innovation could also be related to the type of markets in which the social entrepreneurs tend to operate, all catered to the basic needs of humans. Though most respondents state that they revolutionize the industry.	Y/N
React to changes in the market	The data from the questionnaire is in line with the results from literature review.	Y
Leadership style	The data provides strong support for this factor, leadership style seems to be a critical success factor.	Y
Developing business skills	The data does not provide a strong support for this factor. The respondents seem to seek for support when specific knowledge is required and most have at least tertiary education and good knowledge about finances. Factors like networking, leadership and flexibility are considered to be important.	Y/N
Learning culture	The data suggest that the respondents invest in learning, though the data does not point in a certain direction.	Y/N

4.2.3 Market

Literature review suggested that the market in which an enterprise operates has influence on the success of the enterprise due to the interaction between buyers and sellers. Most of the respondents operate enterprises that have several types of customers, these include individuals (7), communities (6), NGO's (4) and Governments (3).

According to the literature, one needs to focus on a specific segment of the market in order to better understand the needs of your customers. Respondents were asked to indicate if they target a specific customer segment in the market, 62.5% does, whereas 37.5% does not. The respondents were also asked to describe in their own words what they consider to be critical success factors, one of the respondents wrote: *"Determining the correct recipient of the knowledge, service or product you deliver. If you get this wrong, you will fail constantly"*. Another respondent wrote: *"Having a common vision and a positive, hopeful, truthful and kind approach to persons serving"*. One of the respondents wrote: *"Take them seriously. They are not charity clients but genuine customers"*. And another wrote: *"Knowing customer demands"*. All these

quotes show that the social entrepreneurs are aware of the market conditions and the importance of understanding your customers and their needs. Furthermore, the respondents seem to care about their customers and invest in building strong relationships with them. As briefly mentioned in section 4.2.1, 62.5% of the respondents describe their relationship with their customers as above average and 37.5% as average. One of the respondents wrote: *“if they can’t be friends, they can’t be clients”*. Due to the small number of respondents it is not possible to state that a better relationship with the customer leads to more financial success.

The respondents also show that they want to exceed the expectations of the customers. Some quotes from the respondents are: *“My advice, take your time with the recipient before you deliver”* and *“Do not promise what you can not deliver, ever”*. The entrepreneurs quoted both run a profitable social enterprise.

Almost all of the respondents indicate that the interaction with their customers is based on personal interaction, only one respondent does not communicate with the customers in a face to face setting. Four of the respondents also use the community members to help each other solving problems. Co-creation is also mentioned by the respondents, 37.5% involves the customers in the process of creating the product or service.

Table 10 gives an overview of the factors contributing to success as found in the literature and how these relate to the data from the questionnaire.

Table 10: Overview of literature findings and data from questionnaire (Market)

Literature	Questionnaire	
Focus on a specific segment/ Market orientation	Although 37.5% does not focus on a specific segment, all of the respondents have a strong market orientation.	Y
Build relationship with customers	It is difficult to draw conclusions from the data because of the low N and all the respondents perceive their relationship with customers as average of above average.	Y/N
Exceed customer expectations	The data suggest that this is an important factor, though the data on this factor is very limited.	Y/N
Communicate effectively and exchange information	This is supported by the data, communication is often face to face, but also automated processes and co-creation. Furthermore, most respondents indicate that openness is relevant which is also reflected by the partnerships that the social entrepreneurs have with other parties.	Y

Literature	Questionnaire	
Offer the right product	The data supports the importance of this factor. The respondents invest time in understanding the needs of their customers and sometimes involve them in the development of the product or service.	Y

4.2.4 Finance

Literature review suggested that finance often is an obstacle for newly formed enterprises. This seems to apply to the enterprises run by the respondents. Only 50% of the respondents has an enterprise which makes a profit. The respondents were asked to indicate whether or not they expect to make a profit in the years 2013, 2014 and 2015. In 2013, four entrepreneurs expect to make a profit. One of the respondents that had a profitable enterprise in 2012 expects a loss in the current year, whereas one that is not profitable at this moment expects to make a profit in 2013. In 2014, five expect a profit and three do not expect to make a profit. Six of the respondents expect to make a profit by 2015. If one compares the data on profitability as it was in financial year 2012 with the data of expected profitability in 2015, one sees that the number of profitable enterprises will grow to six. This is also supported by the question in which respondents were asked to indicate the importance of solid finances which was answered with neither important nor unimportant (1), somewhat important (5) and very important (2). This indicates that the respondents tend to carefully invest the available financial resources which is in line with the findings in the literature review.

If asked if one is satisfied with access to funding the responses vary from dissatisfied (5) to neither satisfied nor dissatisfied (3). This is a clear indication for the challenges social entrepreneurs tend to face when seeking for finance. If one looks at the source of finance, six are financed with money from personal savings, five received funding from friends, families and fools, five also received funding from donations, only two are funded through loans, one through semi public organizations, four through investors and others through prize money from start-up competitions. All of the respondents have several sources of funding, ranging from two sources up to five different sources.

If one looks at the data, 87.5% indicates that solid finances are at least somewhat important for successfully operating a social enterprise. If one looks at the question regarding whether or not solid finances apply to the enterprise of the respondent, one notices that those who run a profitable enterprise only replied with slightly better answers than those who do not have a profitable enterprise. The results can be found in table 11.

Table 11: SPSS cross tab

[Solid finances] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market. * Is your social enterprise financially profitable? Crosstabulation

Count		Is your social enterprise financially profitable?		Total
		Yes	No	
[Solid finances] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.	Neither important nor unimportant	1	0	1
	Somewhat important	2	3	5
	Very important	1	1	2
Total		4	4	8

The literature states that it is important to have a business model, as this is the blueprint of how you expect to generate income for the enterprise. Most of the respondents created a business model before entering the market (75%). It is common that one has to adapt the business model once operating, this is also reflected in the response to the question regarding flexibility to changes in the market. The two enterprises that did not create a business model before starting operating are operating in markets that are suitable for the creation of a business model (food security, water supply and education).

As mentioned above, the enterprises of the respondents tend to have different types of customers, ranging from individuals to communities and governments. Social entrepreneurs tend to seek for different income streams, this is clearly shown by the data from this questionnaire.

Table 12 gives an overview of the factors contributing to success as found in the literature and how these relate to the data from the questionnaire.

Table 12: Overview of literature findings and data from questionnaire (Finance)

Literature	Questionnaire	
Good financial management	The data suggest that the respondents manage the available resources in a responsible manner. The number of respondents that expect to make a profit in 2015 is six compared with four at this point.	Y
Viable business model	This is supported by the data, 75% of the respondents created a business model before getting into business.	Y
Investing	The questionnaire did not contain a question related to investments. One could draw conclusions from the data but this would be purely speculative.	N

Literature	Questionnaire	
Income diversification	This is supported by the data, almost all of the respondents rely on two or more types of customers. Furthermore, most respondents also rely on other sources of income, these include donations and money from start-up competitions.	Y

4.3 Summary

Literature review revealed a number of factors that are considered to be critical for successfully operating an enterprise. In this chapter, the factors identified during literature review were compared with the data that was gathered by conducting a questionnaire. Only the data from completed questionnaires was included. Most of the factors are in line with the literature. Literature suggest that high quality managers are a critical success factor, this was not what the data of the questionnaire suggested. This difference might be due to the differences between traditional enterprises and social enterprises. Research indicating that high quality managers are important were mainly conducted in medium and larger enterprises whereas the social enterprises in this sample tend to be micro or small enterprises that do not have the resources to attract high quality managers. Furthermore, the respondents tend to have completed higher education which gave them access to valuable knowledge and skill development.

The data did also not provide evidence for investment, this was because no questions in this field were included in the questionnaire. It was chosen to not include these because questions would require to ask for amounts invested and total turnover to determine ratios. In light of the respondents and the extra barrier it was chosen to not address this factor.

In case of some factors the data pointed in the direction to accept the factor but did not provide strong enough evidence to make statements about it. So was there no strong evidence for a strong empathy on innovation, the data suggest that innovation is important but making the statement that there is a strong empathy on innovation would not be correct. The same counts for developing business skills and the learning culture. There is evidence in the data that business skills are important and that there is attention for a learning culture. As mentioned above, most respondents enjoyed higher education, also in the field of business. Data also showed that most respondents keep investing in learning. It is not possible though to state that this is in the field of business skills. Furthermore, the data showed that openness is important to the entrepreneurs.

It is also difficult to draw conclusions in the area of exceeding customer expectations and building strong relationships with customers. The data clearly directs in the direction of building strong relationships with customers but the relationship is described as average or above

average, this though the respondents tend to invest a lot of time and effort into getting to know their customers and their needs. The trend is visible, but one could not state that these factors are in line with the data.

5. Discussion

Whereas the previous chapter presented the data and tried to find relationships within the data, not all factors could be explained by the data itself. Due to the small number of respondents one has to be cautious when explaining relationships. This chapter includes a discussion about the findings through a more personal interpretation as well as future research opportunities and limitations.

The purpose of this study is to find empirical evidence for the factors contributing to success in the field of social entrepreneurship, with a focus on the start-up stage. This evidence is presented in chapter 4, below it will be discussed in more general terms. Earlier studies showed that social entrepreneurs hesitate when it comes to cooperating with academics.

The start-up stage of an enterprise is often characterized by limited financial resources, this also applies to the respondents in this study. A majority of the respondents tries to find income from different sources, as a social enterprise one competes with both the for-profit as well as the not-for-profit organizations which makes it extremely challenging. Therefore, the respondents attract income from anywhere between two and five different sources. Funding often comes from several resources, but access to funding often remains a problem. It is difficult to attract resources from investors or bank loans, as the risk is high and the financial return tends to be low. Some even question whether or not it is ethical to target the weakest customers to make a profit.

In the start-up stage, entrepreneurs tend to focus on building relationships with their customers. The data supports this as it shows that enterprises founded within the past five years perceive their relationship with customer better as those received more than five years ago which score higher on the perceived relationship with suppliers, competitors, investors, NGO's and governments. This clearly supports the proposition that enterprises tend to vary their focus on stakeholders according to the stage of development. With a focus on the customers, entrepreneurs invest in lasting relationships with stakeholders that provide the needed cash flow.

Cash flow is important for social enterprises that just started operating, as it provides financial resources to invest in supplies, pay for loans, or the development of a new product. For most social start-ups, generating cash flow is of vital importance to grow and to invest in innovation. The data suggested that the most important types of innovation are product and process innovation, and to a less extent organizational and marketing innovation. With the focus on product

and process innovation one could state that social entrepreneurs tend to focus on innovation that creates real value for their customers. By focussing on product innovation one tries to make the product better catering the needs of the customers, while with the focus on process innovation one tries to lower the cost of operating and production which results in a higher margin and/or lower cost for the customer. Marketing innovation tends to create superficial value for customers, the focus of the social entrepreneurs seems to be in the right areas of innovation.

The market in which the entrepreneur operates might be related to the type and extent of innovation as well. The profitable enterprises tend to operate in the markets of food security, water supply and education, these are all markets catering the very basic needs of human beings. It is more difficult to show innovation in these markets, therefor most respondents indicate that the market in which they operate is not characterized as innovative. Markets covering the very basic needs of humans, like water and food security, are historically markets served by NGO's. Social entrepreneurs with a profit motive operating in these markets might not experience a lot of innovation in the market itself but try to find innovative approaches to operate profitably in these markets. This is also supported by the data as it suggest that the social entrepreneurs consider their own enterprises as relatively innovative.

Innovative markets and markets with more competition tend to be markets that can be characterized by regular and rapid changes in the markets itself. The respondents clearly indicated that it is important to be flexible and to be capable of responding to changes. Being able to respond to changes is a key success factor as, in the worst case, it can mean bankruptcy of the enterprise if one does not respond correctly. Customers tend to search for products/ services that are best capable of fulfilling their needs for the best possible price. Therefor, social entrepreneurs need to be cautious at all time. In order to better understand your customers and build stronger relationships with them, some of the social entrepreneurs apply the process of co-creation in which, both the customer and the enterprise, try to realize value. Value for the customer is created by involving their input and better cater their needs. Value for the enterprise is created in the form of customer loyalty and possibly higher revenues.

Another important success factor is the openness of the organization. Open organizations share their data and knowledge within the organization and outside of the organization. In the case of social enterprises this might be even of greater importance due to the social mission one tries to accomplish. If a social entrepreneur developed a viable business model, one should share the information with others to enable others to contribute to accomplishing the social mission (e.g. even if this means that this leads to competition). Thus this is often were the profit motive and

the social mission collide. Being open about your viable business model gives others the opportunity to start competing, though this will contribute to the social mission of the enterprise.

This all requires certain business skills that need to be available within the enterprise. Social enterprises tend to be formal enterprises with a profit motive and operate in environments with more or less free market characteristics. The data suggest that the importance of business skills is recognized by the respondents. They tend to seek for support in the areas where specific knowledge is required, these include legal, business and organizational. This might be an indicator that the respondents recognize the importance of having the knowledge and skills available and if not, to have access to them. If one does not have certain skills or knowledge within the own enterprise, one seeks professional support outside of the enterprise. Even if one has developed certain business skills, it is hardly possible to master all the skills needed. Most respondents own relatively small enterprises which do not have extensive management teams and therefore it is not likely that the entrepreneurs have all the skills needed within the enterprise and thus seeks professional support in certain areas.

Except for one of the enterprises run by the respondents, none has an extensive management team with high quality managers. This might be related to the size of the enterprises which is rather limited when expressed in the number of employees. The need for an extensive management team is lower in that case. Furthermore, most of the respondents had previous experience in a management position as well as six of the respondents have completed at least tertiary education (college or university) and two have completed secondary education. This management experience and high level of education are also strong indicators that a minimum of skills is available among the respondents. Having an advisory board is valuable though, these provide advice to the management but do not interrupt daily operations of the enterprise.

Half of the social enterprises are profitable at this moment, whereas the other half is not operating profitably. Six of the respondents indicate that they expect to be operating as profitable enterprises by 2015. This is a clear indication for good financial management and suggest that the respondents are aware of the importance of good financial management in order to survive and create a successful enterprise. This awareness is also suggested by the number of respondents that created a business model before operating, this indicates that they are aware of the fact that they are running an enterprise in a market environment.

A remarkable outcome is that two out of five male respondents operate profitable enterprises, whereas two out of three female respondents operate profitable enterprises. With this data it is

not possible to clearly state why 66% of the female respondents have profitable enterprises and in case of males only 40% operates profitable. This could be related to cultural differences, but this data is not included.

6. Conclusion

The research question for this thesis was: *Which factors can be identified as contributors for an enterprise to successfully serving the BoP market and how can these be integrated into a business model targeting the BoP market?* In order to answer this question, extensive literature review was conducted to identify critical success factors, a questionnaire was based on the results of literature review and 53 social entrepreneurs, who were all selected based on a number of criteria, were asked to complete the online questionnaire. Twenty started the questionnaire and eight completed the questionnaire. The data of these eight respondents formed the basis for answering the research question.

Based on the analysis, critical success factors for social entrepreneurs were identified and these provide the answer for the first part of the research question. The results show that the factors contributing to success are:

Factor	Coping with factor
<i>Internal business process</i>	
Strategic management of different interest of stakeholders	Knowing which stakeholders are important in which stage of development and focus on these stakeholders.
Professional organization	The organizational structure is the starting point and should be focused on operating as a business and not as a not-for-profit.
Strong relationship with key partners	Investing time and effort in building and maintaining relationship with those partners that are necessary for successful operating as an entrepreneur.
<i>Learning & Innovation</i>	
React to changes in the market	Being pro-active and keeping track of new developments in the market. Analyzing how this effects the own operations and profitability.
Leadership style	Leadership style differs along the sector and type of enterprise.
Strong empathy on innovation	Innovation can either be used to increase the user experience or to lower the cost, social entrepreneurs tend to use both as it increases the competitive advantage.

Factor	Coping with factor
Developing business skills	Social entrepreneurs tend to realize what their strengths and weaknesses are when it comes to business skills. They attract external skills/ knowledge in case they do not have the skills/ knowledge inside the enterprise. At the same time they invest in training to develop certain skills.
Learning culture	Social entrepreneurs invest in development of themselves and attracting skills and knowledge in the form of interns or employees. This brings specific skills and knowledge into the enterprise.
Market	
Focus on a specific segment	Results show that the social entrepreneurs tend to focus on a specific segment, they realize this increases the chances of success.
Communicate effectively and exchange information	Literature shows that sharing information among the industry is important to maximize the social impact. Social entrepreneurs tend to keep information within the enterprise and not share it.
Offer the right product	By focusing on a specific segment one has a better understanding of the customers. This gives the chance to develop the product according the needs of the customer.
Build relationship with customers	Social entrepreneurs tend to have strong relationships with their customers, they focus on a specific segment and investing in (personally) knowing their customers.
Exceed customer expectations	By focusing on a specific segment one has the chance to better understand their needs and expectations. Social entrepreneurs tend to focus on a specific segment and therefor increase the chance to exceed the expectations of the customers.
Finance	
Good financial management	Literature review and results show that financial resources tend to be limited and difficult to attract. Available resources are responsibly used.
Viable business model	Social entrepreneurs tend to focus on the social impact, not always keeping the business side in mind.
Income diversification	Due to the difficulties in attracting financial resources, social entrepreneurs tend to find several sources.

These factors were supported by the data, or evidence was found in the data that point in the direction of these factors.

The second part of the question relates to the contribution in the development of a viable business model. This needs an introduction. In order to become successful, social entrepreneurs face tremendous challenges. Social entrepreneurs face the challenge of two, at times contradicting motives, a social motive and a profit motive. This makes that traditional business models have not shown success in case of social enterprises. Social entrepreneurs struggle to find viable business models for operating in BoP settings.

In order to become a real alternative for traditional enterprises, social enterprises need to become professional organizations. To do so, social entrepreneur needs to adopts more business and market discipline without compromising on the social aspect. This will be one of the main challenges in the next decade.

Social entrepreneurs need to be encouraged to establish formal enterprises when possible. Establishing a formal enterprise comes with obligations, but also with rights and chances. If one runs a formal enterprise, one has better opportunities to act in the market.

Focus also needs to be on the internal organization, it should reflect the professional business mindset. This also means assigning responsibilities and span of control. Although the social entrepreneur puts the empathy on the social mission, one should always be aware of the fact that one runs a business with a profit motive.

The social entrepreneur needs to be capable to identify the main stakeholders, identify which are most important and rearrange due to the changing importance of stakeholders over time. Getting an in-depth knowledge about the environment is of vital importance because this provides information necessary to make business decisions. One of the main stakeholders of any enterprise are the customers, it is tempting to target as many potential customers as possible but this makes it more challenging to create a viable business model. The choice of the segment one targets influences many other activities and processes. Therefor it is advised to focus on a specific segment and really understand your customer and their needs. If one has an in-depth understanding of the customers and their needs one can develop a product or service addressing their needs, something they are willing to pay for and pay the right price. This also means that one has to understand how to reach the customers, how to communicate, in other words, finding the right distribution channels. In the early stage of development, the focus should mainly be on the customer as they are the provider of cash flow. In later stages this can change, as mentioned above, social entrepreneurs need to reconsider their stakeholders and their importance at all time. By focusing on the customers, one can build strong relationships with them, something that is important to create a continuous demand. These relationships are also important to find out about change in their needs, something that is important to keep innovating without losing customers. As finance often experienced as a source of failure, one must be

careful with spending money and requires entrepreneurs to think about their strategy. Will one compete on cost or value. Many social entrepreneurs try to compete on cost, and at first sight this often relates better to their social mission, but competing on value is an option that must be considered as well.

This still closely relates to the traditional business model which includes stakeholders, resources, finances, value proposition, segments, distribution channels, key activities and relationships. It is challenging though to integrate the social mission into the traditional model, this results in either losing track of the social mission or losing track of the business model. Both options are not wanted in case of social entrepreneurship. Social entrepreneurship needs to embrace the traditional business model but at the same time they need to find a way to incorporate their social mission into it. In order to do so, one has to look at the social cost and social benefits of the enterprise. It is proposed that these two categories must be added to the traditional business model and entrepreneurs must try to find answers to questions like: What is my social impact? Which value do I create for the society? But also questions like: How can I reduce the harm of my enterprise to the society? Which parts of the product can be replaced by more environmental friendly products? Furthermore, social enterprises need to be transparent, this means that information must be shared within the enterprise, with the main stakeholders but also with anyone else who is interested. By being transparent one avoids suspicion among these groups. The two proposed categories relate and interact with the other traditional groups in regular business models, changing the material in a product to reduce pollution may mean establishing new relationships with suppliers, increased production cost, communicating it to the customers, raising the price, changing the method of producing, and so on. The two proposed categories will become integral parts of the business model right in the heart of it.

As one can see, operating a for profit social enterprise means facing many challenges. This is no different from the traditional entrepreneurs, and maybe the differences are not that great between the traditional and the social entrepreneur. One of the differences is that the social entrepreneur faces extra challenges in its business model, namely determining the social cost and social benefits of its operations. Another challenge the social entrepreneur faces is the market in which it operates, a market that tend to exist of customers struggling to meet their basic needs and not having excessive money to spend on luxurious items with high profit margins. Economic of scale will be important for many social entrepreneurs if they are not able to find different streams of income.

Concluding one could state that social entrepreneurship is extremely challenging, but likely to become an established business model in the 21st century.

7. Recommendations

This thesis is one of many research projects conducted in the field of social entrepreneurship. Despite all the efforts, social entrepreneurship, although a mainstream term, still faces tremendous challenges when it comes to operating successfully in BoP settings. Many of these challenges were faced in the process of conducting this research. It is difficult to find successful social entrepreneurs, social entrepreneurs are often not entrepreneurial (e.g. NGO's), they often tend to fail, the organization is not professional, after years of operating the organization still heavily relies on volunteers (e.g. not creating jobs in the BoP), and so on. It is clear that social entrepreneurship still has a long and bumpy road ahead.

When reading this thesis, some serious implications must be kept in mind. The most important limitation is the number of respondents, 8 respondents is very low. It turned out to be an extreme challenge to find social entrepreneurs matching the working definition as mentioned in chapter 2 and getting completed questionnaires back from these entrepreneurs. In some cases it was due to limited access to internet or limited time, while in other cases there was no clear reason why the questionnaire was not completed. As mentioned before, 53 social entrepreneurs were invited to complete the online questionnaire. A better research design would be case studies in which one visits the social entrepreneur in its environment and one has the chance to observe and interview them. This was not able due to time and money constraints, but it possibly would have led to better results.

Another implication that must be kept in mind is that respondents are mainly based in Africa. Drawing conclusions over a bigger population is not possible and especially not over a population outside of Africa.

This thesis contributes to the research field of social entrepreneurship in several ways. First of all, by comparing the data from the questionnaire with existing literature in the field of traditional entrepreneurship. Thus by examining to what extent these factors also apply to the context of social entrepreneurship. Secondly, by contributing to the development of a business model for social entrepreneurs. The business model for traditional and social entrepreneurs do not have to differ extensively, social entrepreneurs make different choices within existing business models and need to add social cost and social benefits.

Social entrepreneurship has many faces and differs among the continents. In the developed countries, social entrepreneurship tends to focus more on environmental issues whereas social

entrepreneurship in the developing world focusses more on providing the very basic needs. The group that should get more attention is the group of social entrepreneurs from within the BoP. This group faces tremendous challenges when trying to become social entrepreneurs, even when entrepreneurial spirit is available. This provides opportunities for NGO's of which the society expect different approaches nowadays, there is a role for them in breaking away the barriers for the poor to actively participate in the economy. One of the functions NGO's could fulfill is mobilizing the resources needed.

The next decade of social entrepreneurship will be of vital importance for the sector. In order for social entrepreneurship to become a real alternative, and establish a lasting position in the market, it needs to become more professional. Researchers can play a vital role in this. Where this research included extensive literature review to identify success factors which were tested by a set of interviews with professionals in the field and by inviting social entrepreneurs to complete a survey, future research should focus on a practical implementation of the factors in social enterprises in the early stage of development. Furthermore, researchers could contribute to the development of general guidelines for social entrepreneurship and increasingly focus on the development of a business model for social entrepreneurship.

In order to create a more professional environment for social entrepreneurship it is important that not only researchers will continue to focus on social entrepreneurship but that the sector itself becomes more professional and adopts more business and market discipline without compromising on the social aspect. This will be one of the main challenges in the next decade. This is also necessary in order to attract more investors, at the same time this is extremely challenging with a lack of investors willing to invest in promising social enterprises. Creating viable business models will be an important step towards this established position. Developments like co-creation can contribute to this process and produce valuable information.

By professionalizing the sector one faces the risk of growing towards traditional enterprises with an extensive CSR policy. It is advised that social entrepreneurs are aware of this and put emphasis on the differences between social (rooted in the business) and traditional (policy) entrepreneurship. Business needs to be for profit, but profit needs to be for the good.

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Appendices

Appendix A - Interview questions

This set of questions was used as the blueprint for the interviews with the experts in the field of social entrepreneurship. These questions were asked during the interview, according to the answers extra questions were asked that are not included in the list.

1. Could you tell me a bit more about your job at?
2. How would you describe the difference between traditional entrepreneurship and social entrepreneurship?
3. What are the drivers of social entrepreneurs?
4. What are the contextual conditions of a community/location which gives born to social entrepreneurs?
5. If some of the local conditions correspond to those of the BoP's, what are their main barriers to become social entrepreneurs?
6. Could you give examples of successful social enterprises operating in BoP markets?
7. Why are these social enterprises successful? What distinctive them from social enterprise that are not successful? (methods/tools/instruments/best practices)
8. How would you describe success in the context of a social enterprise?
9. Which social/economic parameters do you consider to be good representatives of success in the context of a social enterprise? And how would these be measured?
10. What do you consider to be relevant for a business model targeting BoP markets?
11. Which role do you see for social entrepreneurship in the future?
12. Would you like to make an additional comment?

Appendix B - Transcript of the interview with Gerdien Seegers, Program Officer at Cordaid.

Christoph: Laura heeft mij al een klein beetje over uw werkzaamheden bij Cordaid verteld, zou u zelf wat meer over uw functie hier kunnen vertellen?

Medewerkster: Ik zal eerst wat vertellen over mijn werkzaamheden tot eind vorig jaar, want ik zit nu op een andere afdeling. Tot december vorig jaar, was ik werkzaam op de afdeling ondernemen en die bestond uit microkredieten volgens een leningsfonds. Dat bestaat nog steeds, dat hebben we overeind gehouden. Ik zat bij het team kleine producenten in de keten. Wij hielden ons vooral bezig met de hele keten, hierbij lag de nadruk vooral op de zwakke schakel in de keten. De kleine producenten, dat was de productiekant. Maar ook de verwerking als er verwerking is., zoals of koffie. We probeerden ook zoveel mogelijk verwerking in de landen zelf plaatsen voor zover dat mogelijk was. Dit ging dan vooral om het verhogen van de opbrengsten.

Ik was verantwoordelijk voor Peru en in verband met een groeiende middenklasse is het dan ook interessant om de lokale markt aan te boren.

De rol van het microkrediet fonds is, dit geldt niet altijd want je moet zeer voorzichtig zijn met het verstrekken van kredieten aan kleine boeren en ondernemers want je zadelt ze met een schuld op, maar wat het mooie is van als je zo een fonds in huis hebt is dat als er echte ondernemers boven komen drijven, want lang niet iedereen is ondernemer maar de echte komen wel boven drijven, is dat je er mee aan de slag gaat. Dan biedt je krediet aan en training. Het kan dan gaan om boeren die langzaam meer land verzamelen of ondernemers die van micro naar small of heel soms doorgroeien van small naar medium, maar daar is geld voor nodig. Geld is in die landen vaak een groot probleem omdat ze geen toegang tot een gewone bank hebben omdat ze geen assets hebben die ze als onderpand kunnen aanbieden. Wij vragen trouwens nooit een onderpand, want wij geven niet rechtstreeks een lening aan boeren. Wij geven een garantie aan een micro-financierings instelling waarmee boeren of kleine producenten dan een krediet kunnen opnemen. Dan hoeven ze geen huis of een koe als onderpand te geven want mensen zitten al onder aan de keten.

Christoph: De kredieten worden dus verstrekt door instellingen die ter plaatse werkzaam zijn?

Medewerkster: Lokale kredietinstellingen ja, kleine microfinance instituten.

Christoph: En daarmee zijn jullie vooral in Zuid-Amerika actief?

Medewerkster: Nee, ik zat toevallig in Amerika. Maar ook in India. Wij doen het in Afrika, Azië en Zuid-Amerika en hebben wij inmiddels zogenaamde fondsen opgezet in de drie continenten en die zijn onder andere bedoeld om rechtstreeks te investeren in kleine bedrijven. Vroeger deden we rechtstreeks Cordaid, bedrijf A, bedrijf B, bedrijf C, daarvan is gebleken dat we dat vanaf een afstand niet monitoren kunnen, niet sturen en er ging dus een heleboel mis. Aan de fondsen zit een staf gekoppeld, een lokale of een regionale staf. Zuid-Amerika heeft zo een fonds, officieel zitten ze in Nicaragua, maar ze zijn ook verantwoordelijk voor Peru. En dat betreft dan een professionele staf die hierop toeziet, maar ook geld aantrekt want in de regio zit

je er dicht op. Bijvoorbeeld van de development bank en de Deutsche Bank. Dat fonds ken ik toevallig wat beter omdat ik ermee gewerkt heb, maar zo een fonds hebben we ook in Afrika en in Azië. Dat van Afrika loopt echt heel slecht, het is zo moeilijk om voor Afrika geld aan te trekken. Je moet dan accepteren dat je daar wat langzamer vooruit gaat. Het doel is dat fondsen minstens kiet spelen en het liefst een beetje groeien. Latijns-Amerika is het melkkoetje van de fondsen, daar kun je grote bedragen kwijt en je krijgt er bijna alles terug met rente. Dat compenseert dan voor de andere fondsen, hierdoor kan je dan een extra risico lopen in Afrika. Het fonds in Azië gaat, dat speelt net kiet. Dat is een beetje de manier waarop wij werken.

Christoph: Kan ik samenvattend zeggen dat er geen voornamelijk bedrijfseconomische insteek gekozen is maar dat men wel naar rendement streeft?

Medewerkster: Ja, dat klopt. En het fonds heeft er voor de komende 3 tot 4 jaar, en ik weet niet of het haalbaar is, vrij hoge groeicijfers aan gekoppeld. En daardoor is het fonds ook vrijgesteld van de beweging naar conflictlanden. Als Cordaid zijn we allemaal aan het bewegen naar conflictlanden, landen die vaak worden getroffen door natuurrampen. Het fonds gaat daar ook in investeren maar het leeuwendeel van de investeringen blijft in landen waar het wat rustiger is en waar er groeikansen zitten. Anders is je fonds blootgesteld aan te hoge risico's. We willen wel onze verantwoordelijkheid nemen en kijken als het relevant is wat er mogelijk is, bijvoorbeeld in een land als Zuid-Sudan of Oost-Congo daar zijn geen werkende microkrediet instellingen. Die zul je zelf op moeten zetten, vaak ben je daar jaren mee bezig. Het zal dan ook meer om donaties gaan voordat je daar microkredieten kunt verstrekken.

Christoph: Die landen die u noemde worden vooral gekenmerkt door de enorme onrusten, hoe ziet u uw rol daar dan?

Medewerkster: Andere investeerders zul je niet vinden voor die landen. Landen als Zuid-Sudan hangt wel heel veel geld boven de markt, maar dat is allemaal hulp geld en dat is echt allemaal noodhulp. Niet bedoelt voor economische activiteiten. Die landen worden toch vaak gezien als landen waar geen lol aan valt te beleven. Ook veel cowboy kapitaal noem ik het maar, maar ook hedge fondsen zijn actief. Maar dat is een heel andere manier en daar moeten wij ook nog expertise van opdoen. Hoe ga je een economie in dit soort landen dynamischer maken of tot groei brengen. Daar zijn we nog lang niet uit, dat is nog een hele weg te gaan. Maar 80% van de bevolking zit in de veiligere gebieden en ook daar is geld nodig. Als je in Zuid-Sudan iemand krediet geeft weet die niet wat hij hiermee moet, in Peru of Bolivia weet men hier beter mee om te gaan.

Christoph: Dan een belangrijke vraag voor mijn begrip vorming. In de literatuur is men het er nog steeds niet over eens wat social entrepreneurship nu eigenlijk is. Zou u uw definitie van social entrepreneurship kunnen geven?

Medewerkster: Klopt, die is er ook niet. Wat wij met name ook hebben gedaan, als Cordaid zitten wij bij het MVO platform en daar is ook een heel discussie platform over dingen die er gebeuren in Nederland nu we dat revolving fund wat Lilian Ploumen wil opzetten gaan krijgen. Lilian wil vooral het MKB in de landen zelf stimuleren en Kamp wil puur en alleen maar het

Nederlandse MKB dat werkzaam wil worden in ontwikkelingslanden ondersteunen. Dat is dan zijn visie op NGO en samenwerken met MKB.

Wij hebben zelf als MVO platform een definitie en die komt overeen met onze werkdefinitie bij Cordaid. Er zitten ook vele andere instellingen en organisaties bij. We willen ook het Nederlandse bedrijfsleven scherp houden. Je merkt dat MVO, en dan vooral het duurzame, steeds meer bij de bedrijven van de agenda aan het afvallen is. Ik denk dat dit samenhangt met de economische situatie. Laatst was ik op een klimaat conferentie en daar was zegge en schrijve een inkoper van duurzame groente en fruit en die zei ook dat hij geen enkele college zo ver had gekregen om hier naar toe te komen. Het leeft niet meer.

Christoph: Dit terwijl je nog steeds hoort dat de markt van duurzaam geproduceerde producten nog steeds groeiende is.

Medewerkster: Multinationals als Unilever enzo die maken daar nog wel slagen maar het Nederlandse bedrijfsleven is in het algemeen vrij behoudend. We zijn al lang geen voorhoede meer, op geen enkel gebied. Ik denk dat we eerst moeten wachten tot de crisis weer een beetje bijtrekt voordat het weer op de agenda komt.

Christoph: Dan zal dat hoogstwaarschijnlijk nog enige tijd duren, laat Nederland dan geen kansen lopen?

Medewerkster: Naar mijn idee trekken ze dan inderdaad aan het korste eind, in een jaar of 10, en misschien nog wel veel eerder, zal je als bedrijf gewoon aantoonbaar MVO gecertificeerd moeten zijn. Die kant gaan we op, Duitsland is hier bijvoorbeeld een koploper in en die pikken dan die markt in. Multinationals moeten wel, maar het MKB laat het echt afweten. Oxfam Novib heeft in dit rapport de grotere merken bekeken waarin gekeken wordt naar de beweringen van de multinationals maar wat is de werkelijkheid, ook daar valt nog veel te winnen. Dat vond ik zelf heel aardig om een keer te zien.

Christoph: Ik heb zelf in Zuid-Afrika met social entrepreneurs gewerkt, dit waren vooral blanke jongens die zagen dat er een extreme ongelijkheid was in de maatschappij en iets aan deze ongelijkheid tussen blank en gekleurd wilden doen. Binnen ons onderzoek willen we echter vooral kijken naar hoe je ondernemerschap vanuit de BoP kunt ontwikkelen. Wat is uw kijk hierop? Wat drijft mensen vanuit de BoP om ondernemer te worden?

Medewerkster: Gisteren was op het 10-uur journaal een item over de hoge werkloosheid onder jongeren en dat jongeren hierdoor steeds meer eigen bedrijfjes op gaan richten, puur om aan inkomsten te komen. Om bijvoorbeeld Peru te nemen, daar stikt het van de informele ondernemers en dat komt voort uit armoede, er is geen werkgelegenheid. Landbouw is voor jongeren steeds minder aantrekkelijk omdat steeds meer geïmporteerd wordt uit landen waar het nog goedkoper is. Dan trekken ze naar de stad, hier komen ze dan in sloppenwijken terecht en dan gaan ze maar voor zichzelf beginnen omdat er gewoon geen werkgelegenheid is. Voor velen is het dus puur een armoede drive. Dan merk je ook dat heel veel het helemaal niet redden en die verdwijnen dan van het toneel, die gaan of weer terug naar het platteland waar daar is nog een vader, een moeder en een koe. De grootste groep verdient te weinig om te leven en net te veel om dood te gaan en dan heb je nog een kleine groep daarboven, dit zijn de

echte ondernemers, die dan toch kansen zien en hier op het juiste moment op inspringen, maar ook geluk moeten hebben met financiering of dat ze aanlopen tegen organisaties als de onze, want ik denk dat wij ook wel een positieve bijdrage leveren met bijvoorbeeld scholing en training. Vakopleidingen zijn in die landen vaak zeer slecht, wat wij ook doen is een indirecte bijdrage leveren door opleidingen te ondersteunen. Toen ik in Nicaragua woonde en je had klusjes in huis, als je dan zag hoe ze dat afleverden dan dacht ik "mijn hemel". Dan hadden ze iets nog nooit gedaan maar durfden ze dit niet te zeggen dat ze het niet konden, want het leverde toch weer wat geld op. Wij geven dus ook veel training. Maar wat mensen dus beweegt om ondernemer te worden is dat men gewoon geen alternatief heeft. Dan is het probleem vaak voor het land dat het meestal om informele ondernemingen gaat, dus de overheid loopt ook nog eens heel veel belastinginkomsten mis. Mensen zijn vaak ook huiverig om wel formeel te worden, ook als ze het goed doen. Wij hameren er altijd op dat als we een bepaald niveau hebben gehaald, dan moeten ze legaal worden. Dan zijn ze niet meer afhankelijk van organisaties als de onze om aan kredieten te komen maar kunnen ze naar de bank. Vaak hebben overheden ook leuke programma's voor ondernemers, daar kun je dan ook bij aansluiten. Je moet dan wel belasting betalen maar daar staat dan ook tegenover dat je bij de overheid kunt claimen dat er een infrastructuur komt.

Christoph: Zijn de overheden vaak niet zelf ook zeer zwak?

Medewerkster: Klopt. Maar het is een vicieuze cirkel, als je nooit belasting betaalt kun je ook niks claimen bij een overheid. Een onderzoek in Peru heeft aangetoond dat de overheid jaarlijks miljarden aan inkomsten misloopt door de informele sector. Het is dan ook een van onze taken om de mensen duidelijk te maken dat ze niet alleen plichten hebben maar ook rechten. Peru heeft bijvoorbeeld een programma opgezet gericht op kleine ondernemers, het is nog niet perfect maar de wil is er. Bolivia heeft een schoolprogramma voor arme kinderen, deze krijgen dan ontbijt op school. Onze boeren konden hier nooit aan leveren omdat deze niet formeel waren, de nieuwe regering heeft de kleine informele boeren een business card gegeven waarmee ze met voorkeur mochten leveren aan de scholen. Dit om de kleine boeren kansen te geven om deel te kunnen nemen aan de markt zonder direct formeel te moeten worden.

Christoph: Samenvattend kan gesteld worden dat uw ervaring is dat armoede de belangrijkste reden is om ondernemer te worden in ontwikkelingslanden. Welke condities in een gemeenschap/omgeving dragen bij aan het ontwikkelen van ondernemerschap?

Medewerkster: Wat je meetal ziet gebeuren is dat, mensen hebben altijd het inkomen van het hele gezin nodig. Men zal nooit al het geld zetten op een activiteit, ze zijn bijvoorbeeld boer maar zijn hier niet voltijd mee bezig. Daarnaast gaat iedereen op zoek naar kansen voor zichzelf, sommige gaan naar de politie, het leger in of worden onderwijzer. Dan heb je nog een groep over die dan ondernemer wordt, die zien kansen omdat ze bijvoorbeeld in de buurt van een hotel wonen. Hier bij Cordaid hadden we altijd een beetje het idee van die arme mensen op de markt, dat werkt niet. Maar eigenlijk zitten ze al op de markt. Als je ergens 3 dingen van bezit en je verkoopt er een aan je buurman, dan heb je al een markt relatie. Wat mij heel erg opviel, neem bijvoorbeeld een klein dorp in Peru. De charangu is een bekende gitaar en de bevolking in

het dorp is erg muzikaal en verdiende zijn geld vooral met muziek maken op bruiloften en feesten. Iemand bedacht dat men de gitaar ook zelf kon maken in plaats van deze te importeren, toen zijn er een aantal mensen naar een leermeester gestuurd om te leren hoe men een charango moest maken en daarna is men deze zelf gaan produceren. Zo ziet men kansen. Het kan ook met voedsel, vrouwen zijn daar heel handig in. Als er een groot bouwproject komt en er dus veel bouwvakkers komen bieden de vrouwen gerechten aan tussen de middag.

Christoph: Hoe verhouden mannen en vrouwen zich als het om ondernemerschap gaat?

Medewerkster: Vrouwen zijn over het algemeen veel ondernemender. Als de man zijn been breekt en niet kan werken heeft zij al bedacht hoe ze het inkomensverlies kan opvangen. Op markten kom je ook vrijwel alleen maar vrouwen tegen, ze zijn ook veel bij de hanter, veel beter met onderhandelen en doen dat vaak op een hele leuke manier. Vrouwen zijn vaak ook bereid om meer risico te nemen., zij zijn degene die in nieuwe dingen willen stappen. Vroeger kwamen wij vaak aanzetten met goede producten waarvan je wist dat er een markt voor was, deze stonden echter veel te ver van de belevenswereld van de mensen. Maar het waren eigenlijk altijd vrouwen die in de workshops zaten. Zo kwam er eens een Mexicaanse vrouw die zei dat als je echt geld wil verdienen je voor de rijken moet produceren, die zijn toen samen kleding gaan produceren en dat draait nog steeds. Het ging echter ook vaak mis, in Peru was de yoghurt ontdekt. Gevolg was dat elk klein dorp zijn eigen yoghurt machine wilde hebben, hierdoor stonden veel machines vaak heel lang ongebruikt. Men snapte niet dat een machine geld kost als die niet gebruikt wordt. Men had wel goed gezien dat yoghurt populair werd, alleen het bedrijfseconomische proces er achter begreep men niet. Je hebt overal, maakt niet uit welke klasse of cultuur, altijd ondernemende mensen en dat zijn de mensen die initiatief nemen, de lefgozers. Zij zitten ook altijd vooraan en luisteren naar wat je te vertellen hebt en kijken wat ze er voor zichzelf uit kunnen halen. En dat zijn de mensen die anderen mee moeten gaan nemen, dat zijn de mensen die gaan beginnen, langzaam groeien en medewerkers nodig hebben. Die ondernemers komen altijd snel naar voren, het valt me elke keer weer op. Het is heel makkelijk als je in een nieuw gebied begint om de ondernemers eruit te pakken. Vaak zie je het al van hoe ze op je reageren.

Christoph: Hoe merk je dan dat iemand die feeling voor het ondernemerschap heeft?

Medewerkster: Het begint al met als je daar komt om een assessment te doen, dan zijn er altijd een aantal die goed opletten en na het officiële gedeelte naar je toekomen en door willen praten. De echte ondernemers melden zichzelf, het is een heel ander slag mensen dan bijvoorbeeld boeren. Bij boeren heb je ook ondernemers, maar veel hebben een beetje een “het zal wel” instelling.

Christoph: Je kunt die feeling voor ondernemerschap wel bezitten, maar de stap naar daadwerkelijk ondernemerschap is dan nog een grote stap. Wat zijn de grootste barrières richting het ondernemerschap?

Medewerkster: De grootste barrières zijn kennis, het onderwijsniveau is heel laag. Toegang tot informatie is vaak gebrekkig, geen toegang tot internet, als ze het al hebben weten ze niet hoe ze het moeten gebruiken. Bureaucratie is vaak een probleem, als je een bedrijf wilt beginnen

moet je eerst 35 formulieren invullen. In Afrika is men in sommige delen fysiek niet in staat om te ondernemen omdat men ondervoed is. Technologie is vaak een probleem, men werkt vaak nog met sterk verouderde technologieën omdat dat het enige is dat men kan onderhouden.

Probleem daarmee is echter dat de machines vaak gevaarlijk, onbetrouwbaar en heel inefficiënt zijn. Ook hoger in de keten loop je nog tegen zulke problemen aan, het onderwijsniveau op de universiteit is ook erg laag. Afstand is ook vaak een probleem, als je heel ver van de markt af zit en er een slechte infrastructuur is heeft men nog geen toegang tot de markt. Met eten is dit helemaal een probleem omdat dit verderft. Als je onze projecten zou evalueren dan zul je zien dat al onze projecten in gebieden zitten die goede toegang hebben tot de markt.

Christoph: Zou u een goede toegang tot de markt als noodzakelijke voorwaarde zien?

Medewerkster: Ja, remote areas begin je niet eens aan want het is te kostbaar om een product op de markt te krijgen. Dat zie je in Afrika bijvoorbeeld met het vee, als ze met het vee naar de markt moeten lopen verliest het vee zoveel gewicht dat het onverkoopbaar is. De infrastructuur is absoluut nog een probleem. Veel landen kijken alleen naar de hoofdstad, het vliegveld en eventueel een haven maar de binnenlanden krijgen weinig aandacht.

Christoph: U heeft een aantal projecten genoemd die succesvol zijn, waarom zijn deze succesvol en andere projecten niet, wat ging bij deze projecten fout?

Medewerkster: Dat hangt een beetje af van wat je als succesvol definieert. Om bijvoorbeeld een project te noemen dat succesvol is maar ook weer niet succesvol, dat is in Bolivia. Daar zijn we jaren geleden begonnen met een project met handycraft, daar maakten ze mandjes van gras enzo. Daar is toen iemand van een NGO op het idee gekomen om het professioneler aan te pakken, met als resultaat dat het zelfs op het vliegveld wordt verkocht. Toen zijn we een impact study gaan doen en bleek dat de toeleveranciers, de vrouwen waar het ons eigenlijk om ging, hartstikke werden uitgebuit. De NGO waar we mee werkten zette een bedrijf op, dat over moest gaan op de vrouwen, maar de NGO heeft dat bedrijf nooit losgelaten. Men wilde het niet overdragen omdat de vrouwen het niet zelf zouden kunnen runnen. Cordaid heeft zich toen teruggetrokken, de NGO vond het een succesvol project, Cordaid zelf vond het echter geen succes.

Christoph: Welke parameters zijn voor Cordaid bepalend om iets een succes te noemen?

Medewerkster: Dat vind ik moeilijk. Als we kijken naar het project in Bolivia, het mooiste zou dan zijn dat zo een groep vrouwen zelf de onderneming kan runnen,. Dat is een illusie gebleken, daar is de achterstand te groot voor. De opleiding die ze missen maar ook het begrijpen van de markt als je buiten de BoP gaat leveren. De dames in Bolivia redden het omdat ze ondersteund worden door een commercieel bedrijf uit Amerika waar ze een webshop hebben en aan Amerikanen kunnen leveren. Ze krijgen hierbij ook ondersteuning van het bedrijf uit Amerika door designers te sturen. Wat onze taak is dat de schakel van vrouwen zo goed mogelijk wordt neergezet zodat ze een beter inkomen hebben en de Amerikanen waar ze nu mee werken luisteren zeker naar hun klachten en wensen. Inkomensgroei is een criterium voor ons, hoe stabiel is die en wat doen ze ermee. Bijvoorbeeld kinderen naar school sturen, bezoek aan gezondheidscentra, overlevingskansen voor nieuw geboren kinderen, betere huizen. Wij doen

altijd een baseline check aan het begin van een project en na een aantal jaren, op die manier kun je heel goed vaststellen hoe men er op vooruit is gegaan. En vaak geldt bij inkomensgroei dat niet alleen het gezin profiteert maar de hele gemeenschap. Wat ook belangrijk is of ze een jaar na afloop van het project nog bestaan. Dat is niet altijd het geval, maar dat wil nog niet zeggen dat het helemaal mislukt is want als de mensen die betrokken zijn geweest bij dat project ergens anders een baan hebben gekregen omdat ze de training hebben gehad is dat toch winst. Niet de winst die je voor ogen had maar uiteindelijk is het niet voor niks geweest.

Christoph: U gaf aan dat de vrouwen de ondernemendere types zijn, die verdienen dan het geld. Beheert zij dan ook het geld of doet de man dit?

Medewerkster: Officieel is het zo dat in de landen waar wij werken de man de baas is, maar het is ook erg afhankelijk van of de man een deel van het jaar weg is of niet. Vaak is het zo dat de mannen een deel van het jaar weg gaan om ergens anders te werken, dan heeft de vrouw het rijk alleen. In onze projecten besteden we ook veel aandacht aan gender trainingen, hierbij besteden we aandacht aan beide partijen. Het is over het algemeen wel zo dat vrouwen het geld beter uitgeven omdat ze het welzijn van het gezin op nummer een zetten. Bij onze microkredieten is ook 80% vrouw, dat is gedeeltelijk omdat Cordaid daarop stuurt maar ook voor een groot deel omdat vrouwen goede terugbetalers zijn.

Christoph: U heeft een aantal voorbeelden genoemd van projecten en aangegeven dat bijvoorbeeld landbouw wordt gefinancierd vanuit de microkredieten. Aan wat voor andere ondernemingen moet ik denken die u financiert met microkredieten?

Medewerkster: Landbouw is maar een klein deel omdat de meeste micro-financierders niet willen investeren in landbouw vanwege het hoge risico. De meeste kredieten gaan vooral naar urbane en semi-urbane kleine ondernemers. Het grootste deel gaat naar mensen die zelf thuis een product maken en dit op de markt verkopen, dit kan kleding zijn, maar ook eetwaren of muziek instrumenten. In de microkrediet wereld gaat nu de discussie of je de mensen ook daadwerkelijk uit de armoede haalt of dat je ze enkel bezig houdt. Er zijn er namelijk maar echt heel weinig die groeien. Om echt te groeien moet men vaak een niche markt bedienen en dat is moeilijk, vooral ook omdat men vaak niet over de juiste kennis beschikt. Niche markten vragen vaak om een goede kwaliteit en dat kunnen ze vaak niet leveren door gebrek aan opleiding. Maar ook marketing is vaak een probleem, ze weten absoluut niet wat de consument wil en hoe men daarop in kan springen. Copycats zijn ook een groot probleem, als je iets leuks bedacht hebt wordt het binnen de kortste keren nagemaakt en ben je je markt kwijt.

Christoph: U heeft een aantal barrières genoemd, onder andere kennis, kunde, geld. In het project van de universiteit wordt uitgegaan van co-creatie waarbij bijvoorbeeld studenten uit Nederland helpen bij de ontwikkeling. Ziet u daar mogelijkheden?

Medewerkster: Niet in de vorm zoals dat met de studenten ging, ze stonden veel te ver af van de belevenswereld van de vrouwen. Dat kun je ze niet kwalijk nemen. Het zou kunnen werken als je een beter begrip hebt van de situatie van degene die je gaat helpen en als je er echt heen zou kunnen dan zouden studenten zeker bij kunnen dragen. Er is namelijk wel genoeg kennis

onder de studenten. Wat ook zinvol zou zijn om een internet module te ontwikkelen die lokaal uitgelegd kan worden. Bijvoorbeeld relatief simpele begrippen als break-even point enzo. Zo kregen wij ooit de opmerking dat Cordaid het risico van een project compleet bij de deelnemers legt. Cordaid schrijft het gewoon af in zijn boeken, de NGO ter plaatse heeft geen verlies want het was de subsidie van Cordaid en stopt het project gewoon terwijl de deelnemers aan het project met de schade zitten. Tegenwoordig leggen wij de risico's ook deels bij de NGO's neer om de betrokkenheid te vergroten.

Christoph: De overheid streeft naar "trade, not aid", hoe ziet u deze verandering?

Medewerkster: Klopt, wij zitten tegenwoordig ook allemaal in business units. Ze hebben hier alleen nog niet echt door wat business is. Azië is een enorme markt die ook voor bedrijven steeds interessanter is. Bijvoorbeeld zeep in India in kleine verpakkingen die vrouwen als een soort van Tupperware verkopen. Unilever is hier heel actief in, die produceren veel lokaal en dragen kennis over. Nederland speelt een belangrijke rol omdat wij goed zijn in water en food security. Maar het is nog wel een heel lange weg om de wereld beter te maken.

Christoph: De tijd zit er helaas alweer op, zou u nog iets toe willen voegen wat we niet besproken hebben?

Medewerkster: Nee, we hebben heel veel besproken in de korte tijd. Mocht jij nog vragen hebben dan kun je deze altijd per mail stellen.

Christoph: Dan wil ik u graag bedanken voor uw medewerking en tijd.

Appendix C - Transcript of the interview with Tijs van den Broek, Research Scientist, TNO.

Christoph: Laura heeft mij al een klein beetje over uw werkzaamheden bij TNO verteld, zou u zelf wat meer over uw functie hier kunnen vertellen?

Medewerker: Ik heb technische bedrijfskunde gestudeerd in Enschede richting IT management en ik heb psychologie gestudeerd. Na mijn afstuderen ben ik op een afdeling terecht gekomen die vooral naar de sociale impact van ICT kijkt. We kijken bijvoorbeeld naar de waarde die gecreëerd wordt in online communities. Een onderdeel van ons onderzoek is kijken naar open webplatformen en kijken wat voor ondernemerschap daar ontstaat. Er zijn heel veel online initiatieven die de wereld willen verbeteren, zowel hier als ik het buitenland. Ik promoveer aan de UT op online activisme.

Breder over TNO. TNO heeft een programma "innovation for development", dit hoeft niet winstgevend te zijn maar is gericht op het beschikbaar stellen van kennis aan de rest van de wereld. Een slecht voorbeeld is de zonnekoker die we hier hebben ontworpen en zonder kennis van lokale markten wilden verkopen. Hier is toen een meer co-creatie gedachte ingebracht om samen met lokale partners te werken om initiatief bij de lokale markt te laten. Bij TNO denkt bijna iedereen aan techneuten, maar ongeveer de helft is techneuten, een kwart gedragsonderzoekers/bedrijfskundigen/economen en een kwart life-science en geologen. Alleen technologische innovatie werkt namelijk niet.

Christoph: Dan een belangrijke vraag voor mijn begrip vorming. In de literatuur is men het er nog steeds niet over eens wat social entrepreneurship nu eigenlijk is. Zou u uw definitie van social entrepreneurship kunnen geven?

Medewerker: Eerst moet je kijken wat een ondernemer is, dat is het belangrijkste. Ondernemers zijn mensen die waarde toevoegen door het in de markt zetten van producten en diensten. Wat altijd dominant geweest is is de marktlogica, zo snel mogelijk geld verdienen. Eind jaren '90 kwam Dees met een verandering, hierbij was niet langer de marktwaarde leidend. Die creativiteit en energie van de ondernemer kan ook ingezet worden voor sociale projecten en sociale waarden. De spanning tussen marktwaarde creëren en iets goed doen, daar speelt social entrepreneurship zich af. Deze worsteling zie je ook terug in de hybride organisaties. In de literatuur heb je een schaal van helemaal economisch gedreven naar helemaal sociaal gedreven en de vormen die daar tussen bestaan.

Christoph: Hoe herken je deze unieke combinatie van vaardigheden en sociale drive waar social entrepreneurs over moeten beschikken?

Medewerker: Een goed business model waar een snelle groei aan gekoppeld is, niet de economische groei (de winst) maar de expansie is relevant. Sociale impact meten is veel moeilijker. Het startpunt is het maatschappelijke doel dat de ondernemer voor ogen heeft, hier zijn ook wel indicatoren voor op te stellen. Bijvoorbeeld toegang tot zorg, dit is alleen zeer specifiek waarbij economische indicatoren universeel zijn. Maatschappelijke ondernemers maken ook business plannen, het is dan belangrijk om de juiste indicatoren te bepalen. Er moet

altijd een logica achter zitten waarom jouw model tot een sociale impact leidt, het verband is relevant.

Christoph: Welke succes factoren zijn belangrijk binnen het social entrepreneurship?

Medewerker: In eerste instantie moet je dan kijken naar de succes factoren bij ondernemers zelfs, hier zijn vier factoren van belang: (1) economisch kapitaal, (2) sociaal kapitaal, (3) cultureel kapitaal en (4) strategisch kapitaal. Cultureel kapitaal is een belangrijk struikelblok voor social entrepreneurs, hierbij zijn lokale tradities een belangrijke rol. Een voorbeeld is weer de zonnekoker die in Delft ontwikkeld is waarna men deze probeerde te verkopen. Ook strategisch kapitaal is belangrijk, hier gaat het om samenwerking. Netwerken worden steeds belangrijker. Netwerken zijn nodig om kennis te verspreiden en te delen. De meeste succes en faal factoren passen hier wel in.

Een probleem dat ik vaak van social entrepreneurs hoor is dat investeerders vooral naar winst kijken, terwijl kijken naar groei en de sociale impact misschien wel belangrijker is.

Christoph: Hoe bepaal je het succes van een social entrepreneur?

Medewerker: Economisch moet je hier zeker in meenemen, maar je kunt ook kijken naar hoe vaak het gekopieerd is. Op sociaal vlak, heel breed gezegd, lossen ze het probleem op waarvoor het mechanisme bedacht is. Empowerment is ook belangrijk, als je mensen het besef geeft dat ze zelf hun situatie kunnen veranderen bereik je ook een sociale impact. Dit speelt niet alleen in ontwikkelingslanden, maar ook in Nederland. Bij TNO zijn we aan het kijken of we Nederlanders niet meer het hef in eigen handen laten nemen. In tijd van crisis zijn we erg afhankelijk van een centraal orgaan. Uiteindelijk kunnen mensen berusten in hun afhankelijkheid, dit zie je veel in ontwikkelingslanden.

Christoph: Welke voorwaarden moeten er gecreëerd worden voor social entrepreneurs om optimaal te presteren?

Medewerker: Dit is een echte beleidsvraag. Ik denk dat ruimte laten heel belangrijk is. Voor een overheid is het vaak verleidelijk om wetten en regels te maken, te institutionaliseren. Volgens mij mis je als overheid dan compleet het punt dat het gaat om lokale interactie. Wat je kunt doen is helpen in middelen, je ziet vaak dat incubators hier een rol in spelen. Dat is niet regisseren, maar faciliteren. De overheid moet vooral op de achtergrond blijven en het proces laten gebeuren. Ik kijk in mijn werk vooral naar de overheid, je ziet dat die ontzettend worstelt met haar nieuwe rol. De overheid kampt met teruglopende budgetten en haar rol wordt steeds kleiner. Ook hebben ondernemers hebben flexibiliteit nodig, vooral op het gebied van arbeid. Ook is samenwerking met kennispartijen belangrijk.

Christoph: Hoe zorg je dat de kennis bij instituten als onderwijsinstellingen terecht komt bij de social entrepreneurs?

Medewerker: Samenwerking is belangrijk en de kennis op de juiste plek krijgen is een grote uitdaging. Samenwerking is de enige manier om de kennis op de plekken te krijgen.

Christoph: Hoe zie jij social entrepreneurship in de toekomst? Welke rol gaat het spelen?

Medewerker: Ik hoop heel erg dat het geen hype blijkt te zijn, want er is nogal wat cynisme en twijfel of het iets is dat blijft bestaan. Ik hoop echt dat het een plekje weet te vinden. Ik doe ook

toekomstonderzoek, dan kijken we naar scenario's. Succesfactoren voor sociaal ondernemerschap zijn bijvoorbeeld de rol van de overheid en NGO's. Als deze geen ruimte geven wordt het heel moeilijk. Met de grootste twee factoren, die ook nog eens het meest onzeker zijn dan kan je scenario's maken. Vaak heb je dan vier kwadranten, ruimte van de overheid, geen ruimte, middelen beschikbaar, geen middelen beschikbaar. Als ik een voorschot mag nemen, voornamelijk in de West Europese landen waar overheden kleiner worden zie ik meer potentieel voor sociaal ondernemerschap dan in ontwikkelingslanden. De snelst groeiende economieën zijn te vinden in Afrika, dit zal als gevolg hebben dat overheden groter zullen worden. Je zou ook kunnen kijken naar India vs. China, in India is men veel verder als het om sociaal ondernemerschap gaat. Het succes van sociaal ondernemerschap zal daarvan afhankelijk zijn denk ik.

Christoph: Zou u nog iets toe willen voegen wat we niet besproken hebben?

Medewerker: Nee.

Christoph: Heel erg bedankt voor de tijd Tijs.

Appendix D - Questionnaire as presented to the social entrepreneurs

Dear Sir or Madam,

On the next page you will start a survey targeted at gaining insights in the factors contributing to successful operating as social entrepreneur coming from BoP groups.

As a student undertaking this research in cooperation with the University of Twente, The Netherlands, I sincerely ask you to participate in this survey, which will contribute to a research in the field of co-creation as development inspired by social entrepreneurs.

The survey contains 29 questions in 5 categories. The first category is *Internal business processes* and aims at identifying whether you receive support and if so, what kind of support and by whom. It also includes a question about partnerships. The second category is *Learning & Innovation*, this category includes questions about the product/service and factors that you consider to be important for success. The third category is *Market*, it includes questions about the market in which your social enterprise operates. The fourth category is *Finance* and includes questions about your knowledge about finances, how your enterprise was financed and how you experience the access to funding. This category does not include questions aiming at gathering detailed financial information of your enterprise. The last category, *General information*, includes questions like gender, region in which your enterprise operates and educational background.

I would like to inform you that the gathered information will be handled strictly confidentially and used exclusively for the purpose of this research. If you would like to receive a digital copy of the finalized document (which will be available in September), please confirm at the end of the survey by providing your email address. Your email address will not be made public in any sense or shared with third parties.

Answering the questions in this survey will approximately take 15-20 minutes of your time. I would kindly ask you to complete the survey before June 19, 2013 because of the deadline to finish the research.

Thank you in advance for taking the time to participate in this survey.

Yours sincerely,
Christoph Lansink

Internal business processes

1 [IBP01]Do you receive (professional) support in any of the following areas? *

Please choose the appropriate response for each item:

	Not at all	To little extent	To some extent	To a moderate extent	To a large extent
Personal development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organizational	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logistics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human Resource Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2 [IBP02]What is the source of (professional) support in any of the following areas? *

Please choose the appropriate response for each item:

	Friends and family	Training course for entrepreneurs	Professional acquaintances	Professional consultants	Organizations specialized in (social) enterprise start-ups	Financial institution	No access to advice	No advice needed
Personal development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organizational	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Legal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Logistics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Human Resource Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3 [IBP03]Is your social enterprise involved in any of these partnerships? *

Please choose **all** that apply:

- ☐ Strategic alliance (strategic partnership with non-competitor)
- ☐ Coopetition (strategic partnership with competitor)
- ☐ Joint venture (strategic partnership between two or more enterprises to develop a new enterprise)
- ☐ Buyer-supplier relationship (strategic partnership to ensure reliable supply)
- ☐ None
- ☐ Other:

Learning & Innovation

4 [INN01]How technologically advanced would you describe the product offered by your enterprise?

Please choose **only one** of the following:

- ☐ Low tech
- ☐ Average
- ☐ High tech

Low tech: Low tech products do not include new technologies, for example handcrafts

Average: Average tech includes some basic technologies, for example simple computers.

High tech: High tech products include extensive amounts of modern technologies, for example smartphones.

5 [INN02]Did your social enterprise revolutionize the way the industry was operating? *

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

Social enterprises revolutionizing the industry change the way the industry operates, for example innovation in products or introduce efficient processes lowering the cost of product/service.

6 [INN03]Please indicate to what extent the following innovation applies to your social enterprise. *

Please choose the appropriate response for each item:

	Not at all	To little extent	To some extent	To a moderate extent	To a large extent
Product innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Process innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organizational innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Marketing
innovation

☐
☐
☐
☐
☐

7 [INN04]

How would you describe the relationship with your key partners?

Please choose the appropriate response for each item:

	Poor	Below average	Average	Above average	Excellent
Customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Suppliers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non Governmental Organizations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Governments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8 [INN05] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market. *

Please choose the appropriate response for each item:

	Very unimportant	Unimportant	Neither important nor unimportant	Somewhat important	Very important
Inspirational leadership	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Networking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A clear defined mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective relationships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal development (e.g. learning)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Solid finances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Openness (e.g. to employees/ interns, competitors, investors, customers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Flexibility (e.g. responding to market changes) ☐ ☐ ☐ ☐ ☐

9 [INN06]To what extent do the following factors apply to you or your social enterprise? *

Please choose the appropriate response for each item:

	Not at all	To little extent	To some extent	To a moderate extent	To a large extent
Inspirational leadership	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Networking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective relationships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Personal development (e.g. learning)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Former management experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Solid finances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Openness (e.g. towards employees/ interns, competitors, investors, customers)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flexibility (e.g. responding to market changes)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Market

10 [MAR01]Does your enterprise target a specific customer segment within the BoP market? *

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

In order to better satisfy the needs of customers, enterprises can define a group of customers they wish to target. The customers in this group share certain characteristics like common needs, therefor making it possible to specify your product or service towards the needs of the customers.

People with an annual purchasing power parity of less than USD 1,500 are considered to be part of the Base of the Pyramid.

11 [MAR02]In which sector(s) is your enterprise active? *

Please choose **all** that apply:

- ☐ Food security
- ☐ Healthcare
- ☐ Water supply
- ☐ Education
- ☐ Mobility
- ☐ Finance
- ☐ Construction
- ☐ Business/professional service
- ☐ Other:

12 [MAR03]Who are your customers? *

Please choose **all** that apply:

- ☐ Individuals
- ☐ Communities
- ☐ Non Governmental Organizations
- ☐ Governments
- ☐ Other:

Multiple answers possible.

13 [MAR04]What type of relationship do you have with your customers? *

Please choose **all** that apply:

- ☐ Personal assistance (based on human interaction)
- ☐ Dedicated personal assistance (a dedicated customer representative for an individual customer)
- ☐ Self-service (no direct relationship)
- ☐ Automated-service (self-service through automated processes)
- ☐ Communities (community members help each other)
- ☐ Co-creation (involving customers in the creation of the product/service)
- ☐ Other:

14 [MAR05]Please indicate at every question to what extent this applies to your social enterprise. *

Please choose the appropriate response for each item:

Not at all	To little extent	To some extent	To a moderate extent	To a large extent
------------	------------------	----------------	----------------------	-------------------

To what extent do you experience competition in the market(s) in which you operate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To what extent has there been innovation in the market(s) in which you operate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To what extent were you familiar with the market before you entered it?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To what extent do you feel supported by the policies in the country/ countries in which you operate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15 [MAR06]How do you measure the social impact of your enterprise? *

Please write your answer here:

Finance

16 [FIN01]Is your social enterprise financially profitable? *

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

17 [FIN02]Please indicate for each financial year what you expect in in terms of turnover and profit/loss. *

Please choose the appropriate response for each item:

	Increase in turnover	Decrease in turnover	Profit	Loss
20	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

20

☐ ☐ ☐ ☐

18 [FIN03]Did your social enterprise create a business model before it started operating? *

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

19 [FIN04]How would you rate your knowledge about finances regarding operating a business? *

Please choose **only one** of the following:

- ☐ Poor
- ☐ Below average
- ☐ Average
- ☐ Above average
- ☐ Excellent

20 [FIN05]How is your enterprise financed? *

Please choose **all** that apply:

- ☐ Personal savings
- ☐ FFF (Friends, Families, Fools)
- ☐ Donation(s)
- ☐ Loan(s)
- ☐ Semi Public Organization(s) (e.g. university spin-offs)
- ☐ Investor(s)
- ☐ Other:

21 [FIN06]How satisfied are you with the access to funding for social enterprises? *

Please choose **only one** of the following:

- ☐ Very dissatisfied
- ☐ Dissatisfied
- ☐ Neither satisfied nor dissatisfied
- ☐ Satisfied
- ☐ Very satisfied

General information

22 [GEN01]Gender *

Please choose **only one** of the following:

- ☐ Female
- ☐ Male

23 [GEN02]What is your educational background? *

Please choose **only one** of the following:

- ☐ None
- ☐ Primary education
- ☐ Secondary education
- ☐ Tertiary (college or university)
- ☐ Other

24 [GEN03]In what year was your social enterprise founded? *

Please write your answer here:

•

25 [GEN04]In which region(s) does your social enterprise operate? *

Please choose **all** that apply:

- ☐ North America
- ☐ South America
- ☐ Asia
- ☐ Europe
- ☐ Africa
- ☐ Oceania
- ☐ Polar region

26 [GEN05]Number of employees *

Please choose **only one** of the following:

- ☐ 1
- ☐ 2-5
- ☐ 6-10
- ☐ 11-15
- ☐ 16-20
- ☐ 21-25
- ☐ 26-35

- ☐ 36-50
- ☐ > 50

Make a comment on your choice here:

Please enter in the comment field how many are owner/co-founder, paid employees and/or volunteers.

27 [GEN06]Is your present social enterprise the first enterprise that you started? *

Please choose **only one** of the following:

- ☐ Yes
- ☐ No

End

28 [END01]What motivated you to become a social entrepreneur? *

Please write your answer here:

29 [END02]In your own words, what would you describe as the critical success factor(s) for successfully operating in BoP markets? *

Please write your answer here:

30 [END03]If you would like to receive a digital copy of the final document, I kindly ask you to provide your email address.

Please write your answer here:

I would like to thank you for participating in this survey. If you provided your email address to receive a copy of this research you will receive an email with the final document.

Once again, thank you for participating in this research.

Yours sincerely,

Christoph Lansink

Appendix E - List of social entrepreneurs invited to participate in online survey

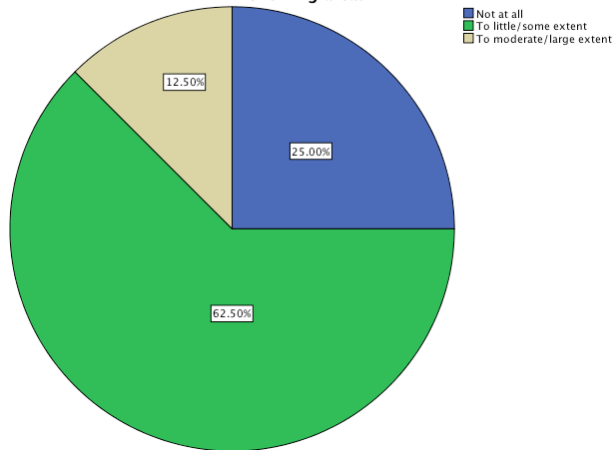
- Cederic Lombard
- Victor Rojas
- Norris Krueger
- Nairobis
- Vava Coffee
- Afripads
- Fancy stitch
- Paper Joe
- Goonj
- Mustafa Sari
- Ciudad Saludable
- Cinepop
- CPCD
- BH crafts
- La Voute Nubienne
- Zikra Initiative
- Alashanek Ya Balady
- Laudes Infantis
- Cristaline jungle lodge
- Ecoton
- Souktel
- Conserve India
- El Nafez
- Saigon Hotpot
- FoodPod
- Denzil Moses
- Steven Conrad Ellis
- Heever Solutions
- Metroweb
- Proassa
- Uconomy
- Siseko Tose
- Melilizwe
- Tiyyeda Abalah (CIDAP)
- Changamka Microhealth
- Collins Apuoyo
- Charles Banda (Freshwater Malawi)
- Alexander Chisango (Abundant Life Trust)
- Ashundep Ateba Ettanki (The Rural Development Fund)
- Wines with Heart
- Ogle Media
- Proworld South Africa
- LGT Venture
- Pulling Rabbits
- KNOX Revolution
- TrashBack
- Greenpop
- Sibanye Township Restaurant
- Justin (Inspired)
- Lilian Masebenza (Mhani Gingi)
- Justin Beswick
- SunnyMoney
- BeAfrica

Appendix F - Questionnaire results

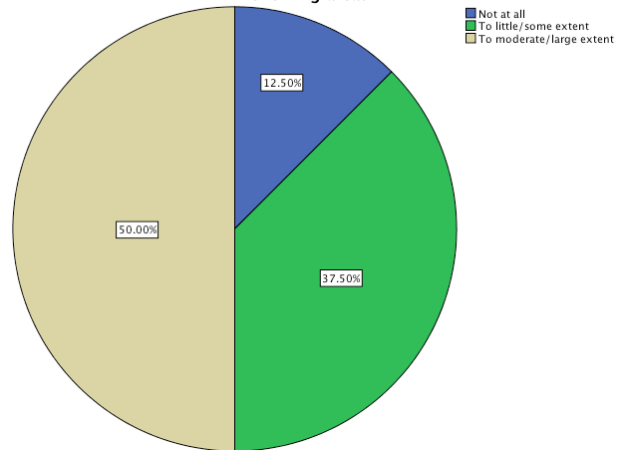
Internal business processes questions

Question 1

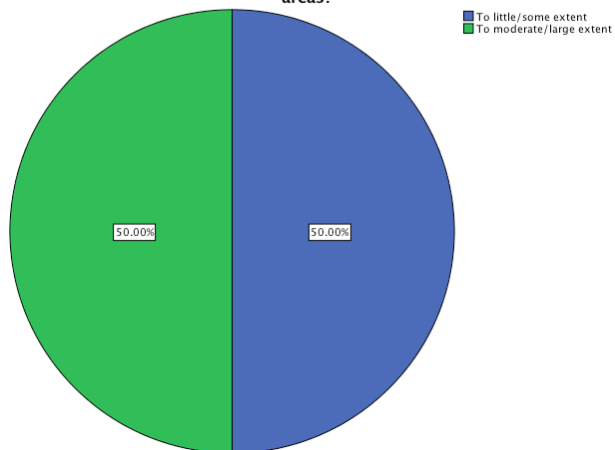
[Personal development] Do you receive (professional) support in any of the following areas?



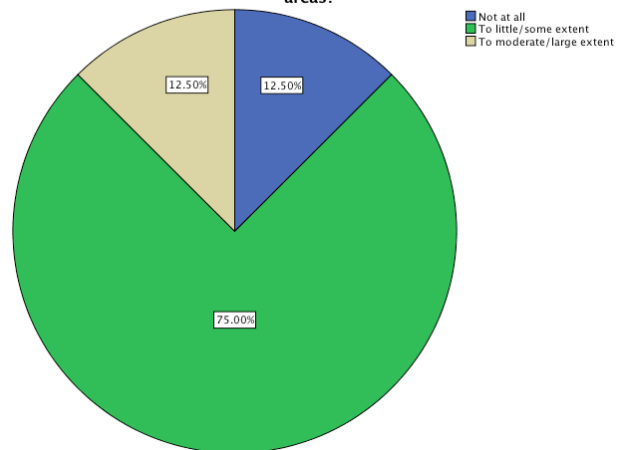
[Organizational] Do you receive (professional) support in any of the following areas?



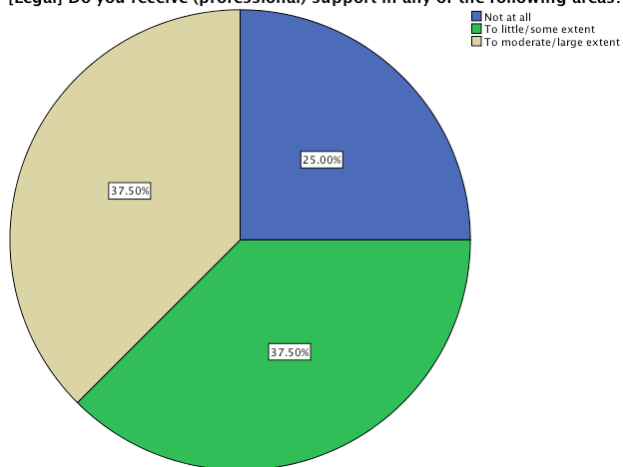
[Marketing] Do you receive (professional) support in any of the following areas?



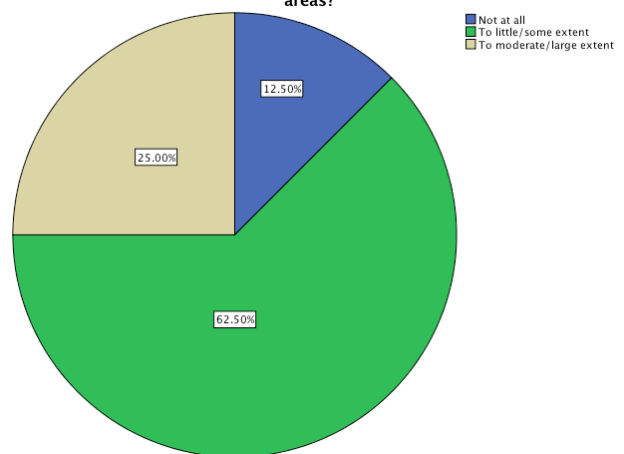
[Finance] Do you receive (professional) support in any of the following areas?



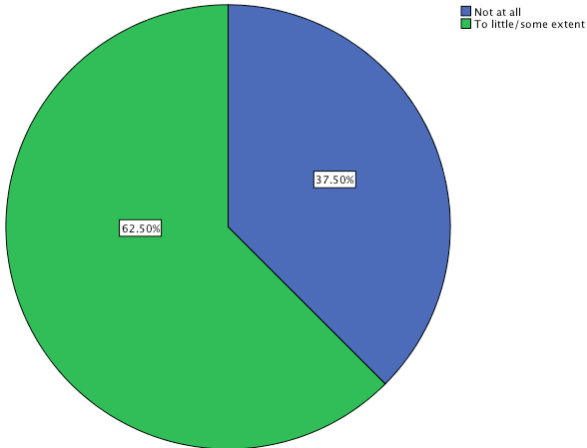
[Legal] Do you receive (professional) support in any of the following areas?



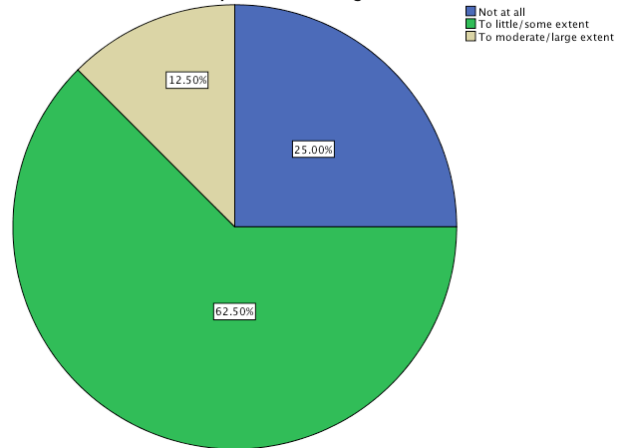
[Operations] Do you receive (professional) support in any of the following areas?



[Logistics] Do you receive (professional) support in any of the following areas?

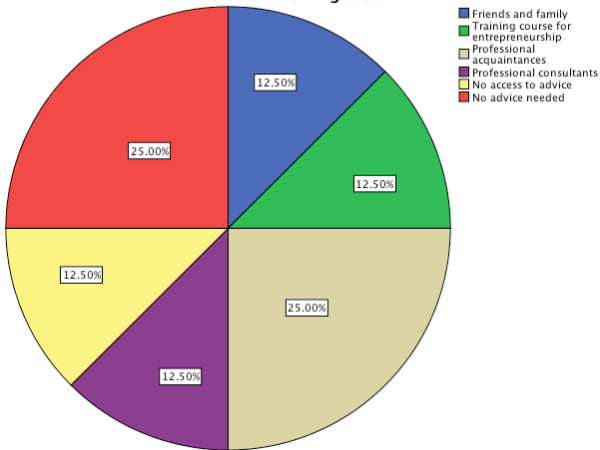


[Human Resource Management] Do you receive (professional) support in any of the following areas?

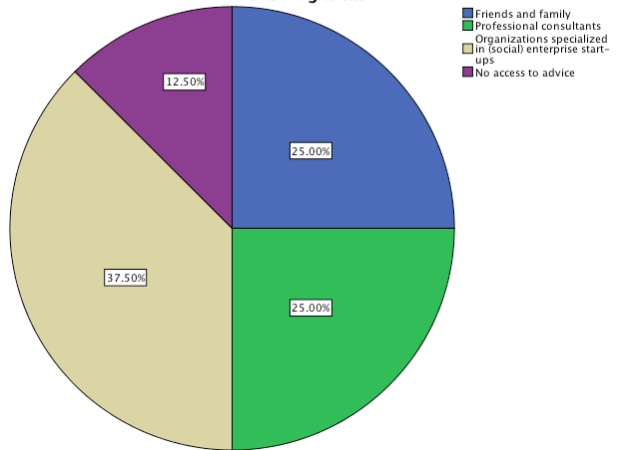


Question 2

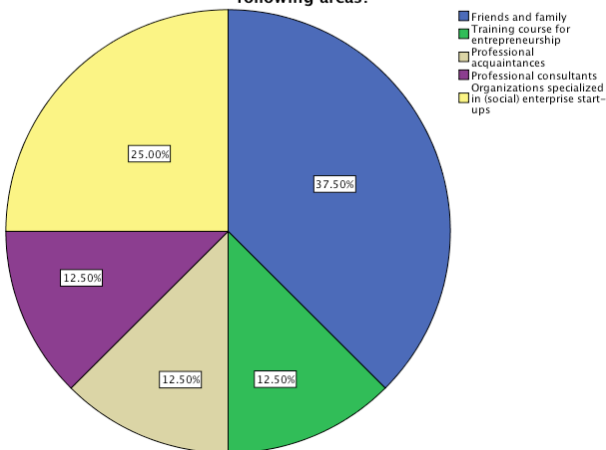
[Personal development] What is the source of (professional) support in any of the following areas?



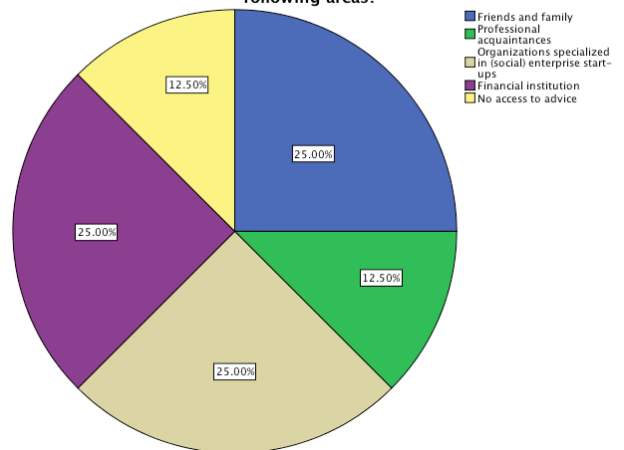
[Organizational] What is the source of (professional) support in any of the following areas?



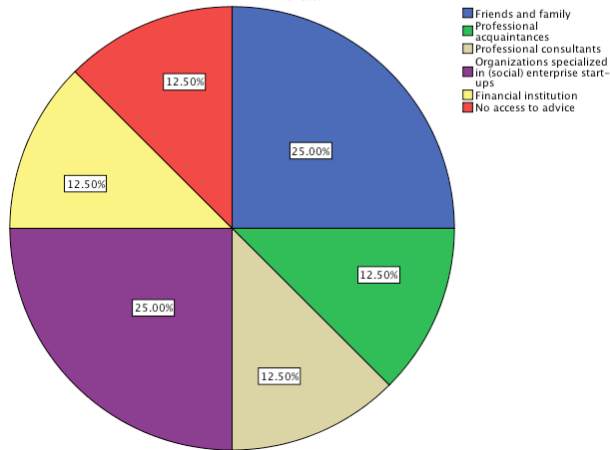
[Marketing] What is the source of (professional) support in any of the following areas?



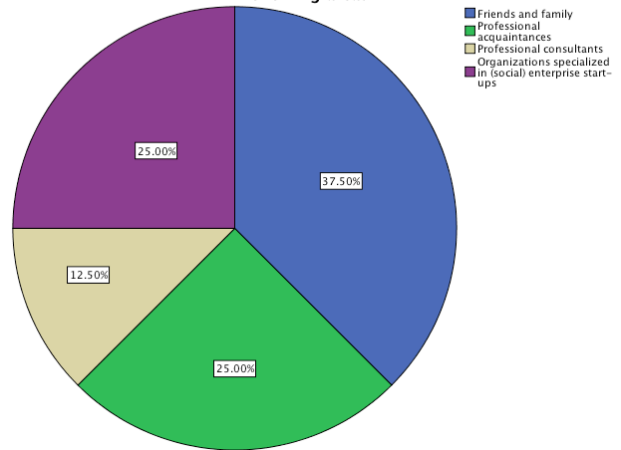
[Finance] What is the source of (professional) support in any of the following areas?



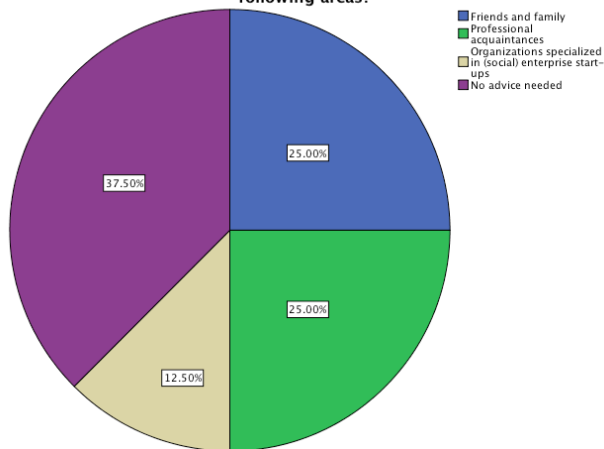
[Legal] What is the source of (professional) support in any of the following areas?



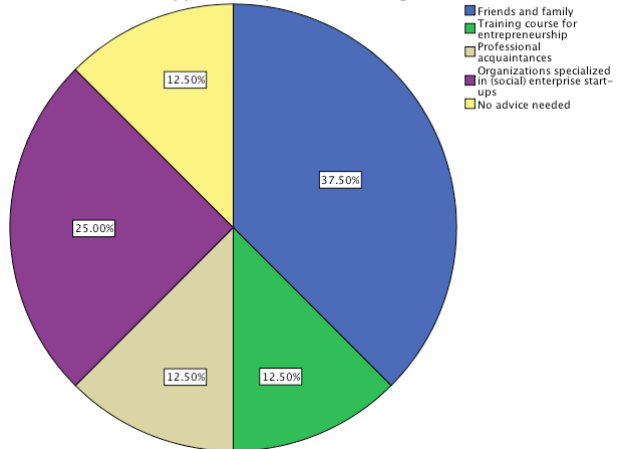
[Operations] What is the source of (professional) support in any of the following areas?



[Logistics] What is the source of (professional) support in any of the following areas?



[Human Resource Management] What is the source of (professional) support in any of the following areas?



Question 3

Partnership	% In
Strategic alliance	50%
Coopetition	12.5%
Joint venture	12.5%
Buyer-supplier relationship	25%
None	50%
Other	0%

Question 4

How technologically advanced would you describe the product offered by your enterprise?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low tech	6	75.0	75.0	75.0
	Average	1	12.5	12.5	87.5
	High tech	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

Question 5

Did your social enterprise revolutionize the way the industry was operating?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	75.0	75.0	75.0
	No	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

Question 6

[Product innovation] Please indicate to what extent the following innovation applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	12.5	12.5	12.5
	To little extent	1	12.5	12.5	25.0
	To some extent	1	12.5	12.5	37.5
	To a moderate extent	4	50.0	50.0	87.5
	To a large extent	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[Process innovation] Please indicate to what extent the following innovation applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To little extent	1	12.5	12.5	12.5
	To a moderate extent	3	37.5	37.5	50.0
	To a large extent	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Organizational innovation] Please indicate to what extent the following innovation applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	12.5	12.5	12.5
	To little extent	2	25.0	25.0	37.5
	To some extent	1	12.5	12.5	50.0
	To a moderate extent	2	25.0	25.0	75.0
	To a large extent	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Marketing innovation] Please indicate to what extent the following innovation applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	12.5	12.5	12.5
	To little extent	4	50.0	50.0	62.5
	To some extent	1	12.5	12.5	75.0
	To a moderate extent	1	12.5	12.5	87.5
	To a large extent	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

Question 7

[Customers] How would you describe the relationship with your key partners?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Average	3	37.5	37.5	37.5
	Above average	5	62.5	62.5	100.0
	Total	8	100.0	100.0	

[Suppliers] How would you describe the relationship with your key partners?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Average	3	37.5	37.5	37.5
	Above average	4	50.0	50.0	87.5
	Excellent	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[Competitors] How would you describe the relationship with your key partners?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	1	12.5	12.5	12.5
	Below average	3	37.5	37.5	50.0
	Average	2	25.0	25.0	75.0
	Above average	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Investors] How would you describe the relationship with your key partners?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	1	12.5	12.5	12.5
	Average	3	37.5	37.5	50.0
	Above average	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Non Governmental Organizations] How would you describe the relationship with your key partners?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below average	1	12.5	12.5	12.5
	Average	3	37.5	37.5	50.0
	Above average	3	37.5	37.5	87.5
	Excellent	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[Governments] How would you describe the relationship with your key partners?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	1	12.5	12.5	12.5
	Below average	1	12.5	12.5	25.0
	Average	5	62.5	62.5	87.5
	Above average	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

Question 8

[Inspirational leadership] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Unimportant	1	12.5	12.5	12.5
Neither important nor unimportant	1	12.5	12.5	25.0
Somewhat important	2	25.0	25.0	50.0
Very important	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[Networking] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Somewhat important	2	25.0	25.0	25.0
Very important	6	75.0	75.0	100.0
Total	8	100.0	100.0	

[A clear defined mission] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Neither important nor unimportant	4	50.0	50.0	50.0
Very important	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[Effective relationships] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Somewhat important	4	50.0	50.0	50.0
Very important	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[Innovation] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	1	12.5	12.5	12.5
	Neither important nor unimportant	2	25.0	25.0	37.5
	Somewhat important	3	37.5	37.5	75.0
	Very important	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Personal development (e.g. learning)] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither important nor unimportant	5	62.5	62.5	62.5
	Very important	3	37.5	37.5	100.0
	Total	8	100.0	100.0	

[Management experience] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	3	37.5	37.5	37.5
	Somewhat important	3	37.5	37.5	75.0
	Very important	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Solid finances] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither important nor unimportant	1	12.5	12.5	12.5
	Somewhat important	5	62.5	62.5	75.0
	Very important	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Openness (e.g. to employees/interns, competitors, investors, customers)] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither important nor unimportant	2	25.0	25.0	25.0
	Somewhat important	4	50.0	50.0	75.0
	Very important	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Flexibility (e.g. responding to market changes)] Please indicate how important the following factors are for successfully operating a social enterprise in a Base of the Pyramid market.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither important nor unimportant	1	12.5	12.5	12.5
	Somewhat important	2	25.0	25.0	37.5
	Very important	5	62.5	62.5	100.0
	Total	8	100.0	100.0	

Question 9

[Inspirational leadership] To what extent do the following factors apply to you or your social enterprise?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	12.5	12.5	12.5
	To little extent	2	25.0	25.0	37.5
	To a moderate extent	1	12.5	12.5	50.0
	To a large extent	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Networking] To what extent do the following factors apply to you or your social enterprise?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To some extent	3	37.5	37.5	37.5
	To a moderate extent	2	25.0	25.0	62.5
	To a large extent	3	37.5	37.5	100.0
	Total	8	100.0	100.0	

[Effective relationships] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To some extent	2	25.0	25.0	25.0
To a moderate extent	5	62.5	62.5	87.5
To a large extent	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Innovation] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To some extent	1	12.5	12.5	12.5
To a moderate extent	3	37.5	37.5	50.0
To a large extent	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[Personal development (e.g. learning)] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To little extent	3	37.5	37.5	37.5
To some extent	1	12.5	12.5	50.0
To a moderate extent	3	37.5	37.5	87.5
To a large extent	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Former management experience] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all	1	12.5	12.5	12.5
To little extent	2	25.0	25.0	37.5
To some extent	3	37.5	37.5	75.0
To a large extent	2	25.0	25.0	100.0
Total	8	100.0	100.0	

[Solid finances] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To little extent	3	37.5	37.5	37.5
To some extent	2	25.0	25.0	62.5
To a moderate extent	2	25.0	25.0	87.5
To a large extent	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Openness (e.g. towards employees /interns, competitors, investors, customers)] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To a moderate extent	1	12.5	12.5	12.5
To a large extent	5	62.5	62.5	75.0
Total	2	25.0	25.0	100.0
	8	100.0	100.0	

[Flexibility (e.g. responding to market changes)] To what extent do the following factors apply to you or your social enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid To a moderate extent	1	12.5	12.5	12.5
To a large extent	4	50.0	50.0	62.5
Total	3	37.5	37.5	100.0
	8	100.0	100.0	

Market

Question 10

Does your enterprise target a specific customer segment within the BoP market?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	5	62.5	62.5	62.5
No	3	37.5	37.5	100.0
Total	8	100.0	100.0	

Question 11

[Food security] In which sector(s) is your enterprise active?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	4	50.0	50.0	50.0
	Yes	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Healthcare] In which sector(s) is your enterprise active?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	8	100.0	100.0	100.0

[Water supply] In which sector(s) is your enterprise active?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	6	75.0	75.0	75.0
	Yes	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Education] In which sector(s) is your enterprise active?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	4	50.0	50.0	50.0
	Yes	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Mobility] In which sector(s) is your enterprise active?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	8	100.0	100.0	100.0

[Finance] In which sector(s) is your enterprise active?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	7	87.5	87.5	87.5
	Yes	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[Construction] In which sector(s) is your enterprise active?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	8	100.0	100.0	100.0

[Business/professional service] In which sector(s) is your enterprise active?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	6	75.0	75.0	75.0
Yes	2	25.0	25.0	100.0
Total	8	100.0	100.0	

[Other] In which sector(s) is your enterprise active?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	62.5	62.5	62.5
income generation, OVC	1	12.5	12.5	75.0
mobile marketing in the informal sector	1	12.5	12.5	87.5
Vocational training, skills training, employment	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 12

[Individuals] Who are your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	1	12.5	12.5	12.5
Yes	7	87.5	87.5	100.0
Total	8	100.0	100.0	

[Communities] Who are your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	2	25.0	25.0	25.0
Yes	6	75.0	75.0	100.0
Total	8	100.0	100.0	

[Non Governmental Organizations] Who are your customers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	4	50.0	50.0	50.0
	Yes	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Governments] Who are your customers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	5	62.5	62.5	62.5
	Yes	3	37.5	37.5	100.0
	Total	8	100.0	100.0	

[Other] Who are your customers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		3	37.5	37.5	37.5
	Businesses	1	12.5	12.5	50.0
	companies	1	12.5	12.5	62.5
	curio shops	1	12.5	12.5	75.0
	ECD's, Schools, Orphanages, Old Age Homes	1	12.5	12.5	87.5
	informal business owners	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

Question 13

[Personal assistance (based on human interaction)] What type of relationship do you have with your customers?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	1	12.5	12.5	12.5
	Yes	7	87.5	87.5	100.0
	Total	8	100.0	100.0	

[Dedicated personal assistance (a dedicated customer representative for an individual customer)] What type of relationship do you have with your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	7	87.5	87.5	87.5
Yes	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Self-service (no direct relationship)] What type of relationship do you have with your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	7	87.5	87.5	87.5
Yes	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Automated-service (self-service through automated processes)] What type of relationship do you have with your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	6	75.0	75.0	75.0
Yes	2	25.0	25.0	100.0
Total	8	100.0	100.0	

[Communities (community members help each other)] What type of relationship do you have with your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	4	50.0	50.0	50.0
Yes	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[Co-creation (involving customers in the creation of the product/service)] What type of relationship do you have with your customers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	5	62.5	62.5	62.5
Yes	3	37.5	37.5	100.0
Total	8	100.0	100.0	

Question 14

[To what extent do you experience competition in the market(s) in which you operate?] Please indicate at every question to what extent this applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	25.0	25.0	25.0
	To little extent	1	12.5	12.5	37.5
	To some extent	1	12.5	12.5	50.0
	To a moderate extent	2	25.0	25.0	75.0
	To a large extent	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[To what extent has there been innovation in the market(s) in which you operate?] Please indicate at every question to what extent this applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	1	12.5	12.5	12.5
	To little extent	5	62.5	62.5	75.0
	To some extent	1	12.5	12.5	87.5
	To a moderate extent	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[To what extent were you familiar with the market before you entered it?] Please indicate at every question to what extent this applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	37.5	37.5	37.5
	To little extent	1	12.5	12.5	50.0
	To some extent	1	12.5	12.5	62.5
	To a moderate extent	2	25.0	25.0	87.5
	To a large extent	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[To what extent do you feel supported by the policies in the country/countries in which you operate?] Please indicate at every question to what extent this applies to your social enterprise.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	3	37.5	37.5	37.5
	To little extent	1	12.5	12.5	50.0
	To some extent	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

Question 15

How do you measure the social impact of your enterprise?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid It is difficult, the only way we can measure our impact is by the number of users.	1	12.5	12.5	12.5
job creation	1	12.5	12.5	25.0
measuring against a baseline, personal testimonies, open relationships and need sharing	1	12.5	12.5	37.5
Monitoring and evaluation frameworks. The bottom line is: graduation from poverty	1	12.5	12.5	50.0
Muy alto, buscamos permanentemente que los beneficios del mercado mejoren las condiciones de vida de los proveedores que son pequeños productores.	1	12.5	12.5	62.5
Number of students	1	12.5	12.5	75.0
The impact is measured by the number of hubs, the number of farmers and the amount of food they produce.	1	12.5	12.5	87.5
The success ratios between farming and the recipient in farming is currently extremely low in the long run. We have the ability to take our mini farm away from those that do not succeed without prejudice (As they may not be interested in farming) and give to someone that succeeds. This way we influence the success ratio of the pairing between system and person. This way we can eventually end up with 100% success ratios. The key is therefore nothing other than the pairing of the system to the correct person.	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 16

Is your social enterprise financially profitable?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	4	50.0	50.0	50.0
No	4	50.0	50.0	100.0
Total	8	100.0	100.0	

Question 17

[2013] [Scale 1] Please indicate for each financial year what you expect in in terms of turnover and profit/loss.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Increase in turnover	7	87.5	87.5	87.5
Decrease in turnover	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[2013] [Scale 2] Please indicate for each financial year what you expect in in terms of turnover and profit/loss.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Profit	4	50.0	50.0	50.0
Loss	4	50.0	50.0	100.0
Total	8	100.0	100.0	

[2014] [Scale 1] Please indicate for each financial year what you expect in in terms of turnover and profit/loss.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Increase in turnover	7	87.5	87.5	87.5
Decrease in turnover	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[2014] [Scale 2] Please indicate for each financial year what you expect in in terms of turnover and profit/loss.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Profit	5	62.5	62.5	62.5
Loss	3	37.5	37.5	100.0
Total	8	100.0	100.0	

[2015] [Scale 1] Please indicate for each financial year what you expect in in terms of turnover and profit/loss.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Increase in turnover	8	100.0	100.0	100.0

[2015] [Scale 2] Please indicate for each financial year what you expect in in terms of turnover and profit/loss.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Profit	6	75.0	75.0	75.0
Loss	2	25.0	25.0	100.0
Total	8	100.0	100.0	

Question 18

Did your social enterprise create a business model before it started operating?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	6	75.0	75.0	75.0
No	2	25.0	25.0	100.0
Total	8	100.0	100.0	

Question 19

How would you rate your knowledge about finances regarding operating a business?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below average	3	37.5	37.5	37.5
Average	2	25.0	25.0	62.5
Above average	2	25.0	25.0	87.5
Excellent	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 20

[Personal savings] How is your enterprise financed?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	2	25.0	25.0	25.0
Yes	6	75.0	75.0	100.0
Total	8	100.0	100.0	

[FFF (Friends, Families, Fools)] How is your enterprise financed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	3	37.5	37.5	37.5
	Yes	5	62.5	62.5	100.0
	Total	8	100.0	100.0	

[Donation(s)] How is your enterprise financed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	3	37.5	37.5	37.5
	Yes	5	62.5	62.5	100.0
	Total	8	100.0	100.0	

[Loan(s)] How is your enterprise financed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	6	75.0	75.0	75.0
	Yes	2	25.0	25.0	100.0
	Total	8	100.0	100.0	

[Semi Public Organization(s) (e.g. university spin-offs)] How is your enterprise financed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	7	87.5	87.5	87.5
	Yes	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

[Investor(s)] How is your enterprise financed?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not selected	4	50.0	50.0	50.0
	Yes	4	50.0	50.0	100.0
	Total	8	100.0	100.0	

[Other] How is your enterprise financed?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	62.5	62.5	62.5
Grants from business competitions	1	12.5	12.5	75.0
Organizations	1	12.5	12.5	87.5
Running for profit social enterprises	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 21

How satisfied are you with the access to funding for social enterprises?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Dissatisfied	5	62.5	62.5	62.5
Neither satisfied nor dissatisfied	3	37.5	37.5	100.0
Total	8	100.0	100.0	

General Information

Question 22

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	3	37.5	37.5	37.5
Male	5	62.5	62.5	100.0
Total	8	100.0	100.0	

Question 23

What is your educational background?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12.5	12.5	12.5
Secondary education	2	25.0	25.0	37.5
Tertiary (college or university)	5	62.5	62.5	100.0
Total	8	100.0	100.0	

[Other] What is your educational background?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	7	87.5	87.5	87.5
PhD	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 24

In what year was your social enterprise founded?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1995	1	12.5	12.5	12.5
2001	1	12.5	12.5	25.0
2002	1	12.5	12.5	37.5
2005	1	12.5	12.5	50.0
2008	1	12.5	12.5	62.5
2009	1	12.5	12.5	75.0
2011	1	12.5	12.5	87.5
2013	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 25

[North America] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	7	87.5	87.5	87.5
Yes	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[South America] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	7	87.5	87.5	87.5
Yes	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Asia] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	7	87.5	87.5	87.5
Yes	1	12.5	12.5	100.0
Total	8	100.0	100.0	

[Europe] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	6	75.0	75.0	75.0
Yes	2	25.0	25.0	100.0
Total	8	100.0	100.0	

[Africa] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	3	37.5	37.5	37.5
Yes	5	62.5	62.5	100.0
Total	8	100.0	100.0	

[Oceania] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	8	100.0	100.0	100.0

[Polar region] In which region(s) does your social enterprise operate?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not selected	8	100.0	100.0	100.0

Question 26

Number of employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1	1	12.5	12.5	12.5
2-5	4	50.0	50.0	62.5
6-10	2	25.0	25.0	87.5
26-35	1	12.5	12.5	100.0
Total	8	100.0	100.0	

Question 27

Is your present social enterprise the first enterprise that you started?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	50.0	50.0	50.0
	No	4	50.0	50.0	100.0
	Total	8	100.0	100.0	