Every cloud has a silver lining

Swedish social enterprises making an impact in emerging markets

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Abstract

Throughout the history, different types of businesses have reflected the zeitgeist of the specific era. Today, the globalization has led to the rise of the third wave of internationalization, which has increased the importance of emerging market in the global business environment. An additional global trend that reflects today’s businesses is to fulfill social purposes along with making profit. The latter global trend entails the rise of the social sector in industrialized countries, including social enterprises. There is currently no universal definition of social enterprises as well as a lack of theoretical contribution on those; however, there is a lot of passion for the topic. In Sweden, social enterprises are associated with work integration social enterprises (WISEs), although other types of social enterprises exist, for example those finding opportunities in social issues in emerging markets.

The purpose of this thesis is therefore to increase the holistic awareness for a wider concept of social enterprises in Sweden. To be able to increase this awareness, the aim is to examine how Swedish social enterprises turn social issues in emerging markets into business opportunities. It is further interesting to emphasize the challenges social enterprises are facing, as well as how they use their business models and strategies in order to cope with the challenges.

This study is carried out through a qualitative case-study of three Swedish social enterprises that are or were operating in emerging markets to some extent. Semi-structured interviews were conducted with one representative from each enterprise. The findings show that social enterprises have the ability to turn social issues into business opportunities. In addition, being able to balance making social impact with profit-making is one main challenge for Swedish social enterprises, especially in emerging markets as the enterprises’ core mission might be questioned regarding who their operations will benefit. The findings of this thesis have also shown that social enterprises commonly are taking the whole value-chain into account. Furthermore, as emerging markets are fast-changing and uncertain, it is difficult to plan ahead for what to come. Finally, as this thesis’ purpose states, it is thus crucial to increase the awareness and knowledge of these kinds of social enterprises since this will help them improving and increase their social impact.
Keywords
Social enterprises, Social impact, Profit-making, Emerging markets, Sweden, Social economy, Opportunities, Innovation, Value creation, Growth, Investment, Business model, Matching strategy, Lean strategy.

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1 Introduction

*This chapter contains the background for the subject studied, followed by a problem discussion that emphasizes why the topic of Swedish social enterprises operating in emerging markets are interesting and necessary to study and develop. The knowledge gap presented is further leading up to the research questions and purpose of this thesis.*

1.1 Background

Since trade between humans began thousands of years ago, the prevailing zeitgeist has reflected on enterprises and the way they are shaped (Social Enterprise Alliance, 2010). For instance, during the industrial revolution in the 18th and 19th century, the first wave of urbanization and innovations such as railways and machine-based manufacturing led to a great shift from agricultural businesses to industrialized businesses (Landes, 1969). What predominantly portray today's business environment is the globalization, more significantly the third wave of internationalization, which is a result of the integration of previous centrally-planned economies that progressively have been included in the world economy. This third wave has increased the importance of emerging markets in the global business environment (Jansson, 2008). An additional global trend that reflects today's businesses is to fulfill social purposes along with making profit (Business Commons, 2011).

An economy generally consists of three sectors: the public sector, the private sector and the rapidly growing social sector. The public sector involves publicly funded and owned organizations, as well as state institutions. Additionally, the private sector includes companies empowering people to earn money (Ridly-Duff, 2012). Among most industrialized countries, the social sector has been growing rapidly the past decades (Defourny, 2001). This sector (Defourny, 2001), includes for instance social enterprises, charities and voluntary organizations (Hodges and Howieson, 2017). The social sector varies between countries as it has emerged from their specific national cultures and histories. Nevertheless, a global trend regarding the rise of the social sector is the decentralization of the government as well as the privatization of social services (Lundström and Wijkström, 1997). Social, economic and environmental changes globally have caused increased pressure and expectations on organizations in this sector (Hodges and Howieson, 2017). An effect of these changing attitudes and values in the
society is that businesses need to adapt their strategies and behaviors accordingly (Grant, 2015). To include social aims in business strategies is as mentioned an emerging global trend today (Business Commons, 2011).

1.1.1 Social engagement in different types of firms

The more evenly distributed social responsibility between sectors have led to an increased interest from many types of businesses to make a social impact, but to various degrees. Depending on the degree to which a business engages in social change, it is counted as a for-profit, non-profit or social enterprise. For-profit organizations primarily base their decisions on making profit (Zahra, Newey and Li, 2013), non-profit organizations have an aim of making a social impact through for example charities (Luke and Chu, 2013). Social enterprises have a mixed approach of these two by focusing on making a social impact, while still making profit (Zahra, Newey and Li, 2013).

To make the disparity between these three types of organizations clearer, one example of each kind of company incorporating social values to various degrees will now be given. One example of a traditional for-profit organization is IKEA, who were set up to make profit by selling furniture. Today they are also incorporating social values into their operations by for example investing in social entrepreneurs; one long-term project is their resale of a specific coffee type which according to IKEA is no charity project, but a business opportunity. This is accomplished by enabling farmers from Uganda to sell their products to the IKEA warehouses, which contributes to empowering their country (IKEA, 2018). The Red Cross is an example of a non-for-profit organization that is launched to for instance help people who have been harmed in an armed conflict and other crises. They are exclusively financed through donations and not by any kind of commercial activities that directly gets reinvested in their initiatives to continue helping others (International Committee of the Red Cross, n.d.).

The Canadian shoe-and bag company Oliberté was launched in 2009 as a for-profit company with the aim to make social impact in Sub-Saharan Africa through their business; thus, a social enterprise. The founder believed that Africa has everything it needs and are in no need for donations, but rather required getting the right support system. According to Oliberté’s founder, each country in Africa has the possibility to
grow and empower their people by having the right partners. The story of Oliberté began as a small footwear company partnering with factories and suppliers in Africa to support workers’ rights, and in 2012, Oliberté were able to launch their own factory in Ethiopia. They are selling premium products to all over the world, using materials from the Sub-Saharan area as far as possible. They were additionally the first footwear company to become FairTrade certificated (Oliberté.com, 2018). With the increased profit the company makes, the more Oliberté are able to invest it in their local workers by providing them with tools that help and empower them developing their capacity. The founder of Oliberté are very determined about not letting the company be a charity organization, as donating money would not help the communities in Africa improve (Stupart, 2012). This third kind of enterprise making a social impact, is the one to be studied in this thesis.

1.1.2 Social enterprises and sustainable business models

The field of social enterprises is rather incomplete regarding theory and definition, nonetheless high in motivation and passion (Ghalwash, Tolba and Ismail, 2017). An entrepreneurial orientation is generally something that defines social enterprises, as they are utilizing innovative approaches both regarding how to make a social impact and how to generate income. Social enterprises’ ambition is as already mentioned to encourage social wealth, by improving the well-being of a community or society while still making profit (Zahra, Newey and Li, 2013).

The rise of social enterprises requires a new kind of hybrid business model that includes additional aspects mentioned above; that is, the social aspect in combination with the financial one. In order for social enterprises to be able to combine these aspects, the Triple Business Model Canvas (TLBMC) can be used (Joyce and Paquin, 2016). The model contains three layers: the economic, the environmental life cycle and the social stakeholder layer. This model contributes to a more holistic view of a company’s business model, as it includes all important aspects (ibid.). All three layers is of course just as important for social enterprises, nevertheless, since the activities within the social layer is what mainly makes them unique and interesting in comparison to other enterprises, this layer will be the emphasis and further explained in the theoretical framework.
At first glance it may seem that organizations overall need elaborate planning and mapping out all their strategies before launching, as well as when running, their business. By using a lean strategy however, extensive (and normally expensive) pre-planning is not necessary as it supports innovation and thus; experimenting accordingly depending on how the products or services are being received by mainly the customers. A simplified definition of a lean strategy is to create more value with fewer resources by eliminating everything that does not add value. Using lean is a way to keep the costs down as it encourages experiments and testing out ideas based upon preliminary strategies that are easily changed when or if needed. (Murray and Ma, 2015)

1.1.3 Social enterprises in Sweden

Sweden is a strong welfare state, which have contributed to a common assumption that the social sector in Sweden is poorly developed. This assumption is fortunately not reflecting the reality as the country has a long and strong institution of social engagement and social sector contribution. The term ‘social economy’ was regardless of the long history of social engagement not introduced in Sweden until they joined the European Union in 1995. An effect of the entrance of this new concept was to set up a working group in 1998 whose mission was to define the social economy in a Swedish context while stressing its importance to civil society. The proposed result was that the social economy involves “organizations that have primarily societal purposes, builds on democratic values and that is organizationally independent from the public sector.” (European Commission, 2014)

The way social enterprises work differs between countries. While US enterprises may focus on earning revenues for a future reinvestment in social activities, UK enterprises are striving for inclusion in the community (Burns, 2011). The latter is a big part of social enterprises operating in Sweden (Gawell, 2015), where the majority of social enterprises focus on work integration social enterprises (WISEs) (European Commission, 2014). What defines WISEs is that they are focusing on helping those furthest from the labor market by offering help with for example training, interview practice and CV writing. Their mission is in short to integrate disadvantaged people into the labor market (Inworkproject.eu, n.d.). The reason behind WISEs’ prominent part among social enterprises in Sweden is that full employment and high labor market participation are two important factors of the Swedish welfare state (Stryjan, 2002). For
social enterprises there is a lack of a legal form as well as definition in Sweden, which is an additional reason behind why they normally are associated with WISEs although social enterprises exist in other forms as well (European Commission, 2014).

Beyond WISEs there is a hidden statistic about social enterprises with other social aims. However, in order to illustrate the scope of Swedish social enterprises, statistics of WISEs are therefore presented here. Between the years 2007 and 2014, the number of WISEs doubled in Sweden, making the current estimated number to 300. These 300 social enterprises are managing to include 6500 people through work placements, subsidized employment and internships among others. This do not imply that other kinds of social enterprises do not exist in Sweden, rather that they are outweighed by WISEs. (European Commission, 2014)

1.1.4 Emerging markets

An additional aspect that have gained more attention within the social enterprise sphere is the international one. Social innovators have realized the possibility to not only solve national social issues, but also those in other countries through their social enterprises. Some examples of such issues are poverty and poor working conditions (Mantel and Allen Lamptey, 2013). These kinds of vital issues are examples of more prominent problems within emerging markets, compared to in developed countries where societal institutions are more established. Examples of emerging markets that have experienced a rapid growth during the last decades are China and India, countries that have been able to start competing on a global level due to their openness to the world and transition of economy (Jansson, 2008). Jansson (2008) further explains the importance of establishing a matching strategy when entering emerging markets. A matching strategy implies matching the internal environment, with the external environment in the specific emerging market the company is targeting (ibid.).

1.2 Problem discussion

1.2.1 Challenges for social enterprises

A general confusion about social enterprises is what type of companies that are allowed to be addressed as a social enterprise (Motter, 2017). The absence of a definition of social enterprises has additionally made it possible for other actors to embrace social practices, and therefore masquerade as social enterprises while not genuinely or full
time being one (Jones, 2012; BC Centre for Social Enterprises, 2018). The question is whether the lack of definition can decrease the legitimacy and trustworthiness of accurate social enterprises, or if it has no effect at all. One way to prove for stakeholders that you are a social enterprise, and something that additionally decrease the risk of other profit-making organizations to masquerade as one, is to always clearly express social aims and priorities in the company’s mission statement (Zahra, Newey and Li, 2013).

Social enterprises are facing additional challenges that constantly makes it difficult for managers or founders of the business to be able to stay true to their initial concept. For many, factors in the micro or macro environment such as changes in demographics, forces social enterprises to adapt to their surroundings for survival. Social enterprises can be financially acclaimed and successful, but to still maintain their social mission it is essential that the people in charge are committed to this mission (Page and Katz, 2012). For instance, many social enterprises file bankruptcy as an effect of low profitability, regardless of civic policies that are promoting the social economy (Bergman, 2016). The lack of definition and legal form of social enterprises in Sweden, can actually increase the risk of failure. Based on research made on investigating the main reasons behind why social enterprises tend to fail, the lack of context is pointed out as one of the three major reasons. As a failure of social enterprises affect more actors than traditional businesses, since they often are involving whole communities, they are more unwilling to talk about their failures and communicate the reasons behind them. This in turn slows down the development of social enterprises, as it makes it more difficult to learn from others’ mistake and avoid ending up in the same pitfalls (Gasca, 2017). This is why it might be vital to make the context of social enterprises in Sweden clearer, in order for the social sector to be developed further.
Based on research made by Braga, Proença and Ferreira (2014), the major challenges for social enterprises in the beginning of their start-up, are summarized in figure 1 below.

**Figure 1. Obstacles at the beginning for social enterprises.** (Braga, Proença and Ferreira, 2014). Own model.

The convenience of the increased abundance of social enterprises due to higher societal demands has rightfully so created keen competition in this area, which in turn causes issues for social enterprises. Although the development concerning the rising popularity of social enterprises may be perceived as nothing less but positive, the rapid change of environment is influencing the financial stability of social enterprises as well as their credibility (Wilmott, 2017). As shown in figure 1, the mobilization of financial resources is one of the major challenges for social enterprises. For instance, relying on one financial revenue can become devastating for the business if the contract suddenly is cancelled (ibid.). On the contrary, there is a risk of losing the core idea of the business while struggling with different revenue streams in a hunt for money (Löfgren, 2015; Wilmott, 2017). It may be important to comprehend a balance between diversifying funding streams and at the same time retaining the social purpose (Wilmott, 2017).
One of the key requirements for investors on social enterprises is that their social impact need to be measurable, which is not an easy task to manage (Thorpe, 2017). As social enterprises aim to create social value, it is also necessary to elaborate on what social value actually is in this context to be able to measure it. This is something that scholars have been trying to define, nonetheless it has shown to be something too complex to conclude in a single concept. The result of this is that the definitions have been so broad that they almost include anything (White, 2018). The social outcomes that social enterprises deliver is normally long-term, complicated to objectify and subject to numerous forces and interactions limited to the specific enterprise (Ruebottom, 2011).

The challenges for social enterprises that has been recounted also bases on the question whether social enterprises should aim for growth and scaling their business, as is a common ambition for most regular businesses. The growth issue may be a reason for the previously mentioned concern with social enterprises losing track of their core mission when they constantly need to seek financial support (Wilmott, 2017). There may be a struggle for maintaining social enterprises’ credibility connected to an aim to grow, especially if the growth is abused by actors using the goodwill for wrong reasons. For many social enterprises, planning for growth is not substantial which may be caused by lack of knowledge surrounding the possibilities of growing social enterprises, or even a dated idea that growth and social enterprises are not compatible (Keizer et.al., 2016). Scaling up a company is also usually strongly connected to a sort of standardization that originates from the manufacturing industry. A social enterprise may therefore find it harder to scale up their business in the general sense as their social outcome is difficult to standardize (Davies, 2013), as how can it be possible to standardize something that is difficult to measure (Adams, Ripley and Speyer, 2017), let alone in turbulent emerging markets (Davies, 2013). In order to maximize a social impact however, some argue that social enterprises should have a growth plan included in their strategies (Keizer et.al., 2016).

1.2.2 Business model and strategies

A social enterprise’s mission or profit is not supposed to be viewed as a trade-off of which one choose between, as the two depends on each other in order to create a social enterprise. For instance, without its social mission the social aspect of the business may fall short; and without incorporating the profit perspective the enterprise will simply not
exist (Social Enterprise Alliance, 2010). The reason behind the difficulty of balancing the social and financial aspect is probably because social enterprises include characteristics from both traditional for-profit organizations, and non-profit organizations (Zahra, Newey and Li, 2013). This entails that social enterprises have expectations to fulfill requirements of both for-profit and non-for-profit organizations. For instance, investors for social enterprises may command reporting on their impact and being economically sustainable, shareholders require financial returns while employees want to know the main priorities (Goldmintz and Hadler, 2016). An additional aspect that might increase the confusion regarding the trade-off between the social and financial within social enterprises, is that for example Mason and Doherty (2015) claim that social enterprises should make profit, but not aim for profit maximization, while for example Mathew (2008) says that social enterprises can maximize their profit-making.

Consequently, an additional struggle for social enterprises is how to design their business model to help the social enterprise balancing their social mission and making profit (Wong, 2018). Another issue related to the creation of a business model for social enterprises is that most social enterprises realize their final social purpose organically (Sheppard, 2018; Wong, 2018). It is for instance common that ideas to social enterprises arises from living or visiting a community where the social problem is apparent (Wong, 2018). An example of what this process may look like is the story behind the idea of the social enterprise 31 Bits. One of the enterprises’ founders went on a trip to Uganda, where she met women who had grown up in a war with no education or jobs. The founder discovered that these women made beautiful jewelry of which she brought back to her friends. By being able to sell the jewelry at home, the founders of 31 Bits realized there was a market and that is when their company was born (31 Bits, 2018). As shown from this case, starting a social enterprise can be a ‘spur of the moment’ idea, making administrational aspects that are linked to the business part challenging, for instance understanding business model creation. Some social entrepreneurs make it, but to others it can be too overwhelming.

Investors and shareholders normally require detailed business plans from social enterprises, as they want to know if this is an enterprise worth investing in (Social Enterprise Alliance, 2010). The question is whether it is necessary or not for social
enterprises to spend time on setting up elaborated and long-termed business plans (Byruck, 2015), except for when attracting investors and shareholders. Today’s rapidly changing business environment may not support predictive business plans as enterprises rarely turn out the way they are planned. However, business planning should not be seen as equivalent to predicting the future as a business plan rather work as a guide for the company’s direction, and information to potential investors (ibid.).

Lean strategy is therefore possible for social enterprises to use in order to adapt more easily to fast-changing environments, such as emerging markets (Masood et.al., 2014). Emerging markets generally share characteristics as for instance turbulence and rapid growth (Jansson, 2008), which in turn can make it difficult to decide on a specific business model and strategy in beforehand. In addition, due to the uncertain nature of emerging markets, it is not guaranteed that only one strategy or business model will be applicable for all situations in the emerging markets. Consequently, using a lean strategy in which the managers develop strategies for specific circumstances may be both cheaper and less time-consuming for the social enterprise (Murray and Ma, 2015). However, using lean as a strategy does not exclude the importance of setting up a business plan, mainly since it creates a better insight for investors and shareholders (Social Enterprise Alliance, 2010). Another important aspect is that lean strategy should not be used as a single main strategy, but it serves its mission best as a complement to an already existing strategy (Murray and Ma, 2015).

1.2.3 Swedish social enterprises making an impact in emerging markets

Sweden is currently behind regarding social enterprises in comparison to other countries in Europe where the public sector plays a smaller part. More and more politicians and public workers are interested in promoting social companies in Sweden although the interest of running such company still is low (Bergman, 2016). As social enterprises in Sweden mainly are associated with WISEs, other kind of social enterprises are normally overshadowed by those.

As Sweden is a developed market with a strong welfare state (European Commission, 2014; Gawell, 2015), social problems are not as dominant in the country in comparison to for example emerging markets where the societal conditions are poorer (Gsom.spbu.ru, 2018). This might be an explanation for why work integration social
enterprises are predominant defining the topic of social enterprises in Sweden. One way of broadening the topic of social enterprises in Sweden might be for more enterprises to realize that it is possible to solve social issues in other countries as well, where the problems are larger and more critical (ibid.). What occurs as problems in these markets, can in turn appear to be opportunities for Swedish social enterprises as they can identify a vital social purpose to fulfill. It is regardless of this opportunity just as ambiguous for social enterprises to invest in emerging markets, as it is for traditional enterprises (Ajayi, Salawu and Mac-Ebong, 2017), due to for example high uncertainty, volatility, turbulence and risks in those countries. These characteristics of emerging markets indicates an importance of establishing a matching strategy, where the business need to be fully aware of the external environment in the targeted country in order to be able to cope with it (Jansson, 2008).

Even though the field of social enterprises recently has gained more attention, there is still a theoretical gap regarding the reasons and the process of setting up a social enterprise (Braga, Proença and Ferreira, 2014; Ghalwash, Tolba and Ismail, 2017). This is an interesting matter to elaborate on, especially due to various problems social enterprises encounter in emerging markets during the start-up and while running the business, such as coping with the trade-off between social purpose and making profit (Social Enterprise Alliance, 2010). Furthermore, it is of interest to investigate how Swedish social enterprises’ business models and strategies are formed when they are operating in an unfamiliar emerging market, as there currently is an almost exclusive focus on work integration social enterprises in Sweden (European Commission, 2014). Raised awareness about social enterprises overall enables them to get access to financial support, increases the status of social enterprises and makes them more accessible to the public; end-consumers for instance. Furthermore, increased awareness about the social enterprises’ operations brings several advantages, and the more the impact by the social enterprise is made visible to policy-makers and end-consumers, the more impact they are able to make (European Union/OECD, 2016). These issues in the social enterprise field lead up to the three research questions of this thesis.
1.3 Research questions

1. How do Swedish social enterprises turn social issues in emerging markets into business opportunities?
2. What challenges do Swedish social enterprises encounter when running their business?
3. How do Swedish social enterprises use business models and strategies when operating in emerging markets?

1.4 Purpose

The purpose of this thesis is to increase the holistic awareness for a wider concept of social enterprises in Sweden as they currently are described as work integration social enterprises (WISEs). To be able to increase this awareness, the aim is to examine how Swedish social enterprises turn social issues in emerging markets, into business opportunities that contributes to solving these issues. It is further interesting to emphasize the challenges social enterprises are facing, as well as how they use their business models and strategies in order to cope with the challenges. By exploring these aspects, the aspiration is to be able to contribute to a more extended and accurate understanding of Swedish social enterprises operating in emerging markets.
1.5 Thesis outline

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<td>Introduction</td>
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<td>2</td>
<td>Theoretical framework</td>
<td>Relevant and useful theories for the field of Swedish social enterprises operating in emerging markets will be examined in this chapter. The chapter is summarized in a theoretical synthesis where a concluding model is presented.</td>
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<td>3</td>
<td>Methodology</td>
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<td>6</td>
<td>Conclusion</td>
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2 Theoretical framework

The core theoretical concepts necessary to use for answering the research questions will be presented in this chapter. Initially, the concept of social enterprises will be described, as well as the value creation process followed by common challenges social enterprises are facing. Next, the social layer of the Triple Layer Business Model Canvas is presented, lastly the matching strategy and lean strategy.

2.1 Turning a social issue into a business opportunity

The society seek to find more innovative, cost-effective and sustainable ways to solve social issues. An effect of this new requirement is the increased attention towards social enterprises, normally founded and led by social entrepreneurs. Regardless of the increased attention, the social enterprises sphere still lacks a definition, nonetheless it is instead vastly high in motivation and passion (Ghalwash, Tolba and Ismail, 2017). Even though there is no universal definition for social enterprises, they are commonly described as enterprises that encourage social wealth while still making profit. There is a close connection between social enterprises and innovative approaches, both in how to make a social impact as well as how to generate income (Zahra, Newey and Li, 2013).

The value creation process of a social enterprise includes according to Fowler, Cofey and Dixon-Fowler (2017) three steps, where the first step is about detecting a social issue, followed by developing this issue into a promising idea and attractive opportunity, and the last step is about building and sustaining the social enterprise. Due to the constant demand for social improvement and change, there are countless opportunities for social entrepreneurs open for anyone who dare facing the challenges carried by these opportunities. The focus for social entrepreneurs is naturally to solve social problems as for example why technology is not accessed equally. With other words, they detect when a part of society gets stuck in its development, and consequently find new ways to solve these issues (Drayton, 2002).

It is important for social entrepreneurs to possess a combination of business skills, together with a lot of compassion. The latter trait is necessary for the entrepreneur to recognize social disadvantages and to come up with innovative solutions for it. The question is where this compassion and motivation behind starting this kind of business
comes from. The first motivational factor worth mentioning is “altruism”, meaning that the social entrepreneur is eager to create social value more than generating profit. The word “create” is the next aspect explaining the difference between the motivations of social and traditional entrepreneurs, as traditional ones rather gain social value instead of creating it. Helping others is with other words what social entrepreneurs primarily find their motivation in. (Ghalwash, Tolba and Ismail, 2017)

2.2 Challenges for social enterprises

2.2.1 Trade-off

What defines social enterprises is that they normally have an entrepreneurial alignment, that through an innovative approach both a social impact and making profit are included. All types of businesses create various value types; financial, social and environmental, which denominates the blended value approach. This approach might entail a confusion regarding what company should be considered a social enterprise or a traditional company incorporating social values. (Zahra, Newey and Li, 2013)

It is common for social enterprises to experience challenges due to their dual mission: having a social impact while still making profit. As they depend on their revenue coming from some sort of commercial activity, it is difficult to find the right balance, so these commercial activities will not be prioritized over their social mission. Social enterprises and their board members constantly meet various institutional pressures regarding generating social value, accomplishing financial sustainability while at the same time sustaining the relationship with a lot of stakeholder groups. This make governance the key factor for guaranteeing that social enterprises neither are drifting towards social nor commercial activities by losing the grip on the other (Mason and Doherty, 2015). In order to find the right balance here, some researchers claim that social enterprises should not maximize their profit-making (Mason and Doherty, 2015), whereas for example Mathew (2008) propose that it shall be allowed for them to do so.

2.2.2 Growth and lack of financial access as a challenge

Firm growth is an aspiration almost all enterprises are aiming for, no matter the size of the business (Hynes, 2009). As has been presented earlier, previous research suggests that for social enterprises to maximize their social impact, growth should be aimed for (Keizer et.al., 2016). The trade-off that has been recounted before may however
illustrate the ambiguity for social enterprises, as they by aiming for growth need to incorporate commercial activities similar to regular for-profit enterprises. Moreover, as opposed to plain for-profit enterprises, social enterprises are facing numerous challenges that are making any growth ambitions even more difficult to achieve (Hynes, 2009).

Limited financial access is a common constraint for social enterprises. Not only can it be demanding financing the business as a regular startup, many owners of social enterprises may find convincing investors about what they do and what social impact they make frustrating as it can be difficult to communicate. This problem also derives from a lack of understanding about social enterprises and their impact from financial sources such as banks and investors (Hynes, 2009; European Union/OECD, 2016). Since a common element of social enterprises is selling products or services to create social benefits or make an impact, there is an issue in terms of knowing what price is reasonable to set for their offerings, or rephrased; what their social impact is worth paying for. An additional challenge that this thesis has touched upon is that the more the social enterprise grows, the more the external and internal demands on the enterprise are shifting (Hynes, 2009). Previous research has shown that owners of a social enterprise during a growth process are experiencing difficulties adjusting to these new demands while maintaining staying true to the core social purpose (Hynes, 2009; Mason and Doherty, 2015; Wilmott, 2017).

Barriers to growth are why some owners of social enterprises may choose a humble approach to grow or scaling their business (European Union/OECD, 2016). Scaling is, as mentioned in the problem discussion, often connected to standardization and multinational corporations where profit-making is the sole purpose of the business, which can be intimidating to social entrepreneurs that have chosen another purpose for their operations (Keizer et al., 2016). Increasing the awareness about social enterprises is primarily something that both can help overcoming the named challenges and boost the self-esteem of social entrepreneurs to actually take a risk on growing their enterprise. Governmental policy-making and development of support systems for social enterprises may help both social enterprises getting resources to succeed but may also benefit the legitimization of social enterprises to investors and other financial revenues (European Union/OECD, 2016).
2.3 Business model for social enterprises

The business model is a tool that helps the company understand how its business can work and internally innovate further (Burkett, 2016). One example of a definition of business models is: “the rationale of how an organization creates, delivers and captures values”. It can further be explained as containing three crucial aspects. The first aspect involves how key components and functions are unified for the purpose of delivering value to customers. The second part concerns the importance of the interconnection of these parts within the company, and also throughout the whole supply chain and networks. In what way the company generates value or how it creates profit, through these interconnections represent the third and last aspect of general business models (Joyce and Paquin, 2016).

The traditional one-layer financial business model is no longer valid or adequate, due to new requirements on businesses to include environmental and social aspects to a larger extent in their operations. Arising from these new requirements, the Triple Layer Business Model Canvas (TLBMC) has been introduced which as the name clarifies, permits a more holistic view of a company’s business model as it also encompass the environmental and social aspect. A triple-bottom line approach for organizational sustainability is used within the TLBMC, which means that economic, environmental and social value creation is integrated and clearly addressed as the core of a company’s business model. The primary purpose of the TLBMC is to function as a tool that supports the creative exploration of more sustainable business models, while at the same time support sustainability-oriented innovation in general (Joyce and Paquin, 2016). As this thesis concerns social enterprises, the focus will from now on, be the social aspect of the TLBMC, which is the third layer of the model, even though the first and second layer of course is of just as great value as well.

2.3.1 The social layer of the TLBMC

The social layer, shown in Figure 2, is mainly essential and necessary to use since it manages to capture how the organization and its stakeholders, mutually influence each other while it at the same time identifies what kind of social impact that stems from these relationships. It is important to recognize these factors as it eases the understanding of what an organization's primary social impacts are, while enabling the
exploration of new ways to innovate the organization’s activities and business model to increase the potential for creating more social value. The third layer of the TLBMC encompasses nine components: Social value, Employee, Governance, Communities, Societal culture, Scale of outreach, End-users, Social impacts and Social benefits. (Joyce and Paquin, 2016)

Figure 2. Social Stakeholder Layer of TLBMC. (Joyce and Paquin, 2016)

The first component within the TLBMC is the social value, which for social enterprises is a distinct part of their mission. The social value stands for what kind of benefit various stakeholders of the company will get, as well as the society in general. Employees are the second component, which clearly is an important aspect to keep in mind in business models as employees are considered a key stakeholder group. Factors such as equality among the employees regarding pay, gender and ethnicity are examples of how to include the employees in the third layer of the TLBMC. An additional issue regarding employees that emphasize the importance of including them in the business model is for example training, as this is something that contributes to the company’s long-term success. (Joyce and Paquin, 2016)

The governance component is also included as it refers to how the organization is structured and how policies regarding decision-making are designed. This component comprises which stakeholders the company is interested in engaging with, as well as how to succeed with it. Examples of organizational structure in this case is not-for profit
and privately owned for-profit organizations. The decision-making policies can for instance concern the degree of transparency and profit-sharing. These factors are important when it comes to engaging stakeholders, as transparency in decision-making for example communicates a more honest image of the company. (Joyce and Paquin, 2016)

The component about communities refers to social relationships that are created with suppliers and their local communities. It is common for organizations to solely focus on the community in which the headquarter is located in, nevertheless, when being a social enterprise it is important to focus on all communities connected to their business. The company will advantage from an increased engagement in all communities, due to those mutual beneficial relationships it will create. The social culture distinguishes what kind of impact the company can have on the society through their operational activities (Joyce and Paquin, 2016). The depth and breadth of the company’s relationships with its stakeholders is treated within the sixth component, scale of outreach. It refers for example to the intended length of a relationship as well as to the geographically outreach. The company must for instance decide whether they want to build long-term or short-term relationships with its stakeholder, and if they will operate locally, regionally or globally (ibid.).

End-users are naturally an important strategic stakeholder to keep in mind when designing a business model, as they are the ones consuming the so-called value proposition. It is therefore important for the company to meet the demands of the end-users to contribute to an improved quality of life. The segmentation for social enterprises of end-users differs in the social layer, as it is more difficult to divide them into segments concerning for example age or income (Joyce and Paquin, 2016). The eight component concerns the social impact, which is a crucial part of this thesis and will therefore be more elaborated on in the next part. The last component, social benefits, stands for the positive social value creating feature of the company’s activities, meaning that it explains what kind of social benefit that arises from these actions (ibid.).

2.3.2 Measuring social impact
The eight component raises, which was saved for this part due to its importance for this thesis, the social impact, which encompasses an organization's social costs. This is a
critical aspect as there is yet no legitimized way to quantify and measure social impact. There are regardless some common indicators used regarding measuring social impact, which are: health and safety, community engagement and fair competition. As social enterprises differ significantly in their social missions, it is naturally not possible for all enterprises to use the same kind of indicators when measuring their social impact. It is therefore vital to formulate their specific social impact indicators in the business model, to prove for stakeholders what they aim to do (Joyce and Paquin, 2016). It is as mentioned complicated to measure social impact in comparison to for examples financial outcomes. Nevertheless, it is essential to increase the understanding of how to measure social success for the field to move forward (Ruebottom, 2011).

Naturally it is more difficult measuring social impact, as it cannot be translated into easily-understood numbers. What is important for managers of social enterprises to realize is that if their social mission is not appreciated by the people of their target market, the whole business idea will fail. Similarly, this will not attract any types of investors. (Adams, Ripley and Speyer, 2017)

2.4 Strategies for social enterprises in emerging markets

While emerging markets as a concept includes different countries on different continents, they do share some characteristics that enables for researchers to cluster these types of markets together under one umbrella term (Jansson, 2008). Moreover, since emerging markets are the geographical focus of this thesis, there are some strategies found that may work best for social enterprises entering such markets. The first strategy of choice is the matching strategy, a concept explained by Jansson (2008), which highlights the importance of adjust a company’s internal values and norms in accordance to the external equivalents of the chosen market (ibid.). The second strategy is the lean strategy, a commonly used method for social enterprises which has shown to be especially suitable for emerging markets due to its nature of focusing on being low on costs and resources (Murray and Ma, 2015).

2.4.1 Matching strategy

Given the fact that environmental and humanitarian issues are acknowledged as an effect of globalization and increased awareness, companies need to understand the impossibility of separating the business world with the social side including politics and
ethics. Today, the world is more transparent, more distinct regarding values and involves frailer corporate assets. Therefore, companies need to accommodate to challenges arising from climate change, social equity and human rights. Since the business world and social side are inseparable namely in emerging markets, it is of vital strategic importance in an international business context to take these social issues into account. This also highlights the importance of ethics, which includes principles, norms and standards of conduct dominating an individual or group. (Jansson, 2008)

It is common to exclusively focus on the characteristics of the company that is entering a foreign market, when designing an entry strategy. What is normally focused upon is the resources and capabilities of the company to reduce transaction costs. The characteristics of the host market is nevertheless proven to be of just as large importance to consider when making strategies. Significantly institutions in emerging markets as for example country-level legal and regulatory frameworks since they differ greatly from institutions in developed countries (Meyer et al., 2009), such as Sweden. One important aspect to keep in mind when making an entry strategy is therefore the fact that the perception of ethics as well as societal institutions differs between countries (Jansson, 2008).

This disparity of ethics makes it important for companies who are entering a distant market, to be aware of how the perception of ethics looks like in the targeted country while also considering institutional factors. One efficient tool is to implement a matching strategy, which implies that the company link their internal values, norms and beliefs to the external counterparts in the targeted market, by making them compatible (Jansson, 2008). Jansson (2008) states that it is of particular relevance to carry out a matching strategy when entering emerging markets as societal institutional factors are less established there.

2.4.2 Lean strategy

Using the lean strategy is something that frequently has been done by many for-profit organizations, starting in the late 20th century (Murray and Ma, 2015). In general, lean is used as a way to reduce and eliminate costs and waste, which can be done through different management principles and techniques (M.P. et.al., 2017). It can also be described as a set of innovation- and process improvement methods (Murray and Ma,
Ultimately, using lean could allegedly add value to a product from a customer’s point of view (M.P. et.al., 2017). An important aspect to keep in mind however, is that the lean strategy serves its purpose best when combined with other strategies or models and should thus not be used as the only strategy in a social enterprise (Murray and Ma, 2015).

Adding value is perceived pivotal for lean as a method. This means that all activities in an organization that does not add value are waste, and when using lean, waste is an essentiality to remove from the organization. There might be activities that adds little to no value, but still are necessary for the business. As they do not add value they are also perceived as waste and should at least be minimized as far it is possible. Because companies using lean are focusing on value-adding activities, they may be recognized more favorable by the end-consumers. Likewise, by excluding non-value-adding activities, money will be saved which in turn can be invested into improving the company and its social mission. (Social Enterprise Alliance, 2010)

Consequently, using lean method for social enterprises may be a solution for surviving both financial struggles and staying true to the core mission. Although planning is important for a company, it does not encourage risk-taking or innovation in that sense. Strategic planning is useful if the company is clear with what path they are going and what problems to solve, but this is rarely the case for social enterprises. For instance, deciding on what strategies and tactics to put resources on before even trying them out can be devastating for a company with low financial resources. What wielders of lean do is thus to small-scale test their ideas and strategies, and if proven successful, they are put to use. (Murray and Ma, 2015)
Figure 3. *The lean experimentation process.* (Murray and Ma, 2015)

Figure 3 illustrates what the process of using lean can look like. As the model shows, the lean process does not require much preparation but is rather about constantly trying the company’s ideas and preliminary strategy. Based on what response their experimenting gets, the outcome is analyzed and evaluated before possibly incorporating it into company’s everyday activities. Nevertheless, using lean is not always simple. What can be difficult in terms of social enterprises and lean is the measurement of the social impact, since the lean method favors clear numbers and statistics. (Murray and Ma, 2015)

Another important aspect to keep in mind is the conditions related to the social enterprises that this thesis focus on: emerging markets. This means that the only problem is not whether social impact is measurable or not, it has to be feasible in emerging countries as well, let alone with limited resources social enterprises often struggle with. A possible solution for this could be using lean data. Measuring outcome is in general a costly and time-consuming process, where the main reason for many companies that do this is for external investors and other stakeholders. In relation to the lean approach, where the end-result is based on customers’ needs and wants, lean data is also used for mapping out the demographics of a social enterprise in an emerging market. By including this part into a social enterprise’s measurement, it is easier to understand their social impact and whom it concerns (Ditcher, Adams and Ebrahim, 2016). Therefore, instead of pre-planning a business model that is costly and may not
work at all on the target market, the managers of a social enterprise can follow the lean method by trying their working strategy small-scale on the spot, and from there figure out what works and what does not (Rabbat and Paul, 2017).

2.5 Theoretical synthesis

As there is a confusion concerning social enterprises today, with no universal definition (Ghalwash, Tolba and Ismail, 2017) and a lot of contradiction regarding for example whether it is allowed for social enterprises to maximize their profit-making or not (Mathew, 2008; Mason and Doherty, 2015), the aim of this thesis is to increase the holistic awareness of social enterprises. The first step in the value creation process, which also represent the first research question of this thesis, is how the idea behind a social enterprise is generated, which is followed by developing this idea into a business opportunity (Fowler, Cofey and Dixon-Fowler, 2017). The idea normally derives from detecting a social issue, where the development in one part of the society is stuck, which in turn can be developed into an opportunity for social enterprises (Drayton, 2002). It is now vital to involve business skills in order to realize how social value can be created through some sort of commercial activities, while finding a balance here to stay true to their core social mission (Mason and Doherty, 2015). This require innovative approaches, both for how to make a social impact and how to generate income (Zahra, Newey and Li, 2013).

The second research question of this thesis concerns challenges that social enterprises may encounter. This thesis’ theoretical chapter has accounted for social enterprises struggling with finding a balance in their considerations of profit-making and their social purpose, regarded as a trade-off between the two aspects (Mason and Doherty, 2015). What makes it difficult is that all enterprises are more or less using a blended value approach that includes social, financial and environmental aspects (Zahra, Newey and Li, 2013), which creates challenges for social enterprises being able to legitimize their operations to investors. Getting financial support is currently one of the main issues for social enterprises and may have a part in the lack of understanding of what social enterprises are and what they do (Hynes, 2009; European Union/OECD, 2016). An additional main struggle for social enterprises is growth and the difficulties for social enterprises to do so (Hynes, 2009), while managing the previously recounted trade-off.
By being able to cope with these kind of challenges, it is necessary for social enterprises to design a business model including all aspects: social, environmental and economic, addressing the third research question of this thesis. One example of such business model is the Triple Layer Business Model Canvas (TLBMC), which is built upon a triple-bottom line approach (Joyce and Paquin, 2016). Regardless of the great importance of all three layers for social enterprises, the third layer, the social one, is what constitutes the core mission of social enterprises, and is therefore the focus in this thesis. The social layer includes nine components: Social value, Employee, Governance, Communities, Societal culture, Scale of outreach, End-users, Social impacts and Social benefits (ibid.).

Using a matching strategy can help social enterprises being able to run their business in emerging markets. The characteristic traits of emerging markets are separating them from developed ones in a more challenging matter, which is the conditions of those that are important to take into consideration. Jansson (2008) therefore suggests that the company entering an emerging market can match their values norms and beliefs to the emerging market’s counterparts. As this can be a costly process requiring various resources; not only financial but also concerning employees and knowledge, some researchers propose using a lean strategy in addition to other already existing strategies (Social Enterprise Alliance, 2010; Murray and Ma, 2015; Ditcher, Adams and Ebrahim, 2016). The lean strategy eliminates waste in terms of inconvenient activities or operations, with a focus of only keeping activities that truly adds value to the organization. This also means that the social enterprise’s planning processes are concentrated on a current issue and consequently, there should be no planning of possible events or situations as this is too time-and resource consuming (Social Enterprise Alliance, 2010).
This model, figure 4, illustrates how the chosen theories are related to each other based on social enterprises and the process they undergo to make a social impact. The process starts with an initial idea that turns into an opportunity of starting a social enterprise, that balance profit-making and making a social impact. During the whole course, there are different challenges as shown in the model. The challenges have been put above and below the process, because they are apparent during the whole process. To meet these challenges, social enterprises should develop a business model and additional strategies. The arrow for the business model is illustrated with a connected line, displaying the continuity of the model throughout the lifetime of the social enterprise; while the arrow for strategies has a dotted line, referring to the strategies being more short-term and adjustable. These are necessary in order to reach the final aim: to have a social impact while still making profit.
3 Method

This chapter will examine and motivate the chosen research approach, research method as well as the research design. Further data collection, operationalization, method of analysis and research quality is presented. The choices are based on the research questions that are aimed to be answered in order to fulfill the purpose of the study.

3.1 Research approach

A research can have its origin from the theory, resulting in a theory or go in between theory and empirical material, which briefly explains the disparity between different research approaches (Creswell, 2014). The inductive approach seeks a theoretical generalization based on cases from the reality, while the deductive approach on the contrary starts from a general rule or theory and argue that this rule or theory explains a single case. In addition to these two opposites, the abductive approach is more comprehensive and includes aspects from both the inductive and deductive approaches (Alvesson and Sköldberg, 2009).

The research topic of this thesis was discovered in the reality, with an aim for the research to result in a generalization about Swedish social enterprises operating in emerging markets, which is the reason for why this thesis have an inductive approach. The implications of the inductive research approach match the way of conducting this research, meaning that it has its starting point in the reality, leading up to theories or generalizations about the research subject (Creswell, 2014). An important aspect to keep in mind is that no qualitative research is solely based on observations, and that all observations begins with some sort of prior conceptual structure (Creswell, 2014; Corbin and Strauss, 2015). This approach also implies a high risk as it might not be possible to make these general assumptions based on single cases, which is vital to consider when using it (Alvesson and Sköldberg, 2009). Nevertheless, previous research suggests that raising the awareness about social enterprises would facilitate their operations, legitimize their business and enable those getting investors and grow their business (European Union/OECD, 2016). The suggestion which also serves as a purpose for this thesis, supports the choice of choosing an inductive approach and may help going from the specific subject of Swedish social enterprises in emerging markets, to a general recognition of those.
3.2 Qualitative method

Creswell (2014) distinguish three different research methods: qualitative, quantitative and a mixed method. He continues to explain that it is important to know that qualitative and quantitative methods are not polar opposites of each other but are representing different ends of a continuum. A research could with other words be more qualitative than quantitative and vice versa, but not exclusively one of them. One common differentiation between the two methods is that a qualitative research is composed by using words, whereas a quantitative method normally is defined by numbers. Another distinction is the configuration of the questions asked to answer the research questions. A quantitative research normally consists of close-ended questions in comparison to open-ended questions that you use in a qualitative research (Creswell, 2014).

One definition of qualitative research is that it starts with assumptions and is using interpretative or theoretical framework addressing a problem which usually is a social or human problem (Creswell, 2014). The aim for this thesis was to gain more in-depth knowledge about Swedish social enterprises operating in emerging markets. Assuming that the data collected would come from a variety of companies that differs in their social aims, it was regarded to be more appropriate to use a qualitative research in this thesis. This was necessary, as the data collected were not supposed to be measurable and standardized (Silverman, 2013), but rather to be analyzed as the aim was to investigate people's subjective experiences regarding a social phenomenon (Creswell, 2014; Silverman, 2016). Another explanation to why the qualitative research method was chosen is, that the empirical data collected would be open for interpretation, as its definition earlier states (Creswell, 2014). Since the purpose for this thesis is to increase the holistic awareness and knowledge of the topic of Swedish social enterprises, it was found most appropriate to interpret the collected data to further enable generalizations.

3.3 Research design

3.3.1 Research strategy

When setting up a research design, it is important to first decide on what the purpose is of the design, of which there are several choices as well as the ability of combining
many of them. What these purposes have in common is that they are dependent on the way the research questions are posed, as well as what kind of objective the researcher wishes to accomplish. The purposes may be explanatory, descriptive, exploratory, evaluative, or as mentioned; mixed (Saunders, Lewis and Thornhill, 2016). Our research questions started with the pronoun “What” and the adverb “How”, words commonly used in research questions regardless of its purpose study (ibid.). However, as the aim was to get a full picture of Swedish social enterprises in order to create awareness of them operating towards emerging markets, an exploratory study was believed to be suitable for this thesis (ibid.).

3.3.2 Case Study
Case studies are commonly used in qualitative research, which may be owing to its inclusive nature. Generally speaking, case studies are used whenever the researcher wants to get as extensive and in-depth understanding of the research topic as possible (Silverman, 2013; Merriam and Tisdell, 2016). Case studies are according to Creswell (2014) a research of which the researcher aim to, through in-depth data collection through for example multiple interviews or observations, explore one case or multiple cases to consequently make a description about it. The aim of this thesis was to collect empirical data from Swedish social enterprises, in order to contribute to a clearer picture about their operations and how social enterprises normally cope with business models and strategies when coping with emerging markets.

Though it might seem as case studies are a broad research strategy it still is used within a specific scope. For instance, boundaries of the case need to be recognized early on (Silverman, 2013), which in this thesis signified a focus on social enterprises from Sweden. Other boundaries for this case study were that only social enterprises from Sweden operating domestically were used, while making a social impact in emerging markets through their commercial activities.

3.4 Data collection
Collecting data is essential to the whole research process and can be from various sources such as interviews, observations, literature and so on. These kinds of sources can be divided into two groups; primary and secondary sources. For the thesis to result in more trustworthy conclusions, it is important to use both primary and secondary data
(Patton, 1990). The primary data is collected from for example interviews and surveys, whereas secondary data is taken from already existing information on the subject (Merriam and Tisdell, 2016).

3.4.1 Primary and secondary data
The tool for the collection of primary data in this thesis was seemingly interviews, which is a common tool, especially in a qualitative context. By using a qualitative interview, it enables for the researcher to understand the perception of the world from the interviewee’s perspective, preceding scientific explanations (Brinkmann and Kvale, 2015). Further, conversations are a natural thing in human interaction to learn about each other’s experiences and feelings. Breaking down the word ‘interview’, its literal meaning is an interchange of the views (Kvale, 2013). Even though the interview is viewed as a conversation, it is necessary to keep in mind that it is not a conversation held between equal actors, as the researcher controls the situation by defining it (Brinkmann and Kvale, 2015). As the aim partly is to investigate how the idea to social enterprises arises, it is important to gain access to subjective perceptions and thoughts regarding this. Therefore, it is believed necessary to use interviews with individuals such as social entrepreneurs, as the data collection tool.

The primary data consisted of conducting interviews with three representatives from Swedish social enterprises that in some way are operating in emerging markets. The companies used were Fair Tailor, which do not exist anymore, Trine and Smiling Cashew. Details regarding the name of the interviewee’s, their position in the company, the length of the interview as well as the format used when conducting the interviews is presented in table 1. Further explanation about the companies is presented later in the chapter of empirical findings.
<table>
<thead>
<tr>
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<th>Position in the company</th>
<th>Length</th>
<th>Format</th>
<th>When</th>
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<td>Face-to-face</td>
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<td>27/4</td>
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<td>Smiling Cashew</td>
<td>Oscar Alsén</td>
<td>Co-founder and CEO</td>
<td>0:49</td>
<td>Skype</td>
<td>30/4</td>
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</table>

Table 1. *Interview summary.* Own table.

Two of the enterprises chosen for this study, Fair Tailor and Trine, were found from researching about Swedish social enterprises on the internet. The third enterprise, Smiling Cashew, was chosen because of an already existing awareness about the company and its presence in emerging markets. These companies were contacted via email, where the research subject was presented as well as examples of more specific topics. After the possibility of conducting interviews were confirmed with the proposed interviewees, they were held consecutively during a shorter period of time. The ability of having the interviews close to each other was proven positive, as it was easier to remember responses of previous interviewees and so connect the interviews in terms of questions. Also determining which questions were more significant than others was facilitated through this. Another beneficiary aspect of having all interviews shortly after each other was that the other material already written in the thesis remained the same, as there was no time in working further on those.

Additionally, since all of the interviewees as well as the researchers were Swedish, the language used during the interviews were Swedish which also was the language used for the transcription document. Consequently, selected responses from the transcription was translated to English during the writing of the empirical chapter. To make the empirical chapter more illustrative, direct quotes from the interviewees were mixed with the rest of the descriptive text. As specified, these quotes were translated from Swedish to English, and thus do not entail a complete depiction of what the interviewees said, however they were translated as closely to the original statements as possible.
The secondary data used in this research was collected from earlier interviews with representatives from the social enterprises to support the collected primary data. This was necessary to make more trustworthy conclusions (Patton, 1990), and be sure that the collected primary data went in accordance with what these social enterprises previously have said about their operations. This combination of primary and secondary data is called triangulation, which is when using multiple sources of data to cross-check the empirical findings (Bryman, 2016).

3.4.2 Interview structure

One way of classifying interviews is to consider the degree of the structure the interview has. There are three commonly used distinctions: structured, unstructured and semi-structured interviews. The structured interview contains of close-ended questions where the interviewee does not have the opportunity to freely reflect around the questions asked. The unstructured interview on the contrary allows the interviewee to speak freely from an assigned topic, without being controlled by questions (Qu and Dumay, 2011). As none of these options were suitable for this research and topic, the decision to use semi-structured interviews was made. In this type of structure, the interview is guided by specific questions, but still gives the opportunity for supplementary questions as well as for the interviewee to reflect freely (ibid.).

When using a semi-structured interview, the aim is normally to receive specific information from all interviewees, which still imply some sort of structure. What adds a less structured approach to this type of interview is that the questions more function as a guidance instead of controlling the outcome. The semi-structured interview allows more flexibility as the researcher have the opportunity to respond and adapt to the specific situation. It is for example not necessary to ask the pre-decided questions in a specific order or with specific words (Merriam and Tisdell, 2016). This choice of interview structure was vital for this study as the aim was to let the interviewees share their honest thoughts concerning the topic that might have been missed out by using a high-structured interview with controlling questions. The reason for why, regardless of this aim, unstructured interviews were not chosen was for the interviews to stick to the areas and themes meant to be investigated.
3.5 Operationalization

To achieve the objectives of this study, it is essential to translate the chosen theoretical concepts of the thesis into tangible categories in order to make them more understandable (Saunders, Lewis and Thornhill, 2016). Interview questions necessary for answering the three research question of this thesis (see Appendix 1) was formulated and placed under themes of concepts containing sub concepts, which was formed based on the theoretical framework. This made it possible to cover all aspects brought up in the theoretical framework, when conducting the interviews.

<table>
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<tr>
<th>Concepts</th>
<th>Sub concepts</th>
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<th>Interview questions</th>
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<td>A</td>
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<td><em>Zahra, Newey and Li (2013)</em></td>
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<td>Trade-off</td>
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<td><em>European Union/OECD (2016)</em></td>
<td></td>
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Table 2. Operationalization. Own table.

3.6 Method of analysis
As the research of this thesis is made through a case study, the data analysis differs a bit from traditional data analysis due to some specific features of case studies that affects the analysis. It is highly essential to gain an understanding of the collected data to be able to analyze it, which is a difficult task to manage due to the great amount of collected data that might give incompatible or even contradictory information. This fact emphasizes the importance of data management. (Merriam and Tisdell, 2016)

The first step after conducting the interviews and collecting the necessary data for this thesis, was that all three interviews were transcribed and brought together, which according to Merriam and Tisdell (2016) is an important thing to do. The next step was to present all collected data from each interview, under themes that are based on the theoretical framework, in the empirical findings chapter. When all information was separately sorted and placed from all three interviews under these themes, a cross-case analysis was made. A cross-case analysis can be made when the research involves more than one case (Merriam and Tisdell, 2016), as in this thesis were three Swedish social enterprises are studied. It normally follows an initial within-case analysis, where the information from each company is analyzed separately (ibid.). As this study only involves three companies, the cross-case analysis is the only one used to avoid information repeating itself. The outcome of a cross-case analysis can be a unified description across cases, that in turn might lead to typologies that conceptualize the collected data from all companies studied (ibid.), which goes in accordance with the purpose of this study; to contribute to a more extended and trustworthy image of Swedish social enterprises.
3.7 Research quality
By analyzing and discussing the research quality of this thesis, the ambition was to show methodological awareness concerning the research topic, choice of research methods and design as well as data collection of this study. Validity and reliability is a common way of analyzing the legitimacy of a quantitative study (Silverman, 2013). However, the relevance for researchers including these aspects into a qualitative research has been discussed, most prominently as the meaning of the terms need to be applied differently in a qualitative context (Bryman, 2016). The solution to the issue may be to slightly alter the terms towards a qualitative practice. Alternative definitions of those being more fitting in qualitative research have been proposed by former scholars, and thus are the ones used for this thesis: credibility, transferability and reliability, all going under the criteria ‘trustworthiness’ (Creswell, 2014; Bryman, 2016; Merriam and Tisdell, 2016). As Silverman (2013) argues, if not aiming for showing validity and reliability of a study, there is no point in making a study at all.

3.7.1 Credibility
Including the validity of a study in the methodology is a way of showing the credibility of the study conducted. This is done because interpreting an observation made in the research process may differ depending on the researcher. Furthermore, the interpretations can or cannot make sense in relation to theory used or the data collected, which is why the validity of the research is important to reflect upon (Silverman, 2013). The quantitative term ‘internal validity’ which is equivalent to the qualitative ditto ‘credibility’, implies the question if there is a coherence between the observations made by the researchers, and the theories that are generated from those (Bryman, 2016).

In this study, the credibility was strived for by, during the data collection process, avoiding asking leading questions to the interviewees, but rather have them speaking freely and if necessary, asking questions redirecting them back to the subject. Furthermore, triangulation (Bryman, 2016) was used as a way to cross-check that the data collected, later discussed and analyzed, was consistent with the recorded interviews. This was especially important as two of the recordings, where the interviews were conducted on skype, at some points were affected with bad reception. The confirmation of the data was therefore made through the enterprises’ websites and earlier interviews of the enterprises in digital articles. Lastly, the transcription document of each interview was sent out to the interviewees as soon as they were done before
using and analyzing the data further. This was a way for the interviewees to confirm or decline the content, and also gave them the ability of adding or clarify the contribution.

3.7.2 Transferability
Elaborating further on the previous section about internal validity, the external validity is yet of importance when assessing the quality of the research. External validity, which is examining the transferability of the research, is simply to what extent the study can be used and applied by future researchers and others. External validity is nonetheless an issue in qualitative research, since most sample sizes are too small for the ability of further generalization (Bryman, 2016), which is why in this thesis, being qualitative, transferability may be more applicable. By using the term transferability instead, the researcher is encouraged to provide more extensive information about the samples collected (ibid.).

For this thesis to accomplish the state of being transferable, the aspiration was to be as transparent as possible regarding the data collection, how it was done and what was collected. As previously stated, smaller sample sizes can certainly decrease both the credibility and transferability of the research, and this thesis was no exception, with three interviews alone. The response rate to the initial interview requests among the social enterprises that were contacted for the data collection was unfortunately low, let alone the difficulty in finding enterprises that matched this thesis’ framework. The answers from the interviewees were however similar to each other on many areas, and a lot of valuable information could be obtained from those, albeit there is an awareness of the limitations of the sample size in terms of the transferability.

3.7.3 Dependability
A study should aim for being as reliable as possible. The notion of reliability is however extensive, which especially is the case for qualitative research since it is conducted in a social setting, usually based on individuals’ interpretations and observations (Silverman, 2013). Reliability when used together with the criteria of trustworthiness in qualitative research is called dependability (Bryman, 2016). For researchers in the social sphere of qualitative research, the challenge lies in the ability to prove the transparency of their work. In other words, this means that different observers should be able to draw the same conclusions of the same material, to justify the study and for it to achieve consistency (Silverman, 2016).
To make this thesis transparent and in turn, reliable, the interviews were recorded after approval from the interviewees. By having the opportunity of recording the interviews, it is more likely that the data material and thereby the findings of this thesis are consistent and reliable. Another aspect enhancing the reliability of this thesis was that there were two researchers present each time during the interviews, as well as during the transcription process. Why this is believed to have increased the trustworthiness of this thesis, is because two researchers are able to discuss and agree on the data and its consistency. Being two researchers also helped in the transcription process, since two of the recordings as mentioned was affected with bad reception, and some information could therefore be understood with each other’s help. Ultimately, as mentioned all three interviews were conducted over a short period of time. This made the questions asked to the interviewees staying close to the same, which may improve the reliability of this thesis as the interviews are comparable to each other and are made under same conditions.

### 3.7.4 Ethics

The design of the study is crucial both scientifically and ethically. An inadequate design may put participants and other people involved in the research at risk, since they are subjected to a lack of respect when they do not benefit from the study (Loue, 2000). Most scientific researchers are clear about the ethical aspect of a research, especially when it involves participants of sort. For instance, that participants of a research are voluntary, meaning that they can leave whenever they want. While having voluntary participants of a research it is further necessary to protect their integrity, inform them of every aspect of the study including potential risks and benefits, and finally not harming the participants (Silverman, 2013; Creswell, 2014).

To make sure that the research conducted was ethical, a full disclosure of the study was presented when contacting the interviewees. Furthermore, during the interviews, the interviewees were informed that the interview would be recorded and that they had the possibility of withdrawing their answers if needed. The interviewees had the possibility of being anonymous, and were given their transcript for approval before being put to use in the thesis. Finally, as far as possible, multiple perspectives were reported in the empirical findings as well as the analysis.
4 Empirical findings

In this chapter the results from the primary and secondary empirical data collection are presented. Three Swedish social enterprises were interviewed: Fair Tailor (discontinued in 2011), Trine and Smiling Cashew, which make up the primary data, with complementary secondary data of each enterprise. The semi-structured interviews were based on different concepts emerging from the theoretical framework.

4.1 Fair Tailor

Fair Tailor was a Swedish social enterprise selling tailored shirts made in Nepal. The business idea was established in 2009 by Sebastian Stjern and his former wife, selling tailored high-quality shirts that was fairly produced, and ordered online. Fair Tailor had around seven employees in Sweden, including the founders, and about eighteen workers in Nepal. Due to unforeseen events together with struggling with making the business model work, the Swedish part of the enterprise was discontinued in late 2011, being taken over by the Nepalis who got to run the company independently before eventually the company was dropped entirely.

4.1.1 Turning a social issue into a business opportunity

When asking Stjern what his definition of social enterprises is, he responded in short that “social enterprises is about solving a social issue on commercial premises.” He continues to explain that regular enterprises also can solve social issues, but the core lies in why the business is started. On Stjern's behalf, the business idea came to his mind when travelling in China where he had gotten tailored clothes. His main issue with clothes from regular stores was finding the right fit, especially with shirts. When thinking about it, he also realized that the already existing production of tailored shirts probably did not have fair working conditions as they were extremely cheap for its quality. Later that summer, after watching the reality TV-show ‘Dragons’ Den’ about entrepreneurs pitching new ideas, he got inspired to make his business idea a reality. Shortly after their business idea was nominated for best business idea in the venture cup, which was when he decided to fully invest in this idea and change path of life.

Stjern got in touch with a Nepalese named Tirta, who owned a charity organization, Watabaran that run an orphanage and a school for children living in the slum of Kathmandu in Nepal. Stjern and Watabaran decided to work together which consisted
of Watabaran owning the factory in Nepal, and all surplus from the Nepalese factory went to supporting the orphanage.

4.1.2 Challenges for social enterprises
According to Stjern, the main challenge in the start-up process, not only for his company but to every other start-up, is money. He agrees on that it is especially difficult for social enterprises attracting investors, as it is not clear who will benefit from it. This monetary challenge was also the reason behind why they had to close down the enterprise, as they were struggling with making profit. Another explanation for why, according to Stjern, it is difficult to attract investors is if the mission of the social enterprise is something the investors do not want to be associated with. An example Stjern gives is a social enterprise in Sweden who works with sexually abused children, which is a subject that is very difficult to approach and deal with, and therefore some investors or companies may avoid these types of companies as they rather might want to be associated with lighter issues.

On the question if Fair Tailor was ever questioned in terms of credibility, Stjern answered that he would have hoped for more. With Fair Tailor he was very clear about what was the main purpose for the company; to help the people in Nepal and improve their life. Since Fair Tailors customers were mainly Swedish, they had to ship the shirts from Nepal to Sweden by plane, which from an environmental perspective is not preferable. However, he stresses that they were clear with why they chose shipping by plane. He states that as long as you can motivate and explain your choices, it is normally fine, as it is impossible to do something good in every aspect.

Regarding competition within the shirt industry, Stjern explains that the main competition was not an actual company but rather how people are used to buy shirts, to break the current habit of buying traditionally. The buying process that Fair Tailor used was to get the measurements, order a shirt, perhaps needing some adjustments and get a new one re-sent. An additional point Stjern recalls is setting a too low price on their shirts. Because of the high-quality, he believes they could have set their price much higher, the same as already established high-quality shirt producers does. Due to the pricing they had, they were not cheap enough for the low-price segment, but did neither attract high-end consumers as the price did not match the high quality on their shirts. Stjern describes that the company then got “stuck in the middle”. As Stjern put it in an
interview from 2012: “The problem for many socially responsible entrepreneurs is that you think that if you do good things in the world, people will buy your product or service [...] Everyone loves us, but that doesn't mean that everyone is buying from us.” (Ansari, 2012).

“Making profit or not with a social enterprise is irrelevant” according to Stjern. He says that there are a lot of people claiming that social enterprises should not make profit. Elaborating further on the topic he says that if it is accepted to get rich on selling things like weapons or tobacco, it should be acceptable to get rich by doing something good for the world. In order to succeed on creating a sustainable enterprise Stjern believes it is important to make profit to be able to save the world. This is because the mindset many people have when starting a social enterprise derives from the public sector or non-profit organizations, where making profit is not the main point, but rather to use all the money they get before year’s end, or they would get less money the following year, Stjern explains. Moreover, Stjern believes and hope that social enterprises in the future will appear more as traditional ones, and that traditional companies will look more like social enterprises.

4.1.3 Business model
The social responsibility that Fair Tailor took towards their employees in the production in Nepal was to offer them sick- and parental leave which generally is non-existing in Nepal. Furthermore, Fair Tailor made sure the employees only worked eight hours a day with sufficient pay and provided the people in the production with training. Regardless of the fair working hours and pay, the employees chose to work somewhere else before and after their work shift at Fair Tailor, as they wanted to make more money. Stjern explains that he was aware of this but emphasizes that he probably would have done the same if he were in their shoes. Related to the fair conditions that Stjern wanted to provide for the production workers, he believes that there was a mutual collaboration between the company and the workers in Nepal. He explains this as without each other, the company and the workers, the impact that the company created would not be possible or exist. Therefore, he wanted to make sure the relationship was as good as possible and tried to visit the production site once every quarter.

When asking if Stjern believes that the Fair Tailor contributed to some sort of new social culture, he is not really certain as they were a rather small company but is hoping
that was the case. He brings up the multinational company H&M as an example of a corporation where individuals in the company may have heard about Fair Tailor and what they do, and therefore may change mindset in a way of changing and improving H&M’s production conditions. Additionally, by showing the consumers a new way of running a fair production will hopefully and eventually put pressure on H&M and other related companies, to improve their standards. In that way, Stjern hope they managed to contribute to a new social culture: “I believe that in that way we had a bigger impact than what we actually did through our business.”

As mentioned, Fair Tailor was a rather small company but initially they together with their investors (who owned 40 percent of the company) had aspirations and ambitions to grow, and Stjern adds that this expansion plan was “quite aggressive”. Since they only sold their products through their website, Stjern states that it could have worked to start selling to countries other than Sweden and neighboring countries.

An unexpected realization was concerning their customer segments, where one of their final largest segments were priest, something they did not consider at first. Since priests are using shirts every day in their job, and at the same time care a lot about fair conditions, Stjern at hindsight understood that they were a natural segment for Fair Tailor. This led to a follow up question about if they had considered a specific customer segment to target in the start-up process. Stjern says that they had, which was a group called LOHAS (Lifestyles of Health and Sustainability), normally including upscale people interested in sustainable alternatives, for example those buying organic milk. Another important customer segment for Fair Tailor, according to Stjern, was women due to a specific need for tailored shirts preventing gaps between the buttons that for some might occur.

When asking if Fair Tailor tried to measure their social impact, Stjern says that they did not, as they were operating early in the development of social enterprises and it was not as common then. Nowadays, Stjern argues, it is more common and important to prove the impact they are making. It is regardless possible for Stjern to communicate what kind of concrete social impact the Fair Tailor had. This included first and foremost the workers and the children of the orphanage.
4.1.4 Matching strategy in emerging markets
Stjern and Fair Tailor did not research and prepare that much before doing business in Nepal, as they mainly were pleased with finding someone who wanted to collaborate with them. Fortunately, they had Tirta, the owner of the Orphanage and school, who were familiar with Nepal and could help them. Since a company that do not have a Nepalese majority owner, cannot be established within the country, “which is really bad, because then no investments are going into the country.” The collaboration with Tirta was therefore essential for Fair Tailor to run their business. Another big challenge when doing business in Nepal was the administrative part regarding for example shipping. Things easily got stuck in customs for a long time, which could delay the orders.

4.1.5 Lean strategy
The lean strategy is something Stjern is well aware of and admittedly used during the time with Fair Tailor, especially concerning the part of not getting stuck on a certain problem taking too long to solve. Further, as Fair Tailor at first did not have much resources, they needed to do everything as quick and efficient as possible. Stjern believes that social enterprises cannot predict or plan upcoming challenges or problems, but they are to be dealt with whenever they arise. The lean mindset, Stjern continues, may be appropriate for all companies to use, social enterprise or not, as reality most of the time do not match expectations. Adapting to changing conditions is something Fair Tailor got to do when they realized priests were one of their largest customer segment, by starting to appear on priest fairs and akin to such. From another marketing point of view, Stjern disagrees on social enterprises needing to put down much resources on their marketing efforts. Digital advertisements could be a possible solution if anything, since the potential customer then easily can be redirected to the company’s website, but since the marketing money mainly comes from borrowed money or from the own pocket, it may not be worth it, Stjern says.
4.2 Trine
Trine is an investment platform started in 2015 that allows investments from private investors in loans to companies making solar energy in countries with low access to electricity such as Kenya, Tanzania, Senegal and Nigeria. The company have 18 employees including a growth team of 12 people. Hanna Lindquist, the interviewee, has been working on Trine since fall of 2015, right before the business was launched. Currently, her focus in the company is on their crowd investors in terms of communication and also handling the platform.

4.2.1 Turning a social issue into a business opportunity
Lindquist consider the term social enterprises rather bad, as it in her opinion is “in lack of better terms”. However, she continues explaining that social enterprises commonly can be defined as “doing things that normally would not have been done, that is, that there would be no profit-making necessarily.” For instance, integrating people into the labor market who otherwise would not have the right qualifications. Lindquist continues to explain that businesses are either purely charity or solely a profit-making company. The business idea of Trine was according to Lindquist to therefore be able to combine doing good while still running a successful company that makes profit. She emphasizes that Trine really wants to prove this ability of that it is possible to combine all of these pieces together. Obviously, Trine is innovative in this way as a lot of people regularly are asking how they are able to combine profit with the social aspect, Lindquist says. She further explains that they are not putting any value in which aspect is more important: social, financial or environmental, as all of these are important to Trine.

According to Lindquist, the idea to Trine occurred from the knowledge that a lot of people around the world are without electricity, which except for the lack of electricity, it creates other related problems such as environmental and health induced problems. The kind of electricity they currently have, kerosene, is in addition extremely expensive making these people that are already poor, unable to improve their financial state and in turn, their quality of life. Unfortunately, Lindquist continues, renewable energy sources are low in access in these areas, something that Trine wants to change and improve.

4.2.2 Challenges for social enterprises
Lindquist believes that the challenges Trine are facing are the same as for any other company. She claims that they need to prove as an investment service, that they are
clear with any risks involved and all kind of information concerning the money that people invest in Trine. To do so, she says, “Trine needs to continuously do risk assessments and to, like, really make sure that we know the markets very well where our companies operate.” Other than that, there are always permanent barriers such as regulations. Her explanation of this is that Trine are about sustainable investments, but she argues that there should not be a distinction between sustainable investments and normal investments. Normal investments would in that case be assumed to be not necessarily good for the people, the planet and the society.

As Lindquist described before, people are constantly asking about the daily operations of Trine in a curious matter. She does not experience however that people are actually questioning their purpose or what they do. Especially when talking to younger people, students for instance, she believes that no one questions Trine’s way of running a profit-making company while simultaneously having a social purpose. This goes in accordance with Lindquist’s opinion that profit, and social impact should not exclude each other. When asked if she experiences younger people to be more open to social enterprises, she sort of agrees as young people today are more familiar with the mentality of balancing a lot of aspects. As for example, being able to work, have a family and also contribute to society where the latter might not have been as important a couple of decades ago. However, she says she can see positive changes in the mindset of older people as “many of our investors are from an older generation.”

4.2.3 Business models
When asked if Trine are taking any social responsibility towards their employees, Lindquist explains that they are not working with any policies, but their organization is flat in their structure, meaning that there is a lot of freedom for everyone working. Lindquist does not believe that people are wanting to work at Trine to get a huge paycheck, because if they do “they have the wrong mentality.” For instance, the founders of Trine worked the first year with no salary. In Trine, no person has more to say than another, Lindquist says, which affects the dynamic in the company in a positive way. Lindquist says regarding the decision making in Trine, that on a daily basis, the decisions are generally made where the issue is, so if there needs to be a decision about signing loans, then it is up to the people responsible for those.
As Lindquist previously has touched upon, Trine do not see no intrinsic value in that their work has to be challenging in the matter of sacrificing salary to be able to keep their business going, but their mission is to achieve a market-oriented level, which Lindquist believes they have reached as of now. The driving force for the people working at Trine is a possibility of being a part of something and really affect the world. When asked if Trine is focusing on a steady growth, Lindquist replies that “our goal is to provide six million people worldwide with access to solar energy”, and according to a recent interview with Breakit, Trine has been described as the world’s largest initiative of crowd-investment in the field of solar energy in Africa (Widerberg, 2018). Lindquist continues that that is only the first step for Trine, and they are only seeing possibilities as one billion people currently is without electricity. She is aware that they are not being able to help everyone, their aim is not to build Rome but starting with Trollhättan and go from there. She also adds that if they are not growing, they cannot manage to increase the investment possibilities on solar energy. Again, Lindquist is clear with that Trine is not very focused on the future, but it is all about making things happen here and now.

Trine has developed a technique for measuring the social impact, which is the platform earlier mentioned. Currently Trine is working with the UN (United Nations), who guides them in how to measure the impact. Lindquist emphasizes it is very difficult to measure the social impact, for instance, “how do you measure if children in a community in Kenya can study four hours longer per day due to more access to electricity?” That type of impact, she argues, is difficult measuring. What Trine is doing is using a standard calculation for the measuring, which includes for example one household getting access to electricity which usually involves four or five people. They are proceeding from this assumption and then taking how many systems Trine are financing times the amount of households. From that calculation they know how many people they are providing with electricity, and then they will know how much kerosene and diesel usage that will be replaced with solar energy. Finally, they use the same equation to find out how much carbon dioxide emissions are being mitigated. She adds that Trine is aware that there is room for making these calculations more sophisticated, but they are preferring this conservative way although they are conscious to the fact that their impact is much more extensive than what their platform shows.
As Lindquist earlier has mentioned, the work of Trine has substantial social impact through their operations. The health aspect is one important aspect as fuels as kerosene for instance have caused disastrous outcomes, where houses have burned down and the smoke from these fires have made people needing hospital treatment. Lindquist compares breathing in the smoke from kerosene to smoking two packages of cigarettes per day. Another important social impact is as mentioned the possibility of longer study hours. Since the sun goes down around six PM in these countries, the children do not have time to study as long. Even though the kerosene lamps are being used the light is not sufficient for reading in the dark. An additional positive impact, which may not be normally thought of, is the improvement of these people’s quality of life. Before when it got dark, there was nothing left to do but going to sleep, but now with electricity there is time to spend time with the family and do things that does not concern work or such.

Lindquist spent some time in Kenya to work more closely with Trine’s local partners, which are the solar energy companies that Trine are providing financial support to. “I believe that if we are going to make a difference for real in this world, the private sector has to be a part of it. It is amazing to work in this environment and simultaneously feel that you are making a difference.” (Wisterberg, 2018). While in Kenya, Lindquist recalls meeting a woman that, when she asked what was good with this system, the woman responded the access to news. Back when they had no electricity the news would not show up until a week after it happened. Lindquist emphasizes how important this up-to-date access to news is, due to the information society we live in today, where one week of news stream can be comparable to a year of news back in the days. As Lindquist mentioned earlier, the electricity these communities used before is much more expensive than the solar energy, Lindquist estimates that these people are paying about 80 times more for electricity than people in London do. This explains the social impact of saving money.

4.2.4 Matching strategy in emerging markets
Lindquist states that due to the fact that the markets they are operating in are characterized with a lot uncertainty, “it is difficult to know what is going to happen the next two months.” It could be anything from a solar energy company getting stuck in the customs, which will affect Trine for probably half a year ahead due to extensive paperwork and such. She emphasizes that it is important to understand that only because these countries are labelled emerging markets, they differ greatly in processes such as
legal and financial. She also says that they know everything takes longer than for instance in Sweden, and you cannot hurry the processes. Lindquist gives an example on for instance that Trine has a loan that needs to be signed, and in these markets such as Nigeria or Kenya, everything can go very slow when suddenly it speeds up and they need to plan for how to proceed quickly.

4.2.5 Lean strategy
Lindquist says that Trine is working with lean strategies a lot, in the way of how they are planning things. By this she means that “a plan is only a plan until it is performed”, and therefore it can be changed depending on the circumstances. In order to know their financial capacity one month ahead, they need to use lean strategy to try what works, and not spend time on things that do not add value. She continues by saying that she believes it is a wrong mentality doing things just for the sake of it, because if a certain strategy is not useful then a lot of time has gone to waste.

4.3 Smiling group
Smiling group (Smiling) was founded in the year of 2012 and sold their first bag of nuts in 2013. The company started out as a reseller of nuts, mainly cashew nuts, produced in the Ivory Coast. Today Smiling have expanded to sell other nuts as well as other snacks such as bars but also different juices and dried fruits. Smiling is selling to Sweden and are present in various stores, including both larger supermarkets, pharmacies, sports shops and convenience stores. The company currently includes the four founders of the company, and one recently hired employee. The interview was held with one of the founders of Smiling, Oscar Alsén.

4.3.1 Turning a social issue into a business opportunity
Alsén has a mixed approach to the definition of social enterprises, he explains that the main thing for him and Smiling is that they will benefit the value chain. If that includes a farmer in Africa or if it is someone working with economy on Smiling’s head office, does not matter. He also believes that Smiling is innovative in terms of having a unique value chain. The uniqueness derives from that Smiling is trying to tell the story of the farmer, which is what differs Smiling to other nut producers.

The idea of Smiling cashew started rather unexpectedly. Alsén and his friend were studying enterprising and business development at Linnaeus University in Växjö. They
were used to collaborating and writing towards companies during their studying. In time for their thesis however, they wanted to write about something differently to get away from the business community “and at the same time catch some tan”, which was when they decided to go to Gambia to write their thesis. Alsén’s father had a sponsor through Lions International in a small school in Gambia, so the contact was there, and they subsequently went there with no prior information to investigate how Swedish aid could be better adjusted from the receivers’ point of view. Well there, they were asking the Gambian people what they needed; whether it was clothes, money, machines or knowledge. To their surprise, the Gambian people did not want any of that, what they wanted was job opportunities, something to do, something to sell, and something to be proud of.

The realization by Alsén and his friend, was to start a company, though they were not sure what kind of company they should start, when they saw the number of cashews in the area as well the awareness of how harmful the cashew industry is to the farmers. This was when the idea of Smiling was born. In an interview with Almi Stories (n.d.), it was explained that Alsén and his friend made a market research where they realized that cashew nuts and organic products in general were getting more and more popular in Sweden. They also discovered that there were no FairTrade certificated cashew nuts out on the market yet, and therefore saw a great opportunity there. (Almi Stories, n.d.)

Alsén explains that the regular cashew industry uses multiple intermediaries with shipping all over the world before being sold to the end consumers, “so why cannot this part be done together with the farmers?” Alsén talks about building up a sense of cooperation together with the farmers, so when they are selling to Sweden this authentic feeling is a part of the product. He adds that if this was being done right, in a better way, they would be able to make a lot of money. Alsén consider Smiling as neither being fully a social enterprise, nor a fully commercial enterprise, but a mixture of them both.

4.3.2 Challenges for social enterprises
Alsén says that according to him, “the most common challenges to social enterprises are margin versus volume”. He continues by explaining that being outside the industry, one would believe that the price is not decisive. The truth is however, it has a crucial significance to what volume that will be possible to sell. For Smiling the struggle is that they want to sell a certain volume for the farmers to a low price, but as Smiling wants to
make profit they need to survive in Sweden as well, meaning that they need sufficient margins. This dilemma is recurrent to Smiling about deciding where they want to position themselves, and Alsén emphasizes that it is “a thin line”. “99 of 100 companies are trying to set the highest price possible”, Alsén says during the interview. Referring to the market research, Alsén and his friend mentioned during an interview with Almi Stories (n.d.) that “Most people had a positive attitude [to the business idea], but we realized that the price was crucial if our alternative would be what people chose to buy at the end of the day.” (Almi Stories, n.d.).

Being questioned about their operation, is something Alsén recalls is happening occasionally. He thinks it is hard sometimes when everything is not going as planned, because then one starts to doubt if everything is worth it and if everything would be easier to just increase the price. For instance, Alsén says, Smiling are questioned about their existence, “if we are doing it for ourselves, for the farmers, or for the whole industry.” Often, most people believe Smiling are setting the price too low. He elaborates further on this, that it is difficult finding investors as they are worried about not getting their money back, as this is “how the usual economic model is built; investing money to get more money in return.”

Alsén do not experience any competition with other social enterprises, however, their biggest competition is other companies wanting to make money. A difficulty Smiling is having is that they cannot tell an investor that the money invested in Smiling will be returned in the near future, but hopefully it will at some point, with value added. Alsén believes the choice the investor is making depends on how the person function as a human being. Referring to the competition, investors might prefer to provide money to profit-making organizations with a safer guarantee regarding the return of the invested money.

Alsén hopes that in the future, that social enterprises are staying the way they are now. He continues by saying that Smiling is constantly associated with being a social enterprise. However, he does not believe they are one, and he does not want Smiling to be. He explains this as Smiling is primarily a profit-making company, and the social aspect should be a natural part of every company. He is hoping for the future that it will be easier to launch radical ideas, where you will not need to invest as much money
yourselves, through for example crowdfunding. He does not care for regular companies claiming to take social responsibility as he believes it is just for show in many cases.

4.3.3 Business models
Regarding taking social responsibility towards the employees, Smiling is working with FairTrade. Alsén explains that it would be difficult since they “are not the ones owning the nuts, there are just buying them”, to work with the social responsibility themselves. He continues by saying that they definitely can put demands on each part of the value chain. The most important thing however, is the last part of the chain, where Alsén says that if they are not taking care of their farmers Smiling lose the essential part of their business. That is why they are working with FairTrade who have built up the standard for how to work with the social issues; they are inspecting the terms of employments, the possibility of joining the union, and other requirements for instance that the female workers are getting access to their own toilets. Alsén believes FairTrade is a good tool for Smiling as they are working with many factories in different parts of the world, which makes it hard for them to have a complete overview of the operation themselves.

Apart from being secret towards their competitors concerning what factories Smiling are buying their products from, Alsén believes they are “quite transparent”. As Smiling need to keep their margins low, it is important for them to be transparent towards their suppliers regarding what price they need to decide on. To Smiling, it is important to nurture the relationships with everyone involved in the value chain. Alsén says that he sometimes travels to the producers to sustain a good relationship there. To him, it is very important when being in such different culture, to not believe that you can dictate other people, but you need to look at yourselves; what type of leadership do I have, how am I approaching this person and so on, Alsén states. He continues by saying it is vital to remember that you are not just doing business, but also meeting different people and therefore you need to be adjustable and humble to the situation. Smiling also want to make sure to be a part of the last link in the value chain; the retailers, which involves attending their meetings where they show pictures of the farmers to include the retailers in the whole value chain as well. Alsén adds that it also is important to their customers to understand and feel the positive social impact they are doing.

Regarding creating a new social culture with their operation, Alsén explains that they initially were buying the cashew nuts for a higher price than their competitors. The
competitors wanted, obviously, to buy the nuts as cheap as possible, which Smiling did not want to do since they aimed to benefit the farmers. This approach was spread to other villages that it was more beneficial to sell to Smiling than to other companies and made other farmers to be able to raise the bar.

Alsén’s view on Smiling’s growth is 100 million Swedish kronor in turnover, which is the final goal. It does not matter what specific store they are selling to, or where, since Alsén believe that “the farmer would not care too much about that, just what volume they are selling”. The main customer segment is according to Alsén “you; young women, especially from urban areas”. Smiling is currently not selling very well on the countryside, which to him is a pity since their model was to be “able to sell a little everywhere”, and this demographic concentration is therefore something that Smiling has yet to sort out.

Measuring social impact is difficult according to Alsén. Due to this fact, this is not something Smiling currently is doing. However, one substantial social change Alsén experience that Smiling is doing is to create job opportunities. Another unique aspect of Smiling is that they let the factory stay in the country of farming, which is far from common in their industry where the factory normally is moved to a cheaper country. One consequence from the usual way of working is that the young generation from the farming area is not getting any jobs, and in turn they are doing other things that are more harmful to them, Alsén concludes.

4.3.4 Matching strategy in emerging markets
Smiling did not have a specific strategy when entering these foreign markets but were rather “learning by doing”. When operating in emerging markets, Alsén experienced a major challenge in cultural differences. At the beginning of Smiling, when the nut would be refined at the factory, they hired more than 100 people for it that never have had a job before. They showed up in the morning, and then went home by noon, because then they had done their ratio that was enough for surviving the day since they value spending time with their families more than making more money. Alsén compares this to Swedish mentality, as this is nothing that would have happened there, but then “you are working as long as it takes to get as good salary as possible”. The culture clash became a big problem as they had counted on producing a certain volume, which they did not achieve as an effect of that deadlines are not as important in West Africa as in
Sweden. However, Alsén believes it is important to match the Swedish culture, by having things done in time, with the Gambian culture of being more flexible. He believes that it otherwise would have been a “losing game for Smiling”, with him coming there with no understanding of their culture, as it is a mutual collaboration which everyone should benefit from. An additional common struggle for enterprises doing business in emerging markets, is getting stuck in the customs. For Alsén and Smiling, this was no issue as they used a shipping agency.

4.3.5 Lean strategy
Although being familiar with the strategy, Alsén says that Smiling are not using lean as a strategy in their daily operations. He admits to initially having thought about it, but as with many other things it was never put into practice. Smiling does not have any other particular strategy they are using, Alsén is yet again referring to what is unique with Smiling is the selling process. “The end-consumer is not only buying a bag of nuts; the purpose is that they are feeling that they are buying and contributing to the whole value chain.” Regarding Smiling’s planning process, they are trying to at least half a year ahead plan, especially concerning product development and such. “However, there might be urgent things that needs to be dealt with on the spot, on a daily basis”, Alsén says.

Another issue with the planning, concerns the marketing. Smiling have small margins which makes the marketing the “Achilles heel”, as Alsén puts it, and therefore they are trying to focus on social media to keep the costs down. After recently hiring a person taking care of the economy and administration, one of the co-founders can solely focus on the communication. This is therefore the next important step for Smiling, as they have been able to get their products to the shelves in various stores, they now need to get the consumers to buy the products off the shelves.
5 Analysis

In this chapter the empirical findings will be analyzed together with the concepts presented in the theoretical framework. This analysis too follows the structure of the five themes presented in earlier chapters.

5.1 Turning a social issue into a business opportunity

As repeatedly stated, there is still an absence of a definition for social enterprises (Ghalwash, Tolba and Ismail, 2017), but the term is commonly described as an enterprise having the ambition to create social value while still making profit (Zahra, Newey and Li, 2013). The question for what the definition of social enterprises is was nevertheless asked to the interviewees. Stjern’s definition was the one closest to the commonly used description, namely that social enterprising is about solving a social issue on commercial premises, and that the core lies in why the business was started. Lindquist on the other hand is skeptical towards the term and mean that it only exists in lack of better ones. She believes that it can be defined as doing things that normally would not have been done and that it necessarily does not have to include profit-making. Alsén says that he has a mixed approach regarding the definition of social enterprises, and that the main thing for him and for Smiling is to benefit everyone in their value chain.

The interviewees’ definitions vary a bit, and the only one in accordance with the existing explanations of combining having a social impact with making profit (Zahra, Newey and Li, 2013) is Stjern’s definition. Alsén mentions later on during the interview that he would not consider Smiling being a social enterprise, as they want to maximize their profit-making. Aiming to maximize the profit-making should not exclude the fact that it is possible to be counted as a social enterprise (Mathew, 2008). Alsén is at the same time mentioning here that the main thing for them is to benefit everyone in the value chain, which demonstrate a clear aim of creating social value. The lack of a definition might create a confusion regarding to what extent a social enterprise is allowed to make profit, which in turn can lead to enterprises, such as Smiling, not wanting to describe themselves as one. What is important at the end of the day is not whether an enterprise is willing to describe themselves as a social enterprise, rather that they are doing socially good for the society. Nevertheless, formulating a definition that includes the allowance of maximizing the profit-making, might enable more social
enterprises daring to define themselves as a social enterprise, which in turn will contribute to the development of the social enterprise field in Sweden.

An additional factor that emphasize that the enterprises investigated in this thesis should be counted as social enterprises, is that all of them consider themselves being innovative, which in the theory have a distinct connection to social enterprising (Zahra, Newey and Li, 2013). Lindquist for example says that their innovativeness and uniqueness clearly shows, as a lot of people constantly are asking them about their operations and how they manage to succeed with it. They have in other words found new ways of solving social issues (Drayton, 2002).

All three of the chosen Swedish social enterprises detected a social issue, saw an opportunity in it, and in that way decided to start a business, which represent a crucial part in the value creation process of social enterprises (Fowler, Cofey and Dixon-Fowler, 2017). Alsén’s initial idea of investigating Swedish aid to Gambia turned into a new idea when visiting the country and asking the people there what they really wanted and needed, which was job opportunities. This is an important thing to keep in mind, that people and enterprises from developed countries cannot always know what kind of help people in different emerging markets need without asking.

Concerning turning a detection of a social issue into a business opportunity, this was something prominent in all three businesses. Trine found a new unique way of solving the issue of low access to sustainable electricity in emerging markets, by using the incrementally popular phenomenon of crowd-funding to finance various solar energy companies in these countries. In Fair Tailors case, Stjern found a business opportunity based on his own demand of tailored shirts and realized that these high-quality tailored shirts produced in other countries needed to be offered in the Swedish market for a more reasonable price. In comparison to Stjern, the realization of a business opportunity deriving from the social issue they initially detected in Gambia, came from a more strategic approach, namely the market research they made in Swedish supermarkets. The findings from this market research was that there first of all was an absence of FairTrade certificated cashew nuts companies, that are benefitting the whole value chain, which entails an opportunity of being unique in comparison to competitors. From a Swedish consumer perspective, they realized an increased demand for organic products,
as well as an enhanced interest for consuming cashew nuts, which also emphasize a beneficial business opportunity as consumers probably would prefer to buy their cashew nuts instead of from their competitors. This process of detecting a social issue that results in an idea of how this issue can be solved, and consequently develop it into a business opportunity, reflects the first two steps in the value creation process of social enterprises (Fowler, Cofey and Dixon-Fowler, 2017).

It might be questionable whether it is accurate to turn societal issues in emerging markets into business ideas that result in profits in Sweden, which might distract the most important point of that they are actually doing something that improves the quality of life for many people living under poor conditions. The impact these three social enterprises are making, mostly through improving labor standards, is probably not negatively affected by the social enterprise making profit.

5.2 Challenges for social enterprises
One of the main challenges social enterprises are facing is according to Mason and Doherty (2015) the trade-off between having a social impact while at the same time make profit. Without having the chance to ask the interviewees specifically about the trade-off problem during the interview, all of them brought up the problem themselves. Alsén from Smiling used other terms than social impact and making profit, he instead explained the trade-off as choosing between volume and profit. The volume in this case is what they are prioritizing, as their aim is to sell as much as possible to benefit the farmers. In other words, volume can be regarded as equivalent with social impact in this case. Stjern contributed with an additional factor in this trade-off problem, namely the environmental component. Due to the fact that Fair Tailor produced their tailored shirts in Nepal, while selling to the Swedish market, they had no choice but to ship the shirts by plane. This was not the most environmentally friendly shipping solution, but it was the most appropriate one to use to speed up the selling process and therefore help more workers and children in Nepal. It is thus important for the public to realize that it is not possible for one single enterprise to save the whole world.

The problem that can derive from the lack of definition (Ghalwash, Tolba and Ismail, 2017), is that the risk of being questioned for not staying true to their core mission might increase. Both Lindquist and Stjern brought up the same example to show how
absurd it is for this trade-off problem to even exist, and for social enterprises to be questioned about making profit, when for instance tobacco and weapon companies are allowed to maximize their profits. In terms of being questioned in general, Stjern said that he would have hoped to be questioned more. He mentioned that as long as you motivate and explain your choices, it is normally fine. Smiling is on the other hand being questioned occasionally about their existence and who they are doing this for; if it is for themselves, the farmers or the whole industry. Investors are additionally questioning them about setting their prices too low as they are worried not getting any money in return. One possible explanation for why Smiling have experienced more questioning than Fair Tailor, is that Fair Tailor were active a couple of years ago before they closed down, whereas Smiling is a rather young enterprise. The attention towards the field of social enterprises have increased a lot recently (Ghalwash, Tolba and Ismail, 2017), which might imply that when Fair Tailor were ongoing, people had not started creating opinions about these kinds of enterprises yet.

The ambiguity social enterprises are facing concerning combining a social impact through commercial profit-making activities are evident, with theory supporting the dilemma (Hynes, 2009; European Union/OECD, 2016) as well as in this thesis’ empirical findings. Based on the responses and the attitudes toward growth however, all three interviewees had or still have aspirations of growth for their enterprises. Stjern from Fair Tailor recalls their growth plan together with their investors as, according to him, ‘quite aggressive’, and that there also was a possibility of selling to other countries than Sweden due to their online presence. Nevertheless, previous research has presented the issue on what pricing levels social enterprises find it reasonable to set (Hynes, 2009). This thesis’ findings support this issue, by Alsén from Smiling Cashew confirming the complexity in setting the right price, with people occasionally remarking on their products being too cheap. Stjern did also encounter this problem, but in the case of Fair Tailor they instead got stuck in the middle of two price segments. He described the shirts they were selling as high-quality, where shirts from high-end brands but of same quality were sold to a much higher price than Fair Tailor’s, while Fair Tailor’s shirts were still too expensive for the low-end customers.

The cases from both companies show that the pricing issue is significant to social enterprises and may affect the possibility to grow. Setting a too low price can make
people question the legitimacy of the social enterprise and similar; a too high price will not attract customers although it can be considered contradictory as buying from social enterprises include contributing to making a social impact. The quote by Stjern stating the belief of social enterprises that people regardless will buy the products or services due to its good cause emphasizes a common struggle for social enterprises; assuming that people automatically will buy the products or services due to its good cause. Somehow the commercial part of the enterprise can be forgotten by owners of social enterprises, which later can result in going farther from the social mission (Wilmott, 2017).

In the case of Trine, Lindquist explained that a billion people are without electricity globally, and that a first step for them is to provide at least 6 million people with electricity. Knowing the current conditions for so many people is to her and for Trine a true driving force to keep their business going, and to focus on a steady growth. Some state that to maximize the social impact of a social enterprise, growth should be something to strive for (Keizer et.al., 2016). As is shown with Trine, growth of a social enterprise can appear differently and does not necessarily have to include monetary growth, although it certainly facilitates for making more social impact. The main importance for Trine seem to be the social benefits they can convey through their operations.

The interviewees believe and hope that social enterprises in the future will look more like traditional profit-making companies, and vice-versa. If this is the case, and as long as social activities will not be used solely to improve the brand image, these challenges might disappear.

5.3 Business model
As the last step in the value creation process is about building and sustaining the social enterprises (Fowler, Cofey and Dixon-Fowler, 2017), using a business model is vital. One of the components within the social layer of the triple layer business model canvas (TLBMC) is how and if the social enterprise is taking some sort of social responsibility towards the employees regarding for example pay, gender, ethnicity and offering training (Joyce and Paquin, 2016). Since Trine only have employees in Sweden as they are providing investments to other companies, Lindquist said that the main thing they
are offering their employees is freedom. No one is working for Trine to receive a huge paycheck, rather to contribute to something good. Fair Tailor on the other hand did for example offer the production workers in Nepal the same benefits that the Swedish employees have, which is unique in Nepal; as for example sick- and parental leave, eight-hour working days, sufficient pay and training. Smiling use another way of taking social responsibility towards the workers in emerging markets, namely by using FairTrade to inspect the terms of employments and such. Both Smiling and Fair Tailor are using different methods to make sure the employees in the emerging markets are getting the right benefits and are not being abused, an indication of them taking social responsibility towards the workers. An interesting aspect would be if the social enterprises would have had different values if they were from another country. Given the fact that Sweden has its long tradition of being a welfare state as well as honoring equality and democratic structures (European Commission, 2014; Gawell, 2015), this may be why these social enterprises are careful with making sure these basic principles are still permeating their business, despite operating in another country.

As already touched upon, Stjern was transparent towards stakeholders regarding why he made certain decisions, which decreased the questioning of Fair Tailor. Alsén mentioned that they are avoiding sharing some information, as they for example do not want competitors to know what factories they are buying from. Apart from that, Alsén would consider them quite transparent in their decision-making, especially towards their suppliers regarding the price they can pay as they need to keep their margins down. Transparency is according to Joyce and Paquin (2016) necessary in order to attract investors, which raises the question for why Lindquist did not mention anything about transparency as their business is all about investments. On the other hand, when looking at Trines website, it is clear that they are transparent as the website is highly informative, especially through their platform where they show statistics and figures. An additional thought concerning why Lindquist did not bring up the transparency of Trine, might be that it is so normalized within the company to be transparent due to their dependency on their investors.

Concerning the creation of sustainable relationships with the communities (Joyce and Paquin, 2016) in the targeted emerging markets, Stjern said that it was of great importance for everyone involved to realize the mutuality in the collaboration between
Fair Tailor and the production workers. He meant that neither of them would exist without each other. Due to this fact, Stjern prioritized to visit Nepal once every quarter to sustain the relationships with the production workers as well as the orphanage and school. Alsén contributed with a similar thought by saying that it is important for him to nurture the relationship with everyone in the value chain, by for example visiting the producers regularly. As all people are different, it is according to Alsén important to adapt his leadership according to who he is talking to, and not dictate. This is an additional way of sustaining strong relationships. Alsén emphasizes the importance of including everyone in the value chain, and not only having good relationships with every actor himself. He is for example bringing pictures of the farmers to meetings with the retailers, so that they understand the social impact they are contributing to.

Even though one small social enterprise might not be able to save the whole world through their business, they can have an impact on, and influence, other enterprises. This constitutes the component concerning social culture (Joyce and Paquin, 2016). Alsén gave a clear example of how they managed to change the social culture within the cashew nut industry. As they offered fair conditions, farmers started to require higher prices for their nuts, which put pressure on Smiling’s competitors to offer more fair benefits as well. Stjern expressed the hope of maybe having an effect on multinational corporations, such as H&M, with Fair Tailor showing that it is possible running a fair production. Furthermore, Stjern hoped that they also were able to show the consumers how it can be done, and through that put more pressure on multinational enterprises. Perhaps their social impact would have had an even greater impact on the general public, if these social enterprises were recognized on a larger scale. Factors such as globalization and extremely fast news updates are increasing the consciousness that goes beyond people’s nearby community; what affects people on another part of the world is progressively relevant on a global level (Ghalwash, Tolba and Ismail, 2017). The worth of social enterprises should therefore rationally be much more appraised than what is seen today. This is again referring to the need for an increased recognition of social enterprises, and to not be dismissed as one of the latest fads.

When asking the three interviewees about measuring social impact, all of them responded with a laughter, followed by a sigh. It was easy to interpret this as a repeating issue among social enterprises. Neither Fair Tailor nor Smiling did or do not try to
measure their social impact. Lindquist and Trine on the other hand use a platform where they have standard equations for measuring their social impact. Even though they are aware of that these measurements are not fully reflecting the reality, it is according to Lindquist better than nothing. One possible explanation for why Trine have these standard equations, which they are showing on their website, and not the other two companies might be as Trine’s operation is highly dependent on their investors, and as Adams, Ripley and Speyer (2017) are stating: it is essential to try measuring social impact to be able to attract investors, as they want to know what the chances are of getting the money in return. Smiling and Fair Tailor is and was of course also dependent on investors, but their commercial activities are about selling products to end-consumers and are not dependent on investors to the same extent, as opposed to Trine which whole operation is about investments.

The last component within the business model is the most positive one, and represents the final aim of social enterprises, namely the specific social impact they are having (Joyce and Paquin, 2016). Even though it is difficult, or even impossible, to accurately measure social impact, it seems to be easy to identify what kind of social good they are doing as all interviewees were able to specify this. For Fair Tailor it was to improve the lives of the children in the orphanage and school as well as the production workers’. Lindquist said that the main social improvements they are contributing to concern health, education, quality of life, access to information and cheaper electricity. What Alsén and Smiling are doing is creating job opportunities as well as letting the factory stay in the country of farming, something unique for the industry, Alsén emphasizes. The inclusion of social aspects in these enterprises business models, helps them staying true to their core mission, namely to solve social issues in their targeted emerging markets.

5.4 Matching strategy
As there are remarkable differences between developed countries and emerging markets regarding for example institutions and the perception of ethics, it is as Jansson (2008) states important to design strategies that are matching the company’s internal factors with the external circumstances in the emerging market. The three social enterprises investigated in this thesis have realized these differences organically, as everything is not predictable. Lindquist mentioned for example that due to the high uncertainty in
these markets, it is impossible to know what will happen ahead. She also emphasizes the importance of not clustering these markets, as they differ a lot in for example legal processes. For Alsén and Smiling, one unexpected issue occurring was that the workers in their factories did not have the mentality of working long days as they prioritized being home with the family, which caused a decrease in the predicted production volume.

The question here is, if differences appear and evolve when actually operating there and not before, is it really possible to design a perfectly suitable strategy that matches the internal and external factors in beforehand. If the enterprise spend time on doing research about the targeted market before going there, the specific difference current for their operation might not be mentioned, and the whole research process might only be a waste of time. Jansson (2008) explains as mentioned that one of the differences between developed and emerging markets is the perception of ethics, which is a vastly subjective component that might be impossible to do prior research about. As Alsén said, Smiling was rather “learning by doing” instead of spending time on trying to set up a fitting strategy before. The clearest example of how Smiling used their “learning by doing” approach, was in the initial stage where they changed their whole idea from focusing on aid to creating job opportunities and changing the cashew nut industry, as that was what the people in Gambia wanted.

An additional thought concerning creating a matching strategy in beforehand is that some problems that might arrive from differences, is uncontrollable and impossible to solve with a strategy. One example of such is customs. Both Stjern and Lindquist explained that things easily can get stuck in customs for a long time, which in turn delays the orders to for example Sweden. Alsén on the other hand shows an example for how this issue regarding customs can be facilitated, which is by using a shipping agency that is familiar with the local circumstances.

5.5 Lean strategy
One empirical finding was that the lean strategy was familiar to all interviewees, which supports the earlier finding from the theory that lean strategy can be useful to social enterprises in emerging markets (Murray and Ma, 2015). Furthermore, the lean strategy also seemed to be used in all of the enterprises that were used for the empirical chapter
of this thesis, although it was more or less outspokenly confirmed by the interviewees. Both Stjern from Fair Tailor and Lindquist from Trine affirmed using the lean strategy in their daily operations. Stjern argued that since Fair Tailor did not have much resources they had to do everything as quick and efficient as possible. Using lean has been suggested as a faster way of accomplishing activities or corresponding operations, since no time is being put on excessive low- or no-value-adding activities (Social Enterprise Alliance, 2010). Thus, the decision of using a lean strategy for Fair Tailor due to limited resources may be what was needed in that specific situation. In the case of Trine, they had realized the problem in planning ahead on things that might not lead anywhere. For Trine to learn their monthly financial capability, lean was used as a way of testing what was working for this particular month, and by doing so they were able to avoid wasting time on non-value adding things. The small-scale testing of ideas is also suggested by Murray and Ma (2015) as a solution to focus on what is most necessary at the moment.

Apparently lean strategy has a substantial part in Trine’s planning and everyday operations. However, since Trine is working close with investors they needed to develop a platform which shows what impact they are making based on calculations. According to Lindquist, this is vital to attract investors as the impact is difficult to illustrate otherwise while still legitimizing their operations. Developing this type of technique may be too costly and time-consuming for any other social enterprise (Ditcher, Adams and Ebrahim, 2016), but as Trine’s business idea depends on continuous investments, it is what adds value for Trine. Furthermore, this clearly shows that the lean strategy works best in combination with other models or strategies (Murray and Ma, 2015), which is what Trine does.

Stjern from Fair Tailor is clear about that social enterprises should not spend too much capital on marketing since, according to him, the outcome at worst might not meet the investment on it. This approach, together with the adaption to priests, after being discovered as one of their main customer segments, is another reason that shows why lean is especially appropriate for social enterprises (Social Enterprise Alliance, 2010). Fair Tailor understood that while still having limited resources, adjusting to meeting the demands of priests, it would be worth the adjustments, which eventually would result in being a value-adding choice.
In contrast to the previous interviewees, Alsén from Smiling was the only one claiming not using the lean strategy. He explained that he initially had thought about using lean, but it was never put into practice once they got started. They did not have an explicit strategy that were used, Alsén said, but are trying to plan half a year ahead regarding for instance product planning, admitting exceptions of urgent matters. However, during the interview there was some tendencies to a use of lean strategy that were noticed, when Alsén responded to questions on different topics.

When talking about the marketing strategy of Smiling, Alsén mentioned Smiling’s small margins, making it difficult for them spending too much resources on marketing, instead social media were used more frequently. In addition, when operating in emerging markets Alsén explained that their mindset was as mentioned ‘learning by doing’ rather than coming up with a predefined strategy. This would prove substantial as they realized how to progress in these markets, by combining their Swedish culture with a more flexible approach practiced in West Africa. Due to these recounted findings, Smiling might supposedly, although not explicitly in their operations, use a lean strategy. Again, albeit not acknowledged by Alsén, the tendencies are noticeable through his depictions, which goes in line with what the theory describes of the lean strategy as a set of innovation-and process improvement methods (Murray and Ma, 2015). Thus, a possible explanation for the disparity between the claims of not using lean versus what the actions of Smiling indicate is that the use of lean may occur subconsciously; not practiced as an outspoken strategy but rather as a subliminal mindset. With that said, using a lean approach when entering an emerging market may be what differentiates a social enterprise that succeeds versus one that fails. Based on the trial-and-error approach that the lean method implies, it is suitable for emerging markets and their environmental characteristics (Jansson, 2008), since those are difficult to predict.
6 Conclusion
In this chapter the findings from the analysis will be concluded. Furthermore, the managerial and theoretical implications from this thesis will be presented, followed by the limitations of this thesis and finally, suggestions for future research.

6.1 Addressing the research questions and purpose
The purpose of this thesis is to raise the awareness about Swedish social enterprises by emphasizing how social enterprises can turn social issues in emerging markets into business opportunities. Furthermore, enlightening the challenges that social enterprises are facing and how they are using business models and strategies to overcome said challenges would also facilitate for an increased holistic awareness of Swedish social enterprises.

6.1.1 Turning a social issue into a business opportunity
It seems that social enterprises have the ability to turn social issues into business opportunities. The opportunity can arise from subjective or objective observations, either from personal demands or from market research where consumer demands are expressed. What is pivotal is that there has to be a demand for the product or service in the targeted market, the Swedish market in this thesis, to be able to solve a social issue in emerging markets. It is therefore essential to come up with innovative solutions that differentiates the social enterprises from competitors within the industry, social enterprise or not, as well as meeting consumer demands.

6.1.2 Challenges for social enterprises
A prominent challenge for Swedish social enterprises, is to legitimate the trade-off between having a social impact and making profit without being questioned about the core mission. Operating in emerging markets put additional pressure on social enterprises to be transparent about their business, as they can be accused of abusing other people’s poor situations, for their own gain. An additional issue arising from not being transparent enough, is the difficulties in attracting investors because if these investors are not aware or do not understand social enterprises and how they work, they will not want to risk investing in them. The transparency of a social enterprise can be improved by for instance trying to measure their social impact and present it in a clear way for stakeholders. It is almost impossible to measure social impact so that it fully
reflects the reality, nevertheless, it is beneficiary for the social enterprise to present their impact as much as they can.

Another challenge for social enterprises that goes in line with not attracting investors, is the difficulty in growing their business. As for any other company, social enterprises are struggling with, especially in their start-up process, making their business financially sustainable. They usually have small margins as they want to contribute with as much as possible to the communities, which makes it harder to grow monetarily. Also, it is difficult for social enterprises knowing what pricing level to aim for as they depend on maximizing their volume and therefore need to find a balance to both attract consumers, investors and at the same time benefit the communities.

6.1.3 How to use business models and strategies
Social enterprises are taking the whole value chain into consideration in the social aspect of the business model, meaning that they aim to benefit everyone involved in their business. Social enterprises are normally rather small, which entails that they might not be able to make a disruptive social change solely through their own operations. However, through their operations they are able to influence larger multinational companies, and most importantly their consumers who in turn can put higher pressure on fair production conditions and environmental improvement among others. Today's social enterprises are keen to expose themselves on social media, which gives them the opportunity of reaching out and spread the message of social enterprising. This consequently enable social enterprises to create a new social culture, and therefore can make a lasting social effect on the society beyond their own operations.

It is difficult to plan out a complete strategy before entering an emerging market, due to the fact that it is hard to know what to be expected, for example that goods can get stuck in customs. Also, human behavior is unpredictable and does not follow a rational path, which is why it is important to be conscious of this fact and be flexible and embrace a ‘learning by doing’ approach. Therefore, the lean strategy is useful, as many situations in emerging markets require rapid adjustments. Developing a matching strategy in beforehand is not essential, but rather to increase the awareness of and be prepared for that differences can occur. Using lean strategy is to eliminate all non-value adding activities, which demands quick decision-making for unexpected situations.
Raising a holistic awareness about social enterprises is important due to the advantages it creates for those, to develop further and to facilitate challenges such as legitimizing the topic of social enterprises. Legitimizing the topic of Swedish social enterprises is necessary for attracting investors and can in turn increase the social impact made in emerging markets. This increase of social impact can help these emerging countries to be developed further, which in turn will affect the whole global business environment.

6.2 Theoretical implications
There has so far, in the field of social enterprises, been a theoretical gap concerning the reasons behind, as well as the process of setting up a social enterprises (Braga, Proença and Ferreira, 2014; Ghalwash, Tolba and Ismail, 2017), which has been shown through the lack of information on Swedish social enterprises. This study complies with earlier theories stating a lack of definition on social enterprises (Ghalwash, Tolba and Ismail, 2017). It has been seen, both from earlier research as well as from this thesis’ empirical findings that social enterprises normally are innovative in their solutions (Zahra, Newey and Li, 2013). Another empirical finding in accordance with previous research is the trade-off challenge, more specifically to balance having a social impact with making profit (Mason and Doherty, 2015). Earlier theories have given the importance of including a social aspect in business models (Joyce and Paquin, 2016), which the empirical findings have shown that social enterprises clearly are doing as it stands for their core mission of making a social impact. Furthermore, using lean strategy as a social enterprise in emerging markets (Murray and Ma, 2015) is also in compliance with earlier research. However, according to Jansson (2008) it is important setting up a matching strategy before entering an emerging market, which in the case of social enterprises that have been investigated in this thesis is not completely possible due to the high uncertainty, among others, in these markets.

A holistic perception is promoted in this thesis’ theoretical model, illustrated in figure 4. The aim with the model was to provide a clearer picture depicting how social enterprises can turn social issues in emerging markets into a business opportunity. This opportunity can in turn create social impact with the help from business models and adequate strategies, and how challenges are affecting social enterprises along the whole value creation process.
6.3 Managerial implications
It has been suggested multiple times in this thesis, let alone in its purpose, the importance of increasing the awareness of Swedish social enterprises and why it is crucial for the future of social enterprises. This thesis has contributed with enlightening how social issues in emerging markets can be turned into business opportunities for Swedish social enterprises, and what challenges that can occur partly due to the lack of recognition. Just from taking part of current information about Swedish social enterprises emphasizes a one-sided managerial contribution, as the main focus has been on domestic work integration social enterprises. However, as the empirical findings from this thesis show there are more enterprises existing in Sweden than just WISEs, and by shedding light on this gap the aspiration is to encourage these types of social enterprises operating in emerging markets to be more acknowledged in Sweden. This is because by raising awareness on other types of social enterprises than just WISEs will help the development of the social enterprise field and also facilitate their operations by overcoming named challenges. This in turn can contribute to the making of social impact to a larger extent in emerging markets.

6.4 Limitations
The main limitation of this thesis bases on a lack of empirical depth. Throughout the research process it was difficult finding examples of Swedish social enterprises that fit this thesis’ framework, WISEs however were easy to find and even had statistics present. Only including three cases in the empirical chapter was not initially attempted for, rather it became settled for, much due to time restraints and lack of responses from the social enterprises that were contacted. The substantial limitation deriving from this narrow sample size is that it affects how far it was possible to make generalizations in this thesis’ conclusion.

6.5 Future research
Suggestions for future research is mainly to aim for including more social enterprises in the data collection, to be able to generalize further. As one of the social enterprises chosen for this thesis is no longer in business, an interesting aspect would be to explore the reasons behind why social enterprises are failing. An additional interesting angle to examine that came up during the interviews for this thesis, is if social enterprises are
able to make more social impact than non-for profit organizations since social enterprises are making profit.
References


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Appendices

Appendix A Interview guide

A. Background:
1. What is your background in education, interests and such? How did you end up here?
2. Tell us about your business
3. When did you launch the enterprise and what is your job title in the company? How many employees do you have?
4. What is your definition of social enterprises?
5. Would you consider your enterprise innovative? If yes, in what way?
6. How did the idea of your social enterprise come about?

B. Challenges:
7. What are the most common problems to encounter with a social enterprise?
8. Have you ever been questioned about your business? How can you prove that you are a social enterprise?
9. How is your enterprise financed? Do you have multiple sources of income?
10. How do you experience competition from other social enterprises or traditional ones?

C. Business model:
11. Do you take any social responsibility towards your employees?
12. Do you have any policies for your decision making, regarding for example transparency?
13. How do you handle your relationships with the community/communities you are working with?
14. Do you believe that you are creating a new kind of social culture through your business activities?
15. How do you cope with the relationship towards all of your stakeholders?
16. What is your plan for expansion? If you have one?
17. Who are your customers? What type of customer segment are you targeting?
18. Do you measure the social impact you are making? How?
19. What kind of social benefits do you contribute with through your business?
D. Matching strategy:
20. What country/countries are you working in/with?
21. What are the challenges when working in/with an emerging market? Were you prepared for this?

E. Lean strategy:
22. Are you familiar with this strategy? In that case, in what way have you used it?
23. Is it necessary to plan everything in beforehand, or is it better to handle things when they appear?
24. How do you market your business?

F. The future for social enterprises:
25. What is your outlook on the future on social enterprises?