



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Project in Knowledge-based Entrepreneurship

**An Analysis of How Aditi Plattform AB, a Social Enterprise
Start-up, Effectively can Present their Social Value to
Investors**

Jan Tengwall

Supervisor: Rögnvaldur Saemundsson
Master Degree Project No. 2016:157
Graduate School

An analysis of how Aditi Plattform AB, a social enterprise start-up, effectively can present their social value to investors.

By Jan Tengwall

This thesis has been written within the research topic of social entrepreneurship, social value and SROI- Social Return On Investment.

School of Business, Economics and Law, University of Gothenburg

Vasagatan 1

P.O Box 600

SE-405 30 Gothenburg

© Jan Tengwall, 2016. All rights reserved

No part of this thesis may be reproduced without the prior written permission by the author.

Contact: jan.tengwall@gmail.com

ABSTRACT

Title: An analysis of how Aditi Plattform AB, a social enterprise start-up, effectively can present their social value to investors.

Author: Jan Tengwall

Supervisor: Rögnvaldur Saemundsson

Key Words: Social Return On Investment (SROI), Social Value Models, Investment in Social Enterprises, Social Enterprises.

Abstract:

This thesis addresses the current debate regarding social enterprises and their social value. The thesis is based upon a qualitative study of the case company's situation. It is an inductive study, based on findings that come from interviews and a framework rooted from existing literature, leading to a conclusion based upon the semi-structured interviews. The literature review has been chosen based on the keywords SROI, social enterprises, social value, Swedish investments in social enterprises and it tries to follow the suggested research field many of these articles point to. The aim of the thesis is to look at the current situation of social entrepreneurship through the eyes of the case company and how they present their social value to potential investors, as well as how investors measure social value as of today.

ACKNOWLEDGEMENTS

This thesis has been written at the Graduate School of Knowledge-Based Entrepreneurship at the school of Business, Economics and Law at the University of Gothenburg.

I would like to express gratitude towards my supervisor, Rögnvaldur Saemundsson, for his support, feedback and guidance to complete this thesis. I am very glad for the chance to work with such an analytical and helpful researcher.

Moreover I would like to thank everyone who has been involved with the writing of this thesis, with a special emphasis on the interviewees; Jan Svensson, Pär Olofsson, Thomas Rössler, Helene Nordenhult, Sofia Ström, Kinna Skoglund, Erik Jannesson, Sandya Lang, Christiane Edberg, Pernilla Svebo-Lindgren and Christina Aspestedt,

2016-11-22

Jan Tengwall

TABLE OF CONTENTS

1. INTRODUCTION	1
1.1 Case Company - Aditi Plattform AB	1
1.2 Problem description	1
1.3 Research questions	2
2. THEORETICAL FRAMEWORK	3
2.1 Definition of social entrepreneurship	3
2.2 Type of organizations	4
2.3 Definition of social value	6
2.4 Theoretical models for measuring social value in SEs	6
2.5 Explored models that are commonly used and in existence	7
2.5.1 VISOREK	8
2.5.2 ECG	8
2.5.3 SROI	9
2.5.4 NyttoSam	9
2.5.5 Social Accounting	9
2.5.6 LFA	10
2.5.7 GRI	10
2.5.8 ISO 2600	10
2.6 Model dimensions	11
2.7 Summary of framework	12
3. METHODOLOGY	13
3.1 Choice of method	13
3.2 Work progress	13
3.3 Data collection	14
3.3.1 Primary data	14
3.3.2 Secondary data	15
3.4 Case company selection	15
3.5 Included companies – social enterprises	16
3.5.1 Grogrunden	16
3.5.2 Karriärkraft	16
3.5.3 Cykelåkeriet Pling	17
3.5.4 Nudie Jeans	17
3.5.5 Cum Pane	17
3.5.6 Vägen Ut!	17

3.6 Included companies – investors	17
3.6.1 GU Ventures	18
3.6.2 ALMI Företagspartner	18
3.6.3 Coompanion	18
3.6.4 Mikrofonden Väst	18
3.7 Research quality and limitations	20
4. EMPIRICAL FINDINGS AND ANALYSIS	21
4.1 Analysis of model dimensions	21
4.2 Findings - social enterprises	22
4.2.1 Grogrunden	22
4.2.2 Karriärkraft	23
4.2.3 Cykelåkeriet Pling	23
4.2.4 Nudie Jeans	24
4.2.5 Cum Pane	24
4.2.6 Vägen Ut!	24
4.3 Analysis - social enterprises	25
4.4 Findings – investors	27
4.4.1 GU Ventures	27
4.4.2 ALMI Företagspartner	28
4.4.3 Coompanion	28
4.4.4 Mikrofonden Väst	29
4.5 Analysis- investors	29
4.6 Final remarks	30
5. DISCUSSION AND CONCLUSION	32
5.1 Choice of social model	32
5.2 SROI- Social Return On Investment	32
5.3 Aditi	33
5.4 Addressing the research questions	34
5.4.1 How are investors measuring social value today?	34
5.4.2 How should Aditi present its social value to investors?	35
5.5 Final conclusions	36
5.6 Suggestion for future research	36
6. REFERENCES	37
7. APPENDICES	40
APPENDIX A – Interview framework SE	40
APPENDIX B – Interview framework Investors	40

TABLES

Table 2.2.1 Hybrid spectrum	5
Table 2.2.2 Mission relation	5
Table 3.6.5 Included companies – facts	19
Table 4.1.1 Model dimensions	21
Table 4.3.1 Case companies mission relation	25
Table 4.3.2 Social enterprises findings	26
Table 4.5.1 Investors findings	30

1. INTRODUCTION

The first chapter will begin with an introduction to this thesis. It will commence with describing and problematizing the ambiguities related to Aditi Plattform AB, a social enterprise, and its quest to find a proper model that highlights its social value, leading to external funding. This is then followed by the aim and ambition of the thesis, and the research questions addressed.

1.1. Case company

Aditi Plattform AB wants to organize a pilot study with Pedagogen at University of Gothenburg where its mission will be to create a 5-month coaching and mentorship program for refugee children without the support of a family at the Swedish high school level. Their vision is to offer the City of Gothenburg an efficient program where the refugee children have a clear career path ahead of them and becoming motivated to higher education. Aditi creates social value and adds global knowledge to the business world through its participants. The company consists of a team with expert competencies and a wide network with the vision to offer the City of Gothenburg and later other municipals a private sector alternative for successful integration. The educators in the program have similar backgrounds as the target participants and the keywords in the programme are increased self-esteem, career path planning and community acceptance. The participants will also be trained to lecture using their own individual stories and experiences in order to become assets in their own and others career planning. Today, there is no requisite for refugee housing to offer education as well, which is what Aditi aims to do and set a standard through their business model.

1.2. Problem description

This thesis is written for a start-up company whose mission is to become a benchmark social enterprise in the Swedish refugee market. The thesis will explain Aditi's current situation, find other case companies who have had similar problems to obtain financing, before it will conclude with a recommendation on how Aditi should present its social value in order to receive external funding. Because of the rather broad and still rather new field of social entrepreneurship (SE), the questions raised are of importance and could be used as guidance for other SEs in the future. As a new player

on a trendy market with a lot of competitors (*Dees, 1998*), but with a huge demand because of the current immigration situation in Sweden, Aditi needs to find a way to fulfil the governmental requirements and standards needed to receive an official contract and get their unique business model up and running. Due to reasons such as their offer of both housing and education, Aditi needs to find a way to describe the organization's social value in a manner the financier understands. In order to get there, Aditi needs to invest in the business, through funding a house, create or buy an education package and employ persons working for them, leading to a search for external funding.

As it stands today, the market is in favour of those who can offer housing. The law goes before economy and many private actors who can offer housing charges between 2,000-7,000 SEK per child and day. In some parts of Gothenburg, a child can cost more than 100,000 SEK per month for the municipality. (*Migrationsverket.se*). In Angered, the average cost is 2,600 SEK/day. (*P4 Göteborg, 19/12-2015*). These housing possibilities do not include costs for education. The situation has led to a large increase of actors and many of these actors are charging large sums for their services.

1.3 Research questions

The thesis will try to answer these two research questions:

1. How are investors measuring social value today?
2. How should Aditi present its social value to investors?

2. THEORETICAL FRAMEWORK

The second chapter will give the reader an understanding of the related theoretical topics. It starts with a presentation of the approach and the current landscape. Following is a presentation of literature within the field of organizational structures, models and dimensions to measure social value in SEs.

2.1. Definition of social entrepreneurship

The literature on the subject of social entrepreneurship is very sprawling, meaning there are many articles on the subject that come up with similar, yet different conclusions. Similar to traditional business entrepreneurship, SE recognizes and acts upon what others miss: opportunities to improve systems, create solutions, and invent new approaches (*Venkataraman, 1997*). In the article by Zahra et al. (2009), where a summary by many of the descriptions of SEs are stated, it concludes that almost all of the existing definitions includes that SE is about:

- social, not economic profit objectives.
- benefit social disadvantaged groups.
- sustainable, social or environmental solutions.
- creation of social value.
- identification and acting upon new opportunities created with the core mission of improving social arrangements.

The field lacks a set standard or common ground of what SE actually means and especially how it should be measured. Some authors such as (*Spear, 2006; Alter, 2007; Choi & Majumdar, 2013; Kroeger & Weber, 2014; Wilkinson et al., 2014*) have made typologies and conceptualized more collective measuring models in order to create such standard, but it has yet to reach all countries and persuade everyone to use the same measuring tools or models. The typologies aim to divide different organizations into categories of how the landscape looks like today through using tax exemptions, organizational forms, business models and core mission values to better understand the difference between a traditional entrepreneur and social entrepreneurship.

The definition of social entrepreneurship (SE) has been exploited and defined by over twenty different scholars (*Zahra et al, 2009*). The author has chosen to use the

definition “social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions.” (Seelos & Mair, 2005), because this definition sums up many of the described points of what social entrepreneurship stands for according to field experts.

2.2. Type of organizations

According to Kickul & Lyons (2012) as well as Volkmann et al. (2012) there are several types of organizational forms. They go through the following organizational structures:

Pure Non-Profits; Some characteristics of pure non-profit organizations are:

- It only pursues the social mission.
- It has a legal form in some jurisdictions, such as associations.
- It has tax exemptions.
- It may earn revenue.
- It can be publically scrutinized, therefore it is very transparent.
- It gives access to philanthropic funding, such as grants and donations.

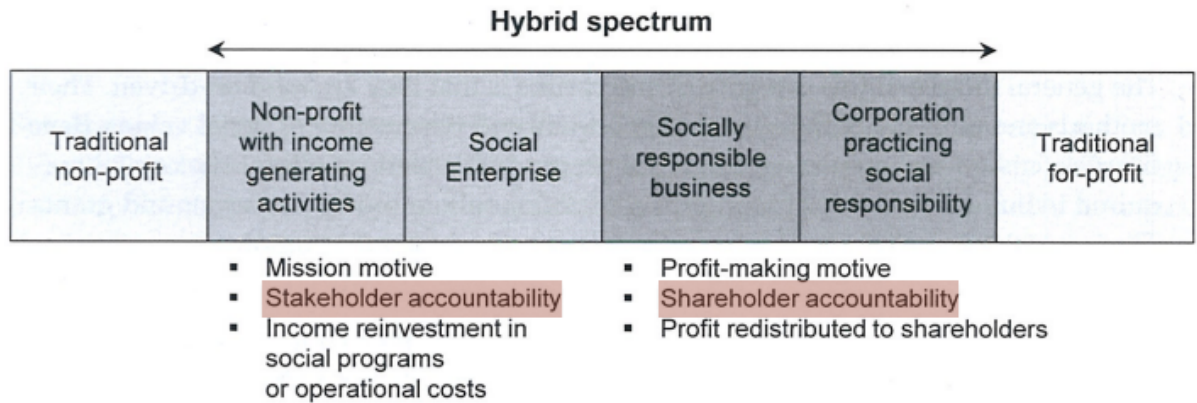
Pure For-Profits

- Are usually set up as business firms ranging from self-employed to large corporations.
- They pursue an economic mission.
- It has more traditional financing options, such as bank loans, VCs etc.
- It is controlled by an owner or group.
- It is not focused as much on transparency.

Hybrids

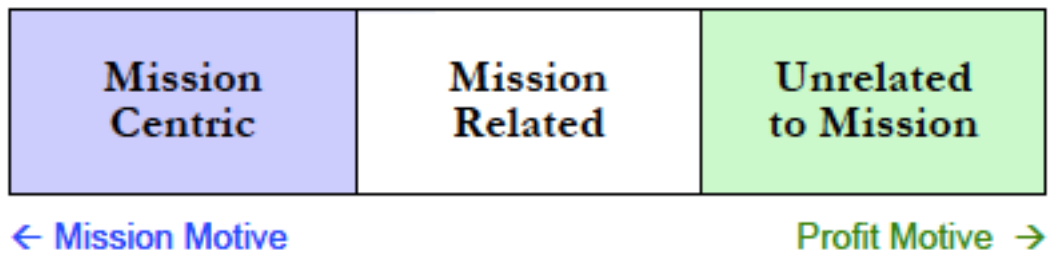
- Hybrids may consist of combinations from for-profit and non-profit organizations. They are created to give access to advantages that would be hard to access in other ways.
- They may create better legal and financing flexibilities.

Table 2.2.1 Hybrid spectrum (Alter, 2007)



As stated in the chart above, SEs tend to be in the middle of the hybrid spectrum. Within this spectrum a categorization of the SEs can be made based on Alter (2007):

Table 2.2.2 Mission relation (Alter, 2007)



Mission Centric SEs

The enterprise is central to the organization’s social mission. These SEs are created for the express purpose of advancing the mission using a self-financing model.

Mission Related SEs.

The enterprise is related to the organization’s mission or core social services.

SEs Unrelated to Mission

The enterprise is not related to the organization’s mission, or intended to advance the mission other than by generating income for its social programs and operating costs.

2.3. Definition of social value

Social value tends to have different meanings depending on who answers. Social Value UK (formerly the SROI Network), a pioneer within the field of social entrepreneurship, uses the definition; “*social value is the value that stakeholders experience through changes in their lives. Some, but not all, of this value is captured in market prices. It is important to consider and measure this social value from the perspective of those affected by an organization’s work*” (SVUK-
<http://socialvalueuk.org/what-is-sroi>, 2016).

The social value created by the organization can also be seen as its stakeholders feel pride, inclusion, jobs and salary (Jokela & Elo, 2015). SVUK’s definition can be applied on Aditi’s business model; a program offering both housing and education. A person coming to Sweden from abroad and starts work within five years costs the government fifteen times less than someone who is unemployed and lives on welfare benefits for ten years. (Stryjan & Laurelii, 2002). Social value is difficult to present for stakeholders, therefore the existence of social models have emerged. These exist to explain and show the social value within the SE both internally and externally (Olofsson & Svensson, 2015).

2.4. Models for measuring social value in SEs

There are numerous theoretical social models in existence today. They measure both different types of social value, depending on the focus of the SE, and ranges with outputs from numerical values, such as how much a dollar spent can be worth when calculating dollars saved on social costs, to clear project plans for how an organization can maximize their efforts to optimize their social value in society. In order for Aditi to understand and give themselves a better chance for external financing, the organization should look to incorporate a social model in their presentation. Social models exist to explain the organization’s social value to stakeholders and to treat investment opportunities fairly in relation to one another (Starr, 2008). The right social model will also show the effects of its operations in terms of both social and economic numbers, which are easy to understand for the decision-makers (Sullivan Mort et al., 2003). When it comes to cross sectional comparisons on social value from SEs, there is no clear standard on how to measure this. Often depending on the different definitions (Zahra et al, 2009), several companies claim their business should be regarded as a social enterprise, if they have any chance to gain a better reputation

from the public or increase their chances to public or private funding (*Lehner & Nicholls, 2014*). When it comes to different models or factors to measure the social value and this way compare various SEs, there are a few models that measure the social-economic value, such as SROI, VISOREK and ECG (*Olofsson & Svensson, 2015*). These methods aim to account for a total social value in monetary terms, and are therefore good tools to compare versus other enterprises. However, as many authors claim and point out (*Thompson & Doherty, 2006; Teasdale et al., 2013*), the missions for the SEs are often very different and calculations are often based on forward thinking numbers and a subjective point of view. There are numerous techniques and many of them are more catered to measure social value between SEs within their similar field of business (*Olofsson & Svensson, 2015*).

2.5. Explored models that are commonly used and in existence

There are many models that aim to explain the social value through various models. Unfortunately, many of these models are very different and therefore it is difficult for any one model that investors and organizations can use when explaining their social value. Another complexity is the fact that a social enterprise can work in various fields and therefore it is even more difficult to compare organizations versus one another (*Capizzi, 2015*). I have used the guide *Metodboken* written by Olofsson & Svensson (2015) to analyse the current trends and models in existence. This guide has summarized eight of the most used social models. This guide provides a good categorical overview of social models in existence today. This thesis will briefly go through the models explained in the *Metodboken* that are at a global forefront on the subject of measuring social value in an SE (*Olofsson & Svensson, 2015*).

The models chosen to explore further in this paper aim to be used at organizations operating within similar fields or in similar ways as Aditi, such as:

- Cooperations, where many members together decide upon the direction.
- Organizations that act in a social, environmental friendly and democratically sustainable way.
- Socio-economic focused enterprises where effects are being accounted for towards different government institutions.

The models are well suited to measure organizations working with socio-economic questions and the effects and worth of people being integrated in the local communities. They differ in presenting results and through calculations and look at different aspects of the organization in order to show the SEs impact and social value. Because of the difference between SEs in terms of size, vision, mission, some models are better suited for certain SE organizational types than others (*Olofsson & Svensson, 2015*).

2.5.1. VISOREK is a toolbox for social accounting. The method results in an action plan with a clear description of the organizations aims and goals. Its focus lies in organization development within three distinct areas; social value, economical value and environmental value. The method allows its members and stakeholders to be a part of the process. The method is built upon 6 steps (6 different meeting times), where each step takes about 2-4 hrs and follows up for an entire year. The first four meeting times are designated to learn about the value of the organization, while the two last meeting times focuses on how to explain the social value to stakeholders and how the organization should present themselves externally. Focus lies on developing and improving the core business and maximize social value creation.

2.5.2. Economy for Common Good (ECG) is a relatively easy tool that aims to help the organization to act in a social, environmental, democratic and sustainable way. The result, an ECG balance sheet, is tangible and outlets in a point system what the organization excels at and where more resources might be needed. The method originated in Austria in 2011 and has gained recent momentum thanks to its vision where people's and the environmental economy is the main focus. The balance sheet is built upon five ground values; human dignity, solidarity, sustainability, justice and democracy. These focus areas are put in relation to the SE and its stakeholders. Its outcome is shown in a matrix with seventeen parts, where each part gets a total score of 0-1000 points. The more points, the more social value the organization provides. Through the ECG balance sheet a very clear picture of the organization's social value and CSR is unfolded, both internally and to stakeholders. Experience also shows that the ECG method gives an engagement boost and excitement with its employees. This method aims to help organizations to create sustainable, environmental and democratic work methods.

- 2.5.3. Social Return On Investment (SROI) looks to narrow down the social value to a tangible number, showing the effects of the organization in monetary values. A full SROI analysis is rather time consuming and costly, but also very thorough and a suitable tool to get a better understanding of cause and effect within its own organization, as well as when presenting its effect to stakeholders. There are lighter SROI analyses, so called forward-thinking models that are better suited for smaller organizations and start-ups to calculate its effects in terms of social and economical values. The monetary result is shown as “for each dollar spent, a multiple x amount of dollars are being generated through its social effects”. This method calculates a socio-economic value and is best suited for organizations that want to externally communicate its social effects and internally evaluate its work methods.
- 2.5.4. Socio-Economic evaluation, Nyttosam, is a method aiming to show the social value for organizations with projects focused on diminishing segregation and bad health. Nyttosam’s primary objective is to generate a socio-economic evaluation that shows the benefits of different rehabilitation or preventive projects aimed towards minority groups. The method is best suited for both large and small SEs to be used as either pre-studies before major financial decisions or as reports on follow-up events. It is also used at final evaluations at the end of various projects, especially if they have taken a long time. This method can be used in two ways, either through reviewing prejudices and incorporate their potential into the project, through making professional and forward thinking judgements or through a quantitative study, where many organizations are compared and represented. Both ways look for what socio-economic effects actually have happened. Out of the collected data on individual level the effect is calculated on how the society is affected as a whole as well as how different sectors are affected. With sectors, it means municipality, regions, Arbetsförmedlingen and Försäkringskassan. Society as a whole means police and the justice system. The method is especially good to use, when scrutinizing the socio- economic effects of organizations and projects targeting integration and bad health habits.
- 2.5.5. Social Accounting is a method developed to account for the results that cannot be seen in a traditional balance sheet. The result gives an alternative balance sheet that can be shown to stakeholders or to be used internally for continuous improvements. It wants to give everyone a fair chance to evaluate the social

enterprise not only based on its financials, but also on the soft values that is not displayed in traditional bookkeeping. The balance sheet shows the organization's performance over time on its mission and social value creation. It is important that the organization's stakeholders understand the results. Social accounting leads to a measurement of the non-financial returns, leading to social value being calculated in an understandable way.

2.5.6. Logical Framework Approach (LFA) is initially seen as a project planning method that is good to use when a dialogue is important and the main standpoint is change. This method is preferred by the ESF-council and the human rights organization SIDA. Its mission is to plan a project and create a dialogue around a problem its members want to solve. The importance in the model is the change itself and it structures all parts of the problem in a strategic and logical way, where all stakeholders get a clear understanding of the issue and what needs to be done. LFA is also of big use with feedback, reports and evaluation of the project. It is a step based method, that results in an evaluation of criteria based around; durability, endurance and relevance. The method answers if the project has a good enough business idea, can be performed in reality and later be subject to a standalone project that is profitable on its own, without any subsidiaries.

2.5.7. Global Reporting Initiative (GRI) is a method mostly used by large corporations. It will become the standard within the EU and is very extensive. It is good for corporations who want better control of quality, purchases etc. GRI is an organization that has developed a standard on how corporations can communicate and understand their influence on environment and other social areas, such as corruption and human rights. Many large multi-national companies use this method. The framework consists of four steps; important questions, work structure, measurement and results. The GRI framework gives an accounting of the organization's effect in regards to stakeholders. Their expectations and interests are evaluated and the most essential points are extracted in regards to effects on the society. Its results account the organizations impact on its stakeholders. Their expectations are evaluated, and the most important keys factors are pinpointed, such as socio-economy and environment.

2.5.8. ISO 26000 measures mainly the organization's internal work and pinpoints what development areas should be focused on in order to maximize the social responsibility. This method started in 2010 and is now an international standard

on social responsibility. The standard is based on 400 questions that the organization should answer according to their current situation and it consists of seven principles that show what areas should be focused on more. It is a very time consuming with a lot of manpower to be involved in order to receive a complete analysis of the organization. It is recommended to have a team working on the questions in order to get good discussions regarding the answers. The result gives a full understanding on how the organization works with implementation of the working methods that creates social value. This way the SE gets a good understanding of its current performance and what it can do better. The model's seven ground principles that are measured and accounted for are; human rights, organization, work conditions, environment, good business practice, consumer questions and society development.

2.6. Model dimensions

Most of the models have some basic characteristics and suit various organizations operating in different fields better than others. They all have the same purpose, to show for, calculate and present an organization's social value. The author calls these characteristics for dimensions within this research. The dimensions can be found within all social models and are used to simplify explanation of social value for investors (*Burkett, 2013*). Literature discusses some of the following dimensions (*Benoit et al, 2013; Burkett, 2013; Millar & Hall, 2013*). The dimensions have been grouped and named by the author in order to give a clearer understanding of them within this thesis.

Explanation of dimensions;

- *Numeric value*; The model creates a number, either through awarding points or in monetary terms, in regards to its social value.

- *Work load (scale 1-10)*; How much work and effort is it for the organization to complete the model.
 - 1 = approximately two hours work,
 - 10 = duration of one year's work and in total excess of forty hours.

- *Awareness (scale 1-10)*; how well known is the method within organizations and investors communities.
 - 1 = everyone has heard about the model.
 - 10 = only field experts knows what the method is all about.
- *Difficulty (Scale 1-10)*; will the method show and present social value to stakeholders in an understandable way.
 - 1= very easy to understand, even for someone with minimal experience of social models.
 - 10 = must be an educated expert within the specific model to understand the outcomes.
- *Stakeholders relations*; is the method good at incorporating members and stakeholders?
- *Cost (scale 1-10)*; How pricey is the method.
 - 1 = free
 - 10 = excess SEK 20,000
- *Focus points*; I.e. socio-economic, environmental, integration, maximizing organization impact, democratic and more.

2.7. Summary of framework

The literature review has studied some interesting articles on the field of social entrepreneurship and how to presenting social value using models. A part of it is the definition of social entrepreneurship and social value, which intends to relate to a few keywords such as creation of social, and not economic, profits, benefit disadvantaged groups and create social, sustainable or environmental solutions (*Zahra et al, 2009*). The framework has looked into various typologies and what types of organizations SEs usually are. The thesis will further investigate if there is any relation between financing, and presentation of organizations with its social value mission in focus. When it comes to the many social models in existence today, the author has found eight models at a global forefront and identified seven dimensions that are included in all of them (*Millar & Hall, 2013; Olofsson & Svensson, 2015*). These dimensions will be analysed further in terms of what model is best suited for Aditi and its chance to receive external funds through including a specific social model when presenting themselves.

3. METHODOLOGY

The third chapter describes and presents the methodology used in order to carry out this research. It will treat choice of method, the selection of the included companies, work progress, data collection and discuss the research quality and its limitations.

3.1. Choice of method

The methodology selected to carry out this research is predominantly an inductive research strategy. The topic of this thesis derives from the case company's problem question, even though there have been some empirical findings that have shaped the theoretical framework. The inductive approach aims to link data and theory together in order to create generalizable findings. There are also some elements of deductive approach, as the research has involved intertwining back and forth between data and theory. This strategy is called iterative (*Bryman & Bell, 2015*). Moreover, the research strategy is qualitative, as the research emphasizes words rather than quantification and analysis of data (*Bryman & Bell, 2015*). Not much quantitative data has been used throughout this thesis, and when it is used it is merely for illustrating purposes.

Another approach to categorize the choice of method is through the research design. This research is a multiple case study and considered a comparative design. The purpose of a multiple case study is to compare and contrast the findings deriving from each of the cases, thus allowing the researcher to decide upon what is unique and what is common between them. It therefore forces the researcher to reflect on the findings. Another distinction between a multiple case study and one using a cross-sectional design is that multiple case study focuses on each case's uniqueness, instead of attempting to produce general findings (*Bryman & Bell, 2015*).

3.2. Work progress

The problem question derived from the author's desire to learn more about the field of social entrepreneurship and how to present entrepreneurial ideas in accordance to investors. During the Master studies, several courses have touched on and talked about the field of social entrepreneurship, as well as traditional fund-raising, yet none has been practical in terms of working near a start-up facing investment challenges. When the opportunity to write about a start-up with this type of problem surfaced, the author

did not hesitate long before taking the decision to do this research study. Upon deciding the thesis subject, the next step was to conduct an extensive literature review, mainly in regards to social entrepreneurship, social models and investor requisites. This resulted in the theoretical framework. At the same time a search for social enterprises in the vicinity of Gothenburg began. Here it was decided to conduct semi-structured interviews, where the interviewees could elaborate rather freely on the given questions on the subject. This way the theoretical framework was adjusted and aligned with the responses and representing an inductive approach. The data collection process is explained further in the next section.

The analysis of the collected data was done within the boundaries of a comparative research design. First, the empirical findings from the case studies were compared to find similarities and differences. This was followed by a comparison between the summary of the empirical findings and existing literature.

The work has followed a steady flow, shadowing the initial plan, where the research question has been chosen after the literature review. Later numerous interviews have been conducted both with investors/investment companies and with social enterprises/social entrepreneurs. Out of this material I have categorized the interviewed case companies based on Alter (2007) typologies and their use of social models, analysed the semi structured interviews, before I have summarized my findings in a discussion including a recommendation to the issues of Aditi Plattform AB.

3.3. Data collection

3.3.1. Primary data

The primary data used in this thesis was gathered through interviews with the case companies following a semi-structured approach and have been translated from Swedish to English (see *Appendix*). Interviews are probably the most used method in research to gather primary data (*Bryman & Bell, 2015*). There are two forms of interview techniques; unstructured and semi-structured. The difference between these interview methods is that in an unstructured interview the interviewee has a few notes regarding what the interview should be about, while a semi-structured interview relies on an interview guide (*see Appendix*). Both

types let the interviewee answer freely and in depth on the subject. The reason why a semi-structure approach is used within this thesis is to discuss similar problems and solutions across the companies.

3.3.2. Secondary data

Throughout this research all secondary data is almost exclusively collected through articles, books, journals and reports (*see References*). Two important criteria to account for when evaluating documents are authenticity and credibility. The first criterion suggests that the source of the evidence is unquestionable, while credibility refers to the source being free from error and distortion (*Bryman & Bell, 2015*). The secondary data used in this thesis fulfils both criteria, as the documents have been reviewed and no subjective data has been added. The extraction point for the documents are also reliable and credible, while all document sources have been taken from Gothenburg University Library and Google Scholar.

The documents collected for the secondary data was found through key words searches; Social Return On Investment (SROI), Social Value Models, Investment in Social Enterprises, Social Enterprises. The most recent articles were prioritized in the search and gathering. Moreover, some articles was reused from previous studies, recommended by my supervisor and found through citations in other documents.

3.4. Case company selection

The companies interviewed have been chosen from the limited amount of companies who are experts in investing in social enterprises and recommendations from these on both successful and unsuccessful examples of social enterprises who were able to receive investments or not. These companies have been selected based on personal interest, geographical location, and recommendations from investors within the field. The aim was to find companies from different sectors, some of them successful in obtaining external financing and some not. The investing companies were also selected on different criteria, such as both early seed investors/incubators, general investors and more specialized investors. They were chosen based on recommendations from branch experts, namely investors within the field of social entrepreneurship, media coverage and personal curiosity. Another criterion was the geographical location, closeness to Gothenburg. The included SEs have been

categorized based upon a typology introduced by Alter (2007) and explained in the previous chapter.

All the interviewed organizations fit within the framework of being SEs based on one or more criteria. All of them can be seen as hybrids where they take advantage of at least one trait (*Alter, 2007; Kickul & Lyons, 2012*).

3.5. Included companies – social enterprises

The companies interviewed in this research study ranges from small firms to larger cooperations. Many of the interviewees are so called Ekonomiska Föreningar (Economic Cooperations) where most of the revenue is reinvested in the company.

They were chosen based on recommendations from people with good insights into the social entrepreneurship scene, location, or foundation in a close vicinity to Gothenburg and through coverage in the media. In addition the selected companies included in the thesis are presented in order to find a common ground and a pattern, because of this inductive study where the conclusion derives from the findings. The findings of these companies show the correlation between Alters typology, its “hybrid state” and success for external financing.

The SEs interviewed are:

- 3.5.1. Grogrunden, through Helene Nordenhult, Executive Manager. Grogrunden is a social organization with a mission to hire local long-term unemployed persons and offer them a place to work with tasks they are able to perform. Their B2B aims toward real estate management, but their products include fruit basket deliveries, window cleaning, landscaping and cleaning services. Their core values are to start with the persons abilities and give them a possibility to enjoy their daily tasks and work, within Grogrunden’s product offering. They are dependent on outside financing, mainly from the government, but also from contracts with their initial starting founders, which are large and well-established real estate companies in the close vicinity. (<http://grogrunden.se>)
- 3.5.2. Karriärkraft, through Kinna Skoglund, CEO. Karriärkraft started with the tagline “ a society of, and for, everyone”. The company is made up by ten different lone standing organizations, also set up as social enterprises (Cooperations) and it is a very decentralized organization, where everyone has a lot of freedom and responsibilities. The salaries are fixed and they use collective decision-making. Their fields of business include coffee shops, landscaping, service, maintenance,

second hand, graphic design, administration and economy. They sell services within these fields of business and offer work training and daily work tasks. Their vision is to guide people to reach their goals and dreams. They have special expertise in helping people with some known difficulties/handicap to come onto the job market. (<http://karriarkraft.se>)

3.5.3. Cykelåkeriet Pling, through Thomas Röstell, Vice CEO. Pling looks to transport packages within the city centre on specially designed bikes that can hold packages up to 200 kg. They have the competitive advantage of being able to get anywhere where cars or trucks have trouble to reach fast without leaving any environmental carbon footprints. The idea sprung from similar companies in other parts of Sweden and the world, and Pling has now established themselves as a reliable and popular choice for shorter city transports in Gothenburg. (<http://plingtransport.se>)

3.5.4. Nudie Jeans, through Sandya Lang, CSR manager. Nudie Jeans is a very well known Gothenburg start-up who now has established themselves in thirty countries. Their denim collection is 100 % ecological since 2012. They have not needed any external investment along the way, thanks to its original three founders. The company has a strong reputation of their CSR work and fair working conditions. (<http://nudiejeans.com>)

3.5.5. Cum Pane, through Christiane Edberg, co-founder. Cum Pane is a Gothenburg based ecological bakery with special focus on baking delicious bread with local and ecological ingredients. They have recently opened a second bakery and they have sought for, and received external financing, both upon opening their first bakery as well as during the expansion phase. (<http://cumpane.coop>)

3.5.6. Vägen Ut!, through Pernilla Svebo- Lindgren, CEO. Vägen Ut! Looks to mentor and help persons in long-term unemployment to work and run their own companies. Their portfolio companies range between coffee shops, hostels, carpenters to consultancy and lecturers. They are partly subsidized from the government and actively look to expand their portfolio with other cooperations to mentor and add to their business. (<http://vagenut.coop/om-oss/om-oss>)

3.6. Included companies – investors

I also interviewed “the other side”, namely several investor firms to see their view on presentation and other factors of importance in order for an SE to make a strong case

and attract financing and interest. These were also chosen based on location and recommendations from more general investment firms. These companies are:

3.6.1. GU Ventures through Sofia Ström, Business developer with focus on social entrepreneurship. GU Ventures aims to invest early seed money in projects preferably linked to the academic world. Their social entrepreneurship branch is rather new and comprises a smaller part of their overall portfolio inventory.

(ventures.gu.se/om_oss)

3.6.2. ALMI Företagspartner, through Christina Aspestedt, Office manager Väst.

ALMI's mission is to help young companies with mentorship, loans and know-how on behalf of the government to encourage entrepreneurship in Sweden.

(<http://www.almi.se/vast>)

3.6.3. Coompanion, through Pär Olofsson, Business developer. Coompanion looks to grow cooperations and acts as a business partner, investor and/or mentor mainly against social organizations. *(coompanion.se)*

3.6.4. Mikrofonden Väst, through Jan Svensson, Business developer and founder. This company looks for attractive companies, mainly with SE characteristics, to invest in and help them reach a positive turnover before they look for exits.

(mikrofondenvast.se)

Table 3.6.5 Included companies – facts

Company	Expertise	Number of employees	Year Founded	Company Structure
Grogrunden	Unemployment	9 FT	2001	Economical Cooperation
Karriärkraft	Refugee housing, landscape and many more.	40 FT+ 120 within the daily operations.	1996	Economical Cooperation
Cykelåkeriet Pling	Environment friendly Logistics	3 FT	2012	Economical Cooperation
Nudie Jeans	Retail, Denim	150+	2001	Limited Company (AB)
Cum Pane	Eco-friendly Bakery	5	2008	Economical Cooperation
Vägen Ut!	Unemployment	15	2005	Economical Cooperation
<i>Aditi</i>	<i>Refugee housing and education</i>	<i>none</i>	<i>2016</i>	<i>Limited Company (SVB)</i>
Investors		Number of companies invested in		
Mikrofonden Väst	Social investing	45 since 2008		
Coompanion	Social investing	310+, mainly with advice and time.		
GU Ventures	Incubator, investing	120+		
ALMI Väst AB	Investing	700+ during the last year.		

3.7 Research quality and limitations

The fact the interviewed companies are taken from a rather small, geographical pool and often based on recommendations from a limited number of industry experts, can lead to results showing similarities. This reasoning is based on the fact these companies present themselves for a limited number of investors, who may know each other, and therefore all look for the same main presentation points.

The problem question is taken from the case company and the discussion is directly linked to a recommendation for this company on how to best present themselves in order to obtain financing and differentiate themselves from their competitors in a positive way.

The validity and reliability are two important criteria in qualitative research. These two criteria are assessed externally and internally. External reliability refers to the possibility to replicate the study with similar results. (*Bryman & Bell, 2015*) This can be difficult for a qualitative research because of the limited possibility to repeat a social setting. In this thesis' case my belief is that the results would not differ much, depending on the settings. Internal reliability refers to whether disagreements about observations within the research have occurred. This is always easier to discuss with a partner, however my supervisor has been of good help in this matter. As mentioned earlier, the interviews can be subject to translation errors, but the results and contents of these has been transcribed and reviewed.

External validity refers to generalization of the study. Qualitative research struggles with this concept, because of smaller samples and unique cases. Thus, the findings should be seen as indicators and not as a major generalization (*Bryman & Bell, 2015*).

As this is a case study made in order to help Aditi to point on how to best present its social value in order to receive funding, it is precisely what this research tries to do.

The internal validity is based upon the work progress and the coherence of the theoretical framework and the empirical findings. Because of coming with a clear state of mind when starting this research study, it being an inductive reasoning study, the findings have been adjusted and a more solid framework has been built thanks to my supervisor.

4 EMPIRICAL FINDINGS AND ANALYSIS

The fourth chapter presents the empirical findings and corresponding analysis, which have been gathered through interviews with founders, investors and employees of the case companies, by using the interview framework (*see Appendix*). The companies are presented company wise and later grouped in a typology based on the theoretical framework and methodology. There will also be an analysis on what SEs present and what investors look for within a presentation.

4.1 Analysis of model dimensions

Based on the identified dimensions, the different social models can be compared to one another. The ranking is based on the author's research where the different graded numbers are a subjective measure on the dimensions. Its criteria and grading level is explained in a previous chapter. The ranking is performed in order to analyse what models are best suited for what kind of organization and based on what investors find important during presentations. The dimension "difficulty" is especially interesting, because this dimension measures if the method shows and presents social value to stakeholders in an understandable way.

Table 4.1.1 Model Dimensions

Social model	Numeric value	Work load (scale 1-10)	Awareness (scale 1-10)	Difficulty (scale 1-10)	Stakeholders relations	Social value	Cost (scale 1-10)
VISOREK	No	7	3	5	Yes	Maximize organization impact	5
ECG	Yes	8	6	4	No	Sustainability, democratic and environment.	2, 6 or 8*
SROI	Yes	2 or 10 *	9	3	Yes	Socio-economic	2 or 8 *
NyttoSam	Yes	7	4	6	No	Integration and socio-economic	3
Social Accounting	Yes	8	7	5	Yes	Socio-economic	3

LFA	No	8	2	7	Yes	Project planning, maximize organization impact	6
GRI	No	10	9	6	No	Maximize organization impact	2
ISO 26000	No	10	10	7	No	Environment, human rights and more	8

* depending on alternative and how extensive the model will be.

A few noticeable points in regards to the dimensions and models are that; SROI and ECG seem to be easiest to understand. ISO 2600, GRI and SROI are the most well known social models.

4.2 Findings – social enterprises

To start the findings section, I thought it was very interesting to see that almost all interviewees sought after being recognized as a regular company and not for being a social enterprise per se. This was based on the reasons that the definition of social enterprise sounds negative and somewhat awkward in the general population’s ears. All interviewed companies strive to perform their business as traditional as possible, at least in the perception of their customers, in order to build a stable and profitable business, not dependent on governmental grants or external funding.

4.2.1 Grogrunden: The organization itself aims to become self-sustainable in terms of not needing any grants from AMF (Arbetsförmedlingen). The company’s philosophy is to cater the daily tasks around the strengths of the employees, because many of them have been unemployed for a long time due to reasons such as immigration, drug abuse, ex-criminality etc. Grogrunden is owned by its employees, which provides a sense of pride in their work place and personal fulfilment. When looking for external financing they have tried various economic calculations, however usually the investing side are more compelled

by storytelling, such as when the employees themselves talk about their journey and how Grogrunden has made their life better. When obtaining grants and during presentations, they highlight its core mission, the employees' storytelling and their professional services. They are trying to wash out the term social enterprise, due to its negative sound and instead they want to be compared against other companies based on their skilled work. This way they could raise their prices to match their competitors and increase their reputation. According to the typology used in this thesis, Grogrunden is a mission centric social enterprise, where the company is true to its social mission.

4.2.2 Karriärkraft: Karriärkraft has many sub-companies specializing in various activities. It has taken a leading position in Sweden's social enterprise landscape and is well respected across the country. The salaries within Karriärkraft are set and transparent and its mission is to "guide people to reach their dreams". The company has found that storytelling, together with a presentation of their social value is beneficial and has obtained major investments and grants. However, these grants have not always been good, as the company itself states, they are experts in using less money to make big impact. When receiving large grants, they noticed their creativity went down and they felt pressured of spending the money at various tasks instead of applying their own concept. This is one of few Swedish companies who have performed a major SROI analysis on one of their sub-firms and this analysis has been used very successfully during presentations as well as during internal processes. They also use a lighter self-developed model internally within all their included organizations.

Similar to Grogrunden, Karriärkraft is also true to its social mission and therefore mission centric, even though its branching out to other related fields leaves the company somewhat closer to being seen as mission related.

4.2.3 Cykelåkeriet Pling: The company expertize in environmental-friendly logistics, mainly within the Gothenburg city center, using specially designed bikes. These bikes can carry packages weighing 200 kg. The company is a small actor, but growing at a steady pace. They have not received any external financing and not used any social models. The company itself feels they are more within the environmental-friendly business than a social enterprise. When it comes to presentations and contract biddings, they have noticed an

interest in their business model and that their partners appreciate their logistic solutions and fast deliveries. Thanks to their social enterprise label they are able to win some of the contracts, even though their pricing is usually higher than more established competitors.

Pling strives to become profitable, and its social value in terms of being environment friendly comes second. Therefore the company should be seen as unrelated to mission in terms of Alter's typology.

- 4.2.4 Nudie Jeans: Nudie Jeans was founded in 2001 and now exists in thirty countries. Since 2012 the entire jeans collection is 100 % ecological, through being made with distributors that are sustainable and match their strict CSR protocol. They are founded by the three founders and have not needed any external financing yet to date. They don't use any known social models, however there might be some internal measurements from time to time. Nudie Jeans has grown rapidly and even though it has heavy focus on the environment and being socially responsible, it can be argued that they pursue its mission to distinguish themselves from competitors and generate larger revenues. Based on this, the company is seen as unrelated to its mission.
- 4.2.5 Cum Pane: This eco-friendly and local bakery has recently opened a second bakery shop in Gothenburg. They are brand ambassadors in terms of making their assortment from eco-friendly and local ingredients. Their reputation and large recurring customer base make it a popular local bakery and they even offer baking classes to teach their skills and share their mission to others. When opening their first bakery, they asked for some external financing. They filled in the investors' necessary paperwork and finally received funding from Coompanion. They felt appreciated and made a good connection with the company and its business developer. When presenting their social value they don't use any social models or factors due to perceived lack of time. Cum Pane strives to follow its mission, even though it at times has to take shortcuts to make ends meet. In this aspect, the company is seen as mission related.
- 4.2.6 Vägen Ut! This social enterprise is proud to present a multimillion turnover in their holding companies. Vägen Ut! helps and guides people with difficulties, such as drug abuse, criminality, long-term unemployment, to fulfil their dreams and become employed or self-employed. The organization receives

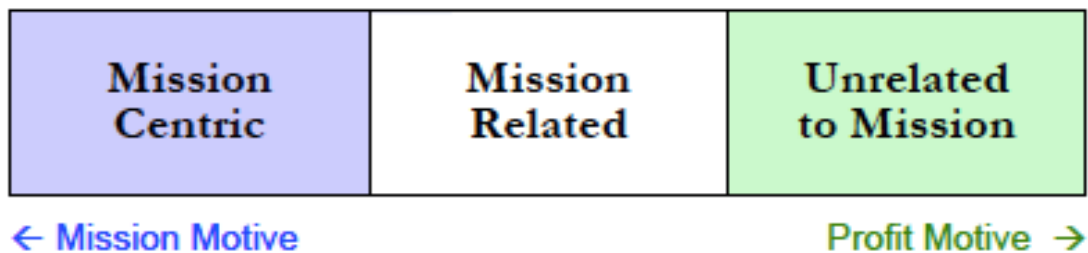
subsidizing from the government and is also fond of using storytelling, together with 2-3 strong selling points when presenting themselves. They have used some simpler internal social models when showing their social value to stakeholders.

Vägen Ut! is a lot like Grogrunden, Karriärkraft and Aditi where its core mission is very much about what the companies do. Just like the other mentioned SEs it is a mission centric social enterprise.

4.3 Analysis - social enterprises

Using the theoretical framework, the SEs can be categorized as follows;

Table 4.3.1 Case companies mission relation



Grogrunden	Cum Pane	Nudie Jeans
Karriärkraft		Pling Cykelåkeri
Vägen Ut!		
Aditi		

When analysing the interviews, the following table regards financing, use of model dimensions and presentation focus can be seen;

Table 4.3.2 Social enterprises findings

Company	Externally financed	Use of Model Dimensions	Social value	Other
Grogrunden	Yes, through subsidises	Numeric value and stakeholders relations	Socio-economic	Storytelling and models of social value.
Karriärkraft	Partly, some projects	Numeric value and stakeholders relations	Socio-economic	Storytelling and models of social value.
Vägen Ut!	Yes	Stakeholders relations	Socio-economic	Storytelling and pinpoint the social benefits of the individuals
Cum Pane	Yes	No	Environment	Eco-friendly, sustainable and quality products
Nudie Jeans	No	Stakeholders relations	Environment	CSR
Cykelåkeriet Pling	No	No	Environment	Environment-friendly and price

Out of the case companies there are quite a few SEs who have received external funds and presented themselves in ways that give them external funding. When comparing the case companies to Aditi's business model, one of Karriärkraft's cooperatives, who is in the process of opening another home for refugees, lies closest at hand. It is noticeable that out of the companies who are more mission centric, they look for and have received external financing at some point in time. It is interesting to notice that the two companies who are more to the right on the hybrid spectrum, Nudie Jeans and Cykelåkeriet Pling are seen as more traditional business cases, have not needed or obtained any financing as of yet. Cum Pane, who is more within the mission related field has got some help with setting up their initial bakeries, however they found the

process was very time consuming and demanding. Based on these limited amount of social enterprises within this study there is a correlation between the SEs' mission and obtaining financing- leading to a potential hypothesis that the more mission centric the SE is, the easier it is to receive funding.

When it comes to model dimensions, it is clear that larger organizations relate to stakeholders relations and building awareness of their social value efforts. Only a few have used a general social model to explain this, but the presentation for external investors needed to be clear, visual and understandable in order to receive financing. This part was made through various presentation techniques, where the most powerful techniques used were storytelling and explanation of their social value (awareness).

There is also a slight correlation between presentation techniques. The ones that use storytelling gain an advantage when applying for finances. The results also show that the companies that have to present themselves often uses similar presentation techniques, and that the ones most successful in obtaining financing have included a brief social model that explains the effects and its social value.

4.4 Findings – investors

All the interviewed investors have different specialities and look for investments for somewhat various reasons, except of the general fact they look for sound and stable investments that can generate a positive return.

4.4.1 GU Ventures

This holding company does not yet have a clear structure when differentiating traditional companies versus SEs. They are in a restructuring process looking through their portfolio on what factors to use when categorizing their holding companies. When analysing organizations, their focus lies on the business model and its chance to reach break/even. Before an investment decision, the potential company needs to be analysed to see if there is a fit into the existing portfolio. Some of the criteria GU Ventures look for during their analysis is mainly socio-economic impact, such as; how many people can be affected by the SE? and how deep can the SE reach in order to change the “issue”? CSR and sustainability is also of big importance.

When it comes to social models, GU Ventures feels a full SROI is too advanced and they look for simpler explanations of the SEs social value. Models

explaining clearly what the social value and its worth are preferred. Storytelling is encouraged as well as other ways on how to describe the benefits of the SE in comparison to more traditional businesses.

4.4.2 ALMI Företagspartner Väst AB

ALMI does not have any department working solely on SE analysis. They use traditional factors and are most interested in break/even, the team and the business model, that together create a framework for a chance of success, mainly how likely the organization is to repay its loans. When presenting the business idea, it is important for the organization to know all about their business model and likelihood for success, as well as the teams strengths and weaknesses. Sustainability incorporated in the business model gives higher ratings, but does not change the evaluation points. The important factors for ALMI when evaluating a business idea are that it is understandable, can reach many persons and that the business model is thought through together with a capable team backing the future business. As ALMI does not evaluate SEs differently than traditional businesses, it looks for organizations who can maximize impact and reach a large number of people.

4.4.3 Coompanion

Coompanion has many experienced business developers who all work slightly differently. They are one of the co-writers to Metodboken and yet they use an internal model when measuring social value. As all investors they tend to look for valid and sound business models and the team assembled to make the idea real. Their recommendation to start-ups is to be extremely resourceful and make the most of their cash at hand. They are very fond of easy and understandable presentations together with ideas that make life simpler for people it comes across. Coompanion looks to be partners, either as mentors and/or investors to social enterprises, particularly those coming from minority groups. When evaluating their investments they use quantitative, traditional factors and use of evaluation forms at certain times (6 months, 1 year etc). The term social enterprise means for Coompanion an organization that has its core social mission and its social value incorporated in their business model- “the social value comes from the organization doing something good. Good organizations create social value through their business idea and model.”

The SEs should always think about whom they are presenting for, in terms of what is the reason to that particular meeting. The presentation should also include 1-3 very clear focus points.

4.4.4 Mikrofonden Väst

Mikrofonden Väst uses an internal measuring tool when evaluating potential companies to invest in. This tool generates a numeric value that helps the business analyst to make a sound decision. Another part that rank high in their internal ranking system is how many people the idea can reach and make aware. When looking for investments, the organization needs to know all the ins and outs of its business. The team is extremely important, as well as a sustainable business model. They know and understand many of the social models out there, but do not have any preferences or demands on the presenting organization to use them. Storytelling, together with an explanation of CSR and the economy is a very good way to present an SE for potential investors. During evaluations, Mikrofonden Väst has a very close collaboration with the SE and together they have numerous yearly follow-up meetings and accounting checks.

4.5 Analysis – investors

Investors use often their own models when ranking new potential business ideas and these are still very much built upon traditional factors and values. Only the more specialised investors, such as Coompanion and Mikrofonden Väst, have social value as one of their criteria. As a general investor ALMI focuses on sustainable business models and large returns, while GU Ventures is still in the process to balance their portfolio to include a certain number of social enterprises. All of the investors point to some similar factors when deciding whom to support or invest in. These factors are the team behind the idea, and an understandable and thought through, sustainable business model. With these two factors in place, the SEs can then differentiate themselves through adding their social value as an advantage against traditional businesses. What type of social value the organizations do makes a minor difference when presenting for the different investors. The use of various standardized models add credibility to the business idea, and if it is well written and understandable, the investors will see this as a major plus. Few of the investors interviewed had a deeper knowledge of the various social models that exist today. This is consistent with research stating that many social models are not understood by the investors (*Millar*

& Hall, 2013). However, their initial ranking models identified a few dimensions commonly used in the described social models. These were awareness, difficulty and stakeholder relations.

Table 4.5.1 Investors findings

Company	Look for model dimensions	Need to use a social model in presentation	Search for social value	Other
ALMI	Awareness, difficulty	Not more than their internal documents	Maximize organization impact	Team and sustainable business model
Mikrofonden Väst	Awareness, numeric value	Not necessarily, even though it is seen as a positive inclusion.	Sustainability, democratic and environment.	Team and social value incorporated within the business model
Coompanion	Stakeholders relations, difficulty	A big plus if included.	Socio-economic	Team and business model.
GU Ventures	Awareness, numeric value, stakeholders relations	Not necessarily. SE needs to fit their portfolio.	Socio-economic and maximize organization impact	Organizations with a possible major impact

4.6 Final remarks

Out of the investors we can see that all of them look into what kind of business model the SE uses, how many people the business can influence and if the team is capable. The presentation should vary depending on who the financier is and what their vision looks like. For best result it should involve an understandable and tangible business model that shows the effects of their efforts and a storytelling from a project participant showing how his/her life became better. The inclusions of various social factors or social models are not necessarily the way to go, even though a simpler social model, such as SROI, is preferred. This is based on the model dimensions and

which ones best fit Aditi's current situation and mission. The results show that SEs often have trouble to create a model that is understandable for the investors in terms of what the social value is. This has to do with a few reasons, such as there is no one standard of a social business model use as well as a lack of know-how in how to perform, and analyse, such an analysis (on neither side). In Sweden, companies and investors look for simpler social business models, even though some companies have completed full SROI analysis. Often this is made to shine light on the current organization and what parts of the organization it can improve. All the organizations interviewed who have used a model say the same things, they are happy they took the time to do it, not so much for receiving external financing, but to get a better understanding of their own core values and stake out a future direction.

Another interesting point is that the SEs do not seem to know what types of social models to use in order to show their social value to stakeholders and investors. The dimension point "difficulty" is highly regarded by the investors, but not commonly thought of from the SEs perspective. The findings regarding this point to the amount of social models out there and a lack understanding of the results and its calculations of the SEs social value, both for investors and organizations.

5 DISCUSSION AND CONCLUSION

In this chapter I will discuss the findings and recommend Aditi on how to best present themselves and their social value in order to have a good chance for receiving external financing. Later within this chapter, I will systematically answer each research question, which leads to the final conclusions, and suggestion for future research.

5.1 Choice of social model

After reviewing the existing social models, analysed the interviews with both case companies and investors, there are two of the mentioned models that could be fitting for Aditi when presenting their social value to investors: SROI and NyttoSam. I have chosen to recommend the use of SROI ahead of NyttoSam based on reasons such as this tool is more well-known and a simpler SROI analysis will take less time and resources, yet can still be showed in presentations for a longer time period, without the more dire need to update the results, as NyttoSam points to. In Great Britain state officials are trained in SROI analysis and companies are told to perform an SROI in order to receive funding (*SVUK- <http://socialvalueuk.org/home/social-value-international-uk>*), but this concept is not used anywhere else yet. The model dimensions of largest importance for Aditi are cost, awareness and difficulty. A simpler version of SROI would definitely not cost too much, because it can be made by themselves, it wont take too long time and the results are rather clear and presentable to investors. This together with their similarities to Karriärkraft and its mission-centric motive makes a clear recommendation of SROI use.

5.2 Social Return On Investments (SROI)

As a measurement for the factors used in the analysis, I have taken the Social Return On Investment (SROI) as discussed and suggested from the “Guide to SROI, U.S Edition” (*Lawlor, et al 2008*) as a starting point, while trying to explore its usefulness to the current situation out of both investors and companies perspective. The question is important for the case company for reasons such as how they should present themselves in order to get the best chance of an investment, what factors to show and present for interested stakeholders and investors, as well as clarify their own offering against customers and financers leading to a better focus and to get through the noise in the rather competitive market. The investors are also somewhat frustrated with the

lack of certain standards when it comes to this subject. They feel a simple method is of good use, when clearly explaining the business and the social value. Adding this information to a well-prepared presentation and storytelling, it definitely increases the organization's chances to receive funding.

SROI is a method that obtains a numeric value at the end of the analysis. It is the current most explicit method in countries such as England, Canada and the Netherlands where it is widely recommended to perform an SROI to explain the social value to investors and others. During the extensive and time-consuming analysis a lot of emphasis is put on an evaluation of the organization and what to do to reach the best effect in terms of its social mission. There are a few different forms of SROI analysis; some are more wide-ranging than others. A basic analysis of the organization can take a couple of days, while a full SROI analysis takes hundreds of hours and includes a strong expertise of the method and its measurements. (*Olofsson & Svensson, 2015* and *Arvidson et al, 2010*).

5.3 Aditi

The closest organizations to Aditi in this thesis are Vågen Ut!, Grogrunden and Karriärkraft. All these organizations are within the same category when using the typology based on Alter (2007) mission centric view. All these comparison companies are major players on the Swedish SE market and their journeys can teach Aditi that hard work and sticking to their core mission pays off. This being said, all these organizations have recently branched out into other fields of businesses to strengthen their balance sheets and create more sustainable and stable business models, where the revenue streams don't fluctuate too much between seasons. In order for Aditi to receive some recognition and external financing, they need to be prepared to dissect and explain their business to the smallest detail and assemble a trustworthy team. During the presentations they should incorporate a project participant, as well as a simpler and understandable social model explaining the social value to stakeholders. In their case this could be the difference between what their project versus existing solutions generate in social value. I have proposed a simpler SROI model to be performed, because this is the model that is at the forefront of slowly spreading between major countries as well as it is a good way to measure and get a better understanding of the SE itself, both internally and versus stakeholders. It is also a good model when explaining the effects of the SE, both externally and internally.

5.4 Addressing the research questions

5.4.1 How are investors measuring social value today?

There are numerous models being used today across the globe when it comes to measuring social value. Unfortunately no set standard has taken off, thus meaning models that measure the social benefits are still popping up from time to time. Another reason to why there are so many different measurement tools is that social enterprises vary so much in their core missions and any one tool that fits all is very difficult to develop. Simply stated, certain models are better used versus certain sectors. When it comes to investors and their evaluation tools, the research has not found any well-known social models that are being used in the Swedish landscape. Many of the interviewed investors have their own internal models, mainly based on traditional business evaluation factors, with increased potential for social enterprises. Some investors lack the basic knowledge of how to analyse certain social models, leading to difficulties for the presenting companies to effectively present their social value. When it comes to comparing and analysing social enterprises and their social value, this is currently seen as an extra dimension to the investors normal evaluation tools. Because of the rise of SE, some of the investors are developing factors to be incorporated in their traditional evaluation that can single out SEs and take into account their social value. Currently, only the most specialised investors already use this. Indirectly, the thesis found out, all investors use certain dimensions in their assessment, mainly awareness and difficulty. Adding a numeric value, and explaining its meaning, to the company presentation tend to increase the companies chances to receive funding.

The two models, the author believes can measure the effects of the social value the best and who has a chance to become a standard, through actually fit many different segments are SROI and ECG. These two models are easy to understand and fit many different types of social enterprises operating in different fields and toward different missions. The analysis also shows that the most sought for dimension, difficulty, are well explained within these two social models. An SROI analysis can be extremely time and resource consuming, but it states a lot of things about the organization and their needs. It measures the effect of the SE in a manner that is understandable as well as it shines light on the entire

organization and its appearance versus stakeholders. This method is also the standard in some other developed countries, where both the companies and investors are urged to learn and use the method.

The ECG is a relatively new method that gives all organizations a point value on different organizational outputs. The higher the rating the more social good it does. This method is rather easy to use and shines light on what the SE is good at versus what parts the organization can improve.

It would certainly be easier for the entire field of social entrepreneurship if the investors knew how ie an SROI is made and what it actually calculates. This theory is supported by Millar & Hall (2013) who conclude that SROI is an underused tool due to practical and ideological barriers.

5.4.2 How should Aditi present its social value to investors?

For a start-up, a good way to present its social value to stakeholders, including investors, is to choose an existing social model that calculates this. When deciding upon which social model to use, there are two models that best can be applied on Aditi's unique situation, these being the NyttoSam method and a lighter, forward-calculating SROI analysis.

NyttoSam is an on-going measurement method that is performed during a longer time frame and evaluates thoroughly the organizational projects, suggesting in what areas more resources should be spent and used. The lighter version of SROI will give Aditi a deeper understanding of its own core business, and when it comes to integrate both housing and education, this method feels most fitting for Aditi. It will pinpoint the impact of the SE and also come up with a measurable value for investors to use. This method will also make the organization more aware of their own relationships with its stakeholders. The SROI analysis should be accompanied with a storytelling from someone within the organization who can put words to what the organization does and how it affects its participants. In the end an SROI analysis is to prefer, based on prejudices (Karriärkraft), model dimensions, mainly cost, awareness, difficulty, organizational form and Aditi's current situation. The method is more known and understood than NyttoSam and its result can be used for a long time and numerous future presentations. It will also give the start-up a better reputation and show they are very committed to their vision and business idea.

5.5 Final conclusions

As a start-up looking for external financing, Aditi should focus on making a strong business model that clearly explains the differences between their offer and the ones already existing on the market. When presenting this, it would be beneficial if there were a collective and identifiable theme throughout the presentation, such as storytelling from a potential resident, or an educator that can state how the project changed their current situation. Adding a measurement through a social model to the presentation will certainly increase the chances to win a contract bid or receive financing. This is key when presenting its social value to investors in a simple and understandable way. Due to many of the models taking lots of time and effort, I recommend a simpler version of SROI, where it is clearly stated what impact the project gives to the society. It will also shine light on various unthought-of aspects of their own business that might need to be tweaked or changed in order to improve the company's offering toward stakeholders.

Based on Aditi's vision, organizational structure and newness, a shorter form of SROI will help the organization to fully go over its business model, its relations with stakeholders and make it clear for external partners what, and how much worth, its social value is. It is also this method most commonly used by players in the same field of business. (*Olofsson & Svensson, 2015*).

5.6 Suggestion for future research

This thesis has looked into the current landscape and tried to analyse how Aditi Plattform AB, a start-up social enterprise should present itself in order to get external funding or a major contract. The literature has showed upon many various ways to do so, mainly through the use of different models and typologies, however a set standard is still missing on the field of social entrepreneurship, as well as a clearly stated definition universally used within the field. The thesis is just looking at the aspects from its case company and tries to steer this company into a favourable position to reach their mission. As a suggestion for future research, I recommend a follow-up study on Aditi's performance over time. Other research areas would be to use all the mentioned methods on one company and then present the different results with different investors, before having these experts discuss the pros and cons of the various methods with each other. A quantitative study could be performed on the potential correlation between mission centric SEs and external funding.

6 REFERENCES

Alter, K. (2007). Social enterprise typology. *Updated version Virtue Ventures LLC, 12*, 1-124. Washington DC.

Arvidson, M., Lyon, F., McKay, S., & Moro, D. (2010). The ambitions and challenges of SROI (Third Centre Research Centre Working Paper 49). *Birmingham: University of Birmingham*.

Benoît Norris, C., Traverso, M., Valdivia, S., Vickery-Niederman, G., Franze, J., Azuero, L., ... & Aulision, D. (2013). The methodological sheets for sub-categories in social life cycle assessment (S-LCA). *Pre publication report United Nations Environment Programme (UNEP) and Society for Environmental Toxicology and Chemistry (SETAC)*. Gothenburg, Sweden.

Burkett, I. (2013). *Using the business model canvas for social enterprise design*. Brisbane, Australia.

Bryman, A., & Bell, E. (2015). *Business research methods*. Oxford University Press, USA.

Capizzi, V. (2015). The returns of business angel investments and their major determinants. *Venture Capital, An International Journal of Entrepreneurial Finance*, 17(4), 271-298.

Choi, N., & Majumdar, S. (2014). Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research. *Journal of Business Venturing*, 29(3), 363-376.

Dees, G. (1998) The Meaning of Social Entrepreneurship, *The Kaufmann Center for Entrepreneurial Leadership and Ewing Marion Kaufmann Foundation*.

Jokela, P., & Elo, M. (2015). Developing innovative business models in social ventures. *Journal of Entrepreneurship, Management and Innovation*, 11(1), 103-118.

Kickul, J., & Lyons, T. (2012). *Understanding social entrepreneurship: The relentless pursuit of mission in an ever changing world*. Routledge, N.Y

Kroeger, A., & Weber, C. (2014). Developing a conceptual framework for comparing social value creation. *Academy of Management Review*, 39(4), 513-540.

Lawlor, E., Nicholls, J., & Nietzert, E. (2008). Measuring value: A guide to Social Return on Investment. *New Economics Foundation Report*.

Lehner, O. M., & Nicholls, A. (2014). Social finance and crowdfunding for social enterprises: a public–private case study providing legitimacy and leverage. *Venture Capital, An International Journal of Entrepreneurial Finance*. 16(3), 271-286.

Millar, R., & Hall, K. (2013). Social return on investment (SROI) and performance measurement: The opportunities and barriers for social enterprises in health and social care. *Public Management Review*, 15(6), 923-941.

Olofsson, P., & Svensson, J., (2015). *Olofsson & Svensson- Hur talar vi om för andra vilken nytta vi gör?* Gothenburg, Sweden.

Seelos, C., & Mair, J. (2005). Social entrepreneurship: Creating new business models to serve the poor. *Business horizons*, 48(3), 241-246.

Spear, R. (2006). Social entrepreneurship: a different model? *International journal of social economics*, 33(5/6), 399-410.

Starr, M. A. (2008). Socially responsible investment and pro-social change. *Journal of Economic Issues*, 42(1), 51-73.

Stryjan, Y., & Laurelii, E. (2002). *National Profiles of Work Integration Social Enterprises: Sweden* (Vol. 2, No. 08). Working Paper Södertörns Högskola. Huddinge, Sweden.

Sullivan Mort, G., Weerawardena, J., & Carnegie, K. (2003). Social entrepreneurship: Towards conceptualisation. *International journal of nonprofit and voluntary sector marketing*, 8(1), 76-88.

Teasdale, S., Lyon, F., & Baldock, R. (2013). Playing with numbers: a methodological critique of the social enterprise growth myth. *Journal of social entrepreneurship*, 4(2), 113-131.

Thompson, J., & Doherty, B. (2006). The diverse world of social enterprise: A collection of social enterprise stories. *International journal of social economics*, 33(5-6), 361-375.

Venkataraman, S. (1997). The distinctive domain of entrepreneurship research. *Advances in entrepreneurship, firm emergence and growth*, 3(1), 119-138.

Volkman, C. K., Tokarski, K. O., & Ernst, K. (2012). Background, characteristics and context of social entrepreneurship. *Social entrepreneurship and social business* (pp. 3-30). Gabler Verlag.

Wilkinson, C., Medhurst, J., Henry, N., & Wihlborg, M. (2014). A map of social enterprises and their eco-systems in Europe. Executive Summary. *A report submitted by ICF Consulting Services, European Commission*.

Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of business venturing*, 24(5), 519-532.

7 APPENDICES

A. Questionnaire to SEs

- Briefly explain your business journey?
- What milestones have you reached along the way?
- Have you used any social model or similar tool during presentations of your business? I.e SROI or similar? If so, what?
- Have you tried to do any comparisons with other businesses in the social enterprise niche? Has there been any competition about receiving grants?
- SROI- do you use this model? Do you use any other model?
- Have you applied for any grants/finances? If so, how was the process?
- Did you use any specific points in your presentation?
- Can you recommend other SEs?
- Other comments and thoughts?

B. Questionnaire to Investors:

- How do you advise businesses to present themselves when they look for investments?
- How do you evaluate Social Enterprises? Do you look at any special factors, if so which ones?
- How do you evaluate successful companies?
- Is it possible to compare SEs with different missions?
- SROI- do you use this model or do you use any other social model?
- Are there any more “important” factors to show for during SEs presentations?
- Can you recommend any social enterprises for contact purposes?
- Other comments and thoughts?