UNIVERSITY OF TWENTE

MSC IN BUSINESS ADMINISTRATION
MASTER THESIS
2016

WHAT CONSIDERATIONS SHOULD BE MADE TO INCREASE SOCIAL VALUE OF A YOUNG COMPANY?

"Not everything that can be counted counts and not everything that counts can be counted."

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Location:	University of Twente
Assignment type:	Internal graduation
Department:	F&A
Date:	22 August 2016
Amount of words:	31490

Abstract

This research demonstrations how young social entrepreneurs are able to increase their social return in their first years of existence. Having an extended network with valuable partners pursuing the same objective in society is essential for not only success in the market, but also for survival through the first years of existence as a social entrepreneur. This research makes a distinction between organizations that create social progress through their core business and those organizations that create social progress by usage of financial returns. Either way, effectiveness of the organization can be found in cooperation within a network without competition to pursue the same goal.

As a young entrepreneur it is difficult to obtain roots in the current competitive market. Growing interests arises around the area of social responsibilities an organization has. It becomes increasingly difficult for contemporary organizations to avoid their social contributions. Those parties that are able will punish those organizations that are not paying attention to others then their own concerns. For example, much governmental procurement requires organizations to prove that they are socially responsible in order to be eligible for a procurement. Additionally, to obtain an enhanced stakeholder empathy and support, their specific interest for wellbeing of the society and environment should be taken into account. All positive changes in a community an organization is able to generate, which are not in direct favour of their own commercial interests, can be scaled under the generation of social return.

Many organizations are concerned with their abilities to have a social impact, even though more than 70% of the social entrepreneurs quit within their first 3 years of existence. Yet so many different explanations are given to the concept. Depending on the environment it concerns, this concept will be implemented. Overall concluding in the context of this research, the meaning of social value will be used in a wide concept along gathered definitions in the past and present century. Social return of an organization consists of multiple interpretations, which will be discussed in this research. Good examples of organizations making social efforts are among others Asito, Cycloon, Bunq, Toms, Triodos bank, The Green cab, PSO Apeldoorn, Starters4Community and Social-enterprise NL. Some of these organizations are used in this research to estimate their practical knowledge and implementation alongside the knowledge obtained in the scientific study of existing literature about the topic.

This report provides an explanation, argumentation and points of considerations for social entrepreneurs to obtain effective social return as a young entrepreneur. This research is conducted with use of a literature search, expert-judgements and interviews with entrepreneurs in the field of social return as well as economic returns. Companies participating in this research are collected through a positional sample method. A list of companies that have at least partly a focus on social return will be made. During the research, each participant included will be asked for other participants whom they will recommend. Afterwards an analysis, conclusion and discussion is conducted to reflect different sides of social return as appearing from both practical and theoretical acquired knowledge. With use of tension schemes and a flowchart will different points of considerations be evaluated and disproved. Flowing from the analysis, conclusion and discussion, recommendations on how to implement social entrepreneurship in an effective way will be made.

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1. Introduction

A bank that provides financial resources to social initiatives and innovations for which traditional banks do not want to take the risk. A cleaning company introducing an environmental friendly cleaning product or an organization that recycles regionally felled trees in durable products are only a few possible examples of organizations that are socially aimed, yet financially self-sufficient.

Recent years a frequently raised topic in entrepreneurship focuses on social returns on investment. However, this topic is nothing new for entrepreneurs or investors; in 1975 Preston constituted the basic principles in form of a framework for Corporate Social Responsibility (CSR) (Preston, 1988). In this framework, social responsibility was focussed on internal problems in an organization, such as training, communication and health issues of employees. A few years later in 1979 Carroll changed and expanded Preston's framework. The new framework referred to consumers and the environment as aspects of social responsibility (Clarkson, 1995).

Today's society rests on the many people who make voluntarily efforts for organizations, the society and other stakeholders. Churches, schools, associations, welfare organizations, sports clubs and festivals are all examples of places and events that could not exist without the involvement, commitment and volunteerism of people. However, this fast changing economy full of prosperity and critical consumers is also emphatically expecting organizations to care for the society, the environment and welfare of animals. Selfishness, greed and profit pursuance should no longer be the motive of companies. A good image these days stands for; always being a good business, with an eyelet on human and animal well-being. All aspects together in a community that contribute to enhancement of human or animal well-being, society and environment are valued as 'social capital', a crucial element that can no longer be neglected.

Since 2007 socially responsible investing got more interest and attention of investors around the world. According to the Global Impact Investment Network, the worldwide social impact funds grew from several towards a few hundreds of funds. According to a rough estimate in February 2015 The Netherlands had approximately four thousand social enterprises (Verloop, 2015). Remarkable since most investors assume that making social returns is vicarious for making financial returns (GIIN, 2014). Though, organizations as PSO Apeldoorn, Triodos bank, Asito and Starters4Community are organizations that still believe in a just world; what goes around comes around. Faith in sustainable businesses result in benefits arising from good deeds. Another example is TerraCycle; A global social business aimed at saving the environment by recycling all possible kinds of products (TerraCycle, 2016).

Nowadays, social return (SR) is defined in several different ways, depending on the environment it concerns. Social Entrepreneurship (SE) or a social venture, to which this phenomenon is also referred to, are entrepreneurs and businesses that start to offer attention to the society in their early stages. Their main function, besides being profitable, is providing society of their basic needs through normal operations of which current organizations fail to accommodate with. A cleavage can be made between companies that are designed to ensure human needs and those that have a social focus in addition to regular activities (Seelos & Mair, 2005).

However, a useful model to create social return for young companies does not exist yet. Lack of a clear meaning is associated with lack of a clear prescription how to create non-financial value for stakeholders. Therefore, the aim of this research is to develop a theoretical framework for new businesses that outlines how social value during first years of legal existence can be increased.

Multiple forms of organizations and sectors exist that somehow create value. Companies focussed on in this research, the so-called fourth sector, have emphasis on financial returns as well as social returns. At least a part of the management should pay attention to social aspects. The flowchart an framework that will be delivered help to gain insights into social returns on investments (SROI) of young companies, the way in which it can be further developed and how a greater significance can be given to the society. In order to create such a framework an emphasis in this research is on the following research question:

What considerations should be made to increase the social value of a young company?

In which is referred to young as start-up companies that have a legal existence and their first clients or customers until the initial public offering (Janssen, 2016). Furthermore, considerations include all those aspects that should be taken into account in undertaking socially. Those aspects could enhance the social value of an organization, though also impede an organization in creation of social value and simultaneously decreasing the social value of the company. Taking into account considerations obtained from this research should lead to an effective approach whereby a certain intended purpose is achieved, which is in this case increasing the social value of a young company. As stated earlier, social return has many different translations. In this research, when stated social return, is meant the value, both environmental and socially, for all stakeholders affected by a company's activities (Lingane & Olsen, 2004). Other definitions of social value and related terms are subsequently explained the literature review.

2. Method

As stated in the introduction, this study aims to explore the concept of social return. Special focus is in the field of young companies and their opportunities to increase contribution to society in an efficient manner. The belonging research question is;

What considerations should be made to increase the social value of a young company?

To answer this question properly, several subsidiary questions will follow below on this page. For each question, the corresponding research method is mentioned in the table. The considerations for those choices can be found in appendix 2. In order to answer those questions literature and interviews are used to form considerations that lead to a magnification of the social value of a young company.

Among others previous research of Seelos & Mair (2005) describes and makes comparisons between several cases of social companies and their contributions to the world. Those cases highlight different forms and perspectives of social return. Also other researches of for example Kramer et al. (2006), Borgers et al. (2015), Olsen & Lingane (2004) and Deuten & de Kam (2005) defined social return in their own relevant way. Examination of previous literature helps to give insights into the current interpretation and implementation of social return. To tackle sub questions, a thorough analysis of existing literature will be performed. Furthermore, qualitative research approaches in the form of interviews and expert judgements will be used. This combination of methods serves a function of crosschecking. Otherwise known as triangulation, which strengthens the quality of data gained by the research. Use of a combination of two or more research methods minimalizes the weaknesses of a single method (Boddy, 2005).

Interviews with entrepreneurs who also pay attention to social outcomes of their actions, should give insights into the drives, actions, risks, stakeholders, impacts and motives to create social return. While expert judgements represent a source of information from critical judgements through gained experience. Interesting investigate is how those entrepreneurs create social return and what kind of investments are necessary to create those returns.

Participants in the research, both experts and entrepreneurs, are collected through a positional sample method. A list of young companies that have at least partly a focus on social return will be made. During the research, each participant included will be asked for other participants whom they will recommend. In that way a combination of a positional sample method and a snowball sampling will form the total list of participants in this research. Experts will not be asked for other colleagues whom they will recommend to avoid disdain.

Research question	Research method
What is the definition of social value?	Literature review
What is the meaning of effectiveness relation to social value?	Expert judgement
What resources are necessary to generate social value?	Interviews & Expert judgements
Which stakeholders are affected?	Interviews
What is the influence of the sector and the government?	Literature review

3. Data collection

3.1 General definition

Different forms of sectors and organizations exist. Often is thought of non-profit organizations and profit organizations performing socially responsible, when referred to organizations with social considerations (Dees, 1998). Emerson (2000) makes a further distinction in sectors; the private sector, non-profit sector, public sector and the so-called upcoming fourth sector. Appendix 1 outlines a figure with the distinctions between the different sectors (Emerson, 2000). The fourth sector, on which this research is focussed, focuses on the creation of financial returns as well as social returns. Despite the large amount of voluntary initiatives and philanthropic organizations, social enterprises use more or less like a traditional organization a business model to generate cash flows. However, the financial resources arising from operations are not the main goal of the organization, they are used to invest in social initiatives. Pursuit of the highest possible social impact an organization can have is the main objective (Verloop, 2015). Sustainable businesses using triple-p rates are closely related, referring to responsibility for people, planet and profit (Rabobank, 2016). Since the amount of organizations focussing on those aspects remains growing, interest is found to focus on this specific sector. Nevertheless there are organizations in the world, acting and communicating being socially responsible, yet by further analysis performing in a manner that is in no way related to genuine sustainable, responsible or otherwise green behaviour. This type of fraud is known as 'greenwashing' (Chen, 2010).

Despite the amount of studies in the field of corporate social responsibility (CSR), corporate social performance (CSP), social entrepreneurship (SE), social capital (SC) and social return (SR) there is still no concrete, unambiguous meaning of the term 'social'. Among many researches is referred to 'social' from different perspectives and therefor lack of clarity exists. However, there is an aspect that stands out in several studies; Invest in such a way that accomplishes somehow a positive impact on society and / or the environment (G. Deuten & G. de Kam, 2005). In addition, European Commission defines characteristics of social enterprises, which are shown in figure 1.

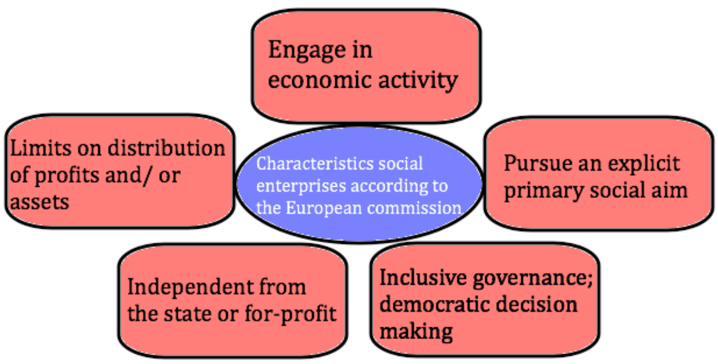


Figure 1 Characteristics of a social enterprise

Corporate Social Responsibility (CSR) provides great initiatives, however it is a reactive process. CSR is taking responsibility for the induced effects an organization has on the environment. Common examples of CSR are procurement of green energy or fair trade. Therefor the difference between Social Entrepreneurship and CSR is equal to the difference between proactive and reactive entrepreneurship. A social entrepreneur focuses with its core business to create social progress, while a corporate social responsible entrepreneur tries to execute its core business responsibly.

Notwithstanding this recurring definition, further elaboration is required as a basis for this study. For this reason, today's definitions are plotted against initial definitions to find certain conformity. Jane Jacobs (1961) introduced the Urban development theory to illustrate the working of city development and social capital. The theory suggests that all aspects in a network such as; ecosystems, planning and community development, buildings, neighbourhood, government, density, organizational size and economy are all connected together to create a growing, well working city. All kinds of diversity should not be seen as chaos, but as *'a complex highly developed form of order'* (Jacobs, 1961). Paul Peterson (1981) expands this idea in a way that the government and organizations should form a coalition to influence cities to compete in such a way that increase economic growth and investments. A competitive environment between cities challenges organizations and politics to support new developments. Peterson suggests that all that helps organizations and politics growth, will eventually return to the community and increases individual development, even when it is at first instance at their expenses. Though, in 1987 the Urban fortunes by Logan and Molotch was released which refuted the ideas of Jacobs (1961) and Peterson (1981). In their study they reject, what they call a 'Growth machine'. A growth machine is referred to when organizations and politics combine their power to fulfill their specific benefits and enhance economic success to the detriment of defenceless parties in the society whose views be disregarded (Logan & Molotch, 1987). According to Logan and Molotch (1987) should all views of parties involved be considered. His ideas can be recognized in current social entrepreneurship.

Social entrepreneurship is a human-centred view, applying an unique approach that benefit society by health, welfare or well-being, or the environment by protecting or enhancing it, combined with focus on economic returns throughout all sectors (entrepreneurship, 2016), (Leadbeater, 1997). An entrepreneur facing an opportunity, willing to take risks, and/or committed to solve a social problem such as for example poverty, waste problems, education or all other kinds of problems, can be recognized as an social entrepreneur (İrengün & Arıkboğa, 2015). Take up challenges that relate to social outcomes, where other organizations fail to take care of, differentiate social enterprises from traditional for-profit organizations. Iregün and Ariboğa (2015) argue that the target group of social businesses comprise of those markets that unsatisfactorily serve as source for traditional businesses. Two kinds of social entrepreneurs could be distinguished. First of all, there are entrepreneurs operating in order to solve a social problem, and there for using the business for generation of social value besides the generation of economic value. On the other hand, a variant of social entrepreneurs can be found with a main purpose to operate for generation of financial returns and use those returns to invest in social problem solving (Leadbeater, 1997). Carroll (1991) identifies two other features for social businesses; an ethical organization with a moral management.

Social capital is explained by Emerson (2000) as a combination of diverse components that interact to create social value. As an example, getting one euro is in its value always the same, however buying an ice-cream, from that same euro, which is consumed in a sunny park has a total different value from the first euro talked about, even if it is bought from that specific first euro. The additional experienced value of an ice cream is created by the environment in which it is consumed and the influences this total experience has on perception and well-being of people. This latter includes an example of a simple form of social value, though difficult to make tangible, yet of unprecedented value.

According to the business dictionary (2016) social value is described as a wide overarching concept comprising of both social capital and the influence on well-being of humans. However, this definition does also not yet cover the entire concept of organizations creating social return. The book 'Human capital' from Brian Keeley (2007) describes social capital as an extension of the first stated concept of social value of Lyda Hanifan (1916); "*I do not refer to real estate, or to personal property or to cold cash, but rather to that in life which tends to make these tangible substances count for most in the daily lives of people, namely: goodwill, fellowship, mutual sympathy, and social intercourse among the individuals and families who make up a social unit.*" Keeley (2007) elaborates with the notion that collaboration, shared norms, standards and mutual understanding constitute a basis for a social unit to create social value. The WorldBank (2016) emphasizes that social capital is not only the total of organizations, networks, quality and quantity of a society that shapes them, but also the relationships that keeps them together. Three categories can be distinguished; bonds, bridges and linkages. Bonds are created around a consensus of an identity that exists for example among family and friends, whereas bridges and linkages go further than this consensus in identity. Bridges arise among distant friendships, relationships with colleagues and acquaintances. Linkages are related to various levels on the social ladder (Brian, 2007).

Around 1960 Keith Davis explained corporate social responsibility as; all of the actions and decisions that organizations make that are not only aimed at generating direct financial or technological returns (Davis, 1960). In 1975 Preston constituted a framework for Corporate Social Responsibility (CSR) (Preston, 1988). In this framework, social responsibility was focussed on internal problems of an organization, such as training, communication and health issues of employees. A few years later in 1979 Carroll changed and expanded Preston's framework. The new framework denoted to consumers and the environment as aspects of social responsibility (Clarkson, 1995). That mind-set is largely consistent with the current characterization of corporate social responsibility. It largely comprises the initiative of an organization to take responsibility for its operations, voluntarily making efforts to enhance the environment that goes beyond the limitations in harmful effects set by legislation (Mickels, 2009).

Overall concluding in the context of this research, the meaning of social value will be used in a wide concept along gathered definitions in the past and present century. Social return of an organization consists of, and arises from;

- ✓ Commitments and efforts that an organization makes arising from collaboration, shared norms, standards or mutual understanding (Brian, 2007);
- ✓ In addition to operations concerning financial returns;
- ✓ Creation of a return of aspects that have a positive influences on the daily lives of people or animals, now or in the future;
- ✓ Enhancing all those things in life that bring pleasure, joy, sympathy, well-being, and all other aspects related to a good quality of life (Hanifan, 1916);
- ✓ Voluntarily making efforts and being committed to improve the environment
- ✓ Making efforts that go beyond the limitations in harmful effects set by legislation (Mickels, 2009).

In short, socially responsible organizations striving for sustainability are;

'Financially self-sufficient organizations that are committed to take responsibilities and make proficient efforts for all stakeholders involved, whether this relationship is reciprocal or not, without having a direct personal or business interest in the intended results.'

For this research focus will be on financially self-sufficient organizations, in their period from start-up until the initial public offering, with a social mission, which is not necessarily aimed in favor of the organization or its operations. The social mission is aimed at commitment and making efforts to beneficially affecting the society; aimed at enhancement of quality of life and well-being of humans in a city or community. A community is referred to in case of unities between people. These commonalities can be grounded on geographical similarities or similarities in interests or identity between people. All other aspects of social entrepreneurship, not directly related to influencing human life a city or community, would not be included in this research.

3.2 Resources

In order to create social impact or make a social change in a community, several different ingredients are necessary to contribute to this result. Thought can be of social capital, social networks, relationships, efficient management, trust and co-operation (Leadbeater, 1997). Furthermore also labour, equipment and knowledge are important factors (Dees, 1998).

3.2.1. Social networks

Previous research of among others Leavit (1951) emphasise the importance of efficiency within a group for solving problems through centrality (Leavit, 1951). Social capital is a closely related concept. Referring to all offline tangible and intangible aspects gathered with use of bonds, bridges and linkages in a social network both online and offline (Steinfield, Ellison, & Lampe, 2008) (Brian, 2007). Emerson (2000) distinguishes in his integrated social capital market cycle two forms of social capital, namely interactive social capital and transactive social capital. The former is referred to when we accept that we are all connected to each other, which comprises of the social part and the latter when we refer to the expression of principal community values, which comprises of the financial forces (Emerson, 2000). Present social networks are one of the main sources for social entrepreneurs since they provide organizations of connections, a source of information, valuable investors, business opportunities, innovations and so on (İrengün & Arıkboğa, 2015). Furthermore, a well-developed social network helps organizations to distribute their ideas, innovations, training, knowledge, and practices.

On the other hand support could be obtained for further development of ideas (Leadbeater, 1997). Combining all those interests of different parties in a social platform enhances the elaboration and development of social benefits, besides having a place where people are connected offers an approachable way to connect with new people. Both online and offline social platforms are offered. Online social media platforms can be further divided into open and closed social networks. The open variant consist of places where messages are shared with the public and closed social networks can be found in places where messages are shared only with a pre-determined target group (Petrocelli, 2013). Thought can be of open online platforms such as Facebook, Instagram, Twitter and MySpace and closed online platforms such as Whatsapp and Facebook messenger (Voorn, 2016). Furthermore, offline platforms can be seen as events and theme fairs (Ellison, Steinfield, & Lampe, 2007).

The combination of online and offline platforms could also be useful for organizations to communicate with the community. Online platforms can be used to communicate new developments within and around the organization. In addition public meetings, information sessions and events can be communicated and spread through social media, such as Facebook or Twitter, company websites or community websites. Using Facebook as a medium has an additional advantage, it is easily spread over a wide range and Facebook users can indicate whether they are interested in, or plan to be present at an event. This enables organizations to get an idea of the number of attendees and the impact of the event.

Additionally, online platforms prospects maintenance of existing ties besides forming new ones and giving insight into someone's social network. Parks et al. (1996) argue that a third of the online connections result in the end in actual encounters. Yet, also negative outcomes are related to online social platforms. Increasing online focus distracts from actual encounters, besides today's society is at all times, by any means connected. Also, often at those inappropriate times of actual face-to-face encounters, online connections are maintained with people that are in no way related to the ones in physical presence (Ellison et al., 2007). An example of an inappropriate moment is the use of a phone during diners.

Context collapse is another risk of online social media. When a context collapse occurs, social boundaries become obscured and people do not know the rules of usage anymore. Misremembering the rules of using social media in combination with uncontrollability of the range protect people of placing messages in order to prevent mistakes (Voorn, 2016). The former mentioned benefits of Facebook do also have a flip side. User rules of Facebook are very ambiguous, which result in a certain context collapse. This context collapse can occur on two sides, both the company and for people within a community. It might prevent them of communicating, or make them chose for another medium.

In the community is the impact of social capital also reflected in for example safer neighbourhoods due to lower criminality and improved sanitation (Ellison et al., 2007). The strength of ties divides social capital into two categories according to Ellison et al. (2007): bonding and bridging. A distinction is made between emotional support, information caring capacity and closeness. Bonding social capital is closer in terms of relationships and emotional support, whereas bridging social capital are weaker relationships with lack of emotional support, but do include possibilities for useful information transfer (Ellison et al., 2007). Brian (2007) makes a wider distribution of social capital. As stated before, collaboration, shared norms, standards and mutual understanding constitute a basis for a social networks to create social value. The distribution consists of; bonds, bridges and linkages. Bonds are created around a consensus of an identity that exists for example among family and friends, whereas bridges and linkages go further than this consensus in identity. Bridges arise among distant friendships, relationships with colleagues and acquaintances. Linkages are related to various levels on the social ladder (Brian, 2007).

Within a community all three forms of social capital may appear. As stated before, a community is referred to in case of unities between people. These commonalities can be grounded on geographical similarities or similarities in interests or identity between people. The closer the ties within a community and the more commonalities exist, the more feelings of unity and connection arise. Unity can cause closer bonds and bridges instead of or beside existence of linkages (Brian, 2007; Ellison et al., 2007).

It is useful to determine which relationships exist within a community. An organization is able to determine the differences and potential collapses between interests of people within a community with use of knowledge about social capital in a community. Moreover, an advantage of closer ties is the ability to consult and negotiate about common interests for the community. Furthermore, commonalities may increase the likelihood of similar interests even without negotiations. The closer the community is, the more efficient an organization can provide this group of stakeholders of their specific interest without disadvantaging others within the community.

3.2.2. Stakeholders

Stakeholders comprise of those parties that have a specific stake in, influence on, interest in or claim against an organization of for example a financial, legal or moral character (Carroll, 1991). Besides economical- and legal responsibilities also responsibilities on ethical grounds exist. Those comprise of al the norms, expectations and standards of the stakeholders that protect them in their rights and a fair treatment (Carroll, 1991). Examples of affected stakeholders could be the community, investors, consumers, clients, suppliers, employees, activists and other players in the sector (Lingane & Olsen, 2004).

3.2.2.1. Importance of social performance

The society is one of the affected players. They expect for example a growing number of companies to go further than creation of jobs, complying with legal standards and moral concerns. Companies are aware of this shift and realize that the only chance on a continuing existence is to give back to society. In this way, the community and the health of the organization are interdependent of each other (Strandberg, 2014). Social efforts can contribute both directly and indirectly to the performance of an organization. Yet, the society is not the only stakeholder group that should be pleased. Strengthening the relationship with stakeholders by recognition, thinking along and helpfulness also adds value to the organization. Examples benefits arising from certain satisfactions are mentioned in table 1, in a later section advantages and disadvantages will be discussed more extensively. Table 2 displays social performance methods to create benefits through giving back to the community (Burke & Logsdon, 1996).

Examples of benefits arising from social performance
Increasing loyalty and sympathy from stakeholders; reciprocity
Chances to enter new markets
Bigger selection in hiring new employees
Investors are more willing to invest
Positive word-of-mouth
Improved competitiveness
Consumers are willing to pay a price premium

Table 1 Examples of benefits arising from creation of social impact

Examples of methods to create benefits
Protecting the environment
Concentrating on humanity issues
Helping the community
Offering financial support to social initiatives
Fair pricing
Employee development
Improving customer services
Animal well-being

Table 2 Examples of methods to create social impact

However, to make useful efforts in an effective manner, it is necessary to know which stakeholders exist, what their interests are and how these interests can be fulfilled without disadvantaging other parties. Furthermore, it is important to determine the importance of interest of a certain stakeholder is for the company. Diverse stakeholders have an interest in and/ or influence on the organization, either in the form of their operations, results, management or other related actions (Savage, Nix, Whitehead, & Blair, 1991), but it is obvious that those diverse stakeholder groups have sometimes contradictory needs, even if it involves a social contribution to the community. Therefore a distinction should be made between the weight of interests. Legitimacy and power of the stakeholder are two important elements that could help to make this distinction. Legitimacy is concerned with the notion whether a party is justified by setting its claim or interest. Power is concerned with the influence a stakeholder can have on the organization. This influence can be performed through a large amount of financial resources, but also by social pressure or other factors that are important for an organization or its management and operations (Carroll, 1991). The challenge is to fulfil management's own objectives, the interests of primary stakeholders and on the other hand also satisfying the needs of remaining stakeholder groups, stakeholder management is in that situation a simple way to prioritise all issues.

Though, start-up companies often do not yet have the amount of stakeholders other, further developed companies have. Once starting up a company, a lot of documents and government regulations must be taken into account. Not always is a large seed capital required, but when it is the case, in first instance family, friends and other relatives will be addressed whether they are willing to invest in the new business, before searching for capital by other expensive, risk taking, investors. Furthermore, a supplier is required to deliver goods when the aim of the company is to sell a product, but also to deliver basic needs for service companies. Before actually launching the company, the entrepreneur should analyse the market on its competitors and possible substitutes to evaluate the potential success of the business. Consequently can be concluded that the government, family, friends, relatives and other investors, suppliers, competitors, consumers and the former mentioned community are the basic stakeholders of a company. Of course, depending on the type of product or service more are already present or will follow. According to Carroll (1991) the five most important stakeholders are the investors owning the business, employees, clients, local community and the larger society.

3.2.2.2. Community interests

Since the community is the group of stakeholders focussed on in this research, their interests will be examined. Each community may have their own specific interests, but to give an idea of the interests a community can have, some common overarching examples will be mentioned in the table below. Joint life experiences, values, life-style, consumption habits, age, social class and gender can be of influence on the sort of interests the community has. Table 3 reflects possible interests of a community, though those examples are only for illustrative purposes; community interests are not limited to this list.

Examples community interests	
Sufficient and quality employment	Children's play areas
Clean and safe neighbourhoods	Dog walking areas
Privacy	No air pollution
Nature area's	Calendar of activities for all ages
Health care facilities	Safe and well flowing traffic
Quality school facilities	Childcare facilities
Sports facilities	Readily accessible supermarkets
Sufficient parking	Nightspots
Nature that is cared for	Well-functioning public transport links
Individual business areas	Fair pricing of products and services
Elderly facilities	Homeless shelter
Product recycling	Good road / area lighting
Fostering good mutual relationships	Well-being of humans and animals
Suitable waste management	Nature management
Legal assistance	Proper insurance policies
Fast working phone / television / internet connections	Minimal noise disruptions
Welfare (human and animal)	Sufficient housing supply, no surplus
Tackling vandalism and robbery	Clean drinking water
Easily accessible defibrillator	No scarcity of products or services
Public Participation in the City Council	Absence of electricity or gas failures
Decent road surfaces	Timely post / parcel delivery
Respect for human rights	Tax benefits
Qualitative bonds, bridges and linkages	Mutual respect and sympathy
Density	Quality of buildings
Financial support	Charities
Organic production	Prohibit toll roads
Quick respond of fire department / police force / ambulance	Reintroduce student grants
Flexible opening hours of shops and city hall	All-night public transport
Free interactive TV on all channels	Maintaining emotional local history
Modern governance implementation	Shorter waiting times to health care
Reintegration opportunities	Employment for those with distance to labor market
Rigorous checking of unjustified allowances	Reward for social responsible living e.g. lower taxes
Social housing RBB	Employment security

Table 3 Community interests

Chun (2005) creates a reputation paradigm to heal the gaps between internal and external stakeholders views, considering the importance of stakeholder management. To create a support base in the outside world, by for example investors, the community and industrial peers, companies should focus first on their internal perspectives. Improving the internal working environment for employees, use fair pricing strategies and acknowledge quality of delivered work could for example improve the quality of internal stakeholder views. All those strategies are only applicable once interests are recognized, interpreted and managed by the organization (Carroll, 1991). Roper and Davies (2007) clarify the importance of internal perspectives as driving forces of the external view of a company. That same research points out that for every specific stakeholder group an individual matching approach should be applied to fulfil needs, rather than trying to satisfy all groups with the same equivalent features.

3.2.2.3. Social contributions per sector

In which way an organization is able to contribute to the society depends partly on the type of organization, their nature and sector. Furthermore, motivations to strive for direct or indirect results of their efforts are also determinants of the efforts that will be made to contribute in a positive way to the community. This research makes no further distinction per sector, though each sector is able to contribute to the society in their own way. Below table 4 depicts a list of examples of contributions an organization can make to the community, distributed per type of organization. These examples are only intended as an illustrative representation to explain what possible differences there could be in social contributions per sector .

Type of organization	Contribution
Schools	Offer childcare at lunch time for those who are not able to go home, cooking classes to prepare for independent living
Government	Evening hours for working people, service counter for the elderly without a computer, reading and writing classes for unlettered, governmental support for social efforts in the community
Medicine	Provide information sessions
Banking	Provide cheap loans to social initiatives in a community
Construction	Maintenance and repair of clubhouses and sports clubs
Travel agency	Spend a day in a zoo for disadvantaged children under the age of 18
Hospitality	Offer a lunch / drinks to the cleanest neighbourhood in town
Newspapers & magazines	Pay attention to social initiatives in a district each release, for example on one page. Raises awareness, stimulates others and free publicity.
Accountant offices	Annual accounting courses at sport clubs in a community for those people that are responsible for financial matters.
Law firms	Inexpensive divorce help for the poor, partly for the protection of children
Retail	Late night shopping with a 10% additional discount after 18.00 hours

Table 4 Contributions per type of organization

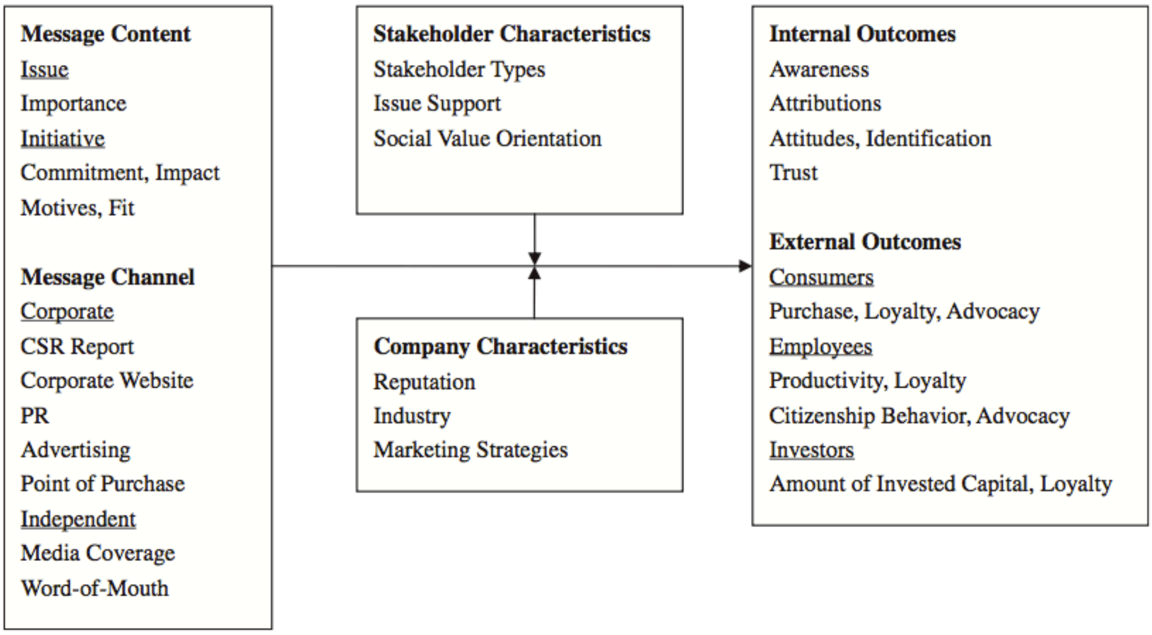
3.2.3. Stakeholder management

As stated before, to make useful efforts in an effective manner, it is necessary to know which stakeholders exist, what their interests are, how these interests can be fulfilled without disadvantaging other parties and how important interests of a certain stakeholder are for the company. Diverse stakeholders have an interest in and/ or influence on the organization, either in the form of their operations, results, management or other related actions (Savage et al., 1991), but it is obvious that those diverse stakeholder groups have sometimes contradictory needs. To gain optimal benefits a clear stakeholder management approach can be of assistance. Roper and Davies (2007) clarify the importance of internal perspectives as driving forces of the external view of a company. As already stated, it is essential that every specific stakeholder group is provided with an individual matching approach to fulfil their needs, rather than trying to satisfy all groups with the same equivalent features.

A sudden, intense focus on SE and showing off those efforts to the world will cause suspicion. Persuasion of good intentions may also have the possibility to be interpreted incorrectly. Two reasons therefor are the willingness of people to avoid advertisements and the generation of resistance when the message is forced upon the receiver (Fennis & Stroebe, 2015). However Fishbein and Ajzen (1977) argue that once people's beliefs are changed, this eventually will result in a change of attitudes towards an organization. Stakeholders are at all times interested in all that affects them, however sudden changes, or intense communications are not immediately understood and will require explanations for profound underlying motives (Du et al., 2010). One way to change someone's beliefs is through mere exposure. Frequently exposure to a message of a good effort of an organization will be evaluated more positively over time. These positive evaluations associate the organization with the good efforts, resulting in more positive attitudes towards the organization over time (Fennis & Stroebe, 2015).

Attitude formation rather than change is involved when the issue is novel and unfamiliar. Start up companies could slowly introduce the concept from the beginning. Therefor a small start and subsequently a larger expansion is a possible effective approach. What social topic to focus on depends on the type of organization and the relevant stakeholders. However, the previous section 'Stakeholders' points already out the sort of interests that the community has. Of course, depending on the personal characteristics of the community, these interests will differ or correspond.

Implementation of the selected social strategy and communication is broadly in line with the scheme of Du, Bhattacharya & Cen (2010) below. According to their research six elements are mutually dependent; the message content, message channel, stakeholder characteristics, company characteristics, internal outcomes of the communicated strategy and the external outcomes. In a situation where no match exists between those elements, the desired result will not be met and the intended benefits of the efforts will be inferior.



A framework of CSR communication

Figure 2 A framework of CSR communication (Du et al., 2010)

For example, a social focused organization communicates commitment to make efforts for the community, in the form of the organization of a day for elderly who feel lonely. The message content will include the commitment and all efforts that the organization makes in order to organize a pleasant day for elderly. The message channel will incorporate the corporate website, advertisement posters around the city and in elderly homes and the word-of-mouth. A necessary fit should be made between the target group and the medium used. Since the stakeholders are aged, often do not have a computer; social media will for example not be an effective medium. As a result, internally employees identify themselves with the organization, whereas investors, suppliers, consumers and employees have more sympathy for the organization, resulting in enhanced loyalty and trust externally.

3.3 Chances for social enterprises

Chances for social enterprises	
Good corporate image	More appealing to stakeholders
Stakeholder loyalty and reciprocity	Willingness to pay a price premium
Entering new markets	Wide variety of employment applications
Positive word-of-mouth	Greater willingness to invest in the business
Financial independence	Business operations can contribute to the mission
Organizational capabilities grow with resources	Mutual community support

Table 5 Chances for social enterprises

Having a social enterprise has several advantages above traditional enterprises and philanthropic organizations, this in addition to the advantages for the community and environment. Based on literature, the in table 5 mentioned advantages are found. These advantages form the primary explanation why an entrepreneur should start a social business instead of a traditional business. The section below describes in more detail what the benefits of those chances actually are.

The main advantage above a traditional organization is the creation of a positive corporate image by performing socially responsible. Gains from CSR are multi-facetted throughout a business. An increasing amount of entrepreneurs understand the relevance and profitability of the social sector (Emerson, 2000). Stakeholders are choosing more consciously organizations they support. Not contributing to the society or environment will be punished, whereas positive evaluations will be rewarded with for example consumer loyalty. Other possible benefits arising from certain satisfactions are among others an increasing loyalty from stakeholders, positive word-of-mouth, willingness to pay a premium price, chances to enter new markets and bigger selection in hiring new employees. Investors noticing an enhanced loyalty from for example customers are more willing to invest in the company. Yet, stakeholders might not directly observe being committed to creating sustainability alone. Communicating this strategy to the outside world is therefor essentially. It will gain trust and sympathy and enhances the reputation of the company (Du et al., 2010). Besides, doing good to others will return reversible according to one of the principles of Cialdini and Goldstein (2004) about reciprocity.

An advantage of a social enterprise above a philanthropic organization is its financial independence (Lazarevski, Irvine, & Dolnicar, 2008). Funds still need to be raised, but the organization is not only dependent of donations or governmental support. Since the organization aims to generate financial returns as well as social returns, it is more attractive for investors to invest social responsible with additional financial return. This advantage is also in line with the perception that business operations can contribute to the mission of the organization and organizational, staff and possible donor perceptions (Smith, Cronley, & Barr, 2012). Organizational capabilities grow with resources; financial, employment, knowledge, equipment etcetera. The more financial resources available, the more a company is able to serve the community (Smith et al., 2012). As a social entrepreneur chances such as entering new markets and reducing operating expenses come across. Other companies following a corporate social responsible strategy will prefer a party that pursues the same interests (Rabobank, 2016).

What goes around comes around as the proverb says. Making efforts to community interests at all times will eventually be noticed by people. This creates increased sympathy and loyalty towards the company. If the company needs outside support, the community will probably also be willing to offer its assistance to the company.

3.4 Threats and inefficiencies of social enterprises

Inefficiencies of social enterprises	
Need for a wide ranging network	Trade-off between investing in knowledge or investment opportunities
Greenwashing	70% quit after three years due to complexity
Changes in legislation	Innovative business concepts that are not yet proven
SR to the detriment of profit	Lack of financial resources
Reconsideration of secondary objectives	Difficult to build up stocks
Obscurity in return on investment	Obscurity in relation between risk and return
Missing measures of effectiveness in the organizational information systems	Confusion or sudden changes in communication strategy

Table 6 Inefficiencies of social enterprises

Besides advantages, a social entrepreneur faces difficulties in his entrepreneurship. Based on literature, the in table 6 mentioned threats are found. These threats form the primary explanation why an entrepreneur should be careful to start a social business. The section below describes in more detail what those threats actually are and how they could be of influence on the organization.

As appeared from previous researches of among others (Leavit, 1951), (Voorn, 2016) and (Fournier & Avery, 2011), social networks are crucial for a sustainable business. Essential for a starting business is to connect with people and organizations in the market, obtaining knowledge, ideas, funds and other aspects stated earlier. However, parties in a network could also interfere in achievement of the mission in case of collapsing interests. A summary of inefficiencies of social enterprises is given in table 6.

An extended network can also help to overcome the problem of lack in knowledge around social entrepreneurship. Despite the fact that CSR exist for decennia, an unambiguous efficient approach does not yet exist. Since investors require higher returns in smaller time frames, it is difficult to consider whether to choose for enlargement of knowledge or remain with the normal business operations (Emerson, Dees, Letts, & Skloot, 1999).

At all times trust is the basis for maintenance and durability of a relationship. Sincerity underlies this trust. Unfortunately, there are businesses around the globe that take an advantage of the good image of social performance. Since the amount of organizations focussing on green performance, being social responsible and social performance aspects remains growing, and stakeholders increasingly require organizations to focus on this, interest is found at many organizations to focus on this phenomenon. Besides, competition is massive and a distinction should be made somewhere. Nevertheless there are organizations in the world, acting and communicating being socially responsible to the environment, yet performing in a manner that is in no way related to genuine green behaviour. Another possibility is the distribution of products as being green without actually being true, which misleads consumers in their purchase and usage. This type of fraud is known as 'greenwashing' (Chen, 2010). This type of misleading damages not only the company it concerns, but also the entire market of socially responsible businesses. Stakeholders' trust is damaged and questions are raised whether other companies in the market are actually trustable. Therefore, greenwashing must be avoided and companies need be honest at all times (Chen, 2010).

Contradicting to greenwashing companies, companies actually implementing CSR have to communicate their efforts in order to gain sympathy of their stakeholders. Ignorance impedes the relationship between stakeholders and the company. Depending on the nature of the company, stakeholders will act more or less favourable towards their interests. This in combination with lack of knowledge impedes the organizations management (Du et al., 2010).

Uncertainty about possible changes in legislation, unfamiliarity with the new business models and ambiguity of the relationship between social and financial value often demotivates social entrepreneurs to start their business. Additionally, the commercialization of the private and public sector cause increasing pressure on the legitimacy and operational capacity of a social enterprise. This makes it difficult for social entrepreneurs to align the legitimacy and operational capacity in the social value (Moore, 2000).

Social enterprises often have a new unique business concept that distinguishes them from traditional businesses. Their alternative way of operating enables them to become a successful social enterprise. However, those new concepts are often not yet proven to be actually successful. Therefor investors are reluctant to invest and it is also difficult for them to obtain financial resources somewhere else (SER, 2015). Besides, operating socially responsible may entail higher costs to the detriment of profit.

Financial resources that could function as an opportunity in case of surplus, is a threat for organizations at shortages. It becomes difficult to achieve social value, because less effort and resources are provided and investors require higher and faster returns, with limited sources and time. Tight controls are implemented to minimize risks for investors. This requires social entrepreneurs to make processes more efficient and effective and adaptation of secondary objectives will need to be reconsidered (Hofman, 2014).

Start-ups that are not yet able to think about adaptation of secondary objectives might even experience problems with stockpiling. Since there is not yet motion in the cash flow, financial resources are limited accessible. However, before being able to trade, stocks must be easily accessible or negotiated and contracted at very short delivery times. Though, considering the weak bargaining power most start-ups are not able to enforce these conditions (Verloop, 2015).

Another issue that may discourage investors to commit themselves fully is obscurity in return on investments. Several different studies of among others Kramer et al. (2006), Borgers et al. (2015), Olsen & Lingane (2004), Emerson (2000) and Deuten & de Kam (2005) try to make social return transparent by expressing social improvement in a sort of value, however it remains difficult to attach a value to certain results. Tracing back the impact to a person or activity seems well as nearly impossible. A basic impact example; a waste treatment organization that sends a dustman to pick up waste every week is of relatively low costs, but has a tremendous impact on the well-being of a society. It is deemed almost self-evident that the dustman performs his job every week, once this is not the case, it will create dissatisfaction in the society and lead to a contamination of the environment.

Even more important to determine is the amount of risk involved (Emerson et al., 1999). Not being able to assess the amount of risk involved in an investment will cause restraint, it is difficult to carefully consider the opportunities and make an informed decision. This impediment may result in lack of resources available for normal business operations. Therefore, unfortunately effectiveness is often missing in the information systems of social businesses (Letts, Ryan, & Grossman, 1999).

Complexity of a social enterprise is caused by the collision between the social mission and the normal operating activities of such an organization. Besides, young social enterprises often offer a product that is unfamiliar for the market, yet through this unsellable (Verloop, 2015). Unfamiliarity could also raise the feeling of attitudinal ambivalence, which includes the contradiction in positive and negative evaluations. However, this feeling of ambivalence could also be a positive thing. It raises the motivation to search for additional information (Fennis & Stroebe, 2015).

3.5 Starting up a social business

Nearly 60% of the new enterprises quit after three years of existence. Yet, this number is with 70% even higher for social enterprises. The main reason for this difference is the complexity of the combination of a business models with a social mission. These entrepreneurs focus on sustainability, improvement of the international chain or increasing employment of disadvantaged people in the labour market, new healthcare concepts and strengthen social cohesion in neighbourhoods. Profit is for these organizations a means in order to remain healthy and scale up, it is not a goal in itself (Verloop, 2015).

A social enterprise develops partly other activities. As stated earlier, a social entrepreneur often goes further where another traditional entrepreneur stops. For example, the social entrepreneur consciously addresses to focus on difficult target groups or makes his service provision concentrating on tough social problems whereby low efficiency sometimes should be taken for granted. Social entrepreneurs choose rationally to precede social value over the financial value (SER, 2015).

Starting an organization begins with a problem, deficiency or ambition. Building on to a sustainable business requires solutions, taking risks, out-of-the-box thinking, perceptive insights and knowledge in order to come up with a fitting solution. A clear and concise stated definition of the problem and solution is required by investors in order to find investors willing to invest in your idea. Furthermore, having a team of experts and innovative entrepreneurs strengthen the basis for future development (Ysaguirre, 2013). Often is thought in large terms when making a difference by applying a corporate social strategy in addition to a strategy of being profitable. However, social performance is also possible in a small start. Normal business operations with a focus on minimal environmental pollution by for instance acquisition of a fuel-efficient company car is an example of such a small start (Rabobank, 2016). For a community could a small start comprise of having flexible opening hours, or a decent customer service. Extension of these responsibilities can grow within years, alongside the business growth.

Similar as all traditional companies a social enterprise imperatively seeks to create value for their customers with use of the products or services they provide in order to be financially self-sufficient. Without those efforts social enterprises are not able to generate their own financial resources. Sales of products and services can also be used to emphasise the social impact the organization is trying to make. In these situations social enterprises emphasise their efforts to have a social influence so that customers are aware of their responsible buying decision. In some situations this extra emphasis can convince certain groups of customers of the additional value. Furthermore, it might be possible that organization have distinct products or services for creation of a social impact and for being self-sufficient (SER, 2015).

Experiencing difficulties in collecting investments requires an alternative way of thinking and action, increased innovativeness and actions such as for example a fund raising campaign or claiming government subsidies. Another approach that could enhance the willingness of potential investors is strong media attention and advertising (Fournier & Avery, 2011). A funny or surprising advertisement will easily be spread by the word of mouth, just like commitments made to the community, which reduces costs of a wide spread commercial instead. People choose voluntarily to watch commercials via for example YouTube on the recommendations of relatives. Despite the uncontrollability of social media, research point out that one third of the online critics are negative against two third of positive words (Voorn, 2016). Once building the brand with use of advertising, associations are created in the brains of consumers. A funny or surprising advertisement increases the word of mouth and therefor also the association network of the business according to the spreading activation theory of memory (Anderson, 1983). The stronger the brand, the more associations are created and the more situations remind people to the organization, brand or product.

According to Kotler and Keller (2014) the introduction phase of a product or service a business should focus on higher income groups, because products are often more expensive in this phase due to high introduction costs. Introducing a free product trial and readily available information, supports the introduction in the target market. Kotler et al. (2014) view the market in which an organization operates as its competitive frame of references. Focus should be on the points-of-parity, which includes all criteria that should be met in order for an organization to be considered at all. These points are in commonality with other organizations in the consideration set. Next should be focussed on points-of-differences; these points are those aspects that differentiates an organization from its competitors (Kotler et al., 2014).

3.6 Life cycle and social influence

Companies go through different phases during their lives, generally speaking; seed and start-up phase including the first two years of existence, second phase including the second till fifth year of existence and exit and/or sustainable phase, which includes existence of five years or longer (Janssen, 2016). Each phase has specific characteristics and needs to make the business grow. During those years, the mission guides the organization through their decision-making. A clear and concise stated mission determines the opportunities that the organization enters into and how those opportunities are perceived (Dees, 1998).

A few years ago, the period for development of companies was rather predictable. Nowadays, some organizations may grow faster than before with use of the Internet. This development has changed the requirements of investors. Values should be maximised in a minimized time frame (Emerson, 2000). An investment comprises of resources offered to an organization that help to generate a certain return in order to obtain a value that is greater than the initial value of the investment (bv., 2007). Both the initial investment and the return do not necessarily have to be financial in nature.

Depending on the life stage a company operates in, various investors will come and go. Risks and required returns are core for this decision. Community venture capitalists are investors seeking for social initiatives to support financially. Those investors provide finance in the form of equity to support the free cash flow (Emerson, 2000). Seven groups of investors can be outlined from private- to social equity investors. Those types of investors are; traditional philanthropy, venture philanthropy, community debt financing, community development equity/ VC, angel investors and social venture capital, socially responsible investment funds and traditional capital institutions (banks, mutual funds, etcetera). All those groups have their own characteristics toward required returns and other factors they require. Some of their requirements are; maximizing social impact, efficiency and effectiveness, innovative social programs, financial returns and minimization of negative social impacts (Emerson, 2000). According to Dees (1998) the efficiency or effectiveness of a social enterprise is not measurable by means of persistence.

Creation of an optimal match between investors and the organization increases value for both parties. Hillier et al (2010) describes two strategies to generate this match. One strategy requires activity from the organization and passivity from the investors, whereas the other strategy works the other way around. The first strategy, including activity from the organization, is to adapt the financial terms and conditions of the organization to the demands of the desired group of investors. The second strategy, including activity form the investors, is searching for those companies that come up to their specific requirements in yield.

Throughout the phases of a life cycle, whether the company focuses on economic success, social value or both, the company has special needs for investments (Emerson, 2000). A number of agencies in the world are focused on providing financial resources to organizations working for social welfare. Entrepreneurs striving to create a social enterprise can ask for instance for financial support by investors like the World bank, the Global Impact Investing Network (GINN) or Social Impact Ventures NL, abbreviated also known as Social IV (Denormaalstezaak, 2014). As an example, the Development marketplace is a world bank that supports young entrepreneurs with innovative ideas to provide the community of social value (WorldBank, 2016). GIIN is an organization that attracts investors to make impact investments. These are investments in funds and organizations around the globe that work towards generation of financial and social returns (GIIN, 2014). Also individual investors who focus on social responsible investment (SRI) can be addressed. This type of investors emphasise both social and financial return in the fourth sector.

Conventionalists assert that a company is not able to maximize both financial and social value. Only one of the two can be maximised, whereas the other will have to moderate. However, according to the global impact investment network, the amount of impact investors grew significantly from only a hand full to a few hundreds of social investors. The challenge is therefor, to obtaining both values as high as possible. Emerson (2000) determines an optimal investment through recognition of the combination of economic and social value for the fourth sector. In his research the 'blended value proposition' (BVP) is developed, that guides organisations, investment opportunities or society to achievement of financial success and maximized social benefits. The significance of the model is according to Emerson not the creation of wealth or social change, but he stated the significance of; "*The creation of value, applying resources to the creation* *of the greatest value possible and the simultaneous pursuit of both economic and social good for investors and investees, as well as the greater community and global Integrated Social Capital Market place*" (Emerson, 2000). Blended value creation is in short described as all of the instruments and strategies that purposefully pursue a creation of financial, social and/or environmental value (Harji & Hebb, 2010). To obtain resources different funding agents of organizations can be distinguished; individual donors, family foundations, managed foundations, community foundations, corporate, major national foundations, lending institutions and the government (Emerson, 2000). For further information about the Blended Value Proposition I refer to the article of Emerson (2000). I will not go into further detail about the model since it is not relevant for this research.

3.7 Financing considerations

Since governmental funding for social initiated parties declined over the past years, social entrepreneurs are forced to seek alternative ways to survive. One convenient way is to combine the advantages of a commercial organization, such as the competitive setting, flexible business management, striving for new innovations and knowledge, with the strategy and management of a philanthropic organization. In the long run, organizations can be self-sufficient and being able to deploy for the society and the environment at the same time (Landsberg, 2004). Without sufficient funds, no mission can be pursued. Besides, according to Dees (1998) the value of a social enterprise can on one hand be measured on the basis of the economic value it generates. However, he also acknowledges that some social generated value is not measurable in terms of economic value, because it is not always intended to 'sell' something. This is another reason why it is difficult to measure the actual value. Who is paying for the resources or service used to for example clean up a city? And who contributes? Donations, volunteers and grants are often used in those situations. Unfortunately make all those aspects the accounting of a social enterprise more difficult. Researches of Kramer et al. (2006), Borgers et al. (2015), Olsen & Lingane (2004) and Deuten & de Kam (2005) examined different ways to value and evaluate social return. Those approaches will be discussed in a later section of this research.

Social businesses have the choice to use internal funds of accumulated profits, or external funds such as borrowings for pursuing the mission. Whether to choose external or internal funds depends among others on financial leverage of the organization. From an economic perspective, there are some theories that may help to make an informed decision. The Pecking order theory and the Static trade-off theory (Calabrese, 2011). The pecking order theory predicts that organizations prefer debt to equity when external financing is required, however it is recommended to seek first for internal financing (Hillier et al., 2010). The Static trade-off theory on the other hand inquires an optimal level of financial leverage. The theory elaborates on the notion that debt is tax deductible and therefore decreases the amount of taxes to pay due to a lower profit subjection to taxation. Though, an optimal amount of debt must be balanced, because the benefits of debt are not infinite. At a certain point, the cost of another euro of debt is equal to the gains of tax deduction. From there on, every additional euro of debt will have an adverse effect on the tax gains. This trade-off is caused by the increasing amount of risk for debt financers, therefor charging an additional compensation (Hillier et al., 2010).

The financial flows of a not-for profit organization are complicated due to donations and grants. Both resources are provided to an organization without a change of ownership (Emerson, 2000). Furthermore, the government has restricted rules for usage of donations in accounting. It is not allowed for an organization to use donations as a collateral or compensation for liabilities (Calabrese, 2011). Due to the complexity of accounting data, Calabrese (2011) expresses his preference for the use of the Pecking order theory. Internal finance is indeed preferred above external finance, even though there is also a preference for a little external financing in order to build internal reserves for unforeseen circumstances or growth in the future. Another reason is the high cost of external financing if the organization has a lack of internal funds.

3.8 Value calculation

As frequently noticed, it remains difficult to value and give meaning to social impact. Despite the importance of learning driven decision-making, social decisions often made without required underlying knowledge (Company, 2016). However, there are some researches that try to overcome this problem. For example research of Lingane & Olsen (2004) quantify and give meanings to returns with social and/or environmental consequences. Why is a wider perspective on returns on investment so important? First of all, identification of social returns supports well-informed corporate management on a periodic base. Besides, a thorough analysis of alternatives enables a company to gain both maximum financial return and social return for the environment (Lingane & Olsen, 2004). Another way management with focus on social return will pay-off be through long-term profitability. Examples of aspects that may contribute to an increase in long-term profitability are customer loyalty, productivity gains and new products or (geographically) market opportunities (Burke & Logsdon, 1996).

Earlier in this research was stated that current investors require increasingly higher returns in shortened time frames. However, the question remains what is a fair time frame for investments? Without concrete numbers or benchmarks, social return still may have value for the society, but no concrete meaning for a business, its investors or other interested stakeholders. With use of actual numbers and frameworks performance can be evaluated in in relation to the required investment (G. Deuten & G. de Kam, 2005). Different studies such as for example of Kramer et al. (2006), Borgers et al. (2015), Olsen & Lingane (2004) and Deuten & de Kam (2005) examined ways, set boundaries and inventoried obstacles to value, give meanings and evaluate social return. Two major differences may be expelled between a traditional cost-benefit analysis and a social return on investment analysis. First of all, traditional cost-benefit analysis is used less often as a social return on investment analysis. Furthermore, as already stated, a thorough analysis of social return on investment enables a company to gain both financial returns and social returns (Lingane & Olsen, 2004).

Olsen & Lingane (2004) recommend in their research the importance of calculating the financial and social returns strictly separated. A reason to do so is because of the defective condition of the market valuation of social benefits. To prevent double measures and measures beyond real values, every aspect in calculation of financial and social value should only be counted once, either in the financial calculation, or in the social. Furthermore, social return created by a company should be a competitive advantage that separates the business from its competitors in the industry. Therefor only those impacts that are actually generated by the business for which the SROI is calculated should be counted (Lingane & Olsen, 2004).

Following paragraphs will explain the social cost benefit analysis, social return on investment and Balanced- and public valued scorecard. These are only some of the methods that can be used to measure social impact; effective to get insights, uncluttered and easy to use. Which method to choose depends among others on the organization, type of efforts made, parties involved, costs and time frame.

3.8.1. Social Cost Benefit Analysis (SCBA)

A cost-benefit analysis on the impact of social return is made to trade of the social cost and the benefits arising from those sacrifices. Unfortunately, on macro-level there are still no exact figures known of social enterprises in The Netherlands. One reason therefor is that most of the organizations, considering social impact are relatively small of size (SER, 2015). Though despite this, organizations are trying to measure their impact in order to get insights into their performance.

The social cost benefit analysis (SCBA) is a means to get insight into social profitability and efficiency of business opportunities (Wortelboer-van Donselaar & Visser, 2012). Both public and private projects can be analysed with use of this approach. Furthermore, the SCBA arises from the traditional cost-benefit analysis. Effectiveness lies in the combination of a traditional cost-benefit analysis with aspects such as economic and social development, spatial quality and sustainability. Former mentioned aspects are often not at all, or to a limited extend, taken into account in decision making procedures (Wortelboer-van Donselaar & Visser, 2012).

Sometimes it is difficult to assess the full and true amount of social costs. Costs stated in these situations are also known as shadow prices. Shadow prices are a form of opportunity costs of a project that are not known, or not actually reflected to their true amount. This problem narrows specificity of the SCBA (Dictionary, 2016). Furthermore, the social benefits arising from investments might be uncertain in some cases, however sometimes by some companies taken for being certain. On the other hand, an advantage of the method is the comparison of the total costs with the impact a decision can make, but these total costs and impact might be correlating in some cases (Sadik, 1978). Considering all of this, the question remains whether the results from this method are comparable to other companies.

Despite this caution, the SCBA is an useful approach to gain further insights in the impact of an investment besides the financial figures. When the total amount of benefits, divided by the total amount of costs is smaller than one, the project or opportunity should be accepted, because in this scenario the benefits arising from the project are superior to the costs need to be made to arrange the project. In all other situations there is no extended positive impact generated, or this impact is equal to the efforts and sacrifices made.

3.8.2. Social return on investment SROI

SROI analysis is a more periodical way of analysing social investment opportunities. This approach is not often used for regular analysis of investment opportunities (Lingane & Olsen, 2004). It measures not only social return, but also the financial returns generated. An advantage of the SROI is the ability to measure outcome instead of output. However, two disadvantages are the availability of expected information and the costs of performing an SROI analysis (Rotheroe & Richards, 2007).

1. Measure the impact of the investment opportunity in non-financial terms
2. Transform impact into financial terms to form cash flows
3. Add all cash flows together
4. Discount the cash flows against their discount rate
5. Divide the discounted cash flows over the periods they belong

In order to assess the impact of the investment, both positive and negative outcomes for all stakeholder groups should be included in the calculation. After stating all impacts, the business should exclude the ones that are not directly attributable to the operations of the organization. Social return created by a company should be a competitive advantage that separates the business from its competitors in the industry. Therefor it is important to count only those impacts that are actually generated by the business for which the SROI is calculated (Lingane & Olsen, 2004).

As stated before, Olsen & Lingane (2004) recommend in their research the importance of calculating the financial and social returns strictly separated. A reason to do so is because of the defective condition of the market valuation of social benefits. To prevent double measures and measures beyond real values, every aspect in calculation of financial and social value should only be counted once, either in the financial calculation, or in the social calculation.

In case of projects with duration longer then one period, the appropriate discount rate should be addressed. Discount rates are positively correlated with the perceived amount of risk of the investment opportunity. The exact discount rate should be carefully determined, because it has the ability to make substantial differences in the ultimate decision making process (Hillier et al., 2010).

Once a SROI analysis is performed, the result might still lack of meaning. In order to gain further insights, the SROI outcome should be placed in a certain context. Equations should be made with comparable situations. This might be with last period's results, results of competitors or with other young companies. Before choosing a comparative situation, must be determined whether the intended settlement is appropriate. Only that case the evaluation is valuable for making informed decisions.

3.8.3. Balanced- and Public Valued scorecard

According to Deuten en De Kam (2005) the Balanced Score Card (BSC) is used by both profit, non-profit and social organizations to obtain broader insights into the financial-, customer-, operational- and developmental perspectives. According to Kaplan (1995) management is determined by the choice of performance measures. Single financial measurements are backward looking and therefore not suitable for current companies to manage sustainability in fast changing environments. The balanced scorecard gives broader insights in aspects of importance for continuation of organizations.

Despite the BSC is an used method in non-profit and social organizations, a slight adjustment to the model has to be made in order to provide a valuable outcome. This adjustment comprises an additional category; social perspective (G. Deuten & G. de Kam, 2005). However, Moore (2000) argued that this adjustment might not be enough to get insights in the performance of a social (or non-profit) company. Therefor he developed another model to overcome this problem. The Public Valued Scorecard (PVS), an alternative approach to strategic performance measurement aimed at measuring the valuable results for social and non-profit organizations.

A critic on the BSC is among others that the model was used to increase financial returns, despite social- and non-profit organizations' goal is to create a social return. Financial funds are necessary, but not a main objective in itself. Furthermore, customers are sometimes hard to define for non-traditional organizations. The last critic on the model is based on the goal and the use of the model. The model is used to create a competitive strategy based on competences of the company. Social organizations need to be competitive in order to generate financial returns. However, for creation of social return competition might be destructive. Cooperation is fundamental for efficiently generating social return.

PVS was concerned with three key elements; the creation of value, legitimacy and support and operational capacity (Talbot, 2008). The basis for this model is the public value strategy, which incorporates the former threesome of estimates that need to be made to ensure an appropriate management strategy. 'Creation of value' incudes the utmost value an organization attempts to create, whereas 'legitimacy and support' category is concerned with stakeholders that provide financial support in the form of donations, consuming goods or services and other parties providing financial support to cover a part of the operational costs. 'Operational capacity' is concerned with capabilities of the organization to realize its goals stated in the category 'creation of value'. There is a difference between operational capacity in the PVS model and organizational capacity in the BSC. This difference lies in abilities of an organization to provide own resources in order to operate. Since social and non-profit organizations often need support or collaboration to achieve desired goals, the PVS model incorporates an additional category 'operational capacity' (Moore, 2003).

3.9 Influence of the sector and government on social returns

The European Union started in approximately 2010 a program called the Social Business Initiative. This program was created to identify the social initiatives in the European Union. As appeared, all countries had such initiatives and regulations. The Netherlands was the only country that did not take the initiative seriously. The Dutch government paid relatively little attention compared to other European countries. Acknowledgment and recognition of the sector required a long time to develop, focus is found on creation of prosperity in terms of financial welfare (Verloop, 2015). However, prosperity should comprise of more than financial welfare, also well-being, employment, the environment and other aspects that are related to the quality of life.

Social entrepreneurship can occur in any given sector. However, differences between sectors are substantial and therefor it is hard to mention all the rules and legislations that apply to this type of companies. There are several considerations in legislation and regulations that are applicable to all sectors. Those aspects are explained in this section.

3.9.1. Legislations

An optimal relation between the different sectors, types of organizations and the government is essential for social businesses to survive. Government regulations help among others to create a sustainable relationship (Leadbeater, 1997). Various public bodies should be taken into consideration, such as; Local government, Central government of a country and the European union (Leadbeater, 1997). It is not mandatory for entrepreneurs to consider social entrepreneurship. Nevertheless all entrepreneurs are required to adhere to minimal social guidelines such as; OESO-directives, de ILO norms, Global Compact and ISO 26000 (Rabobank, 2016). Beside guidelines stated by the government to prevent social damage, also grants are offered to those companies that lack financial resources, but are committed to enhance well-being and the environment. However, social enterprises experience that grants are not often given and require patience before being distributed (SER, 2015).

Start-up organizations either chose their legal form as profit making, or non-profit making. Despite the choice made, in either situation organizations have to deal with social as well as financial value (Emerson, 2000). Nevertheless, not all countries does the legislation allow philanthropic organizations to ensure their income alternatively. In Canada for instance, legislation impedes philanthropic organisations to generate business returns in order to obtain finance for their mission (Aptowitzer & Dachis, 2012). Social and Economic Council in The Netherlands is a council that advises the Dutch government and parliament on the outlines and implementation of policies and key legislations in this sphere. This council is also involved in the implementation of some laws (SER, 2015).

From professional field is frequently stated that social entrepreneurs are confronted with bottlenecks in legislation and regulations. High costs in order to comply with the laws and frequently changing legislations are the main frustrations. The innovative characters of those companies often cause problems with among others standardized systems of the government. Start-up companies are impeded in operations due to additional transaction costs and work. Besides there are strict boundaries for innovativeness of companies due to regulations, which impedes companies from further research of their innovations. If permissible by law, officials can still counteract. The mind-set of officials is often risk-averse. Barriers in legislation are seen that may not actually exist. Past experiences with abuse and failing innovations are causing strict regulations and risk-averse attitudes. Though, it does lead to inefficiency of the Public Procurement Act, which offers more opportunities than are actually utilized (SER, 2015).

Changing legislations may affect the value of investments. Furthermore, in the long term this could undermine the investment climate of organizations. The timing of changing legislation is also difficult to determine. Many parties are involved and also many aspects must be taken into account. Moreover, what is beneficial to one organization, may adversely affect another. This makes it difficult for both the government and the organizations involved (SER, 2015).

The municipal policy consists of several departments; each department has to be addressed individually. An organization striving a broad social mission that covers various fields will have to spend a lot of time visiting each department separately. Efficiency is not yet achieved in this matter (SER, 2015). The Association of Dutch Municipalities strives to create one contact point for all aspects of social entrepreneurs within a municipality.

3.9.2. Financial support

Besides stating clear legislations, the government also tries to support businesses to commit themselves to generate social impact. Among others one way to do so is by means of Social Impact Bonds. Those are contracted performance agreements between the government, private investors and an organization (SER, 2015). Those arrangements may take various forms, however the bottom line is that the government pays an enterprise for successfully accomplished social objectives.

Social Impact Bonds provide a common focus of all parties to addressing social problems in such a way that it is both measurable and noticeable. The government is able to increase the social impact whereas the financial risk for poor performance is transferred to intermediaries and private investors. The target group is able to benefit from rewards for success and increased opportunities for preventive approaches. Financial support is for a long period given in advance and in case of successful performance, the approach will be spread out over a larger area. Furthermore, another benefit arising from certain contracts are the opportunity for investors to invest in projects with returns that where not previously accessible (SER, 2015).

Another way to support social initiatives such as for example offering chances to people with a distance to the labor market, is to provide those organizations wage cost subsidies for every employee they offer employment with a distance to the labor market. This budget can be used to offer them suitable workplaces with the right guidance and development. In this way it is more attractive for organizations to invest in certain people and makes the appearance of any possible obstacle smaller (IJland, 2016).

Obviously, there are not only advantages. Social Impact Bonds can only be obtained by well-developed and tested projects with a certain degree of certainty. The testing phase comprises of testing the impact of the idea, the outcomes, and which external influences need to be taken into account. Considering those specific requirements, social Impact Bonds are not very suitable for small projects. Besides, the government is only willing to invest when it is most likely that a significant social impact will be obtained (SER, 2015).

Make use of Social Impact Bonds is not the only way that the government can support social enterprises. Other ways could comprise of stimulations to buy from such enterprises or providing social focussed businesses fiscal rewards (Verloop, 2015).

Concluding from data collection

From the literature review can be concluded that social return is not created alone. The topic is broad and valuable both at de supply and demand side, but need creativity and risk taking to apart from the rest. Interactive social capital and transactive social capital are both essential to focus on. Critical consumers expect more and more the utmost of organizations to comply with their specific needs for increased human and animal well-being.

This research focusses on the community. Within the community different groups exist and the interests of each of those groups should be careful considered. Rather than the same approximation for all groups, each group need to be considered individually in order to be of actual value. Young companies often lack resources, which cause approximately 70% of the young social entrepreneurs to quit within the first three years of existence. Lack of resources in all forms is often the main reason why young entrepreneurs quit. Though there are also chances for social entrepreneurs. Not only increasing demand from critical consumers in the society is a reason to start thinking socially. Social organizations generally have a good corporate image, positive word of mouth and opportunities to enter new markets, greater investment opportunities and are more appealing to stakeholders, resulting in loyalty and reciprocity. Besides, consumers or organizations are more willing to pay a price premium and in case of hiring new staff, a wide variety of employment applications arise. All these benefits may result in a growth of organizational capabilities, which contribute to the mission.

Though, unfortunately there are also some threats and inefficiencies for young and existing organizations. Also threats such as among others a need for a wide ranging network, greenwashing, changes in legislations, lower profit, obscurity in return on investment, lack of financial or knowledge resources and obscurity in relation between risk and return may exist. As stated before, some goals are too large to be pursued by a single organization. Therefor a wide ranging network is necessary. Resources are also not always available to comply with the entire request, or when they are available governmental legislations counteract. Sometimes a trade-off between investing in knowledge or investment opportunities is necessary even though some of the innovative business concepts are not yet proven. This also reflects the risks of distinctive entrepreneurship, innovativeness and open-minded thinking. For young companies these struggles may be even worse. Lack of financial resources, troubles with stock building and social return to the detriment of profit make 70% of the starting business quit after three years of trial. Besides, obscurity in relation to return on investment and between the risks and return make most of the entrepreneurs not even starting the adventure.

Controlling risk and return through measures of performance give insights in performance of the company and the actual social value generated. Which measurement method to choose depends on the type of project, and the nature of the organization. Though, when calculating the social value of a company, double measures should be prevented. A result is either related to financial value of the company, or to social value of the company. Unfortunately, as seems to be appearing form the literature search, it remains difficult to give meaning to the created social value. Multiple strategies are used to value businesses at their social contributions. Depending on the type of return created and the nature of the company a certain strategy can be employed. Social Return on Investment (SROI), Social Cost Benefit Analysis (SCBA) and the Balanced- and Public Valued scorecard are just some examples to value results. Yet value for an organization is incomparable to the value certain actions may have for the community. Countless times that organizations make efforts to enhance the well-being in society is unprecedented value for the people in society, especially those actions that could not have been created by their selves. Making efforts can take various forms from very small to large scale with long-term consequences. Which one to choose depends on the organizational goals, permitted resources, capabilities and legislation.

4. Field research

In order to obtain additional information from practise, some companies and experts are contacted and interviewed and for their professional view on social entrepreneurship. Interviews and expert judgements are collected from the Triodos bank (2016), PSO Apeldoorn (2016), Starters4Community (2016) and Asito (2016). These are all Dutch organisations. The two expert-judgements of PSO Apeldoorn and Starters4Community are Dutch initiatives to support others to strive for creation of social impact, however both in different ways. The following section will shortly point out what was shown in practice, extended results can be found in appendix 4 and 5. The used questionnaire is enclosed in appendix 3.

Concluding from field research

As already appeared from the literature review, 70% of the social entrepreneurs quit within the first three years of existence. Starters4Communities, a company that stimulates starters on the labor market to engage in social initiatives, experiences that with 73% even more of the participants in their social initiatives quit after being active for a short period in the social sector. Even though the projects of the organization in it were for 94% successful, participants chose not to remain active in this sector. This forms evidence for the difficulties people experience within the sector. One reason for those struggles might be the unidentified grounds on which the market is located. The so-called fourth sector is still emerging and organizations are searching for manners to implement social entrepreneurship effectively.

A clear distinction is made between social entrepreneurship and corporate social return. Social entrepreneurship takes additional steps to provide the target group of beneficial products or services that enhances their well-beings. Where on the other hand corporate social return is concerned with minimized damage for the environment and all parties involved, resulting from the organizations' normal operations. Furthermore can be concluded that social return is created both internally and externally. Internal social return comprises for example of good deeds for employees, providing them of training, a fitting working place, healthcare facilities, language courses and all other aspects that enhances their well-being. Though PSO argues that some of those aspects are not in specific social return, but instead a result of good employment practice. An example of good employment practise is intercourses with diseases of current employees. According to PSO providing solutions for existing problems that in first instance are not related to the organization creates social return. Dealing with, and propose solutions for problems that arise during the work, whether or not as a result of the work are results of good employment practises.

Additionally interviewed parties agree that interactions with stakeholders are essential at all times. First of all, social return is created to benefit external parties such as the society, for which the product or service concerns. In turn, delivering a good product or service benefits the organization itself to. Maximizing benefits for external parties requires interactions with those parties concerning to ensure their needs are fulfilled. Clearly identify who the target group is, what their characteristics are and which needs they have. Social initiatives can be obtained in different ways. The community itself can call on initiatives they would like to change in the society, organizations can take actions when they experience opportunities to enhance the community, or an organization is asked by another party to collaborate towards a social initiative.

Also arising from interactions with stakeholders are new insights and resources that can be gained. Besides, someone is standing stronger in a team than one party alone. Doing well to others is always restored according to Asito, which also appeared from one of the principles of Cialdini and Goldstein (2004) in the literature review about reciprocity. This assumption should form the basis for social entrepreneurship. Surround the organization with the right people, motives and goals acts like a sort of positive virus in the development of social return. Competition is not an incentive, yet a good, pleasant, liveable society. Social engagement and co-creation are therefor in specific of high value. Provide each other of access to knowledge, talent, creativity and dedication of highly educated starters in order to increase social impact. Triodos bank is an organization that provides social initiatives of financial resources. Their core business is to facilitate people, companies and organizations in usage of their money in ways that benefit people and/ or the environment and will promote sustainable development. In their experiences it is not the government that drives these initiatives, rather individuals, businesses and communities striving for social change. Off the loans provided in 2015 a 40% increase was generated by loans provided to social enterprises. Mainly in the sectors microfinance, organic farming, cultural projects, renewable energy, sustainable real estate and listed companies that are screened for their sustainable performance. As can be concluded from these results, investors are willing to make investments for social change. However, problems appear to be arising at the execution of those ideas. Triodos bank is one of the organizations supporting pioneers and initiators in the social sector. They view sustainability to be long lasting and effective over traditional organizations only focussing on financial returns.

Another aspect that all interviewed organizations agrees on is that communicating good intentions works best trough total transparency. Organizations are evaluated trustworthier and the actual value appears in a broader light. Use of different certifications and quality marks increases the value of the organization. However, there are too many different quality marks that should be taken into consideration that a simple overview is absent and also diminishes the value of the intentions.

5. Results

These aspects are depicted in the tables 7, 8 and 9. A distinction is made between information found in literature and practice. Also a distinction is made based on legal considerations, commercial or financial considerations and ethical considerations. Chosen is for a distribution of those three aspects, since literature of Carroll (1991) shows that these categories often yield tensions. Blanc spaces in the tables represent points that appeared either in literature or in interviews, though not in both.

Literature	Interviews
Legal Considerations	
Which legal form to choose; profit/ non-profit. Not all countries allow philanthropic organizations to ensure income alternatively	
Frequently changing legislations	
Legislation causes frequently trouble for innovativeness.	
Minimal guidelines; OESO, ILO, Global compact, ISO 26000	Minimal guidelines; OESO, ILO, Global compact, ISO 26000
Risk adverse mind-set of officials	Government is willing to think along
Negative experiences from the past cause restrictions/ boundaries now.	
Each department in the municipal policy needs to be addressed individually	Each department in the municipal policy needs to be addressed individually. Very time consuming
Changing legislations may affect the value of investments	
Subsidies to support good initiatives; e.g. amount for every employee with a distance to the labor market placed.	Offer subsidies for every employee with an distance to the labor market
Fiscal rewards	Fiscal rewards
Social impact bonds, though, not suitable for small project since they require lots of work	Social impact bonds, however, difficult to obtain, lots of paperwork and quality marks to comply with and make efforts measurable
Grants from the government however, difficult to obtain	Grants from the government, difficult to obtain, lots of paperwork and quality marks to comply with and make efforts measurable
Preferential treatment in procurement	Too much certifications to comply with. Though social organizations receive preferential treatment competitive tenders.
	Dutch participation act, 5% of labor force filled with people with a distance to the labor market, otherwise a penalty of 5000 euro per unfilled place.
	EUROSIF sustainable and transparent banking, mainly aimed at creation of social impact

Table 7 Legal considerations

Literature	Interviews
Commercial / Financial considerations	
Conventionalists state that one has to choose between maximisation of either social aspects or commercial aspects. Focus on prosperity in the form of financial welfare, or human/ animal well-being. Or self-sufficient organizations, investing in social initiatives.	Financial prosperity contributes to greater possibilities on social scale. Not complying with social issues will be punished. Social contributions result in higher economic value, higher appreciations from the market and all stakeholders.
Increasing demand for higher returns in minimized time frame	
Trade-off between knowledge investments and profit related investments	
High costs are associated with complying to legislations	High costs and time efforts to comply with all certification requests
Minimize risks and maximize returns	Collaborating might decline risks through additional insights, knowledge or other funds, or at least spread the risks. Besides, higher returns can be generated through more specified management and collaboration of the efforts.
Match between investors and organization	Choose your cooperation partners wisely. When doing business with other businesses, or provide them of resources, trade-off between having voting rights or not.
Start-up companies are impeded due to additional transaction costs and work to comply with legislations.	Social focus can have a small start besides normal business operations to deal with complexity, high costs and large amounts of work due to legislations

Economic value is measurable, social value sometimes not. Even though value for the society remains, meaning for the organization and investors or other interested stakeholders seems less since it is not tangible. Management determined by choice of performance measures. Single measurement methods are backwards looking and therefore not always suitable for managing fast changing sustainable environments. Identification of social returns supports well-informed corporate management	Investors increasing interest for a meaningful and measurable impact besides financial results. Social value can be made measurable through certifications and quality marks and makes it a competitive advantage. Choice of performance measures determines also which management strategies are chosen. Evaluation of an organizations sustainable performance (SRI). Increasing and valuating social return increases also the total value of the company.
Shadow prices	
Obtain resources with or without change of ownership? Legal restrictions to use donations as collateral or compensation for liabilities	Provide resources with change of ownership to have controllable interests in other organizations.
Either use internal profits or external borrowing to pursue the mission	
Growth machine; when organizations and politics combine their power to fulfil their specific benefits and enhance economic success to the detriment of defenceless parties in the society whose views be disregarded.	Insincere social entrepreneurship. Minimum investment, maximum depletion.
	Get in touch with other entrepreneurs in the field; collaboration is essential for success.
	Employing someone who needs additional attention or assistance may after a while become your best employee.
Sometimes limited resources available.	Social engagement and co-creation decrease on one hand the problems around the availability of resources and on the other hand also increases the social impact.
	Risks of having to little work experience in the organization when only starters are incorporated and other way around.
	When doing business with other businesses, or provide them of resources, trade-off between connecting with stakeholders of that company or not. E.g. Collaboration with clients, being more than just a supplier or customer

Table 8 Financial and commercial considerations

Literature	Interviews
Ethical Considerations	
No distinction between age, religion, country of origin, gender, appearance or other distinctions, unless it contributes to serving the needs of the target group	No distinction between age, religion, country of origin, gender, appearance or other distinctions. Make an inventory of the needs of the target group, instead of making assumptions. Getting inspiration for initiatives; community initiatives often leave a long time coming.
Human and animal well-being; helping the community with all sorts of efforts. Concentrating on humanity issues	Human well-being starts with the basis of life; having a job and being able to pay bills, being part of the society just like other people. Therefore also people that need additional care, training or other facilities to work are also humans with needs for a job, to pay bills and build up a normal life. Alternatively; offering language courses for foreign staff, annual dinner for employees. In short, daily lives of people are made pleasurable.
Collaboration is required to create social return	Organizations can complement each other to cooperate towards creation of social return. Since often diverse resources are required, one organization is not able to provide them.
Training and health issues of employees.	Training and supporting employees, performance appraisals, providing the right job and tasks to the right people, ensure career opportunities and the required personal attention.
Difference CSR and SE. Corporate Social Responsibility (CSR) provides great initiatives, however it is a reactive process. CSR is taking responsibility for the induced effects an organization has on the environment. Common examples of CSR are procurement of green energy or fair trade. Therefor the difference between Social Entrepreneurship and CSR is equal to the difference between proactive and reactive entrepreneurship. A social entrepreneur focuses with its core business to create social progress, while a corporate social responsible entrepreneur tries to execute its core business responsibly.	Debatable boundary between SE and CSR, lot of CSR initiatives are assumed to be SE. Difference proactive and reactive entrepreneurship.
Interactive and transactive social capital. Social capital market cycle exists of two forms of social capital, namely interactive social capital and transactive social capital. The former is referred to when we accept that we are all connected to each other, which comprises of the social part and the latter when we refer to the expression of principal community values, which comprises of the financial forces	
Bonding, bridging and linkages. It is not always necessary to have bonds in order to be of value, also bridges and linkages could create value.	
Protecting the environment	Reduce and restrict CO_2 emissions, offering employees discount deals for green energy
Fair pricing of products and services, employee development	Even though employees need additional help / training / coaching, they still deserve the same compensation as other employees performing the same job. Or supermarket prices that are fair for all parties involved, preventing a conspiracy to increase prices.
Improving customer services	Offering different ways to connect with people; events, mail, social media, mobile phone, training days. Or increasing/ change opening hours, which allows working people to visit outside working hours.
	Being accountable to all stakeholders for all actions
	Comply with minimum norms
	Be more than just a supplier or customer

Table 9 Ethical considerations

6. Analysis

Considering those businesses that generate both economic and social value might create tensions between components. Clashes may be caused between commercial interests and legal obligations, but also for example between commercial and ethical considerations (Carroll, 1991). Engender economic returns as well as a social impact may cause self-sufficiency and support from the environment the organization operates in. Table 10 at the following page demonstrates tensions arising between considerations in the field of legal, ethical and commercial or financial considerations.

Not only benefits arise from social entrepreneurship. A lot of aspects need to be taken into consideration, such as for example municipal policy that on one hand supports social entrepreneurship and is striving to make more organizations conscious and committed to do the same thing, though on the other hand conservativeness impedes them and socially focussed organizations in their entrepreneurship and innovativeness. The current highly competitive market, fast changing environment and demanding consumers requires organizations to be different. Combining the latest young accurate knowledge with older knowledge from practice could form the ingredients for this alternative way of thinking. Innovativeness and alternative ways of thinking could enhance the success of a social company. Though, officials are careful in their support of new innovations. Negative experiences from the past might form boundaries in the present to support innovations. This risk adverse mind-set of officials impedes social entrepreneurs from doing their business.

Furthermore, financial support in the form of subsidiaries, grants, social impact bonds or a beneficial treatment at tenders require organizations to comply with lots of paperwork, certifications and quality marks. As appeared from the field research, in practice too much certifications and quality marks are present. Overview is lacking and high costs and work are involved with fulfilling these requirements. Though once these statuses are obtained, they provide the organization of a competitive advantage. Quality is proven and communications of social efforts be facilitated. At glance stakeholders observe the social efforts made by the company, which increases the trustworthiness and sympathy towards the organization. Even though certifications require lot of efforts to comply with legislations, they also have benefits such as preventing greenwashing or beneficial treatments in certain situations.

The community is a broad formulated term that covers a society, or group of people, with certain characteristics or equalities. Depending on the community, status on the social ladder and other characteristics, these groups have their own needs. In order for an organization to be of significance for these groups interactions and imaginations should take place. The community is able to communicate their primary needs, but to be of meaning for the organization experiencing is the best solution. Communicate, interact and experience what is of significance and in which manner. The table on the next page faces considerations and tensions within the different subareas.

Conside-rations	Tensions / Effect on		
	Legal	Financial / commercial	**Ethical**
Legal		Start-up companies are impeded due to additional transaction costs and work	Each department in the municipal policy needs to be addressed individually
		Legislations cause trouble with innovativeness and risk adverse mind-set of officials	Minimal guidelines to comply with; OESO, ILO, Global compact, ISO 26000
		Frequently changing legislations, may affect the value of investments.	
		High costs to comply with legislations	
		Legal form	
Financial / Com - mercial	New innovations restricted / boundaries due to negative experiences from the past		Focus on prosperity to contribute to greater possibilities on social scale
	Subsidies for every employee with a distance to the labor market		Increasing demand for higher for returns for investors in minimized timeframes. Minimize risks and maximise returns,
	Fiscal rewards, or additional purchases at socially focussed organizations		Trade-off between knowledge investments and profit related investments
	Social organizations receive preferential treatment in competitive tenders.		Growth machine; when organizations and politics combine their power to fulfil their specific benefits and enhance economic success to the detriment of defenceless parties in the society whose views be disregarded.
	Social impact bonds, though not suitable for small projects since they require lots of work		Conventionalists state that one has to choose between maximisation of either social aspects or commercial aspects.
	Obtain resources with or without change of ownership. Legal restrictions to use donations as collateral or compensation for liabilities.		Self-sufficient organizations, investing in social initiatives. Grants and social impact bonds difficult to obtain, lots of paperwork and quality marks to comply with and make efforts measurable
	Shadow prices		Economic value is measurable, social value sometimes not. Even though value for the society remains, meaning for the organization and investors or other interested stakeholders seems less since it is not tangible. Management determined by choice of performance measures.
Ethical	No distinction between age, religion, country of origin, gender, appearance, or other distinctions, unless it contributes to serving the needs of the target group. Getting inspiration for initiatives; jobs for disabled people, offering language courses for foreign staff, annual dinner for employees.	Conventionalists state that one has to choose between maximisation of either social aspects or commercial aspects. Focus on prosperity in the form of financial welfare, or self-sufficient organizations, investing in social initiatives.	
	Trade-off between knowledge investments and profit related investments	Insincere social entrepreneurship. Minimum investment, maximum depletion. Greenwashing.	
	Human and animal well-being; helping the community with all sorts of efforts. Concentrating on humanity issues.	Fiscal rewards, or additional purchases at socially focussed organizations. Social organizations receive preferential treatment in competitive tenders.	
	Protecting the environment; e.g. Reduce / restrict CO_2 emissions.	Social impact bonds, though not suitable for small projects since they require lots of work	
		Social contributions result in higher economic value, higher appreciations from the market and all stakeholders.	
		For every employee with a distance to the labor market the organization receives a subsidiary, offering jobs to employees with a distance to the labor market.	
		Social value can be made measurable through certifications and quality marks and makes it a competitive advantage. Choice of performance measures determines also which management strategies are chosen.	

Table 10 Confrontation of considerations of legal, financial or ethical ground with considerations of other fields based on legal, financial or ethical grounds.

During this research there is no distinction made between sectors. Therefore, sector specific differences and concerns are not taken into account. Table 10 on the previous page mentions tensions arising from different considerations. Even though these tensions are general over all sectors, they are still not applicable to all social organizations. Evaluating from data collection and field research a clear distinction can be made between organizations and their type of social entrepreneurship. To be able to deal with the tensions that are applicable to specific organizations, a distinction is made between these types of organizations. The flowchart below provides a short distribution of these sorts of enterprises. Thereafter main focus points will be given to increase effectiveness of these types of social enterprises. Only for profit organizations are included in this chart. This means that organizations from the non-profit sector are excluded.

During this research there is no specific distinction made between organizations and it remains vague when we deal with a young social enterprise, a traditional financial enterprise or an enterprise focussing on CSR. In order to give recommendations, this distinction should be made clear since each organization may require another strategy. The flowchart below provides a quick overview in which situation one is dealing with a social enterprise and when not. Also a further distinction is made in the type of social enterprise, since these organizations have a different angle to deal with social value.

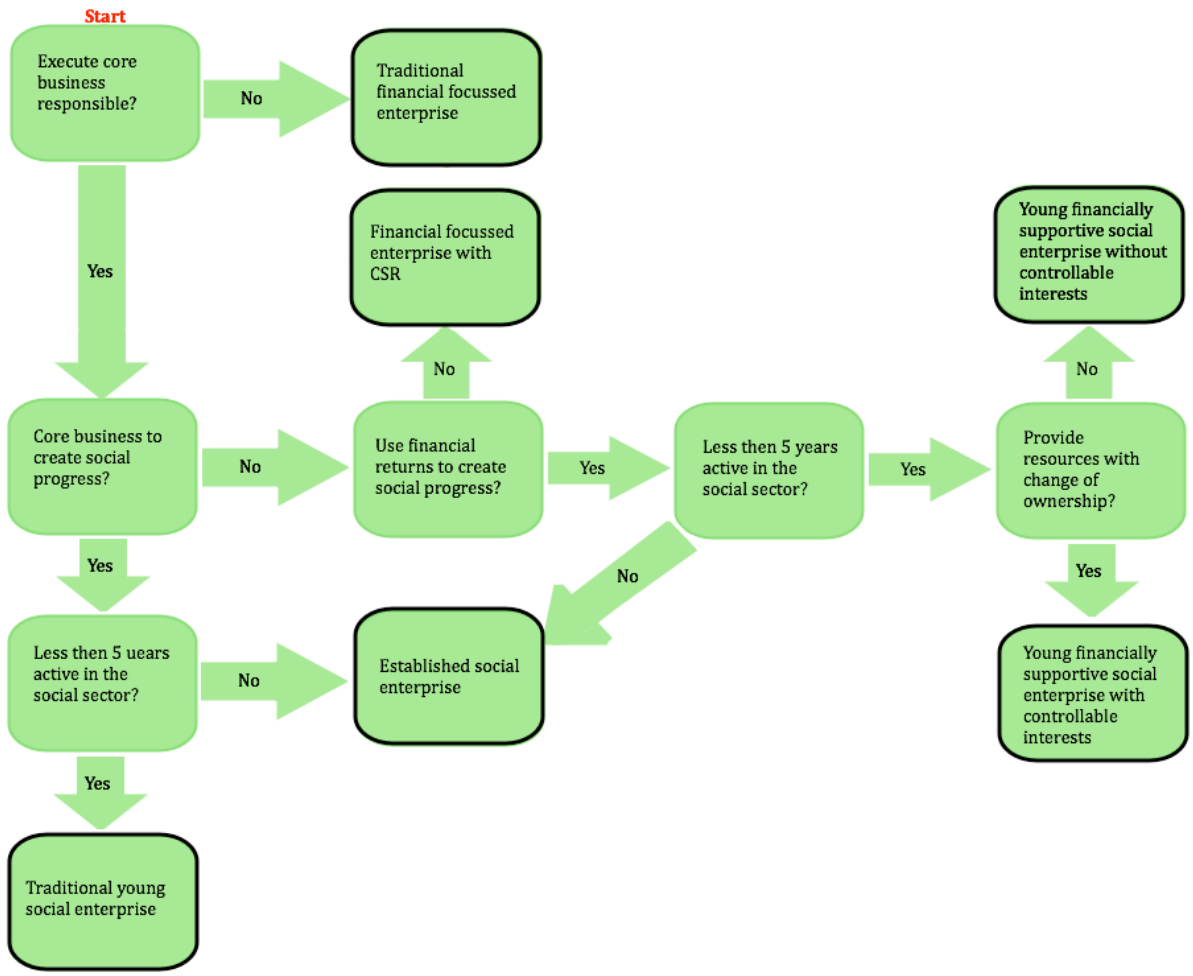


Figure 4 Flowchart of social entrepreneurship

The flowchart distinguishes among others traditional financial focussed enterprises, financial focussed enterprises with a focus on CSR and established social enterprises. These three types of organizations will not be focussed further in this research.

6.1 Traditional young social enterprise

A traditional young social enterprise focuses with its core business on creation of social progress. Financial returns are not the main focus. Financial returns generated are used to invest in additional social issues. Problems that might arise for those types of organizations are shown in table 11. These problems are based on the considerations found in literature and resulting from the interviews. Tables 7 till 10 and the flowchart underlie the problems.

Considerations	**Solution**
Frequently changing legislations, may affect the value of investments, high costs to comply with legislations. Legislations cause trouble with innovativeness.	Collaborate with the government, work together towards improvement of the social sector. Like Asito, collaborating and functioning as figurehead for the government as a leading social enterprise. Trade based on the information available, current legislation and regulations and make clear arrangements and contracts
Risk adverse officials and each department of the municipal policy needs to be addressed individually. Besides, negative experiences with new innovations from the past form boundaries for new innovations in the present.	Find out what the strengths and weaknesses of your innovation are, have a clear argumentation why your innovation is successful compared to the others that failed. Have a clear value measurement method to gain insights. Take into consideration that the processes at the municipal policy might take time.
Start-up companies are impeded due to additional transaction costs and work	Make a small start, work towards social return alongside the growth of the business. Tempering enthusiasm and acknowledge efforts that are within easy reach. If necessary search for parties to cooperate with towards the same goal, spread the risks and increase chances for success due to additional resources.
Acquire priority in tenders	Tenders have often minimum social standards. An organization can obtain a discount on the offered condition in case they operate more socially. Comply with standards and obtain quality marks as a prove.
Social impact bonds are difficult to obtain	Often only suitable for large projects due to the amount of work required to obtain those bonds. Make considerations properly to trade off the required amount of time and efforts against the expected results gained.
Lack of financial resources or proper knowledge, ambiguity. Trade-off between knowledge investments and profit related investments.	Increase information search, decrease ambiguity by alternative ways of thinking, develop new innovations, be present in social networks, the community and social initiatives. Presence and involvement in associations, sports clubs and neighbourhood initiatives. Enlarge networks
Which parties to collaborate with	Reconsider relationships. Choose parties wisely and make sure that the organization is continuously improving the way it is engaging with stakeholders. Evaluative cognitive consistency; consistency between attitudes and evaluative implications. Create a social platform, online or offline
Available information about the target group to focus on	Compounding in the target population. Analyse geographical characteristics, cultural differences, educational attainment and life stage. Interact continuously with the target group
Create highest social return possible on a project	Define the goal clearly. Know who the target group is and what they want / need. Understand social / economic / environmental value to generate. Continuously interacting with the target group to ensure outcomes are as close as possible to desired results. Acknowledge negative outcomes and analyse how they could be prevented / minimized. Combine knowledge and open view of old and young employees.
How to deal with fast changing environments	Mutual learning. Collaboration. Understand the values generated. Be flexible. Make use of latest knowledge and experiences from practise. Continuously interact with all stakeholders involved
Make the world aware of social efforts and realized impact. Make social impact tangible and measurable	Be visible for stakeholders. Authentic in what you undertake. Communicate openly, and comply with your promises. Make results tangible, concrete and measurable. Openness and transparency are a key.
Convince someone of new initiatives	Change someone's existing attitude though positive evaluations. Unity in the organization. Implement social entrepreneurship from the beginning. Keep communicating with stakeholders. Transparency, openness and trust. Make parties curious, however do not push them. Increase ambiguity to stimulate information search. Mere exposure. Create positive evaluations.

Table 11 Considerations for traditional social enterprises

6.2 Young financially supportive social enterprise with and without controllable interests

The second and third types of social entrepreneurs consist of organizations that contribute to social initiatives by means of financial resources. Banks and officials are cautious in supporting new innovations, which can cause trouble for social entrepreneurs. Financially supportive social enterprises, both with and without controllable interests in the organization or project they support could overcome this problem for social initiatives. Difference between organizations that obtain controllable interests in organizations they provide of financial resources and the organizations that do not obtain controllable interests, is the influence these lenders have in the management of the recipient company. Once obtaining controllable interests lenders may have the chance to influence organizations towards increasing social returns and the implementation, or adjust management if necessary. Obtaining controllable interests in organizations for which loans are provided also decreases risks for lack of insights, knowledge or access to information, which could impede loan providers of making the right considerations.

Problems that might arise for young financially supportive social enterprise with and without controllable interests are shown in table 12. These problems are based on the considerations found in literature and resulting from the interviews. Tables 7 up to and including table 10 and the flowchart underlie these considerations.

Considerations	Solution
Frequently changing legislations, may affect the value of investments, high costs to comply with legislations. Legislations cause trouble with innovativeness.	Trade based on the information available, current legislation and regulations and make clear arrangements and contracts
Risk adverse officials refuse to invest in new innovations. Besides, negative experiences with new innovations from the past form boundaries for new innovations in the present.	Find out what the strengths and weaknesses are, have intense cooperation's with the organization invested in and if possible, obtain controllable interests.
Goal pursuance. Focus on prosperity in terms of financial welfare or on greater possibilities on social scale	Organizations need to be fully committed, internal consistency among all employees to take risks and support social initiatives
Which parties to collaborate with	Reconsider relationships. Choose parties wisely and make sure that the organization is continuously improving the way it is engaging with stakeholders. Evaluative cognitive consistency; consistency between attitudes and evaluative implications. Create a social platform, online or offline
Increasing demand for higher for returns for investors in minimized timeframes. Minimize risks and maximise returns, collaborating might decline risks through additional insights, knowledge or other funds, or at least spread the risks. Besides, higher returns can be generated through more specified management and collaboration of the efforts.	Economic value is measurable, social value sometimes not. Even though value for the society remains, meaning for the organization and investors or other interested stakeholders seems less since it is not tangible. Management is determined by choice of performance measures. Ensure proper measurement methods. Avoid shadow prices. Obtain controllable interests
Available information about the target group to focus on	Compounding in the target population, obtain controllable interests Interact continuously with the target group
How to deal with fast changing environments	Mutual learning, collaboration, understand the values generated, be flexible and continuously interact with all stakeholders involved
Make the world aware of social efforts and realized impact. Make social impact tangible and measurable	Be visible for stakeholders. Be authentic in what you undertake. Communicate openly and comply with your promises. Make results tangible, concrete and measurable. Openness and transparency
Insincere social entrepreneurship. Minimum investment, maximum depletion; Greenwashing	Create minimum standards. Introduce quality marks and certifications. Introduce an inspection system.

Table 12 Considerations for Young financially supportive social enterprises with and without controllable interests

7. General conclusion and discussion

Currently the number of Social Enterprises in the Netherlands is still limited with approximately 4,000 – 5,000 companies in place. However, this number is only slightly growing since 70% of the social entrepreneurs quit within the first three years of existence. To ensure a long-term sustainable change for the community and the environment, the amount of regular companies undertaking socially needs to be scaled up. Currently municipalities in the Netherlands are stimulating private owned companies to undertake more socially on a regular basis by for example implementing social standards in public procurement. Even though the government, consumers and some other stakeholder groups urge organizations to consider more than financial returns, most organizations still don't take actions. CSR however is gaining grounds. Though a difference exists between CSR and SE. This difference is equal to the difference between proactive and reactive entrepreneurship. A social entrepreneur focuses with its core business to create social progress, while a corporate social responsible entrepreneur tries to execute its core business responsibly. CSR is already a good start towards social entrepreneurship, however organizations experience difficulties with implementing SE in their core business. Evaluating from data collection and field research can be concluded that creation of social return is relatively complex, which results in large percentages of dropouts. Therefor many different aspects should be considered.

Having a social enterprise has several advantages above traditional enterprises and philanthropic organizations, this in addition to the advantages for the community and environment. Main advantage of a social enterprise above a traditional organization is creation of a positive corporate image by performing social progressively. Gains from SE are multi-facetted throughout a business. An increasing amount of entrepreneurs understand the relevance and profitability of the social sector. Though, it is not always easy to undertake in a social way. The previous sections explained several considerations and tensions arising from social entrepreneurship. Though a concrete answer how to deal with social entrepreneurship is not given, therefore the question remains what is an effective way to build and increase social return?

As a young organization standing alone in fulfilling needs of the community these request might be too demanding. Thus why not combining forces? A qualitative extended social network is a key for all forms of knowledge sources, financial sources and material sources. In the social sphere competition should no longer be a primary objective rather cooperation, which in turn can have an indirect impact on profits and success of the company through a good image. Creating a social platform enhances elaboration and development of social benefits for all parties involved; building up social capital. Though, context collapses should be prevented and have therefor an additional need for considerations. Besides some of the risks of social platforms, an important benefit is present; existing ties can be maintained whereas new ones can be formed, especially since appeared that a third of the online connections result in actual encounters. It is not necessary to work towards bonds between the organizations and their relations; also weaker forms of social capital have their own strengths and effectiveness's. As long as an organization focuses on stakeholder management an optimal value from such relations can be achieved. Usage of legitimacy and power of stakeholders is useful to determine the right weight of interests of parties involved. Every stakeholder group requires an individual approximation, rather than trying to satisfy all groups with the same equivalent features. Creation of an optimal match between investors and the organization increases value for both parties. A small start for young social entrepreneur and subsequently a larger expansion is a possible effective approach. Start-up companies could slowly introduce the concept from the beginning, besides normal business operations. What social topic to focus on depends on the type of organization and the relevant stakeholders. Unfortunately, also another problem arises; for those parties trying hard to become a sustainable business it is made even more difficult to be trustworthy due to greenwashing. Nevertheless this should not stop honest entrepreneurs to live their social dreams. Transparency is a key to their success.

Based on the flowchart on page 41 a distinction between types of social enterprises is made. Each of those types require a different approach to increase their social value since the nature of the companies are dissimilar. An organization that provides financial resources has different concerns than an organization that provides social impact in its core business.

7.1 Traditional young social enterprise

A traditional young social enterprise needs to be fully committed to make efforts for the community, even though results might not be in their direct interests. Concerns of the community should be of first interest, which means that the availability of information about the target group is essential. Know whom the target group is and what they desire to achieve in the community. Meanwhile, young companies often do not yet have the required financial resources and might also be lacking of proper knowledge to be fully committed to contribute to a social change. All those problems may seem like a bleak future, though a more open visual field can turn the fate. Therefore, effective social entrepreneurship can be created through cooperation within a network of organizations striving for the same goal. Most young organizations quit within the first years due to lack of resources, knowledge or complexity of the organization. Combining strengths of organizations creates a diversification of a network, declining the risks and makes individual weaknesses of organizations irrelevant.

7.2 Young financially supportive social enterprise with and without controllable interests

Young organizations supporting social initiatives with resources are indirect also social enterprises. These organizations are willing to invest in initiatives that traditional investors are reluctant to considering the risks. As stated, on one hand there are organizations that obtain controllable interests in the organization they provide of resources and on the other hand there are organizations that do not obtain a stake in another company. Also for these organization it is effectiveness is gained through a network. In this situation a network provides those organizations of information. Ambivalence could be decreased with a broad information flow. New innovations bear additional risks for investors. Therefore, obtaining a stake in the organization could ensure the results of the investments. If necessary management can be changed and a wider perspective in combination with consultation can provide alternatives. Besides, organizations that support social initiatives with resources obtain a broad knowledge from each situation. This increases insights into effectiveness of social entrepreneurship.

7.3 Future research

Conclusions from this report are obtained from a relatively small field of research. Therefor there might be information missing from for example sector specific considerations or new developments in the sector. Since social entrepreneurship is relatively new, the market is changing fast, competition among traditional organizations increases and consumers become highly demanding, SE will change along. Enlarging the concept of corporate social responsibility new innovations, legislations or insights could develop quickly. Further research is necessary to ensure latest knowledge about effectiveness in this market. Besides, recommendations in this research are not yet tested and therefore guarantees cannot be given. The market is complex and several factors are influencing the results, so to be able to give guarantees additional research to relations between success and failure of these organizations is necessary.

8. Recommendations

Young companies often lack resources and / or proper knowledge to be fully committed to contribute to a social change. Unfamiliarity could also raise the feeling of attitudinal ambivalence. However, this feeling of ambivalence could also be a positive thing. It raises the motivation to search for additional information and alternative ways of thinking, leading to new innovations. Nevertheless, being present in social networks, the community and social initiatives is already a good start to communicate the desire to be of importance for the community. Make use of extended networks could enhance the decision making processes. Besides, knowledge, trends and developments can be transferred through those networks. New technologies can be adopted, innovations arise, chances be noted and sources are addressed. It is essential to find ways to collect more qualitative useful information.

Presence at and involvement in associations, sports clubs, neighbourhood initiatives are good starting points to obtain networks through which knowledge can be acquainted. Besides, presence, involvement and commitment will eventually be noticed and positive attitudes towards the organization arise. This might result in additional access to information or cooperation with other parties that are willing to make a social change, either with or without the financial resources to make the initiative happen. This total interconnectedness in social networks, creating social capital is a good start for young entrepreneurs to gradually move further towards the creation of social value. Even though a few parties are found to cooperate with, keep reconsidering which of those parties are useful work with and make sure that your organization is continuously improving the way it is engaging with stakeholders. Evaluative-cognitive consistency forms a basis for this cooperation. Consistency between attitudes and evaluative implication towards social return must exist in order to be of success. Additionally, creating a social platform for all those parties with a same overlapping interest to support each other could be one way to create organizational effectiveness. Effectiveness of operations can be enhanced by introducing an intranet that connects relevant stakeholders and provides them quickly of adequate information

An example of information that is of importance comprises of the available information on the target group; know whom the target group is and what they desire to achieve in the community. Depending on the community focused on, different interests will be pursued. A quick and effective approach to get to know the target group is by compounding in this population. In this way personal well-being and level of concerns can be experienced. Wealthier neighbourhoods have different interests than the poorer neighbourhoods. Besides, geographical characteristics such as cultural differences, educational attainment and life stage can also be useful to take into consideration before randomly start working on a community initiative. It is important to visualize the real objective in advance and subsequently interact continuously with the target group in order to guarantee the quality of aimed results.

Once the goals are clear and actual impact is created, this impact should become insightful. Prevent usage of shadow prices to overcome the problem of an estimated value rather than actual value created. Understanding the social, environmental and/ or economic value that is created by your work is essential to be able to work efficiently. On one hand the positive change arising from efforts should be maximised, whereas on the other hand the negative outcomes also should be identified and managed. Though the right measurement procedures should be applied to make clear what those results are and how they influence the community. However, in the current rapidly changing environments fast insights, understanding and adaptations could make a difference in having a success story or not. Mutual learning and collaboration are in these scenario's a key in contributing to a progressively, faster and superior adaptation to market conditions. A good balance between both young and old sources of knowledge could enhance this effect since young employees are still open minded and have of the latest knowledge standing-by, whereas older employees possesses broad knowledge and experience from practice. Expand social networks further to connect with the right people and create opportunities to address these networks when necessary.

Making efforts to contribute to social change is not the only aspect that is important. Also communicating these efforts and the realized impact to the outside world is important. Being visible for stakeholders, results in awareness of the good initiatives, trustworthiness and subsequently increased empathy and support. Be authentic in what you undertake, communicate openly and comply with your promises. Making results tangible, concrete and measurable is one way to increase the awareness and support. Openness and transparency is fundamental in the current economy of distrust.

Attitude formation rather than change is involved when the issue is novel and unfamiliar to someone. Start-up companies could slowly introduce the concept from the beginning. Therefor a small start and subsequently a larger expansion is a possible effective approach. What social topic to focus on depends among others on the type of organization, the relevant stakeholders, the target group, resources available and cooperation partners. Gradual communication of the progressive commitment is the best fitting strategy. Furthermore, which channels to use depends on the nature of the organization and the relevant target group. Both online and offline media could be efficient, if carefully chosen.

The nature of the company should show the desire and dedication to contribute to the society. To be able to convey these goals to the outside world, the entire organization should support these goals. Internal misconceptions are unintentionally transferred to the outside world. This means that an organization, in order to be effective, needs to be internally consistent to make a social change. The workforces must be able to fully identify themselves with the organization. It does not matter how this unity is arranged, but somewhere alongside the customer journey exist the possibility that (potential) clients or investors get in touch with employees of your organization. These moments of contact become increasingly important to determine the abilities, benevolence and integrity of the organization. Crucial moments of truth when the customer assesses whether your organization is truthful or not and what impression is left for the future. Using a two-sided communications strategy could be very useful in this situation. Only communicating positive aspects of the organization and the belonging management are not creating a feeling of full honesty. Admitting points of weaknesses, though working on improvement creates an understanding and prevents counteracting. Of course striving to become standard in the market is acceptable, however consumers are wondering what is wrong and start searching for counterarguments on their own. It is easier to form new (positive) attitudes, then changing existing ones. Therefore, implementing social entrepreneurship from the beginning is the most effective way to create a positive image for all stakeholders. Stakeholders are at all times interested in all that affects them, however sudden changes are not immediately understood and will require explanations for profound underlying motives. Mere exposure to good effort of an organization will be evaluated more positively over time, resulting in more positive attitudes towards the organization and increasing image over time.

9. Critical comments

Organizations focussing on creation of social return are in this research defined as; 'Financially self-sufficient organizations that are committed to take responsibilities and make proficient efforts for all stakeholders involved, whether this relationship is reciprocal or not, without having a direct personal or business interest in the intended results.' Results associated with effective social entrepreneurship should be interpreted carefully. Even though this report provides young entrepreneurs of recommendations and considerations to increase effectively the social value of their company, these recommendations are not yet proven in practise. Since 70% of the social enterprises quit within their first three years of existence, difficulty of social entrepreneurship is well reflected. Recommendations made in this report are only advises that might help to overcome analysed problems for social entrepreneurs, though guarantees cannot be given. Future research is necessary to evolve a dynamical approach and prove for efficient entrepreneurship. The market is continuously changing which requires adaptations alongside these developments. However, in order to be able to implement a dynamical strategy, knowledge should be kept up to date at any time. Recommendations made in this report will therefore probably be of interest for a limited period of time. Also careful considerations should be made which of the used theories are applicable to an organization and which not, depending on the type and nature of the company, sector and other demographical considerations. Further research to for example socially focussed organizations over time could overcome this time heuristic and help to clarify interpretation of future developments.

An effective cooperation with other parties pursuing the same goal is often evaluated positively. However, organizations setting their own targets are pioneers in finding ways to achieve their goals, resulting in an open view of the world. Various ways are explored to obtain knowledge, recourses and support to implement the commitment for making a social change. The interpretation of cooperation or pioneering can be supported and evaluated both based on positive and negative arguments.

This research was mainly focussed on a small target group of young companies contributing to a social return for a community. This makes the results flowing from this research generalizable to a limited extend for the broader audience of established companies, or to social goals others than the affected community. Further research in the desired fields are required to state with certainty and provide guarantees that these results are also applicable to other situations then described in this research.

In order to gain practical knowledge of the topic, interviews and expert judgements are used to gain additional information either by phone, email or in physical presence. Transformation of knowledge with use of a medium might have resulted in a biased interpretation of the information. The reliability of the study might therefor be slightly adjusted in a negative way. However, this bias is partly excluded by sending the processed interviews and expert judgments back to the interviewee, in order to check the reliability of the interpreted information. Additionally, the validity and consistency of the research is guaranteed by asking some of the questions a second time in a different way. Hereby checking whether the previously given answer is explained the second time again. Continually evaluating back to the main question results in securing the measured information in such a way that was actually measured what was supposed to be measured.

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Appendix

Appendix 1 Abbriviations

BSC	Balanced Score Card
BVP	Blended value proposition
CSR	Corporate social responsibility
GIIN	Global Impact Investing Network
SC	Social capital
SCBA	Social cost benefit analysis
SE	Social entrepreneurship
Social IV	Social Impact Ventures NL
SR	Social return
SROI	Social return on investment
SRI	Social responsible investing

Appendix 2 Sectors & organizations according to Emerson (2000)

Appendix 3 Explanation of relation between research questions

Research question	Research method
What is the definition of social value?	Literature review
What is the meaning of effectiveness relation to social value?	Expert judgement
What resources are necessary to generate social value?	Interviews & Expert judgements
Which stakeholders are affected?	Interviews
Who bears the risk and what is the ratio between risk and return?	Interviews & Expert judgements
What is the influence of the sector and the government?	Literature review

In order to answer the central research question, above mentioned sub questions have been formulated. In the right column the belonging research methods are mentioned. A combination of literature review, interviews and expert judgments should contribute to answering the central question. This section clarifies the trade-offs of each choice concerning the research method made.

Thorough considerations are made in the evaluation of different research methods. Use of triangulation, a combination of methods, should exclude the limitations of one single method. There are multiple different research methods, but some of them are not applicable in this research. Among others can be thought of observations, diaries, text-focused methods and projective techniques. Those methods will not be discussed, considering they are not relevant in this investigation.

Interviews are chosen above questionnaires to order to increase interaction with the participant and enhance the change of serendipity. Interactions raise the amount of collected information, besides directions can be given to obtain the required information. However, a questionnaire has a wider range and perhaps therefor also a higher response rate. It is efficient to use, fast and a reliability check can be done through collection of more questionnaires. Besides, interpretation of questionnaires is more reliable than interpretation of interviews. Another advantage for the participants is their anonymity, which is lower at an interview. However, the gain of interaction and serendipity is of a higher value than the captured time.

Interviews are chosen above a focus group to avoid influences of other participants. Each interview is in that case unique and will contribute in their own way to the total amount of information obtained. The only two disadvantages of interviews above a focus group is that it is more time consuming and interactions between participants remain out. Additional information that could have been gathered through that interaction cannot be included in the analysis. A downside to those interactions is that a focus group could possibly result in multiplicative interactions that create a lack of depth in the group interview. Furthermore, those previous mentioned disadvantages do not weigh up against the benefits of an interview. Information gathered in one interview can contribute to the value of the next and so on. It also contains more moments during the research, which can enhance the reliability and validity. A last mentioned benefit is practically. It is easier to plan an appointment with one or two participants than with a group of participants from different companies.

Participants in the research, both experts and entrepreneurs, are collected through a positional sample method. A list of young companies that have at least partly a focus on social return will be made. During the research, each participant included will be asked for other participants whom they will recommend. In that way a combination of a positional sample method and a snowball sampling will form the total list of participants in this research. Experts will not be asked for other colleagues whom they will recommend to avoid disdain.

Expert judgements are the last chosen information source. Reason to choose for this source of information is the amounts of knowledge experts have in the field they focus on. Experts can, due to years of experience, give an honest opinion about problems or specific situations. They are able to complete the gathered information in this research and validate outstanding questions. A comparison and merger of multiple judgements enhances the value of this information source. Cautions should be made for possible biases and shortcomings in knowledge of the expert. However, in case experts are chosen wisely, this shortcoming can be circumvented to a large extent. As stated above, experts are selected based on a positional sample method.

Appendix 4 Questionnaire for interview and expert judgements

1. How do you define social entrepreneurship?
2. How is your organization undertaking socially?
3. What makes social entrepreneurship different from traditional entrepreneurship?
4. Why do you think an entrepreneur should choose to undertake socially?
5. When do you evaluate a social enterprise as successful?
6. What is an effective way to undertake socially effective?
7. How do you express the social impact of a company?
8. Are there any legislations that must be taken into account?
9. Is there a form of financial support for social initiatives in your sector?
10. How do you evaluate the development of social entrepreneurship?
11. What are de trends on the market?
12. Is there a situation that you would advise someone not to implement social entrepreneurship?
13. Do you have some advices for young entrepreneurs?
14. What is an effective way to communicate the social efforts of an organization to the outside world?