Ready to improve Brazil?

How social entrepreneurs inRio de Janeiro find the resources to do it.

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Preface

The reason for why we chose to do a study about social entrepreneurship is because the field of social entrepreneurship is growing as a solution to many of social issues around the world. We saw this paper as a wonderful opportunity to learn more about this area of entrepreneurship that might be able to contribute to make the world a better place. This study took place in Rio de Janeiro, Brazil during eight weeks in the spring of 2014. The reason we decided to do the study in Brazil is because the country is considered one of the “BRIC countries” and represents the fastest growing countries in the world. Brazil has also caught a lot of the world’s attention in the previous years because they will host the World Cup in Football 2014 and the Summer Olympics in 2016. The country has also been through a large and rapid transformation in the last decades resulting in major structural changes. We chose to use the city of Rio de Janeiro as a case study to exemplify the situation in Brazil because Rio de Janeiro as a city has so many social issues and opportunities. The city is also often seen as the “soul and spirit” of Brazil.

This study would not be possible to follow out in Rio de Janeiro without the financial support from SIDA. Therefore would we like to thank them for the scholarship and the chance to do a project abroad. We would also like to clarify that this is an independent project where SIDA have had no impact on the subject or study itself. We would also like to thank all the participants in this study for giving us the opportunity to meet these wonderful entrepreneurial people. Thirdly we would like to thank the Cariocas (Citizens if Rio de Janeiro) who throughout this project have been very helpful in all kind of ways. Last but not least we would like to thank ourselves for our dedicated hard-work that we have invested in this paper for almost one year’s time and taking the opportunity of doing our thesis in Rio de Janeiro.

27th of May 2014, Rio de Janeiro

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Abstract

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Title: Ready to change Brazil? - How social entrepreneurs in Rio de Janeiro find the resources to do it.

Keywords: Social entrepreneurship, Funding, Brazil, Rio de Janeiro, Social business, Social entrepreneurs.

Background: Social entrepreneurship started to appear in the academic research in the end of 1990’s and has since then been well discussed by researchers. They have come up with numerous of different definitions and meanings of the term, but agree that the goal for these kinds of entrepreneurs is to create social value.

Purpose: Our objective with this study is to create an understanding of where social entrepreneurs acquire the necessary resources to start their social business.

Research question: How do social entrepreneurs acquire the necessary resources to start their social business in Rio de Janeiro?

Methodology: The study adopted a qualitative research method and semi-structured interviews have been done in order to gather data. An abductive approach has been used where the authors has gone back and forth between the theory and the empirical findings.

Research findings: The social entrepreneurs that we interviewed used the following ways to acquire resources to start their social business: Social venture capitalists, social capital, human capital, cultural capital and volunteers.
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1. Introduction

1.1 Background

The resources of the governments and charities alone have been recognized as insufficient to solve many of the development challenges of the twenty-first century, such as having access to clean water and food (Delmas and Young, 2009). The UN released a report (United Nations, 2002) in the year of 2002 (after the World Summit on Sustainable Development in Johannesburg) stating that one of the most important contributions to solve many of the problems in the world is to get the private sector involved to contribute to the evolution of equitable and sustainable communities and societies across the globe.

10 years later in 2012 the UN released another report (United Nations, 2012) to aid the private sector grasp its role and what they can do to improve the world by social enterprise and impact investing. In the report the UN writes that in the last decade corporations and investors better understand the long-term benefits of contributing to a sustainable world. But in the quest for getting the private sector involved, another approach to sustainable development in the private sector has evolved and gained momentum. According to the report it can be captured in two themes: 1. Social enterprise development 2. Impact investing. Social enterprise development is in this report defined as: “Creating and nurturing micro-, small- and medium-sized businesses that aim for positive social or environmental outcomes while generating financial returns” (United Nations, 2012, p. 4).

However, the definitions of social enterprises and social entrepreneurship have been well discussed ever since the area first started appearing in academic research in the end of the 1990s (Dacin et al. 2010; Fayolle & Matlay 2010; Short et al. 2009). Since then the area has drawn vast attention from the academic community all over the world. At least two journals have been created to only be devoted to social entrepreneurship and the related issues to it (Emerald’s The Social Enterprise Journal and Routledge’s The Journal of Social Entrepreneurship). Even though the area has gained acknowledgement and interest from the academic community for the last 15 years the term social entrepreneurship still have several different definitions and meanings. One reason for this is that the literature in the area still is so new that little consensus has emerged on the topic among the authors. Another reason for
this is it is a complex and contextual topic with factors such as geographic location, economic development of the countries and academic backgrounds having a major influence on how social entrepreneurship is perceived (Defourny and Nyssens, 2006; Kerlin, 2009).

According to Granados et al. (2011) the research field of social entrepreneurship is still a long way from achieving maturity. One of the reasons for this according to the authors’ analysis of the articles written about social entrepreneurship showed that they were mostly focused on conceptual issues concerning social enterprises and social entrepreneurship. Many of the studies were also still researching about the motives and factors behind the term, which suggest that the research lacks consensus about the basic motives of social entrepreneurship. The authors believed that once there is more of a consensus about the definition of social enterprises and social entrepreneurship the research will advance to involve deeper fields within area from more researchers.

In the literature there are different definitions of the term social entrepreneurship and also a difference of the term between Europe and the U.S. (Kerlin, 2006) Many of the definitions have the commonality that the main purpose of the business is the pursuit of social value but the business should also be able to be financially profitable in the long-run, or at minimum be able to go break-even (Zahra et al. 2009) For the purpose of this study we have chosen to adopt the following definition of social entrepreneurship (For an in-depth discussion of the different views of the definition read Peredo and McLean, 2006):

“Social entrepreneurship is exercised where some person or group aim (the social entrepreneur) at creating social value, shows a capacity to recognize and take advantage of opportunities, employ innovation, accept an above average degree of financial risk and are unusually resourceful in pursuing their social venture”. (Peredo and McLean, 2006, p.64)

One example of a social entrepreneur is the 2006 Nobel Peace Prize winner Muhammed Yunus who founded the Grameen Bank. The Grameen Bank is a social enterprise that “grants poor people small loans on easy terms, so-called micro-credit” and the motivation for the prize was “For their efforts to create economic and social development from below” (nobelprize.org).
The meaning of the term *social value* has and is also being discussed between the researchers and thus far consensus has not been achieved for this term either. The meaning of the term mostly argued about in this context is the word *social*. According to Palmås (2003) the social value can be defined as the services that traditionally are carried out by the government or services that decrease the social exclusion (People or communities being systemically excluded from rights, opportunities and privileges, typically as a result of poverty or belonging to a minority social group). The author further explains that to understand the concept of social value it is as important to understand what it is not. The aim of starting a business solely for the purpose of gaining financial returns (profit maximization) should not be reckoned as a business in pursuit of social value, and therefore not a social enterprise. This claim is backed up by Seelos & Mair (2005) that goes further by saying that the economic value creation is often very limited because of the market that social enterprises serves, with customer lacking the proper funds to fully pay for the services or products.

Social entrepreneurs are not a new phenomenon but is rather something that has existed for hundreds of years but not been defined until the end on the 20th century. There have always been some people that combined the opportunity to start a business to make a profit with an objective to aid other people and many of the institutions that we today take for granted have originally been built with help from social entrepreneurs. As for instance, the Britt Florence Nightingale who help to reduce the mortality rate from 40% to 2 % in hospitals in United Kingdom during the 19th century. (Dees, 1998; Bacq and Janssen, 2011)

As stated earlier several researchers have recognized the need for social entrepreneurship and entrepreneurs is of greater importance when the governments, charity organizations and the mainstream corporations fail to develop and address the major social issues in a community (Dees, 2012; Seelosa and Mair, 2005; Palmås, 2003; Borzaga and Defourny, 2001). It has been recognized by the World Bank (2003) that the very basic needs of hundreds of millions of people around the world in mainly the non-industrialized countries are being unmet, because these potential customers are unable to afford the products and services to satisfy their needs, in terms mainly of health and education. These people are poor and the main reason for the failure of providing the basic needs appears to be because public spending does not reach these poor people and if it does, the service is often inefficient and insufficient. One country where the inequality between the rich and poor is vast and where the social exclusion is considered high is the country Brazil. After being a Portuguese colonial for more than three
centuries Brazil gained independence in the year of 1822. First the country was a monarchy but was later proclaimed as a republic by the military. It was first 1985 that the country’s power was handed over peacefully to civilian rulers. (CIA, 2014)

1.2 Problem discussion

According to the World Bank (2014) Brazil has enjoyed a spur in growth and development in the last 30 years partly because of the country’s richness in natural resources. Brazil is now the largest economic power in Latin America with the largest population. However the income is highly unequal distributed and the crime rate is considered a major social issue. The country will also be the host for the 2014 FIFA World Cup and the Olympic Games in 2016. However The Telegraph (2014) among other newspaper around the world has reported that the protests among the public is growing, against the events. The protests are taken place because of the huge amount of public money being spent on the events, while a substantial part of the population still lacks the access to health care and education. However it is natural for the public in a developing country to react when huge sums of money are being spent on “games”. It should also be noted that Brazil’s education system has improved greatly according to Bruns et al. (2012). The performance since 1995 has been one of the fastest on record and even surpassing China’s incredible performance and the country is developing rapidly.

The social issues in Brazil have been the consequences of a long history of social processes, structures and institutions with its roots in the colonial times. During the major part of the 1900th century Brazil’s economy relied heavily on labor-intensive products. It is estimated that around 4-5 million Africans were enslaved between the years 1600-1850 and sent to Brazil to work with goods such as the sugar cane. The slave owners earned large sums of money and were because of the inequality between the races able to stay in power through the centuries and still hold most offices. (Dimenstein, 1991; Perlman, 2010; CIA, 2014)

Brazil’s ineffectiveness in addressing these social issues, with the impoverished people still lacking the access to sufficient education, health care, housing, reliable police etc. (Caldeira and Holston, 1999) has led to civilians taking matters in their own hands to improve the society. These people act in what is called the third sector, or non-profit organizations (Weisbrod, 1998). It is from the third sector the growth of social entrepreneurship has evolved
and developed. The reason for this according to Dees (1998) is believed to be because of the competition in the third sector. The competitive pressure has forced non-profit organization to adopt managerial approaches from the for-profit sector. This phenomenon has blurred the lines between the for-profit and the non-profit leading to a middle ground consisting of social enterprises with the objective to offer social value while being profitable. (Wallace, 1999; Fowler, 2000)

One trending area of research within social entrepreneurship is the process of finding resources for the social enterprises because this is seen as one of the major challenges for social entrepreneurs (Palmås, 2008). This is also seen by Lyons & Kickul (2013) who have discovered that social enterprises have complications with finding capitalists, organizations or companies who are willing to invest resources in the social entrepreneur’s idea. Social entrepreneurs are also believed to have fewer channels of access to this kind of resource opportunities compared to the for-profit-only entrepreneur. If the possibilities of finding resources are limited to social entrepreneurs, how do they find them? One of the characteristics of social entrepreneurs as seen above is that they are innovative; do they also find new innovative ways of getting resources to start their company? To fully understand these questions the reader must first understand what we define as resources.

According to Brush et al. (2001) resources can be divided into two parts; tangible and intangible resources. The simple resources are the tangible resources as for example financial resources which are easier to measure while intangible resources are more complex and harder to identify. A resource’s complexity is the degree of how easy it is to transform, combine with other resources or create a unique advantage. Different researchers as for example Kim et al. (2006), Ireland et al. (2003) and Brush et al. (2001) have different standpoints in terms of the most important resources for social entrepreneurs but some of the most common suggestions are financial, human, cultural and social capital. The single most important resource for an entrepreneur depends on the context and many intangible resources can be transformed into tangible, as for example social capital into financial capital.

To make this more understandable for the reader we have chosen to define the resources as; the authors above into; tangible and intangible. However, we believe that it can still be confusing to understand what resource is a tangible and what resource is an intangible because the ability to transform the resource. For the purpose of this paper a tangible resource
is where the social entrepreneur involved the use of money to get what resource was needed and an intangible is where money was not involved.

The research of social entrepreneurship has mainly been focused to the western and industrialized world, with UK and the US making up for more than 60% of all the research in the area (Granados et al, 2011). These two countries and most of the countries where research about social entrepreneurship has been conducted are rich countries with a well-organized institutional system (government and officials). But what happens to the social entrepreneur’s possibilities of getting resources in a country where the institutions are still combating major social issues such as health care and poverty? If it is already difficult in a highly developed country to find resources how do a social entrepreneur find it in country like Brazil? This paper aims to make a contribution to hopefully get an understanding of the answers to questions like these. To study this we have chosen the Brazilian metropolitan Rio de Janeiro as our case study to be able to generalize this to Brazil and other developing countries such as Brazil.

1.3 Problem statement

- How do social entrepreneurs acquire the necessary resources to start their social business in Rio de Janeiro?

1.4 Purpose

Our objective with this study is to create an understanding of where social entrepreneurs acquire the necessary resources to start their social business.
2. Theory

The resources part is divided into two sections; tangible and intangible resources since researcher as for example Brush et al. (2006) and Ireland et al. (2003) make a difference between tangible and intangible resources. They argue tangible resources are more “physically” capital that easier to measure than intangible resources which are “mental” resources that are more important for sustainable competitive advantage. According to Ireland et al. (2003) is it important to organize the capital into groups of tangible and intangible resources in order to exploiting and recognizing entrepreneurial opportunities.

2.1 Tangible resources

There is not so much literature written about how social entrepreneurs fund their ideas and the little literature existing focus on funding within the health care industry. (Fedele and Miniaci, 2010) Traditionally there have been two distinct investment sources for social entrepreneurs but the spread of internet led to a new important source. The websites as for instance click-to-donate and philanthropy directories are the fastest growing source of funding. Traditionally it was either the public sector who offered grants and fellowships/endowments, or the private sector that made commercial investments that social entrepreneurs turned to when they were looking for funding. (Lyons and Kickul 2013)

<table>
<thead>
<tr>
<th>Sources</th>
<th>Grants</th>
<th>Fellowships</th>
<th>Crowdfunding/on-line platforms</th>
<th>Angels/venture capitalists</th>
<th>Loan providers</th>
</tr>
</thead>
</table>

Figure 2.1 “Traditional sources of funding for social ventures,” Lyons and Kickul, 2012, p. 150

2.1.1 Social venture capitalists

According to Miller & Wesley (2010) raising money from the private and public sector is still the most common way of financing a business within the social sector. But recently a new
form of funding source has appeared for social entrepreneurs with the upsurge of social venture capitalists. More interest in social entrepreneurship by both researchers and the public are being seen as the trigger of the rising numbers of social venture capitalists. In 2010 6% of the venture capital was represented by this type of capital and it has given the social entrepreneurs a possibility to collect resources that were not previously available. The social venture capitalists have different value-rewarded factors than traditional venture. They assess the effectiveness of the invested resources and rely upon the social goals that the social entrepreneur has. In order to estimate the ventures’ potential effectiveness the social venture capitalist looks at these criterions;

- **Social mission** – An organizations catalyst, identity and foundation is why it exists and the mission addressing the question who it will serve and why.
- **Passion for social change** – To be able to build on the knowledge, skills and competence that the social entrepreneur might need, they have to be eager, show commitment and be passionate for their work.
- **Community-based social network** – The social entrepreneur’s ability to gain resources that are embedded within his or her network, also the capability to gain support for their social mission and to catalyze change. (Miller & Wesley, 2010)

### 2.1.2 Social return on investment

Social value is what distinguishes social entrepreneurs from business entrepreneurs and is something which can be hard to measure. The social entrepreneurs may be driven by making a profit but the main goal is to create positive lasting improvements leading to social value for the people it affects. (Dees, 1998) The value can according to Southern (2001) be in many different forms, from work and employment to personal development and community self-respect. (Austin *et. al* 2006)

“Markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay. These elements are often essential to social entrepreneurship. That is what makes it social entrepreneurship. As a result, it is much harder to determine whether a social entrepreneur is creating sufficient social value to justify the resources used in creating that value.”(Dees, 1998, p. 3)

One of the major differences between traditional business enterprises and social enterprises is the possibilities for the investor to get a financial return on his or her investment. “Social
return of investment” abbreviated SROI is a term designed to better understand the value, impacts and service delivered of social enterprises. (Millar and Hall, 2012)

“SROI is based upon the principles of accountancy and cost-benefit analysis that assign monetary values to social and environmental returns to demonstrate wider value creation.” (Millar and Hall, 2012, p. 926) The result measures the relation between the value of the social benefits created by a social enterprise and how much the benefits have cost to achieve. (Emerson and Twersky, 1996) A SROI can shortly be described as:

$$SROI = \frac{\text{Net Present Value of Benefits}}{\text{Net Present Value of Investment}}$$

Figure 2.2, “How to calculate SROI”, Rotheroe & Richards, 2007 p.34

Emerson & Cabaj (2000, p.11) define SROI as a tool which “compares a project’s net benefits to the investment required to generate those benefits over a certain period of time.” According to them it has two cash flows that comprise the net benefit. One reflects the business side of social enterprise and is generated by the business income which is revenue subtracted by expenses. The total net savings of the society which includes money that either the federal or local government would have spent to support people in need is the other one. This can be calculated by tracking down or forecast both of the cash flows during a specified time period. The Internal Rate of return (IRR) is performed based on calculating the total social economic value and the costs. (Emerson and Cabaj, 2000)

Rotheroe & Richards (2007) describe the tool as having both quantitative and qualitative approaches that makes it possible to make predictions because of its sophisticated technique. The instrument has a major strength; the design which makes it widely applicable and the authors describe it as focusing on four areas;

- Stakeholder engagement – A central part of it is that the SROI process identifies the stakeholder’s objectives and shows the sustainability.
- Materiality – The stakeholders determine the areas important to them and the analysis focuses on these ones.
• Impact map – How an organization enacts change and achieves its mission is understood by developing a pathway. SROI shows how the inputs are going to be outputs, outcomes and impacts by using a cause and effect chain.

• Appreciation of deadweight – What would have occurred regardless of the organization’s input is calculating by the proportion of outcomes. (Rotheroe and Richards, 2007)

Arvidson (2009) defines SROI as a tool which can be used on social enterprises to understand and report the changes caused by it and describes it as being consistent and as a clear approach. The author argues for the tool as still being in its infancy and that it is hard to see where it will lead and explains the major difference between SROI and traditional cost-benefit analyzes is that SROI in every stage focuses on the stakeholders and the society. Lingane & Olsen (2004) have another standpoint and their argument is two critical factors that make a SROI different from traditional cost-benefit analyzes. Their first argument is that it can be used on a regular basis since it empowers informed decisions. It can be seen as practical management tool which can used to help to determine the least expensive way to create benefits on a periodically basis. Their second argument is that SROI also makes it possible to maximize both the financial and social benefits for managers that traditional cost-analysis do not typical frame.

Millar & Hall (2012) and Arvidson (2009) share the same attitude toward the importance of SROI and the possibility for social entrepreneurs to show their results in a way that was not possible before. An example is in the healthcare industry which prior to the introduction of SROI did not have an accurate measurement and only cost-benefit analysis that did not measured their performance in terms treated people.

2.1.3 Crowdfunding

Crowdfunding is a form of funding where the entrepreneur turns to a large group of potential financiers, most often through internet. It has shown enormous growth the last years and today there are over 500 crowdfunding platforms as for example the website Kickstarter. The basic idea is that people come together and “pool” their money in order to produce or promote a product and through it they share the risk that comes along with it. This form of funding is also an evolution of the customers’ role by making him or her involved in an earlier stage of the process of producing than before. This new form of financing is based on an old
phenomenon and potential entrepreneurs are not limited to specific regions or countries but can raise money from people all over the world and this form of funding might revolutionize the small-business financing. (Rossi, 2014)

2.2 Intangible resources

The capital social entrepreneurs needs is more than just economic capital in terms of money and for social entrepreneurs with limited resources other forms of capital are as important and can create other forms of value. For instance the social entrepreneurs can create a lot of benefits from his or her social capital by asking others favors and reducing their cost. Another important attribute for a social entrepreneur is their cultural capital, the ability to be able to access and mobilize the institution of the society as authorities and organizations. (De Clercq and Voronov, 2009; Adler and Kwon, 2002) Also the human capital which includes higher education and work experience can be important for an entrepreneur since it gives valuable experience and may give knowledge that makes it easier to take the first step to become an entrepreneur. (Kim et al. 2006)

The resources needed for success have similarities across business and social entrepreneurship and are the same in terms of human and financial capital. Social entrepreneurs often have harder to raise this capital in terms of numbers of potential investors and recruiting talented people, their social and cultural capital is therefore important to overcome the barriers. The social entrepreneur penetrates the market by using his or her social network and status within the society to find resources they need and the human capital as for example education can facilitate the process. (Austin et al.2006; Di Domenico et al. 2010; Kim, et al. 2006) Almost all literature is focusing on business entrepreneurship when it describes the importance of social, cultural and human capital and there is a theoretical gap regarding social entrepreneurship and this type of capital.

2.2.1 Social capital

Social capital is defined by Woolcock & Narayan (2000) as the value of the contacts and relationships a person has, as for example family, friends or a network. The authors see it as both a “safe net” and as a possible way to get a job or an exclusive membership but also describe it as both an asset and a liability in terms of for instance increased pressure or nepotism. Uzzi (1999) has a similar view of the term and describes it as different kinds of relations which vary from arm’s length to embedded ties. He develops his description of the
arm’s length ties by explaining that this kind of relations have no physical contact between parties and is not created in a way where people get to know each other well. The embedded ties are in opposite to arm’s length ties created to exchange benefits during a period of time and can create unique value as well as it motivates the parties to share the benefits they have in mutual.

2.2.2 Cultural capital
A person’s status and power within a system is defined as his or her cultural capital and a powerful social advantage is to be highly “cultured” which can provide access to for example an school and social networks. (Holt, 1998) The cultural capital can also be viewed as a contributing reason why some people are more likely to become entrepreneurs than others. Researchers have found that it is more likely for a person who has a self-employed parent to also become an entrepreneur. A causal factor could be that they from early age have got informal training and learned the practical matters of running a business. (Kim et al. 2006)

2.2.3 Human capital
Human capital theory is based on the belief that people who have made investments in form of for example an education, are attempting to receive a compensation for the time and effort. The people who are highly educated may as a consequence not be more interested to become entrepreneurs since it might lead to a lower income than other forms of work. Highly educated people who still choose to become entrepreneurs are often more driven by economic growth and profits than other people with less investment in their human capital. (Unger, Rauch et al. 2011) This type of capital is a cognitive ability that may provide skills for the entrepreneur and includes not only formal education and work experience, but can also be non-formal education as a specific training course or practical knowledge from a workplace that helps the person in his entrepreneurial process. Previous research has found evidence showing that different types of human capital are more important in different stages of the entrepreneurial process in starting a venture. (Davidsson and Honig, 2003)

2.2.4 Volunteers
Zahra et al. (2009) argue that one of the social entrepreneurs’ greatest skills is the ability to create wealth through inspiring volunteers and donors. These people are often crucial for success since the entrepreneur is dependent on the help from others. Social entrepreneurs must often rely upon volunteers to serve in key functions as board members or to help with
fundraising since they cannot afford to compensate a large group of people. The volunteers often share the entrepreneur’s vision to create social value through change and are willing to contribute with their time and knowledge. (Austin et al. 2006) Haugh & Kitson (2007) describe the organizations in the third sector as dependent on volunteers in order to succeed. Most of these people work part time and the authors argue volunteering reflects deep-rooted social values and the ability to be selflessness. According to Haugh (2005) the start-up cost can be reduced by using local knowledge of volunteers and can be an important resource for social entrepreneurs in the start-up phase. Further he writes that little research has been made about the challenges to recruit volunteers and about their motivations and that the area still needs to be more explored to understand the impact of volunteers.

2.3 Summarization

To summarize this theoretical chapter it contains a couple of different sources of funding for social entrepreneurs. These kinds of entrepreneurs have for example taken on the opportunity to use the new technology that came along with the internet in order to raise money. Social venture capitalists are also a relative new form of investors who instead of traditional measurements, is interested of the effectiveness of the venture and the abilities of the social entrepreneur. The review has also pointed out that it is not relevant for social entrepreneurs to use the same tools which general business entrepreneurs use since they focus on the social value created. Instead they calculate the social return on the investment. There is still little research within the area of how social entrepreneurs find funding and more research is required to fully understand the process and be able to simplify the funding process for forthcoming social entrepreneurs.

This part has also been focusing on the importance of social, cultural and human capital for entrepreneurs in generally and much of the research within this area is still under exploration. (Unger et al. 2011; Davidsson and Honig, 2003) Social entrepreneurship is compared to general business entrepreneurship a more extreme form of it since it is driven by other goals than just the profit making part and strives to archive social goals as well. Austin et al. (2006) argue that more research needs to be done in order to better understanding them and the things that drives them. The same researchers believe that by studying social entrepreneurs more, the scientists can generate a better understanding of business entrepreneurs in general since social entrepreneurs has a dual focus. These kinds of entrepreneurs both attempt to create social value and to make a profit in order to survive and therefore might the social, cultural and
human capital be more important for them since they have to work on different levels. By studying social entrepreneurs more and observe the importance of the three forms of capital for them Austin et al. (2006) believe that it might lead to a better understanding for business entrepreneurs in general.

The theoretical contribution of this part is a resume of some of the existing theory on how social entrepreneurs fund their ventures, the role of the third sector and an example of a tool being used to calculate the social return of an investment. This part also summarizes the research that has been made on the importance of social, cultural and human capital for entrepreneurs in general to later see if it can be applicable on social entrepreneurs.
3. Methodology

3.1 Pre-understanding and hermeneutics

It is important as researchers to understand what pre-understanding you as a researcher might have and how this could influence the study. Everyone has a pre-understanding and the objective is not to discard them but to be open and prepared to change them. It is necessary to have preconceptions in order to understand the basics of something and to be able to view it in a context. (Kvale, 1997)

We are well aware of us having a pre-understanding of looking at social entrepreneurship from a Swedish and European perspective. This has most likely had an influence on the study and the question is to what extent and if it has had a significant impact. We believe that it might have had an impact but the benefit of us doing this study is that we first interviewed people who considered themselves social entrepreneurs to learn their view of social entrepreneurship and its concerns in a Brazilian context, before we chose our purpose for this study. We would also like to argue that it is of benefit for this study that neither one of us have studied social entrepreneurship before. We should not hold as much of a pre-understanding as a person that has examined the area before. We believe that most of our preconceptions of social entrepreneurship are derived from the studies and books we have read, but this we only did after receiving the views from a few Brazilian social entrepreneurs.

The pre-understanding is strongly related to hermeneutics. One of the fundamentals of hermeneutics is that we all have pre-understanding in order to interpret and understand something. It is the teaching of how to interpret significant phenomenon in society. All human beings interpret their surroundings with their own pre-understanding, for the researcher this means to understand a phenomenon that has already been interpreted by another person. (Bryman and Bell, 2011)

In our study we have used a hermeneutics approach because our purpose is to create an understanding from the perspective of the social entrepreneur. To do this we had to interpret the process of getting funding from what the interviewed social entrepreneurs told us. For us as researchers this meant to understand a phenomenon that has already been interpreted by another person.
3.2 Research approach

3.2.1 Qualitative approach

For the purpose of our study we chose to have a qualitative approach. According to Kvale (1997) a qualitative research approach gives the researcher the opportunity to understand something from another person’s perspective. He further writes it is the experiences and views of the persons that are the fundamentals of the study and its results. The options we had were to either do a qualitative or a quantitative study. Bryman & Bell (2011) generalize by writing a qualitative study focuses on words and a quantitative study focuses on numbers. Lundahl & Skärvad (1999) also write that the qualitative approach aims at understanding individuals’ perspective of themselves and their surroundings to be able to put it in context. They believe the qualitative approach generally is a less structured approach then the quantitative approach. Being less structured gives the researchers more flexibility to adapt the study during the process; however the qualitative approach also has its drawbacks, this is also indicated by Bryman & Bell (2011). The authors continue with one of the drawbacks with qualitative research is it is often difficult to replicate and the reliability of a study is therefore less applicable. Also with a qualitative approach the views of a few persons could make an impact on the study and make it less reliable, even though the study is not meant to be generalized for the population.

Our purpose of this study was to examine and understand how social entrepreneurs acquire the necessary resources to start their social business in Rio de Janeiro. In order to be able to fulfill our purpose we needed to get the perspective of the social entrepreneurs and what they went through to get funding for their start-up. One could argue this could also have been achieved by a quantitative approach, but we had practical concerns to take in regard. The practicability of finding enough social entrepreneurs in Rio de Janeiro to make it reliable as a quantitative study was beyond our capabilities. We also believed our problem statement is better answered in words than by numbers and statistics. In our opinion the process of funding a social start-up is best understood through the perspective of social entrepreneurs who have gone through this process.

3.2.2 Abductive approach

Bryman & Bell (2011) write about two main approaches in research, the inductive and the deductive research. These two are also mentioned as the main approaches by Carlsson (1991).
What makes it an inductive or deductive approach is the connection between theory and the empirical data. They are explained by the authors as the inductive being an approach where the research is based on the theory is the result produced by the study. While the deductive draws conclusion of empirical data with the support of theory through logic and reasoning. A deductive approach create hypothesis from the existing theory then study it empirically.

There is also a third option, called the abductive approach. This approach is an interaction between the deductive and inductive approach during the process of the study (Eriksson and Wiedersheim-Paul, 1999). According to Alvesson & Sköldberg (2007) the approach has elements of both the inductive and the deductive approach and is a mix of them two. The mix is not of a formal or informal kind, it adds new and unique methods to use the relation between theory and empirical findings in a study. It allows the researcher to adapt the theory during the process depending on the empirical findings and to develop the empirical findings gradually according to the theory. Dubois & Gadde (2002) write that the abductive approach is appropriate if the researcher’s objective is to discover new areas, other variables and other relations.

In our paper an abductive approach has been used. From the process map of our study (Figure 3.1) we can understand an interaction between theory and empirical findings has been applied. In the process we have adapted the theory according to the empirical findings and we have also adapted our interviews according to the theory. In the deductive approach the researcher derive the problem statement from existing theory. In our case we derived our purpose and problem statement from firstly empirical findings then found theoretical support for this to study it further empirically. We have also adapted our theoretical framework from what we found in the empirical findings. An interchange of deductive and inductive has therefore been used in our study, making it an abductive approach.
1. In the pre-interviews we asked general questions about social entrepreneurship and its influence in Rio de Janeiro. We conducted pre-interviews with 4 social entrepreneurs in Rio de Janeiro.

2. From the pre-interviews we were able to get an understanding of the problems that exists for social entrepreneurs in Rio de Janeiro with getting funding for their ideas.

3. Once we knew our purpose with our study we started to find theory to get a better grasp of the area of social entrepreneurship and more specifically about the funding process.

4. After developing an interview guide from the theory we started to conduct our interviews. We continuously updated and revised our interview technique throughout the project.

5. When each interview was done we started to order the interviewee’s answers in themes and started to make sense of it even though we had not collected all of our data (as part of the abductive approach).

6. Throughout the collection of data we revised our theoretical chapter to be more suiting to our findings (also as part of the abductive approach).

7. We did analysis of the data compared to the theory and this is presented in the chapter “Analysis”.

8. Then we presented the result of the study.

Figure 3.1”Process map” illustrated by the Authors, 2014
3.3 Data collection method

3.3.1 Pre-interviews
Halvorsen (1992) argues that unstructured interviews can be very useful in the beginning of a study and the purpose is to get the respondents perspective of a topic before the researchers goes deeper. As researcher you begin with a broad and basic understanding of the topic and develop your knowledge depending partly on what is found in the answers of the respondents.

As previously explained we had pre-interviews with 3 social entrepreneurs to get an initial understanding of the topic social entrepreneurship in a Brazilian context and its complications. These interviews were conducted as unstructured interviews with us as researcher only having basic knowledge of social entrepreneurship. All of the interviews took place in a café with an informal approach to build trust for the respondent.

3.3.2 Primary data
When the researcher knows the purpose and the problem statement of the study, it is time to decide what method should be used to collect the data required. The decision of the method to be used is dependent on what kind of data should be used for the study. There are two kinds of data to choose from, secondary data and primary data. Primary data is data the researcher has collected personally while secondary data is data that has already been collected. Examples of secondary data are public records or previous studies and one example of primary data is collection through personal interviews. (Bryman and Bell, 2011)

In this study the use of primary data has been used exclusively. The reason for this is we want our study to focus on the social entrepreneurs’ perspective and their understanding of the funding process in the start-up phase. Another reason is to be able to use data about social entrepreneurs from example public records or previous (similar) studies we would need to understand Portuguese. We also have doubts about the existence of any helpful public records and that we would be able to access them.

3.3.3 Data collection instrument
When the researcher has decided what research approach and type of data to be used, the researcher needs to decide how to collect the data. The options available to the researcher are vast but are limited to what kind of study it is. In this study we decided to have a qualitative approach and only use primary data, this makes the available valid options fewer.
A few of the options applicable to a qualitative study that aims to collect primary data are:

- Questionnaires.
- Focus groups.
- In-depth interviews.
- Observations. (Jacobsen, 2002; Bryman and Bell, 2011)

The reason for these being applicable in our study is they have the commonality of examining the respondent’s views and perspectives. The major difference between them is the resources (Generally time and money) required for each option. Bryman & Bell (2011) claims the in-depth interview is the option requiring the most resources from the perspective of the researcher, because of the number of interviews to attend.

The qualitative data collection instrument we decided to apply was semi-structured individual interviews. One of the advantages of performing semi-structured interviews is the researcher has the option to ask follow-up questions to interesting answers from the respondent. It creates trust between the respondent and the researcher, which makes it easier for the respondent to feel secure about answering the questions. The trust could also lead to the answers being more open and realistic. (Ryen, 2004)

According to Trost (2005) the degree of standardization might differ depending on how the researcher conducts the interview. Standardization is the degree to which the questions are the same for all the respondents. A high level of standardization means the questions are the same and asked within similar circumstances and contexts. A high level standardization leaves few or no opportunities for follow-up questions. We had medium to low-level standardization and this gave us opportunities to ask follow-up questions but also to have the same standard themes for all respondents. Kvale (1997) explains that the semi-structured interview should be based on the relevant themes for the study. The researcher asks questions related to the themes and this makes it very flexible with the researcher having the freedom to decide in what order the themes and questions should be asked.

### 3.3.4 Interview guide

According to Ryen (2004) most researchers agree an interview guide should be used when conducting interviews. The interview guide is a framework for what questions should be asked and when they should be asked. This is supported by Trost (2005) who writes that the
interview guide during interviews should be a list of topics the researcher wants the respondent’s perspective of. The researcher should also allow the respondent to steer the interview as far as possible within the relevant areas to the study. According to Dalen (2007) the development of the interview guide should be based on the purpose of the interviews and the study. The interview guide is then primarily used to assure the fulfillment of the purpose for the interviews. There is no correct or formal way of developing the interview guide for the reason it must be adapted to the study, the researcher and the respondents.

Our interview guide is based on the operationalization.

3.3.5 Operationalization

In order to be able to use the theory been presented in the theoretical framework and to outline questions, we need to operationalize the theory into useful and concrete questions by breaking down the theory into concepts or categories. By operationalize the central concepts of the theory on the basis of the theoretical framework we can take the step from theory to the implementing of it. (Beckman, 2005) Hartman (2004) explains it almost the same and points at the importance of that the questions should be understandable and measurable, so the researcher’s questions is in the right context and something that the respondent understand and answer. Four main objectives as validity, reliability, usability and transparency should be carefully considered in an operationalization to be able to make as relevant conclusions as possible.

Arbnor & Bjerke (1994) argues of a requirement of an operational definition in order to be able to make close relationships between the concepts and the objective reality. An operationalization makes it easier to discover a certain phenomenon in the objective reality since the procedure contains the conceptual definitions required. The data collection cannot begin until the concepts are clearly defined and the transformation of concepts into measurements is done through an operationalization.

This operationalization has been done in four steps;

- The first step was to identify the theoretical concepts through a literature review and make sure these were clearly theoretical grounded and defined the subjects that this study will cover since they serves as the foundation of this thesis.
Secondly we had to choose a definition of each concept and summarize the most important parts in an author’s more protracted definition.

Thirdly we had to operationalize the definition and describe how we would use it in this study.

All these steps ultimately resulted in questions which our interviews is based on.

<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition of the concept</th>
<th>Operational definition</th>
<th>Question</th>
</tr>
</thead>
</table>
| Financial capital         | The financial resources that a person or an organization needs to start or expand an enterprise. The money can come from for instance grants, fellowships, crowdfunding, social business capitalist and loan providers. (Lyons and Kickul, 2012) | The financial resources that a social entrepreneur or organization needs to fund the business and can come from different sources.                                                                                               | - Where do the social entrepreneurs look to find funding for their ideas?  
- Did you need money to start your business?  
- How did you get this money?  
- Is there other resources than just financial you need to start your business?  
-What are the biggest obstacles? |
| Social capital            | The value of contacts and relationships and can for example be family, friends or a network. (Woolcock and Narayan, 2000)                                                                                                      | The value that contacts and relationships might have.                                                                                                                                                                   | -How important is your contacts when you look for funding? |
| Cultural capital          | A person’s status and power within a system that can provide access for instance education and social networks. (Holt,1998)                                                                                                    | The value that status and power in a system might have.                                                                                                                                                                 | -Is status and power within a society important when searching for funding? |
| Human capital             | Capital in form of a cognitive ability that a person gains through for example education and work experience. (Davidsson and Honig, 2003)                                                                                           | The value that education and work experience might have.                                                                                                                                                                 | -Would you say that higher education is a positive qualification when you look for capital? |
| Social return on investment | “SROI is based upon the principles of accountancy and cost-benefit analysis that assign monetary values to social and environmental returns to demonstrate wider value creation.”  
(Millard and Hall, 2012, p. 926)                                                                                       | A tool that makes it possible to measure the social return that an investment would give.                                                                                                                                 | -Do you use SROI or any tool like it to measure the social value that you create?  
- Have you invested your own money – how do see that you will get it back?  
- If you have investors how do you think they measure their investment?  
- Did you do any measurements to understand what the social value would be vs. the cost of making it happen? |
Social venture capitalist

An investor that uses different value-rewarded factors in his investments valuation that traditional investors and assess the effectiveness of the resources and rely on the social sector goals. (Miller & Wesley, 2010)

An investor that use value-rewarded factors instead of only economic factors and looks at the effectiveness of resources in his valuation of a potential investment.

Crowdfunding

A form of financing where a large group people comes together to produce or promote a product through a joint pool of money. (Rossi, 2014)

A funding form where a large group of people combines some of their money for a joint interest.

-Are there any investors in Rio de Janeiro that look at other factors than only economic valuation when they evaluate the potential of an enterprise?

-Have you heard of the concept crowdfunding?
-Have you used it?

(Figure 3.2 “Operationalization schedule” illustrated by the Authors, 2014)

### 3.3.6 Sampling

There are different strategies to select the respondents for an interview. One strategy is the theoretical sampling and this focuses primarily on creating understanding in the area the researcher is trying to study. From this the researcher selects the respondents who would be best suited for the purpose of the study. The theoretically selection would be the first choice for most researcher but the possibility of getting access to the best suited persons in a field is limited. Another strategy is the convenience sampling where the respondents are picked because they are accessible for the researcher. (Bryman and Bell, 2011)

Dalen (2007) writes about the “criteria sampling” as suitable for students with a limited knowledge to detect variations. In this strategy the researcher selects the respondents by setting up criteria are the respondents must fulfill and then selects the respondents within the chosen area.

Snowball sampling is a sample where the researcher first makes contact with a few persons who are relevant to the study. The researcher then uses these initial contacts to establish contacts with other persons in the field through these people. The difficulty with snowball sampling is, it is very unlikely it will be representative for the population, but this is less relevant in a qualitative study. (Bryman and Bell, 2011)

One vital aspect of our study was to be certain of our respondents being social entrepreneurs and not solely entrepreneurs or charity workers. We used these questions to determine...
whether or not a prospect would be suitable for our study (the questions are derived from the theoretical discussion about social entrepreneurship and our chosen definition for this study):

- Is the main purpose of the business to create social value?
- Is the organization able to be profitable or capable of covering the costs in the long-term?
- Is the prospect a person with influence in the organization (for example a manager)?

If the answer to these questions were “yes” our prospects were suitable to be interviewed for this study. Another prerequisite for our respondents was they were proficient in English, we only lost one of the prospects due to lack of proficiency in English.

For this study we first contacted persons we could find who we believed were relevant to the area of social entrepreneurship. After we got in contact with a few we checked so they matched our criteria for being interviewed. At the interview we asked if they could help us find more social entrepreneurs. Our approach was a mix of first using the convenience sampling (the persons we could get in contact with), the criteria sampling (Making sure the persons we were in contact with was suitable for our study) and later the snowball sampling (Asking for referrals from the persons we interviewed). Our approach was a non-probability sampling because our sampling was not random. The disadvantage of a non-probability sampling is it makes it less reliable to be used to generalize for the population (Bryman and Bell, 2011). However for a qualitative study the purpose is oftentimes to generalize for the population.

3.3.7 The process of the semi-structured interviews

The biggest challenge of this study was to get in contact with social entrepreneurs because a lot of people we tried to get in contact with did not answer us. We found out that the e-mail culture in Rio de Janeiro is not the same as we are used to due to people there often times first want to meet in person before they answer emails, also an e-mail reply usually takes at least few days. Early in working process we tried to contact social entrepreneurs in Rio de Janeiro that we found on Internet by e-mail and through Facebook but most people did not get back to us. When we came to Rio de Janeiro we continued to try to get in contact with people from the Internet but this time we called them from our Brazilian number. We also asked the people we met if they knew any social entrepreneurs that they could get us in contact with. After two weeks we felt that we had enough people to start to do pre-interviews and test the ideas we
had. These interviews gave us a lot of information and the participants got us in contact with other social entrepreneurs they knew and created a snowball sample as we described in the section before.

In the first contact with the respondents we explained who we were and what we would like to study. When we asked to set up an interview we promised the respondent full anonymity. The reasons for the anonymity is explained further ahead in this paper under “ethical dilemmas”. Because of this the respondents are named with:

- SE-1 (Social entrepreneur 1).
- SE-2 (Social entrepreneur 2).
- SE-3 (Social entrepreneur 3).
- Etc.

For the reader of this paper to fully get an understanding of the respondents we asked permission to publish the contextual backgrounds of each respondent and this was approved. In total we conducted 9 semi-structured interviews. 5 interviews took place at a café and 4 interviews took place at the respondent’s office.

3.3.8 Recording and notes

In our study we found it very difficult to record our interviews because of three reasons:

1. We tried to record the 2 first interviews but the respondents told us they rather not be recorded and were a bit defensive after this.
2. Most of our interviews were very informal. Trying to record them would have made it more formal and probably we would lose the advantage of having the respondent feeling secure.

These issues arose even though before we started our recording we asked permission of the respondents to record it and the recordings would be erased once we were done with our study.

Bryman & Bell (2011) write about the use of taking notes as a secondary choice if the respondent would not agree the interview to be recorded, or if any other reasons. In our study we decided because if the complications of recording to only take notes. Because there were two persons conducting the interview one of us focused more on taking notes while the other
focused more on the conversation. The one focuses on the conversation did also take notes but they were used to keep track of interesting answers we wanted to follow-up with questions. Instead of disrupting the respondent we noted what was interesting and returned to it later in a more suitable time during the interview.

According to Bryman & Bell (2011) the recordings of an interview help the researcher with the analysis after the interview and also make it possible to compare different interviews. Using recordings can also assist the researcher to be focused on the respondent’s answers, since there is no need to recall precisely what is being said. But we believe our way of taking notes was sufficient to fully be able to recall and analyze the material later.

3.4 Data analysis method

One of the biggest challenges with a qualitative approach is the large amount of data generated when conducting interviews. The data can consist of notes and recordings for interviews, and these can be difficult to process. The reason for this is the data is usually not organized and structured in a linear and logical way due to the semi-structured interviews. (Bryman and Bell, 2011)

3.4.1 Thematic analysis

To process our data and make it understandable for the reader we have used thematic analysis. Bryman & Bell (2011) argues that this analysis is not particularly useful in describing how researchers analyze data with the argument of very few articles published in business and management research have used this approach as a method. Meanwhile Boyatzis (1998) argues thematic analysis to be a very plain and worthwhile process to structure qualitative data from interviews, especially for students. The author notes the thematic analysis is not to be regarded as a method per se but rather as a process of making qualitative data understandable. The basic of thematic analysis is sensing themes in the data in three phases of inquiry. The first is to recognize something as important; it could for example be a particular answer, the next phase is making sense of it. The final phase is to put it in context and interpret it together with the rest of the data as a pattern.

Stephen et al (2012) explain what themes are and how the researcher discovers a theme in the data. Essentially a theme is a moment of an interview or data when the researcher is able to identify and correlate what the respondent is saying and what this means. Some themes are broad and sweeping while others are more focused and narrowed. The authors continue by
saying there are no formal ways of defining what a theme is. This is due to a theme being very different depending on the data and the research purpose together with the context.

Our process of making the data from the interviews manageable have been to recognize key moments (answers), then correlate these from a theoretical viewpoint and putting it in context with the rest of the interviews. From this we have reviewed our theory to be able to make it in themes together with our data; therefore we have used the above mentioned thematic approach for our understanding and analysis of the data.

3.5 Quality criteria

According to Bryman & Bell (2011) there are two ways of evaluating a qualitative research. One possible way is to use the quantitative measurements reliability and validity with a small change and assimilate them to a quality research but with less emphasis on issues related to measurement. But as the social world is constantly changing it is impossible to get only one “unmoving” picture of the social setting and therefore it is necessary to specify the measurements according to Guba & Lincoln (1985). They believe the criteria require to be more specified and reason that the social reality can be seen in more than one absolute way and judge a qualitative study based on two criteria, first trustworthiness which includes credibility, transferability, dependability and confirmability that will be addressed in the following sections and the authenticity criterion that will be addressed last.

3.5.1 Credibility

According to Bryman & Bell (2011) the social reality could be seen and described in more than one way which makes it important for researchers to show credibility in the way they describe it. The result of the study will be judged on the criterion how well the researcher can define the social reality. The researcher has to ensure that the study is carried out in a proper way that follows the guidelines of good practice and makes sure that he or she has understood the social reality in the participant’s perspective. It is done by submitting research findings to the participants to confirm the material and leads to establishment of the credibility of the study and is also called respondent validation or member validation.

One technique that Guba & Lincoln (1985) suggests to improve creditability is the prologue engagement where the researchers basically invest time to learn the culture and testing for
misp-information that he or she might have. We spent in total eight weeks in Rio de Janeiro mainly because the project process needed this time but also so that we could learn more about the culture and the special context of the country. During our time in the Rio de Janeiro we spend a lot of time talking to people to get more knowledge about the Brazilian culture and the political situation in it. Later we had pre-interview where we asked questions about social entrepreneurship in Rio de Janeiro to better understand what the phase meant for them. We are aware that this could be done even wider and that more time could be spent in Rio de Janeiro, but we believe the time we have spent here and the effort we have done to know as much about as possible increases the creditability.

What we also have done to increase the creditability is to send a copy to all participants in this study after the interview where we show them an extract of what we have written down from their interview and would like to publish in our report. All participants have had the chance to comment the extract and point out if we have misunderstood what they have been saying or if they disagree to publish some information which might be inappropriate. None of the participants had any objections and we believe it is because the interviews were anonymous and neither the social entrepreneurs nor investor is mentioned by name. This is going to be further explained in the “Ethical dilemma” section later on. This is an important method to do according to Bryman & Bell (2011) who define this technique as respondent validation or member validation and increases the creditability.

We have found it hard to show creditability with other techniques as validation and triangulation due the amount of time it takes and have therefore not been able to use more semi-structured interviews. Another issue as Patton (1999, p. 1190) points out is that it is hard to show creditability as a researcher since it is “depending on training, experience, track record, status and presentation of self.” We are aware that our lack of experience and training in follow out studies abroad may reduce the credibility but we have tried to be as methodical in the data collection and tried to report all sufficient details from the interviews. Patton (1999) describes it as important to be as detailed as possible both when reporting the interview and in the analysis process in order to enhance the credibility and is something we have put a lot of effort in trying to achieve.
3.5.2 Transferability

Most qualitative studies often go in-depth and focus on a small group or individuals during a short period of time. Because it focuses on the unique context and the significance of the social world that is being researched it is hard to recreate the specific environment due to changes that occur with time. For this reason it is important for the researcher to do a sufficient description of the process as possible to be able to transfer the results to another context. (Bryman and Bell, 2011)

We believe that the transferability of this study is relativity low since it is done in one city in Brazil with a small selected peer group. As the theory (Bryman & bell, 2011 among others) points out a qualitative study often has low transferability and the result of this study might be difficult to transfer to contexts in the world because Brazil operates in a specific unique context. However it can still be used as reference and to test hypothesis. In order to increase the transferability we have tried to do as full description as possible in order to make it possible for the reader to understand the environment that we have done the study within and for the study to be transferred to another environment and context.

3.5.3 Dependability

To show that a study has been done in a truthful way it is important the researcher take an auditing approach and argue for their choices and describe every phase of the research process; from the choice of problem statements to the analysis. The description should be as clear as possible so the reader fully understands the process of the study, and is able to judge how trustworthy the results are. It is also important for the researcher to show that the theoretical conclusion is done as accurate as possible. (Bryman and Bell, 2011)

In our opinion we have been as detailed as needed throughout the report and in the introduction we tried to argue why this study is important and why our problem statement is relevant. In this methodical chapter we have described the process we have used to perform this study and argued for the choices we have made during the research. We believe that we have been as accurate as possible and shown the process in detail so that the reader can understand how the study has been conducted.
3.5.4 Confirmability

The researchers have to make sure that the result does not reflect their own interest or theoretical inclinations and that he or she has acted objective with good faith based on the insight that it is impossible to reach complete objectivity in business research. (Bryman and Bell, 2011)

Guba and Lincoln (1985) argue that the process to judge the confirmability of a study includes several steps. The process includes investigating if the findings are grounded in the data by linkage trails and judge things as the logic of the data that the conclusion is based on. The reader also has to judge the category structure and the utility of it and the accommodation strategies which involve the efforts made by the researcher to ensure confirmability.

In our opinion we have been as truthful as possible and have not reflected any personal thoughts or interest. As mentioned earlier it is impossible to be completely objective and it is something that we are aware of, as for instance the interviews where we have to make interpretations and decide the perceived truth in the things the participants said. Our belief is that the reader can see we to put the same effort in recapturing every interview and that we have presented all information in this report in a truthful and non-personal way.

3.5.5 Authenticity

The other quality criterion is authenticity that addresses a wider political impact of the research and the issues that may come along with it and addresses five questions. The first question the researcher has to take into consideration is Fairness which means that the research fairly represents members of the social context with different viewpoints along with it. Guba & Lincoln (1985, p.315 ) explains “care must be exercised that in an attempt to be fair the investigators does not simply reconstruct an “average” or “typical position”, which is not only in conflict with the naturalistic position or generalizability but which at bottom represent no one’s reality.” In our opinion we have been fair in our representation and sample of interviewees and tried to pick social businesses and organizations that are in different sectors to get as broad and diversified view as possible.

The second question we had to ask ourselves is about ontological authenticity and if the research will help the people whom have participated to better understand their situation. Our
answer to this question is yes due to the result of this study probably will help most of them to
get to know more about the funding options and new ideas how this can be done. We have got
a very positive feedback from the participants and many of them have told us that the study is
important since not so much has been written about how social entrepreneurs find funding.
According to the participants they know little about other social entrepreneur’s situations
outside their own network. They explain that larger networks for only social entrepreneurs is
rare and therefore is it interesting for them to know more about other’s situation.

Thirdly is educative authenticity that addresses the question if the participant gets a better
understanding about how other people in the same situation experience things and if the study
has helped to increase that. Most people we have talked to describe that they in one way or
another already know that other social entrepreneurs have gone through the same difficult
process to find funding since they have been speaking to other social entrepreneurs they
know. This study concretely shown example of how a larger group of social entrepreneurs
that does not all know each other has solved the problem. We have not found any literature
about social entrepreneurs in Rio de Janeiro or Brazil and as mentioned earlier are larger
social entrepreneurial networks rare and therefore we believe this study increase the
understanding of how social entrepreneurs find funding. In our opinion are all research that
highlights new areas which has not been study before important since it is a beginning that
can create interest to do more research. If our study can inspire other to study social
entrepreneurs in Rio de Janeiro it would help the participants even more.

The catalytic authenticity addresses the question if people can change their situation after they
participated in this study and this one is hard for us to answer. Our hopes are that we can
contribute in some way but the reality is that it requires huge resources in terms of time and
effort to create change and is something we might not be able to do. By just addressing the
question and show that other people from another part of the world are interested in the
problem and in their work is a small step that could help or encourage them.

Tactical authenticity is the final one that requires to be addressed and is based on the question
if the participants in the study have got better possibilities to take the action needed to change
their situation. This question is also hard to answer since each individual has gone through the
startup phase and the funding process but the results in this study might be used in other
situations where social entrepreneurs need to find resources to start their social business. As
mentioned earlier the results of this study might also give more information and ideas of how to find these resources.

To conclude this section we would like to address that this study primary is done in order to create a better understanding of the process for social entrepreneurs to find resources in order to start their social business in Brazil. Therefore the main focus is not to directly help the participants in this study in other ways than to highlight their situation and put their experiences in a perspective and on paper.

3.6 Collection of theory

Most of the theory that we have presented in this report has been collected in academic articles and papers but also from printed books. We used most of these books to gather the basic knowledge about the field of social entrepreneurship and the basics of funding. Then we used articles to get more in-depth information about the field and to see where the research stands today. Another reason we used a lot of articles was because we spent a lot of time in Rio de Janeiro where it was hard to get printed books and therefore we had to rely more on articles and books in electronic versions.

We used the Linnaeus library’s database, Google books and Google Scholar to find theory for this report. The search words that we have used were “social entrepreneurship”, “social enterprises”, “entrepreneurship”, “social value”, “social capital”, “cultural capital”, “human capital”, “Brazil”, “Rio de Janeiro”, “funding”, “social venture capitalist”, “the third sector”, “non-profit organizations”, “social return on investment”, “crowdfunding”, “qualitative method”, “social business”, “abductive methos” etc.

3.6.1 Theoretical discussion and source criticism

We are aware that some of the sources being used in the literature review are not published in well-known journal as for example Dees (1998); Emerson & Cabaj (2000) and Arvidson (2009). We have chosen to use them anyway since they are cited in many of the other articles we have used in this report. Dees is for instance cited by almost every researcher who is writing about social entrepreneurship. All the articles which has prevailed any form of uncertainty in terms of scientifically reliability have carefully been analyzed and some articles have been seen as not having enough credibility and have been removed from this report.
In the process of finding theory we have discovered that the area about social entrepreneurship is still in its cradle. There are so far only two journals that have been created to only be devoted to social entrepreneurship and it is Emerald’s *The Social Enterprise Journal* and Routledge’s *The Journal of Social Entrepreneurship*. Much research in this field is published in smaller and lesser-known journals as for instance *Making waves* and *Voluntas* which the authors never have heard of, before this study. In the process of finding articles we had a clear vision to only use articles that distinctly showed their references and as far as possible was published in an academic revised journal. In the case of Arvidson (2009) and her working paper we chose to use it both because it was cited in Millar & Hall (2012) article and because it is a working paper from a research center that only studies the third sector in the UK.

From the beginning we had the goal to try to show a wide and deep understanding about the subject social entrepreneurship and refer the literature used back to the primary sources. The area of *social venture capitalist* is not in a larger scale explored yet so in the search of potential theory about this area we had to put a lot of trust in the few sources we found.

In our search for literature we have found that nothing specifically is written in English about social entrepreneurs and their process of finding resources in Brazil. In can both be seen as a positive thing because it makes our study more unique but has also a negative side because this has caused some problems to find relevant theory. We have had to use more general literature which is based on research on social enterprises and organizations in Europe and in the United States.

3.7 Ethical dilemmas

In the process doing this study we took into consideration the ethical issues that come along with it and have based our study on four ethical principles. Primarily this has been done by considering the ethical guidelines for how the relationship between the researchers and the participants should be. Further to ensure that the study does not create any harm for the participant, to ensure the participants consent, that we do not intrude in their private life and not maintains any important information for the participants. All this issues are a part of the ethical principals in business research. (Bryman and Bell, 2011; Diener and Crandall, 1985)
We have before, during and after the interviews tried to as clearly as possible in the discretion of the purpose this study, who we are as researchers and what is the role of the participant. Before the interview we have written in the correspondence with the participants that we are doing this study as a thesis for our university and as project for SIDA and explained the organization as they do themselves, as a “government agency working on behalf of the Swedish parliament and government, with the mission to reduce poverty in the world.” (SIDA, 2014) When the interview took place we have repeated the purpose of this study, who we are, what the role of the participant is and asked if they had any further questions. We explained the terms of their participation and told them that whenever they wanted they could cancel the interview and terminate their participation in this study. In conclusion we believe we have given the participants all the information parts needed which might affect their attitude to participate in the study.

Because the social businesses that we have studied are small and because we asked questions about things that might contain sensitive information we have chosen to let every participant in this study to be anonymous. This does not affect the quality of the study because it is not important to know the names of the persons we interviewed. We informed each person about this prior to the interview and believe this helped them to be more openly and give more detailed information. The information that we have gathered has been kept as confident as possible in our home to make sure that a third party cannot access it. Furthermore we have explained that all the information that has been gathered in the interview will only be used in this study and only for the purpose presented. We also informed the participants that if we or someone else would like to use the material from the interview in another study they will be informed in order to give their approval.

In our opinion we have been as distinct as possible and have not had any intent of deception or to maintain any important information. In the end of each interview we have asked the participant if they would like a copy of the report after it is published and almost everyone has told us that they would like to see the result of the study. In our opinion we have considered all of the four ethical principles that a business researchers should take into consideration and been transparent in the way that we have follow out this study.
4. Empirical investigation

In this section we will present our data from the interviews. As explained in the method chapter we have used a thematic approach where we divided the data in themes. We have divided this chapter in the following:

1. Introduction of each social business and the social entrepreneur.
2. Overall resources.
3. Tangible resources.
4. Intangible resources.

We have not presented all the answers and data here. We have chosen to present the data that we believe is relevant for our study. For example there will be themes were there are no data for certain social entrepreneurs and the reason for this is that these types of questions/data was not relevant to that specific entrepreneur.

4.1 Introduction of the social entrepreneurs

We believe that an introduction of the social entrepreneurs is important for the reader to understand each entrepreneur’s certain context they work in. Also, we believe that this introduction will get the reader to see the width of our data, from one entrepreneur being in the consultancy business to another entrepreneur being in the construction business but all being in the field of social entrepreneurship.

Social entrepreneur 1 (SE-1)

SE-1 is a young person in the age of about 25 years old. He is the founder of organization with the goal to spread the word about social entrepreneurship and to breed more social entrepreneurial projects in Rio de Janeiro. They do this by conducting workshops about social entrepreneurship where they invite people to participate in these to learn more about social entrepreneurship and its benefits. For these workshops they also invite known local social entrepreneurs to act as inspiration. The workshops last for two days and when the workshop is finished they do follow-up meetings with the participants every month if needed. At the follow-up meetings they could for example help the participants to start their social enterprise. The interview took place at a lunch restaurant in Rio de Janeiro on the 9th of April.
Social entrepreneur 2 (SE-2)

SE-2 is a project leader/manager for a social business that teaches under-privileged children how to use a computer. He is between 25-30 years old with an academic background in business administration. The company also teaches more advance topics, like web design and programming. Every week they hold workshops where they invite children and teenagers in poor communities of Rio de Janeiro. In the workshops every participant gets access to a computer then there is a head teacher who instructs the participants in front of the room. There are also volunteers in the classroom to individually help any participant who does not understand or follow the instructions. These are the basic computer courses then they have follow-up courses where the participants can learn basic programming skills and other computer related skills. This helps the community because many times it is required that a person knows how to use a computer and the most essential programs in order to be able to get a job. The interview took place in a lunch restaurant the 14th of April.

Social entrepreneur 3 (SE-3)

SE-3’s passion is the martial art/dance Capoeira and he is the founder/manager of a company that built a web-system in order to help the community of the martial art Capoeira to grow and expand across the globe. The system helps the different Capoeira clubs around the world to receive payments from its member so the persons working with Capoeira can make a decent living, it makes it easier to practice Capoeira for the students. The system is also a collaboration tool for the clubs to help them being organized and act as a community. SE-3 is between 20-25 years old. We asked how they would get the revenues and if they only wanted to make profits. We were told that each of the clubs would have to pay a small fee so the company could cover its cost. There was no intention of solely make money but the main purpose was to help the community of Capoeira and to re-invest any profits in the business. This interview was done in a dinner restaurant the 16th of April.

Social entrepreneur 4 (SE-4)

This is a social company who works as a business developer and educator for social businesses. Their objective is to help social entrepreneurs structure their businesses in a manner that is more similar to a for-profit business. They do this by educating the manager of the social business in how to run a business the most efficient way. They also help the social
entrepreneur to get ready to pitch their business idea to investors. In this organization there is no objective to earn any profits. Their objective is to help the social entrepreneur develop its business and if successful they get paid. Because of this they do not help any person who wants to start a social business, only those persons with a valid idea that is likely to succeed. Their goal is to help the “basic” social entrepreneurs who maybe do not have any further education and only have done 7 years of education in elementary school. Therefore put a lot of emphasis in speaking a basic language which everyone can understand. The person we interviewed was in charge of the selections of the social entrepreneurs and is around 30 years old. The interview took place in their conference room of their office, April 29th 2014.

Social entrepreneur 5 (SE-5)

The objective of this company is to build a decent house for people who don’t have the money to pay upfront for a house. The house is a simple tree house built by volunteers but is a big improvement for the family that it is built for. The family pays monthly what they can afford for the house after it has been built. The process of helping people in a community also includes to identifying their problems and they believe in the idea that they need to talk to the community and listen to their problems “from bottom to the top”. The problems they help to solve should be the community’s own and not problem people from the outside identifies since it is important that the community participate in the process of changing it. The organization has two full-time employees and about 30 volunteers who work part time to help them and they are between 18-30 years of age. We talked to one of the full-time employee who is in charge of the organization. The organization is a non-profit and NGO (non-governmental organization). But they are not a charity organization because they don’t donate the houses to the families. Instead the families pay for it but the cost is much lower because of the organization’s non-profit approach together with the help of volunteers. This interview took place in a café in central Rio de Janeiro, April 29th 2014.

Social entrepreneur 6 (SE-6)

This company runs one of Brazil’s largest crowd-funding platforms. The objective of the platform was at the beginning to help creative people such as artists in music and art. Later it grew and today there are also persons who try to crowd-fund ideas that could be regarded as social businesses. The company does not only help social businesses through the crowd-funding possibilities it offers. It is also ran as a social business where all the earnings is re-
invested in the company to further help the artists and social entrepreneurs to get crowd-funding. We talked to the manager of the business and he told us that the crowdfunding industry grows very rapidly all over the world and that it is an important source of funding because it is independent and less bureaucratic than other funding sources. 56% of the campaigns (the projects to get crowdfunding) that they launch reach its funding goals. This interview took place in their office in Rio de Janeiro, May 7th 2014.

**Social entrepreneur 7 (SE-7)**

Many of the favelas in Rio de Janeiro have been “pacified” which means they have been secured by the police and there are now a presence of the police in the favelas. The SE-7 is a resident in one of the pacified favelas and wants to help his community by offering tourist tours of the favela. The aim is not to earn money but to develop the community by offering people in the community a way to earn money by connecting with the tourists. If tourists come to the favela they might for example want to buy a soda, ice cream and other goods. This would open up for job opportunities that are not connected as a way for him to earn money. His main purpose according to him is to develop the community and not to earn money of the tours. The interview took place in the person’s home in the favela on 12th of May.

**Social entrepreneur 8 (SE-8)**

The organization started as a way to connect the leaders of different favelas to interact with each other for the purpose of finding solutions to shared issues of the favelas. It later grew and became a communication channel for the leaders of the favela to get national and global attention of the problems in the favelas. The organization educates the leaders in how to use for example the social media as a way to develop the community. It also acts as a PR-partner to further help the leaders’ cause of developing their communities. They are an independent organization and the main purpose is to develop the community. The interview took place in the person’s office on 14th of May.

**Social entrepreneur 9 (SE-9)**

This entrepreneur saw an opportunity to help under-privileged kids in the favelas to learn languages. According to him Brazil is the number 1 country when it comes to offering private language courses and this a huge industry with big profitable companies. To participate in
these courses is very costly and even though they are popular, only 5% in Brazil speak another language than Portuguese according to him. He wondered why it should be so expensive to learn a new language and yet so inefficient. Together with a few friends he started a social business that would offer language courses for less money but with high-quality. The English teachers come from all over the world to teach the courses and the only payment they get is in terms of accommodation and food. This low-cost model has made it possible to offer English courses to the price of 1/3 compared to the profit-only businesses. The interview took place on 15th of May.
4.2 Overall resources

To get an overview of the interviewee’s need of resources and the issues with getting resources we asked general questions about resource gathering in the beginning for a social business. More specifically we investigated what resources the social entrepreneur needed and what the biggest obstacle was. Before we asked this we explained what we meant with resources. Below the reader will find the result in a table divided with each social entrepreneur.

Table 1 – Overall resources

<table>
<thead>
<tr>
<th>Theme</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources needed</strong></td>
<td>We asked how they got started and what resources they needed to start their workshops. We were told that getting money was not the biggest challenge for them because there was not that much money needed to get started. In the beginning the important things they needed were:</td>
</tr>
<tr>
<td>SE-1</td>
<td>• A space to have the workshops at.</td>
</tr>
<tr>
<td></td>
<td>• Inspirational speakers for their workshops.</td>
</tr>
<tr>
<td></td>
<td>• Market materials.</td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
<td>He told us that there are a lot of persons with good ideas that could truly change the community for the better. But the skills and especially the money is not there to support these ideas. People want to create social businesses but they don’t see the possibilities of finding the money needed to start them. The biggest obstacles for them were to get speakers and to market the event to get participators</td>
</tr>
<tr>
<td>SE-2</td>
<td>The main challenge of getting started with their courses in the beginning was to get access to computers and the software, this would require a lot of money.</td>
</tr>
<tr>
<td>SE-3</td>
<td></td>
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<tr>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>Resources needed</strong></td>
<td></td>
</tr>
<tr>
<td>• Website and its system</td>
<td></td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
<td></td>
</tr>
<tr>
<td>Lack of knowledge of programming and developing a system. He did not have the necessary skills and knowledge to build the website so he needed to find this externally.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>SE-4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources needed</strong></td>
</tr>
<tr>
<td>• Network of social entrepreneurs</td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
</tr>
<tr>
<td>He told us that he did not have any obstacle because he transitioned naturally into being a social entrepreneur. However, we asked what he thought was the biggest obstacle for other social entrepreneurs to start their business. According to him, the social entrepreneurs have to rely almost entirely on financial funds from the private sector. This sector is limited to mostly include social venture capitalists, bank loans (rarely), crowdfunding, and contributions from companies or donations from individuals. He also told us that many of the social businesses that operate here are funded with personal money, by family or friends. According to him it is a bureaucratic and time-consuming task to register a business in Brazil and in consequence of this there are a lot of people who run unregistered businesses. This makes it harder for these entrepreneurs to get funding from the private organized sector.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>SE-5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources needed</strong></td>
</tr>
<tr>
<td>• Materials to build the houses.</td>
</tr>
<tr>
<td>• Volunteers.</td>
</tr>
<tr>
<td>• Knowledge of build the houses.</td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
</tr>
<tr>
<td>He told us that there were many people that wanted to help them but the knowledge of building a house was limited for most of them. Even if it was a challenge to find the building materials the first project would not have happened without the knowledge of how to use the materials to build a sustainable house.</td>
</tr>
<tr>
<td>SE-6</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>Resources needed</strong></td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SE-7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources needed</strong></td>
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<tr>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
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</tbody>
</table>

<table>
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<tr>
<th>SE-8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources needed</strong></td>
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<tr>
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<td></td>
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<td></td>
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<tr>
<td><strong>Biggest obstacle for SE</strong></td>
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</tbody>
</table>

<table>
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<tr>
<th>SE-9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources needed</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Biggest obstacle for SE</strong></td>
</tr>
</tbody>
</table>
4.3 Tangible resources

We have divided this area in the following themes:

1. Money needed.
2. Collection of money.
3. Social venture capitalists.
4. SROI.
5. Crowdfunding.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Money needed</strong></td>
<td>They tried to limit the amount of money needed for the workshops. However they needed a small amount to print marketing materials such as flyers.</td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
<td>They paid for this small initial sum with their own money.</td>
</tr>
<tr>
<td><strong>Social venture capitalists</strong></td>
<td>Because they held workshops of social entrepreneurship we asked how a person who wants to start their social company could find money to fund it. One way to do it was to go to venture capitalists that specialize in investing in companies that also want to do good for the community. But the issue with this is that these venture capitalists are not very common. The best way would be to have connections to a social venture capitalist otherwise it would be very hard to get money from one.</td>
</tr>
<tr>
<td><strong>SROI</strong></td>
<td>The hardest part is to convince the venture capitalists that there is any economic value in the business and not just as a charity. The business must showcase that they will be able to earn money in the long-term and also provide value for the investor.</td>
</tr>
</tbody>
</table>

**Table 2 – Tangible resources**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Money needed</strong></td>
<td>This company needed money to pay for all the resources they needed: Computers, marketing materials, location except the teachers.</td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
<td>They had a social venture capitalist that invested an initial sum into the business. However this sum was not enough to cover all the expenses to get started. The main challenge of getting started with their courses in the beginning was to get</td>
</tr>
</tbody>
</table>
access to computers and the software. However they were able to get sponsors on board to provide the computers and software, the sponsors also provided money. With the sponsors and a very low-cost approach to running the business they were able to offer the courses for a very low sum of money that made it possible for the poor to participate.

<table>
<thead>
<tr>
<th>Social venture capitalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE-2 tells us that to start a social business is very difficult if it requires money. He continues with telling us that most of the social businesses he knows were started as a hobby at first then later grew enough so the entrepreneur could make a living. In the case of the business he is involved in, they got help from a very influential contact with both the money and the network needed. This contact did not just contribute with money but also gave the business credibility and security.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>When he first started the company he told us it was hard getting his contact on-board because he had not only to convince the investor that the company will be a good thing for the community. He also needed to convince him that the business would be able to uphold its own cost in the long-term. He told the investor that the money to be put in at the start was only going to be used to get the company started and not to actually run the company later. It was a one-time transaction, then the company would be able to sustain itself.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Crowdfunding</th>
</tr>
</thead>
<tbody>
<tr>
<td>We asked him how he would have started the business if he didn’t have his contact. The answer was that it would have been really difficult but that he would have tried crowdfunding. He believes that crowdfunding would maybe have worked for this kind of idea but would still be very hard.</td>
</tr>
</tbody>
</table>

| SE-3 |

<table>
<thead>
<tr>
<th>Money needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>He needed money to build the website.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Collection of money</th>
</tr>
</thead>
<tbody>
<tr>
<td>He did not have the money to build this website and did find the money to build it. He used his network to get the resources needed. This is further explained in the section about intangible resources below.</td>
</tr>
</tbody>
</table>

| SE-4 |

<table>
<thead>
<tr>
<th>Money needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>He told us that the resources needed were covered be the fees he got from the regular businesses before he transitioned into a social business.</td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td><strong>Money needed</strong></td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
</tr>
<tr>
<td><strong>Money needed</strong></td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
</tr>
</tbody>
</table>
**Crowdfunding**

They were starting a crowdfunding platform so we decided to take the opportunity to also ask about the crowdfunding possibilities of social entrepreneurs through their website. We were told that crowdfunding is growing source of funding for social entrepreneurs because people are willing to help these kind of people. They had a social entrepreneur that wanted money through crowdfunding to “pimp” the manual wagons that collect garbage in Rio de Janeiro and Sao Paulo. This was a huge success and they got around 400 % more money than anticipated. They believe that crowdfunding will grow even more in the future for social entrepreneurs especially in Brazil when the awareness of social entrepreneurs become more well-known.

<table>
<thead>
<tr>
<th>SE-7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Money needed</strong></td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
</tr>
<tr>
<td><strong>SROI</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SE-8</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Money needed</strong></td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
</tr>
<tr>
<td><strong>SROI</strong></td>
</tr>
<tr>
<td><strong>SE-9</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td><strong>Money needed</strong></td>
</tr>
<tr>
<td><strong>Collection of money</strong></td>
</tr>
<tr>
<td><strong>SROI</strong></td>
</tr>
</tbody>
</table>
4.4 Intangible resources

We used the same method when dividing this area in themes as with the tangible resources but the themes for this section are (for an explanation of each theme go to operationalization in the method section):

1. Social.
2. Cultural.
3. Human.
4. Volunteers.

Table 4.3 – Intangible resources

<table>
<thead>
<tr>
<th>Theme</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE-1</td>
<td></td>
</tr>
<tr>
<td><strong>Social capital</strong></td>
<td>We were told that for those people succeeding the most important factor is the personal network and its connections. When they first started their company they asked their network for help in terms of further connections to spread the events. According to him they would never have been able to start the company without their connections of already established social entrepreneurs. He continued with that the start-up of their company was dependent on the connections of the established social entrepreneurs. The social entrepreneurs and the connections they had help of were old classmates from university.</td>
</tr>
<tr>
<td><strong>Cultural capital</strong></td>
<td>We asked if there were any public institutions where social entrepreneurs can get help with social entrepreneurship. We were told that to their knowledge there was no program from the government to help fund the ideas of the social entrepreneurs. They believed that if the government would provide the possibility of funding more people would start social businesses. He told us that there are not many if any specific help given to social entrepreneurs from governmental institutions.</td>
</tr>
<tr>
<td><strong>Human capital</strong></td>
<td>According to SE-1 his educational background played an important role in laying the foundation for the business. If he wouldn’t have had the education he would never have meet the social entrepreneurs that made the workshops possible.</td>
</tr>
<tr>
<td><strong>Social capital</strong></td>
<td>The contact that made this social business possible is a very influential and rich person. With this person’s network they were able to grow the company in a sustainable way together with the revenues that the business generated. He told us that without this person the business would never have evolved the way it did. We wondered how the business got this valuable contact and he answered that the founder’s father was a friend of this contact. The contact had expressed an interest of doing more philanthropic work and to contribute to the society. Also the main objective of getting this initial investor on-board was not only for the money but mostly for the network that the investor could provide. With an extensive network like that he would be able to get more funding if needed from other social venture capitalists that want to help the community grow.</td>
</tr>
<tr>
<td><strong>Volunteers</strong></td>
<td>One way to keep the company low-cost in the beginning but also now was that they had a lot of help from volunteers who go out to the communities and market the courses. They also used volunteers during the courses to help out with private teaching and with setting up all the equipment. We also asked how they managed to get the volunteers involved in the business. We were told that in the beginning the volunteers mostly consisted of friends and their friends to the founders. They attracted them with their social mission to improve for the poor people in the communities. From this initial base of volunteers more volunteers joined later and it spread. Why asked about the founders academic background and what influenced he believed it had on the success of the start. All of the founders had a university degree in business. He told us that he believed that very few of the social entrepreneurs or the regular entrepreneurs are people without any university degree. He believes that an academic background is important to the status credibility you have as an entrepreneur.</td>
</tr>
<tr>
<td><strong>Social capital</strong></td>
<td>He did not have any knowledge of programming and how to develop the system. However one of his friends was studying computer programming and with the help of his friend he was able to outline how the system would work in greater details. It also happened that this friend’s dad owned and managed a</td>
</tr>
</tbody>
</table>
web development company. With an outline of the system and by pitching the project to the friend’s dad he agreed to help build the website and the system, without getting paid anything up-front. The agreement was that they would pay for the web development once they were able to get some revenues. Once the website was done all he needed now was to get a few initial capoeira clubs involved. If he could get started with a few clubs he could use these for leverage when trying to get more clubs on-board. Because he himself was a passionate practitioner of capoeira he already had an extensive network of clubs in Brazil.

When we asked about how he got his contact to help him with the outline of the website he told us that they have been friends a long time. He also presented the idea to her with the system and she thought it was a great idea and was glad to help. We asked what he would have done if he did not have this friend. He told us that being an entrepreneur is all about being resourceful and creative and finding new ways. He told us he would have checked with his friends and see if there were a friend of a friend that could help him.

| Cultural capital | When we wondered if there would have been any possibilities of getting help from any governmental or public institution he told us that this would probably not be possible. The reason for this according to him is that the Brazilian institutions have bigger issues to deal with than people like him. We also wanted to know if he would have been able to get it started if he did not have the close ties to the Capoeira clubs that he did. The answer was that the reason for him starting this in the first place was that he was involved with Capoeira and heard first-hand from the clubs the difficulties with getting paid. |
| Social capital   | This company started as a one-person business where the founder was a business developer and also interested in social business. The first clients he had were only regular business entrepreneurs but as his interest in social entrepreneurship grew he tried to get more social entrepreneurs as clients. After building an extensive network of social entrepreneurs he decided to only help social businesses and that his business should also be a social business. The primary goal was not anymore to get revenues but to help social |
entrepreneurship grow.

| Cultural capital | He told us that for him the most important aspects of him being able to start his company were his education and network. He had a Master in Business Administration and it was because of this education that he started working as a business consultant. Later it was his drive for helping the community in one way or another that got him in contact with social entrepreneurs. One social entrepreneur could refer him to another social entrepreneur and it escalated. We asked him if he had any help from governmental or public institutions. He did not have any help and this was because he never tried to get help. He explained that he started very small and grew with time, for a small consultant-based business like his there was no need for any loans or help from institutions. |
| Social capital | We asked how they got the company to sponsor them and he told us that it was one of his friend’s dad who owned a building company that contributed with the materials. We also asked how they got the knowledge of how building a house. He answered that another of his friends had been a volunteer for a charity organization that builds houses, with his knowledge they were able to build the house. |
| Human capital | We asked him what education he had and how he thought this might have influenced his ability to start this social business. He had a master in Business and in his opinion he is sure that he would have starting or be part of something similar sooner or later even though even he wouldn’t have had his education. However he told us that it was at university that he met most of the people who would become involved in their business. |
| Volunteers | We asked him what effect the help from their network has had on their development of the business. He told us that for them the access to the volunteers was the key to be able to build the houses. We wanted to know what recommendations he would have given to other social entrepreneurs for attracting volunteers. One of the main reasons that they got volunteers on-board was because they could clearly give something back to the volunteer – an experience. The volunteer would get to come along to a community and live there for a few days while they finish the house. He told us that contributing in |
this way gives the volunteer a new experience together with the feeling of being part of something amazing. His recommendation would therefore be to “sell” the experience and start with your social circle.

SE-6

| Social capital | They made an important decision to let the website be open source, open source means that anyone could get access to their code of the website. This was highly appreciated by developers and in return developers returned the favor by contributing to the code and development of the website. They had no money to market the website; instead they used their network of artists and entrepreneurs to spread the word. They also started a blog that became very popular and got a lot of traffic. After a few successful crowd funded projects the word kept spreading and the platform grew. He told us that the personal network is always important for several reasons but how important it is depends on the idea. For them the personal network did not play a significant role because they mostly solved any problems by themselves. Because they were a few that founded the company each of them had different skills and contributed in their own ways to the company. Most of the knowledge needed was already within the team and the development of the website they found an external company to help them. |

SE-7

| Human capital | This person did not have any previous experience of starting or running a business. He had an idea of starting tours through and this made him go to take a university degree in tourism. It was through this education that he got the knowledge of how tourists think and what they want to experience. However he did still not have any knowledge of how to start and run a business. He was fortunate to get in contact with a public institution that helps entrepreneurs in communities with how to start a business. They offered courses and workshops that he participated in and he also got free private consultancy with them. He told us that this made it much easier to start his business because without this knowledge he would not have been able to run a legitimate business. His education and contact with this institution made his status and credibility within the community better. This made it easier for him to convince the residents that tourism would be good for all of them. |
This company started with the founder wanting to help the community in some way. She started to go to local community meetings, to just understand what issues the communities had. When the meetings were over she would always approach the ones that seemed to be the “leaders” and talk to them. She would ask a lot of questions to further understand what social problems they had in their communities. After doing this for a few months she had an extensive network of informal leaders from different communities that wanted to improve their community. During these meetings and talks she identified that a lot of the communities had the same social issues. She wondered what would happen if there was a way for leaders from different communities to come together and exchange experiences and solutions to these issues. This was in the beginning of the 21th century and the communities did not have Internet connection yet. She decided that if she could offer the communities a common place where they could get access to free Internet it would also be a great place for the leaders to interact with each other. She financed the opening of the place with donations from companies and individuals.

From running this place her network with the communities improved and she became an important partner for the leaders. When connection to the Internet spread to the communities she had to change focus of her contribution to the communities. With her network and the trust she had established with the leaders, together with her knowledge of social media and the traditional media, she became a natural adviser for the leaders of how to get attention for their social issues. Her business developed into a business that would act like a communication channel between the communities and the rest of the World. She did not charge the leaders of the communities. She only charged for example newspapers and news-stations that wanted access to the communities.

She had an education in city planning and first she went to the communities’ meetings because of curiosity for how the communities were organized without the intervention of governmental institutions. She wanted to see if she could offer her knowledge of city planning, but it was apparent to her later that the communities were already organized in very creative ways with the little
resources they had. But she told us that these meetings were the start of her network in the communities.

**Volunteers**

She told us her venture relied a lot on volunteers and that these people often came from the universities and worked part time or had an internship during a period. When we asked her what she though was the most important thing to attract volunteers she answered us that the work venture give them has to be interesting and be something that gives them experience.

**SE-9**

**Social capital**

In order to get teachers for the first language courses they used their network to find anyone from outside of Brazil that wanted to come and stay with them to teach English. They did not offer any payment, only accommodation and food. With the use of their network they found a person who was willing to do this. They set up the language courses by first having their friends and contacts who wanted to learn English be the first students. This helped them to test the structure of the courses and make it more professional. More people started to attend the courses and the company grew.

He told us that it doesn’t really matter what you want to start if you have a drive to improve the society. First you should find a problem then solve that problem, and if you do this together with a friend you are more likely to succeed according to him. The social network and the partner you start your business with can make or break a business, especially a social business.

We asked if there were any governmental or public institutions where social entrepreneurs can meet and build a network. He told us that the best place to meet social entrepreneurs is in the university.

**Human capital**

If you don’t have the knowledge you should then check with your social circle or learn it by yourself. We wondered what education he had and he told us that he had been to the university and studied business. He told us that through the studies he realized that he don’t want to learn things by studying. He wants to learn things by doing it in real life and get practical experiences. It was through his education that he decided to start a business and it was in school where he met his partners who he started the business with.
5. Analysis

In the literature review we presented figure 2.1 over traditional sources of funding for social entrepreneurs as grants, fellowships/endowments, crowdfunding, venture capitalists and loans. The only one of these sources the social entrepreneurs we interviewed had used was the venture capitalists. One of the social entrepreneurs we interviewed was running a crowdfunding platform but none of the participants had used the source to fund their venture but most participants knew about it. Social venture capitalists were the only source that had been used by the people we talked to. SE-3 had used this source of funding and found the social venture capitalist through a friend’s dad. In our opinion this shows that the network is important for social entrepreneurs and many of the participants talked about the importance of their network to find resources as well.

Many of the people we have been speaking to have expressed the difficulty for social entrepreneurs in Rio de Janeiro to find money for their ideas. One of the reasons for this is that it is hard to convince investors of the economic value since the possibility of a return on their investment is more uncertain than with investing in traditional businesses. The social entrepreneurs have managed to find funding in one way or another but told us that a lot of ideas for social businesses will never be more than an idea due to the difficulties of finding funding. From what we learned from our interviews the government does not offer any form of financial or other resources. Because of this the social entrepreneurs have to look into the private and social sector for potential investors and this reduces the potential sources compared with other parts of the world where the public institution may offer more possibilities of help.

Most of the social entrepreneurs we have interviewed told us they have started their ventures in a small scale as hobbies and developed the venture from there. They used their own money or borrowed it from family and friends and ran the business with a low-cost strategy in the beginning to try to see if it was a good idea. It could also be done until they found another source of funding or had enough customers to change their strategy and expand the business. None of the entrepreneurs we talked to start their businesses in a larger scale since they believe the resources for this type of ventures do not exist because for example larger loans from banks are hard to receive. The resources they needed in the starting process are normally basic things as for instance market materials, computers, cloths and a place where they can be. But we can also see that some of the entrepreneurs need other types of resources in terms of
people as for example who could help them with knowledge in things they not little about. They use their network as for example friends and family to access it and can both be for a short time of period or a longer period.

SE-4 had started his business as a for-profit organization but then changed his business to a social enterprise since he got more interested in helping social entrepreneurs. This is a good example of the blurred area between for-profit and non-for profit organizations because he used his business model in a social context. Some of the social entrepreneurs we have talked to run ventures closer to traditional businesses than others. The social entrepreneur who runs guided tours is for example closer to be a traditional business than for instance the entrepreneurs who work with educations and as we can see is there many different forms of social enterprises. This lead to that it is hard to generalize a typical social entrepreneur since it can be all people that have a dual focus to both create social value and to make a profit in order to survive.

Some of the people we spoke to talked about the social return of investment and used it as an argument to convince investors to invest in their ideas. SE-2 and SE-9 had the attitude that they thought the investor would get his money back in some way, while as for example SE-8 told her investors that they probably never would see their investments again. As we can see are there differences in how people see on the social return of investment and how the face the question about if the investor will get a return or not. Something all social entrepreneurs must do in one way or another is to showcase that the social venture will create social value in the long run to be able to attract investors and as we can see can this be done with different methods.

None of the social entrepreneurs we talked to mentioned the traditional model being used to calculate the social return on investment that we presented in the theory. They did not mention anything about what they presented for potential investors and this is some information that is missing in order to be able to do a full analysis about the social return on investment.

The social entrepreneurs we talked to emphasized the importance of their network and argued that it was their most important resource. The social capital includes a person’s network and as we can see in the interviews has it created benefits for the social entrepreneurs that otherwise they would have had to buy. The social capital helped them to get in contact with
people that had the knowledge they needed, with investors and with people with more influence and clients. All the social entrepreneurs talk about the importance of their network in one way or another and all the people we talked to have used their networks to solve problems and to overcome obstacles. In our opinion is the social capital the most important resource for a social entrepreneur since it can create benefits and favors that is hard to buy with money.

Some of the participants told us they would not have been able to start their social enterprises without help from certain contacts within their network. If the social entrepreneur does not have a personal network good enough to help them they might be able to access larger one through organizations as for example public institutions. SE-7 told us for instance he had got help from one of these organizations and that this was an important fact that made it possible for him to get the knowledge in how to start and run a business. SE-2 also emphasized the importance of special contacts and in his network he had a person who had a lot of influence which made it possible to grow the business and according to him would the business never had done it without the person. We can see a clear pattern through every interview taking about the importance of the network and not only to find funding but to get knowledge and help to start and manage a business.

Many of the people we have talked to argue that their education have been important to be able start their ventures. All the people we have talked to have attended university and have a degree in different subjects. This is an interesting aspect of the interviews since it indicates that people might get important contacts through the universities as for example SE-9 who argued that the best place to meet other social entrepreneurs are at universities. The knowledge you get by studying at higher education and the people you meet there might also be important factors in the attempt to understand why some people become social entrepreneurs and others do not.

Some of the entrepreneurs we talked to said that they got help from volunteers as for example SE-5 and SE-8 who relied upon the help from them. Both of them argued of the importance of giving something back to the volunteer as for example an experience or knowledge. As we can see in the theory are often volunteers important for a ventures success and as they serves in key functions. To use volunteers is a form of low-cost strategy that the social entrepreneurs we have talked to use in the start-up phase and later on. In our opinion is it a form of win-win
situation that the social entrepreneurs talk about since it both benefits the entrepreneurs, the volunteer and the people within the communities. The social entrepreneur gets free and motivated labor, the volunteer gets knowledge and experience but does also something good for the society and people who are less fortune. All social entrepreneurs would benefit from volunteers but we can see that the social entrepreneurs who successfully have been able to get volunteers have offered something good in return and emphasis the importance of doing so.

One of the most interesting finding in the interviews is that few of the entrepreneurs needed money to start their ventures. The question we can ask ourselves is why? We cannot probably get a distinctly answer but can only speculate why. In our opinion is one of the likely answers that their network can help them to raise the resources they need without having to spend any money on it. The social entrepreneurs use their social capital to raise volunteers, teachers and locations which makes it the most important resources for the social entrepreneurs. People can access networks in different ways and as mentioned earlier did one participant we spoke to tell us that he did not have the network required to get the knowledge how to start and run a business but he could turn to other organizations to get help. Another social entrepreneur who did not have a network in the beginning used another strategy and build her network by inviting people to meetings. This is two completely different strategies the social entrepreneurs can use, the strategy to use other organizations to gather knowledge is the easiest way to get knowledge and build a network since it is less time consuming than the other strategy. But in our opinion might the network be stronger if the social entrepreneur build it themselves ”person by person” and we believe that this type of network in the long run will be the best option since the people build a history together.

The long time perspective is another interesting finding all social entrepreneurs share. Almost every participant have either put in some of their own money or convinced an investor to invest and believe the investments will pay back in the long run. It is interesting to see that the social entrepreneurs put a lot of effort in their ideas and believes so hard in their ideas and that some of them are willing to take the larger economical risks to be able start their ventures.

As we can see in the interviews do not all social entrepreneurs answer every question we ask and it is because some of them are not relevant for all participants. For example did not all participants we talked say anything about social return on investment since they had put in only little money themselves and did not see it as a full investment that they had to get in
return. The people we have been speaking to are in one way similar since their objective is to change something that they recognize as a problem but they have all choose to do this in different ways. What we have seen is that different resources are important to different social entrepreneurs and that it is hard for people to talk about things that they know little about and that is not of interest for them. For some people the cultural capital in terms of status is important to be able to access resources as for example the social entrepreneurs who work in more than one community. They need to create a social advantage by themselves or find people that already have it. For other social entrepreneur who work in the community where he or she have grown up is the cultural capital not so important since his status within the community already is determined and for them is it something that they do not think of.

We can see some information is missing as for example more information about the social return on investment mentioned earlier. The information about what happen with people who do not find funding to their ideas is also something worth of analyzing. Do people just give up or do they find other ways of doing good things for the society and how many are them? All the social entrepreneurs we have been interviewing say it is hard to find funding but they have managed to find it in one way or another. An interesting way to understand the funding process had been to talking to some of the people who have failed in order to get their view of which resources that are most important and that they were not able to access.

Will it be easier for social entrepreneurs to find necessary resources in the future? In our opinion is it a hard question to answer since we know little about the history of social entrepreneurs in Rio de Janeiro and Brazil. Therefore is it hard to know how fast things can change and how much that has happened the last 20 years. Hopefully will the social entrepreneurs get more attention in the future leading to that more people are interesting in funding them but nothing can be said for sure. It is hard to general “improve” people’s social, cultural and human capital, but some things can be done in order to make it easier for people to find for example networks and organization who can help them. Some of the participants talk about organizations that they can turn to for help but we believe in order to raise more social entrepreneurs who will not fail of lack of funding more of these are important. Also more structured networks where social entrepreneurs can meet and exchange information, ideas and knowledge would make it easier to access resources and would help all the social entrepreneurs in Rio de Janeiro.
Crowdfunding is something most of the social entrepreneurs we have been interviewing know about but none of them have as mentioned earlier used it. There were some disagreements if it would be a successful form of funding for social entrepreneurs to use and SE-2 for example argued that it would have been hard for him to use it while SE-6 who ran a crowdfunding platform told us that this form of funding will be important in the future. After studying crowdfunding and talking to the participants we believe that it is an important source of funding more social entrepreneurs would have use of. It has a great potential since people easy can get information and knowledge about potential projects and a form of marketing research is being done in the same time since good ideas get funded and the less good ones stays as only ideas.
6. Conclusion

How do social entrepreneurs acquire the necessary resources to start their social business in Rio de Janeiro?

Social entrepreneurs in Rio de Janeiro mainly use their social network to find the necessary resources they need to start their social businesses. The most important resources for them are their social capital since it can create other types of resources as for example financial capital. The social entrepreneurs use their network to find for example funding, volunteers and other resources they need in order to start their ventures. The human capital in terms of further education is also an important resource for the social entrepreneurs since the knowledge the social entrepreneurs learn there and the people they meet at for example universities can help them to start and run their ventures. If a social entrepreneur lacks the network needed to get help or knowledge they can turn to other organizations to get support.

The social enterprises are mainly funded by own financial resources and only one of the participants in the study had funded their venture with money from a social venture capitalist. Most of them have a long term perspective and believe that they will get a return of their investment in the future. The social value is the most important return for social entrepreneurs and they are trying to transform their investments to benefits for the community and the people within it.

To conclude they used the following ways to acquire the necessary resources to start their social business: Social venture capitalists, social capital, human capital, cultural capital and volunteers.
7. Reflection

To have had the opportunity to execute this study onsite in Rio de Janeiro has been a wonderful experience for us in so many ways. Sometimes we were in doubt if we would be able to complete it and find all the necessary social entrepreneurs to make this paper valid. In the end we managed to not only find enough social entrepreneurs but also find interesting and diversified people. We believe this experience has taught us that if you just keep trying and being persistent the result will be amazing even though things at the time might not be the way you would hope for. We would encourage everyone who wants to grow and develop as a person to take the opportunity of going abroad for their thesis. Through travelling and experiencing new cultures one gains experiences that have the power to change you for life. Both of us have changed in ways that are difficult to put on a piece of paper but this change is definitely for good because it has given us the security of knowing that we are able to perform something great with little means. Being two students from Växjö and going to Rio de Janeiro to study social entrepreneurs is something great as you start from zero with no knowledge of how to perform the task.

We believe that this paper is proof that we have achieved the objective with our program Enterprising & Business Development. The assignments for the past 3 years have all had the aim of getting the students to solve problems and find new ways of doing it. With the experience of these assignments we had all the conditions in place to make something incredible for our bachelor thesis. However no assignment in school can teach you how to experience a new culture and perform a study like this. The only way to be able to do this is to actually do it and learn through the process of taking action. When we graduate we will build on the foundation of this paper and continue taking action and keep evolving as a person. Through growth and taking action there are no limits of how far we can reach and what things we are able to achieve.

7.1 Further research

This study has been focusing on how social entrepreneurs fund their ventures in Rio de Janeiro, Brazil. It is a qualitative study in a small scale and as far as we know, the first study focusing on the problem written in English for specifically social entrepreneurs in Rio de Janeiro. In our opinion the social entrepreneurs are an important part of the forces trying to make Rio de Janeiro a better place and help the people there to better lives. Therefore it is in our opinion important to do more research to understand the social entrepreneurs in order to
make it easier for forthcoming entrepreneurs to succeed. We would like to encourage researchers to study how social entrepreneurs find funding in other parts of Rio de Janeiro as for example the suburbs or in other cities in Brazil and to test the results of this study. Another idea for further research is to try to understand the social investors and why they are willing to invest their money in a specific idea.

What we have done in this study is only to touch the subject and in our opinion it is important to continue to study social entrepreneurs in Brazil since researchers today know little about them. Most of the research being made on social entrepreneurs is focusing on Europe, North America and in some way also China and India. But Brazil is growing rapidly and is today one of the fastest growing economies in the world and even if people in general are better off today than ten years ago is it still big cleavages in the society between the rich people and poor. In our opinion has social entrepreneurs an important role to play to reduce the cleavages but more research has to be made in order to help them to get the tools they need to do it. Another interesting finding in this study we encourage researchers to study is the fact that all the social entrepreneurs we interviewed had been studying at universities. It would be interesting to see studies which examine if there is any substance in this and to see if some people in Brazil have easier to become social entrepreneurs than others.
8. References


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Figures


Figure 2.2 “How to calculate SROI” in Rotheroe, N. & Richards, A. (2007) “Social Return on Investment and Social Enterprise: Transparent Accountability for Sustainable Development”. Social Enterprise Journal, 3:1, p. 34.

Figure 3.1 ”Process map” own illustration by the Authors, 2014.

Figure 3.2 “Operationalization schedule” own illustration by the Authors, 2014.
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