
Walking the Tightrope

An exploratory study of how Stockholm-based social enterprises manage the dilemma of embeddedness and disembeddedness

Abstract

Social entrepreneurship is a rising field of research and, in practice, a concept that bridges the public and private sector to offer solutions to social crises. With this thesis, we aim to contribute to the emerging body of literature by applying the concept of embeddedness to social entrepreneurship and investigating the dilemma of embeddedness and disembeddedness. Using a qualitative research design to collect and analyze data from Stockholm-based social entrepreneurs and industry experts, we identify patterns in their embeddedness process. We find this process to consist of three stages, characterized by a balancing act between embeddedness and disembeddedness and actively managed by the social entrepreneurs through semi-defined networking strategies. Through our findings, we shed light on the character of the dilemma between embeddedness and disembeddedness and show how social enterprises manage the balancing act, thereby suggesting a process view to embeddedness theory. In addition to these theoretical contributions, we hope to raise awareness among practitioners for a conscious management of embeddedness, allowing social enterprises to more efficiently make use of its positive effects.

Keywords: social entrepreneurship, embeddedness, dilemma of embeddedness and disembeddedness, social networks

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List of Abbreviations

GE	Grounded Theory
SE	Social Entrepreneurship

Glossary

Actor	Active participant in an action or process
Commercial entrepreneurship	Entrepreneurship with a clear goal of financial wealth maximization
Community	Group of people in a geographically bounded area, pursuing similar goals while having a certain degree of interaction
Data triangulation	Use of two or more independent sources of data or data-collection methods within one study, ensuring data accuracy
Disembeddedness	Economic action in isolation from a social network
Disembedding	Disintegration from a network one has been an active part of
Embeddedness	Part-taking in a social network to a degree that economic actions are influenced by the relations within this network
Embedding	Integration into a social network, to an extent that it influences economic activities
Grounded Theory	Research strategy where theory is systematically generated from data
Industry experts	Representatives of Stockholm-based incubator and accelerator programs, co-working spaces and venture capitalists focusing on social entrepreneurship, thereby being important stakeholders in the Stockholm social entrepreneurship community
Investigator triangulation	Involvement of more than one researcher in a research project
Mingling	Swedish term for networking
Philanthropy	Active, organized effort to promote human welfare without financial goals
Social entrepreneur	Individual creating a social enterprise with the aim of solving social problems or affecting social change while being financially self-sustainable
Social entrepreneurship	Processes that involve the innovative re-combination of resources used to identify and exploit opportunities to create social value and address social needs

Social enterprise	Organization created by the social entrepreneur to enable social entrepreneurship
Social capital	Metaphor for the resources inherent in social networks, extractable through embeddedness
Social network	Social structure composed by a set of actors characterized by a minimum common interest
Networking	Interacting with actors to exchange information and develop relationships, thereby becoming part of a social network

1. Introduction

1.1 Relevance of Social Entrepreneurship

“Global sustainability and the nature of the economy will be shaped by entrepreneurship and the terms on which we create and do business with each other.”

This quote by Nobel laureate Professor Muhammad Yunus and Chair of the International Development Committee at the European Parliament Linda McAvan indicates the importance of social entrepreneurship (SE) for today's and tomorrow's world (British Council, Social Enterprise UK 2015).

SE has experienced increasing popularity in the last years and manifestations of the phenomenon are increasingly recognizable across the globe. In the United States, Barack Obama has initiated a social innovation fund with a portfolio of “more than a half billion dollars of cross-sector investments in effective community solutions” (Smith 2014). By introducing its Social Business Initiative, the European Commission has incorporated SE in its growth agenda (European Commission 2017). The United Nations call SE “a new model for poverty reduction and employment generation” (United Nations Development Programme 2008). Accordingly, in the Sustainable Development Goals 2030 public, social and private sectors are called to collaborate on a new level of proximity (United Nations 2017). Lastly, business schools have frequently incorporated SE in their curricula, arguing that “any program teaching business skills needs to train their graduates to serve both companies and society” (Milway, Driscoll Goulay 2013).

This growth was found to be fostered by an increasing number of global crises, a growing global awareness of social misalignments and a decreasing public funding, along with a changing role of governments with respect to social welfare (Huybrechts, Nicholls 2012). Being a concept that bridges the public and private sector, SE is said to be well-situated to respond to these changing requirements of our society (Shaw, de Bruin 2013) and thus crucial in resolving our world's crises.

1.2 Research Gap and Problem Definition

While SE has seen a rise from a practitioner perspective, the academic field of SE is still emerging (Shaw, de Bruin 2013, Shaw, Carter 2007, Ferreira et al. 2017). This is illustrated by a Scopus search for the term 'SE' in abstract, title and keywords, which yields a total of 1557 results, of which two thirds have been published within the last five years (Figure 1). Given the outlined importance of SE, we argue that an academic understanding of its success factors is of the highest importance and, with this paper, we aim to contribute to it.

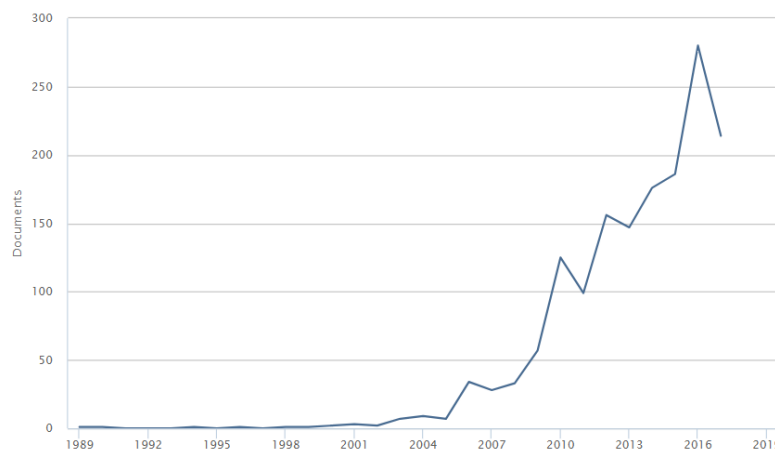


Figure 1: Academic Publications on Social Entrepreneurship

In addition to its emerging nature, SE is a concept that combines a social and a commercial mission, thus creating tensions between conflicting logics (Bruneel et al. 2016) and bringing several academic fields (Mair, Martí 2006). This is also confirmed when looking at the subject areas of that same Scopus query, which locates most academic literature on SE between management, economics and social sciences. Hence, it appears suitable to analyze SE by applying theories that bridge disciplines.

One example is embeddedness theory, stating that an actor's social environment has influences on the pursued economic outcomes (Granovetter 1985, Uzzi 1996). Taking into consideration social influences and entrepreneurial goals, embeddedness theory thus allows to fully depict SE (Mair, Martí 2006). Accordingly, there has been a call for research that analyzes SE through the embeddedness lens (Shaw, de Bruin 2013, Mair, Martí 2006, Busch 2014, Smith, Stevens 2010, Kistruck, Beamish 2010). However, as of today, little has been done to follow this call for research. A literature review on the keywords 'SE' and 'embeddedness' has yielded 26 results. While positive

effects of embeddedness appear in the literature (Mair, Martí 2006, Meyskens et al. 2010, Dufays, Huybrechts 2014, Haugh 2007), there is, to the best of our knowledge, little understanding of the associated risks and no research has been conducted on the conflicts between these positive and negative effects of embeddedness, the so-called embeddedness dilemma (Uzzi 1997) which suggests a need for disembeddedness once a certain embeddedness threshold is reached. Thus, the question of how and why exactly social relations and networks evolve, develop and potentially dissolve in SE, remains unanswered.

1.3 Study Focus

Given the impact of embeddedness on the success of social enterprises, we aim to fill this research gap and seek to understand the process of embeddedness and disembeddedness. For this purpose, we formulate our research question as follows:

How do social enterprises manage the process of embeddedness and disembeddedness?

Underlying to this research question are three sub-questions, which are systematically answered to provide a comprehensive and profound conclusion.

First, we investigate the existence of a dilemma between embeddedness and disembeddedness. Departing from core conceptual papers (Granovetter 1985, Uzzi 1996, Uzzi 1997), we aim to gain a better understanding of the content and form of this dilemma as encountered by social enterprises. Having found literature on both positive effects and liabilities of embeddedness, we follow the call for research and explore social enterprise embeddedness from a process perspective, which is the second sub-question (Mair, Martí 2006, Busch 2014). The third constituting part of our research question is the focus on 'management'. Building on the process view motivated in sub-question two, we investigate embeddedness as actively managed by the social enterprises, as opposed to representing a phenomenon that cannot be steered.

We seek to answer these questions by focusing on the SE community in Stockholm. We delimit our analysis to this geographical area as Stockholm has grown to a recognized SE community with presence of global support networks such as Ashoka and Impact Hub, as well as more local

networks such as Reach for Change, Social Initiative or Norrskén. This focus enables us to compare social enterprises presented with the same conditions in terms of available support network.

In order to analyze the embeddedness process of individual social enterprises, we conduct a qualitative study comprising 20 interviews. One interviewee sample consists of 14 founders or CEOs as they are expected to have an overview over the entire social enterprise. In order to validate our findings, we further take into consideration the view of a second interviewee group comprising six supporting stakeholders who are representatives of incubator and accelerator programs, co-working spaces and venture capitalists that focus on SE, hereafter referred to as industry experts. The focus on Stockholm hereby ensures that the interviewees form part of the same network and allows us to set individual statements in relation to each other.

Summarizing, the present study is an attempt to explain how social enterprises manage the process of embeddedness and disembeddedness by using the case of the Stockholm SE community.

1.4 Expected Contribution

Our study is set out to explore the embeddedness dilemma encountered by social enterprises. As such, our expected contribution is two-fold. First, we seek to advance the understanding of what constitutes and drives forward SE. By analyzing how social enterprises manage the process of embeddedness and disembeddedness, we aim to shed light on current practices and open a discourse on the benefits, disadvantages and best practices with regards to social enterprise embeddedness. With this, we hope to be able to provide a modest contribution to social enterprises' efforts of maximizing social impact. Second, by analyzing SE through an embeddedness lens, our aim is to further develop embeddedness theory. More precisely, we hope to provide a better understanding of the content and form of the dilemma of embeddedness and disembeddedness as proposed by Uzzi (1997).

The remaining paper is structured as follows. In part two, we take a step back to look at current definitions of SE and present the definition which we build on in this paper. In part three, we analyze the present state of literature with regards to embeddedness theory and its application in social, as well as commercial entrepreneurship to date. Part four outlines the methodology used in order to find an answer to our research question. Subsequently, in part five, we present and analyze our findings, before setting these in relation to existing theory in part six. Part seven concludes.

2. Social Entrepreneurship

2.1 Definitions of Social Entrepreneurship

As mentioned earlier, the concept of SE started to gain broader attention in the academic world in the 1990s (Bacq, Janssen 2011). Therefore, the research field of SE is still considered to be in its emerging stage with a lack of unifying paradigm, circumscribed by fuzzy boundaries and largely phenomenon-driven contributions (Mair, Martí 2006, Smith, Stevens 2010, Bacq, Janssen 2011, Peredo, McLean 2006, Dacin, Dacin & Matear 2010, Dees 1998, Forno, Merlone 2009). In this section, we reflect on the discussion about SE definitions, differentiate the field to bordering ones and finally motivate the definition we use in this thesis.

SE can have different meanings to different individuals (Mair, Martí 2006, Dufays, Huybrechts 2014, Dees 1998). An extensive and representative discussion of all definitions within the field of SE exceeds the scope of this thesis. Therefore, we limit it to common characteristics and central definitions (Figure 2) on which we base the definition applied in this thesis. For a more reflective discussion of the different definitions, we refer you to the selective lists created by Dacin, Dacin & Matear (2010) or Bonfanti, Battisti & Pasqualino (2016).

Earlier definitions and a major stream of research within SE focused on the social entrepreneur and his or her personality (Mair, Martí 2006, Phillips et al. 2015, Montgomery, Dacin & Dacin 2012). However, this focus does not allow a clear, distinctive examination of actors involved in SE, other than the social entrepreneur. Gartner (1988) suggests that the question of 'who the entrepreneur is' is not appropriate, rather 'how he or she acts' allows for a more distinctive analysis of different social initiatives (Bacq, Janssen 2011, Dacin, Dacin & Matear 2010, Dees 1998). Dacin, Dacin & Matear (2010) identify four categories of defining SE, (1) the definition of the lone social entrepreneur being considered as one. Other approaches for the definition focus on the (2) operating sector, (3) the processes and resources as well as the (4) primary mission or outcome. Some scholars have integrated notions from several of the four methods, for instance Mair, Martí (2006) describe a process view as well as a social mission in the form of social change.

Mair, Martí 2006, p. 37	<i>"A process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs."</i>
Peredo, McLean 2006, p. 64	<i>"Social entrepreneurship is exercised where some person or persons (1) aim either exclusively or in some prominent way to create social value of some kind, and pursue that goal through some combination of (2) recognizing and exploiting opportunities to create this value, (3) employing innovation, (4) tolerating risk and (5) declining to accept limitations in available resources".</i>
Zahra et al. 2009, p. 519	<i>"The activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner."</i>

Figure 2: Core Definitions of Social Entrepreneurship

Several definitions have a process perspective (Mair, Martí 2006, Dees 1998, Bonfanti, Battisti & Pasqualino 2016, Zahra et al. 2009), which we take as an important underlying characteristic for our thesis as it allows the examination as well as analysis of developments throughout the conduct of SE. Another important defining characteristic of SE is its primary aim of creating social value, as opposed to purely targeting economic wealth creation (Mair, Martí 2006, Meyskens et al. 2010, Dees 1998, Bonfanti, Battisti & Pasqualino 2016, Zahra et al. 2009). This does not restrict the social enterprise from generating economic wealth. However, profits are seen as instrumental for financial viability, i.e. run operations and create social outcomes (Mair, Martí 2006, Haugh 2007, Peredo, McLean 2006). This is also referred to as the 'double bottom line' which describes the aim to perform both financially and socially (Peredo, McLean 2006). Furthermore, these definitions mention the combination of resources to explore and exploit opportunities to create social value (Mair, Martí 2006, Peredo, McLean 2006, Dees 1998). This process of combination and recombination of resources to catalyze change goes back to Schumpeter's (1942) classic work on commercial entrepreneurship. A final note should highlight that all definitions assume the offering of an innovative service or product in a newly created organization (Zahra et al. 2009).

2.2 What Social Entrepreneurship is not

In order to achieve a more clear-cut outline of SE, we will distinguish the concept to three bordering ones: commercial entrepreneurship, philanthropy and social innovation. For illustrative purposes, we have depicted SE as a continuum between commercial entrepreneurship and

philanthropic activism to indicate blurred lines between the fields and the variety of orientations within SE (Figure 3).



Figure 3: Continuum

Although social and commercial entrepreneurship are seen as related fields, scholars have identified differences. Whereas the mission of a social enterprise is social wealth creation, commercial entrepreneurs identify and exploit opportunities for the maximization of economic wealth (Bacq, Janssen 2011). In SE, the earned profits are reinvested into the firm to achieve more social wealth, instead of distributing the profits to private stakeholders (Haugh 2007, Bacq, Janssen 2011). A contrasting view, however, describes all forms of entrepreneurship as social due to the creation of jobs, which can be considered of added social value (Dacin, Dacin & Matear 2010). Further differences are the legal structures of the organizations. While commercial variants are structured as for-profit, their social pendants can take on a for-profit, non-profit or hybrid structure (Meyskens et al. 2010). Finally, Mair & Noboa (2006) see the entrepreneurs' underlying motivation as a further distinguishing factor for either social or commercial entrepreneurship. Nevertheless, commercial entrepreneurship and SE are sharing similar inputs and organizational processes (Meyskens et al. 2010), which is the premise for SE scholars to explore the application of commercial entrepreneurship concepts to SE (Dacin, Dacin & Matear 2010).

The other end of the continuum is demarcated by non-profit organizations that rely exclusively on philanthropic donations and do not engage in commercial exchange (Peredo, McLean 2006). Some scholars see SE as an expression of altruism with a pure focus on social wealth creation that should be located on this end of the continuum (Mair, Martí 2006). However, we argue that those organizations have a sole purpose of creating social wealth, whereas we consider social enterprises to aim at social and financial goals, with financial goals being subordinated.

Moreover, we want to highlight how SE is distinct not only from commercial entrepreneurship and philanthropy but also from the concept of social innovation. The definition of social innovation most often cited is Phills, Deiglmeier & Miller (2008): "a novel solution to a social problem that is more effective, efficient, or just than existing solutions and for which the value

created accrues primarily to society as a whole”, (Phillips et al. 2015 p.442). Westley & Antadze (2010) regard social innovation to be a process changing the underlying fundamentals of social systems. Hence, both SE and social innovation concern the fulfillment of a social need achieved by new solutions (Phillips et al. 2015). However, in line with Phillips et al. (2015), we consider SE as one unit of social innovation. Hereby, social innovation is inherently anchored in the social system, whereas the social entrepreneur or social enterprise is just seen as one actor within this system. Both are closely related, but can occur separately, e.g. in the form of innovative social welfare activities.

2.3 Our Definition of Social Entrepreneurship

In line with the previously defined characteristics (2.1) and the distinction to related fields (2.2), we consider SE as pursuing both economic and social outcomes. To allow for the examination of dynamic developments, we take on a process perspective. Moreover, we define the identification of opportunities and the exploitation through re-combined resources to generate social change and achieve the social mission as central to the activities of SE.

Therefore, we describe SE as *the processes that involve the innovative re-combination of resources used to identify and exploit opportunities to create social value and address social needs.*

For the purpose of this study, we use social enterprises, which are the tangible outcome of SE, as proxies (Peredo, McLean 2006). We delimit our definition to ventures that have been created with a primary social purpose while aiming to be financially self-sustainable or ventures created as hybrid organizations (Furusten, Junker 2017), with a dual purpose (Dees 1998). Our definition thereby excludes socially innovative activities undertaken within existing organizations, i.e. ‘social intrapreneurship’ (Mair, Martí 2006). In line with the dual bottom line, the social enterprises can be for-profit but also non-profit oriented.

3. Theoretical Background

Having defined the concept of SE, we present in this section the concept of embeddedness and its application to social as well as commercial entrepreneurship.

To begin this discussion, we motivate embeddedness as a central concept to analyze SE. Assuming market actions to be purposive actions of actors embedded in the systems of their social relations (Granovetter 1985), economic outcomes are argued to be “affected by actors’ social relations to others and also by the structure of the overall network of those relations” (Granovetter 2017, p.17). Embeddedness thereby creates unique opportunities and access to these (Uzzi 1996). Implying that “actors forego purely self-seeking behavior” for the sake of strategic collaboration, embedded actors are argued to do more for the collective economy and society (Uzzi 1997, p.56). Thus, taking into consideration social influences and entrepreneurial goals, embeddedness theory allows to fully depict SE by going beyond the analysis of the single social entrepreneur (Montgomery, Dacin & Dacin 2012, Mair, Noboa 2006). The second argument for the use of embeddedness theory refers to resource constraints of social enterprises. Social enterprises traditionally face various resource voids which are often filled by extracting capital from social networks through collaborative and collective activities (Montgomery, Dacin & Dacin 2012). Considering this importance of networks, we consider analyzing network embeddedness and its implications to be a crucial part for a comprehensive consideration of SE.

3.1 Concept of Embeddedness

In classical economic theory purely rational, atomized individuals are guided solely by a profit maximization goal (Smith 1776). Social theory (Wrong 1961), as the opposite view, argues that market actions are entirely predefined by the social category of their actors. Embeddedness theory is set apart from both of these by stating that market transactions and market actions are influenced by the actors’ social interactions (Granovetter 1985), and should thus be analyzed as embedded in these.

Granovetter (2005, p.35) states that “much social life revolves around a non-economic focus”, meaning that the non-economic social relations of embedded market actors impact their economic activity. Uzzi (1997, p.48) phrases this as economic exchange being embedded “in a multiplex relationship made up of economic investments, friendship, and altruistic attachments”. In

conclusion, the costs and means of economic activity of market actors are affected by the non-economic social processes surrounding them, embeddedness referring to the “intersection of economic and non-economic aspects of society” (Granovetter 2017, p.15).

Uzzi (1996, p.676) further states, that actors with embedded social ties “operate on a logic of exchange which differs from the logic of markets”, where the logic of markets relies uniquely on arm's-length ties, defined as sporadic, rule-based transactions that “function without any prolonged human or social contact between the parties” and thus lack social obligations (Hirschman 1982, p.1473). Going beyond Granovetter (1985), Uzzi's (1996) line of reasoning follows Powell (1990) by arguing for the simultaneous existence of arm's-length and embedded ties, their key distinction being the ties' structure and quality.

Finally, embeddedness theory states that embeddedness creates unique opportunities (Uzzi 1996). In the following, we will discuss the individual opportunities arising from embeddedness and then turn towards the liabilities of embeddedness, before closing this section with a discussion of the dilemma of embeddedness and disembeddedness.

3.1.1 Positive Effects of Embeddedness

Granovetter (2005) and Uzzi (1996) argue that actors' embeddedness in social networks results in unique effects that influence their economic outcomes.

First, actors rely more on personal than on publicly available information (Granovetter 2005). The proprietary and tacit character of this more fine-grained information transfer goes beyond the information exchanged in standard market transactions, leading to an enhanced transactional efficacy and market responsiveness (Uzzi 1996). This is further enhanced by the credibility of information obtained through social relations. Thus, fine-grained information transfer potentially increases an actor's performance.

Second, social networks are a prerequisite for the emergence of trust, which then influences actors' behavior (Granovetter 1985, Uzzi 1997). According to Granovetter (1985), trust is built up through own or affiliated positive experiences with a transaction partner who is then expected to follow his or her behavioral pattern. Uzzi (1997, p.43) summarizes trust as “a heuristic - a predilection to assume the best when interpreting another's motives and actions” and considers it to be a governance mechanism that promotes voluntary exchanges (Uzzi 1996).

Third, embedded relations were found to lead to joint problem-solving arrangements, providing quicker and more precise feedback than market-based mechanisms, thereby accelerating

and improving learning and fostering innovation (Uzzi 1996). They thus enhance business development.

The embeddedness effect 'order' is proposed by Granovetter (1985), stating that vertical market integration can be lower if actors have a stable network of social relations which helps mediating complex transactions. A lack of such, on the other hand, would result in aforementioned vertical integration (Granovetter 1985). Embedded relations thus decrease the need for formal organization and thereby associated costs.

Finally, Granovetter (1985) notes that social networks represent a powerful source of reward and punishment.

With the effects of trust, fine-grained information transfer, joint problem-solving, order, reward and punishment, socially embedded actors can be expected to achieve outcomes higher than those relying purely on arm's-length relations. Granovetter (2005) argues that embeddedness can thereby have impact on the labor market, prices, productivity and compliance, as well as innovation. Uzzi (1997) finds embedded ties to have positive effects on economies of time, coordination of adaptation and allocative efficiency, among others.

Scholars have built on the conceptual work of Granovetter and Uzzi and found varied individual results of these effects see (3.2 and 3.3). However, scholars acknowledge that there are not only positive effects of embeddedness. Its downsides are presented in the following.

3.1.2 Liabilities of Embeddedness

Uzzi (1997) describes the potential downsides of embeddedness which lower a company's ability to adapt to market changes and stem either from sudden changes to the social structure, market rationalization or over-embeddedness. Sudden changes to the structure of resource flows, such as unforeseeable exists of important network players can turn embeddedness into a liability. Market rationalization through institutional rearrangements has the potential of rupturing social ties, making embedded actors lose the competitive advantage they enjoyed by being embedded (Uzzi 1997). Third, over-embeddedness, meaning that both the majority of an actor's first and second tier ties are embedded ones, can result in the absence of new opportunities or ideas due to redundant information (Uzzi 1997), since "the more time devoted to information transfer with one party, the less time available for [developing new] ties" (Uzzi 1996, p.681). Furthermore, by misdirecting organizational resources, over-embeddedness can "stifle effective economic action if the social aspects of exchange supersede the economic imperatives" (Uzzi 1997, p.59).

3.1.3 Dilemma of Embeddedness

(3.1.1) and (3.1.2) showed that embeddedness can have paradoxical effects on, for example, competitiveness and information. While embeddedness theory seems to have explanatory value for the behavior and motivation of market actors and institutions, the paradoxical outcomes of the effects of embeddedness present a challenge in deriving normative conclusions. Due to the large influence of embeddedness on economic outcomes, a more detailed analysis is desirable. This becomes even more evident when considering that actors are aware of and purposefully use the differences between arm's-length and embedded ties (Uzzi 1997).

In his attempt to resolve this dilemma, Uzzi (1997) offers a threshold model of embeddedness, proposing that network embeddedness yields positive economic results up to a certain threshold, after which performance decreases due to the negative effects outlined above. He thus opts for the optimal network structure to be a mix of arm's-length and embedded ties, where “embedded ties enrich the network, while arm's-length ties prevent the complete insulation of the network from market demands and new possibilities” (p.59). Consequently, knowledge of a firm’s embeddedness can be a basis for “predictions about organizational performance and capability, both positive and negative” (Uzzi 1996, p.863).

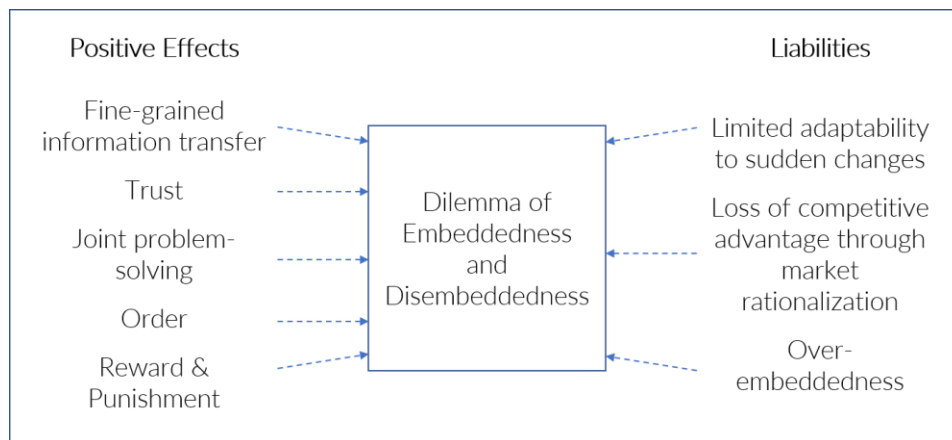


Figure 4: Core Dilemma of Embeddedness and Disembeddedness

3.1.4 Further Development of Embeddedness

Based on Granovetter's (1985) and Uzzi's (1997) conceptual work of embeddedness, scholars have further discussed and developed the concept of embeddedness.

Within the concept of embeddedness, interrelated dimensions were identified. Zukin & DiMaggio (1990) classify embeddedness into four categories: structural, cognitive, political, and

cultural embeddedness. For the scope of this thesis, we focus on the structural embeddedness dimension. Referring to the overall structure of a network, structural embeddedness is characterized by network diversity and density where a high level of diversity translates into a better knowledge quality (Musteen, Datta & Butts 2014, Marsden 1990), while high network density combined with low diversity results in redundant information. As such, the latter does not provide access to diverse, potentially critical information which exists outside the dense network, meaning it is inefficient for bridging knowledge holes (Burt, 1992).

Taking on a micro-level perspective, another important dimension is relational embeddedness which describes the nature of a relationship between two actors, evolving throughout the passage of time (Musteen, Datta & Butts 2014). Within this dimension the strength of ties, which is based on relationship intensity and frequency of social interactions, is a determining characteristic, with stronger ties pointing towards higher embeddedness (Musteen, Datta & Butts 2014, Granovetter 1973).

The value of these strong versus weak ties is subject to an ongoing discourse. Musteen, Datta & Butts (2014) note that tie strength can create mutual trust, ultimately influencing the actor's motivation to share knowledge. In contrast, other scholars acknowledge the liabilities related to the strongly embedded ties (Uzzi 1997) and highlight the strength of weak ties (Granovetter 1973). The argument here is that weak ties, especially those bridging access (Burt 1992), are an essential mechanism for innovation and access to new resources (Granovetter 1973). In line with that, Hirschman (1970) argues for the value of arm's-length ties in facilitating economic performance, i.e. by avoiding risky reliance on a small number of partners.

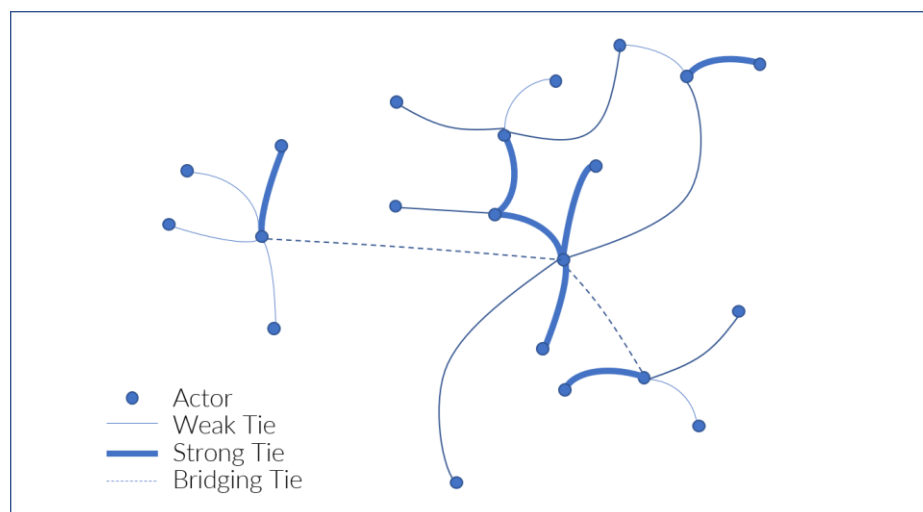


Figure 5: Illustration of Strong, Weak and Bridging Ties

Since relational and structural embeddedness appear to be subject to investigation in the context of entrepreneurship, they will demarcate the scope of our thesis.

However, returning to the variety of embeddedness dimensions, we want to note that there are several other interrelated dimensions, e.g. as presented by Simsek, Lubatkin & Floyd (2003). Greenwood & Suddaby (2006), for instance, analyze institutional entrepreneurship in the light of embedded agency, drawing from network and contradictions theory. Similar to Thornton (1999), Kloosterman & Rath (2001) use a 'mixed embeddedness' approach, taking into account the 'demand-side' and the 'supply-side' of entrepreneurship. Given the expanding range of embeddedness types, we want to highlight our focus on actor embeddedness in their surrounding social networks.

3.2 Embeddedness and Social Entrepreneurship

Having presented the core embeddedness theory, this chapter presents a review of the contributions applying the concept of embeddedness to SE. First, the systematic approach behind the selection of the contribution is outlined. We continue with the findings that hopefully help to answer our research question, starting with a process of embeddedness, followed by its positive effects and potential risks and culminating in an embeddedness dilemma.

3.2.1 Systematic Selection and Key Themes

For the purpose of the literature review a keyword search of the terms "SE" in combination with "embeddedness" in title, abstract and keywords of peer-reviewed, English articles in academic journals was conducted. The databases EBSCO, ABIInform and SCOPUS were screened, yielding 26 papers in total. A second manual sorting was necessary in order to identify the papers that cover our definition of SE and the concept of embeddedness in social networks.

Several articles provide an analysis of the entire field of SE or focus on entrepreneurship education, while mentioning the centrality of embeddedness (Shaw, de Bruin 2013, Ferreira et al. 2017, Zeyen et al. 2013, Pache, Chowdhury 2012, Elmes et al. 2012). Furthermore, several contributions focus on other types of embeddedness that go beyond the scope of our thesis such as institutional or political embeddedness (Grohs, Schneiders & Heinze 2016, Ruddat, Schönauer 2014, Scott, Laine 2012). Finally, there are contributions that have based their investigation on a different definition of SE or another particular form of social enterprises that do not allow a generalization of all social enterprises, such as social franchising networks (Zafeiropoulou,

Koufopoulos 2014, Zafeiropoulou, Koufopoulos 2013), social intrapreneurship (Kistruck, Beamish 2010), craft entrepreneurs (Pret, Carter 2017), borderwork co-operations and civil society engagement (Scott, Laine 2012), community ventures (Vestrum, Rasmussen 2013) and lone social entrepreneurs without financial self-sustainability (Partzsch, Ziegler 2011).

While the number of relevant contributions is limited, those that were deemed relevant emphasize the importance of social network embeddedness and identify the concept as a key theme for SE research (Shaw, de Bruin 2013, Zeyen et al. 2013, Shaw, Carter 2007). Mair & Martí (2006), whose contribution has been considered by Ferreira et al. (2017) to be among the most influential ones, make this connection by emphasizing the importance of the environment and how it is influencing the actions of social entrepreneurs.

3.2.2 Process of Embeddedness in Social Entrepreneurship

Elmes et al. (2012), arguing for the need to teach entrepreneurship students about the importance of relational and structural embeddedness in order to overcome barriers to success, emphasize the important contribution of the stage model of embeddedness from Haugh (2007). In her qualitative study on five community-led social enterprises, Haugh (2007) identified six stages for social enterprise creation and two types of networks that have changing importance along the advancement through those stages. Her identified stages are (1) opportunity recognition, (2) idea articulation, (3) idea ownership, (4) resource mobilization, (5) exploitation and (6) stakeholder reflection. Highlighting the need of network development and use for resource mobilization, Haugh (2007) identified formal, as well as tailor-made network structures accompanying the evolution and development of the social enterprise. At the beginning, strong ties in the community and weak formal ties to institutions assist in opportunity recognition and idea articulation. Later, when resources need to be mobilized, tailored networks, consisting of specific actors who provide required resources, are established. In sum, Haugh (2007) illustrates network changes over time, showing the existence of several types of networks and different benefits of being embedded in them. In line with Haugh (2007), Mair & Martí (2006) suggest that the level of embeddedness and its influence on social enterprise behavior can change over time, naming the four stages of intention formation, start-up, growth and consolidation illustratively.

Similarly, Vestrum & Rasmussen (2013) investigated the resource mobilization process of two Norwegian community ventures, concluding that two distinct phases, characterized by different resource mobilization strategies, exist. Using Santos & Eisenhardt's (2009) argument that in the early stage, nascent community ventures neither have legitimacy in the local community, nor possess

resources, Vestrum & Rasmussen (2013) find local resource providers to be reluctant to contribute. In order to progress with these asymmetric dependence relationships, community ventures employ two different strategies (Vestrum, Rasmussen 2013) - they adapt to existing practices of the community and simultaneously try to alter them. Through interaction and exchange, community ventures become embedded and eventually establish joint dependence relationships with local suppliers, demarcating the entry in the second stage (Vestrum, Rasmussen 2013). Such joint dependence relationships are characterized by trust, reciprocity, a high resource flow and value creation for both sides. The community ventures continuously embed themselves further to gain more access to resources in the local community. The study by Vestrum & Rasmussen (2013) outlines how resources are mobilized through networks in different developmental stages.

While both Haugh (2007) and Vestrum & Rasmussen (2013) confirm Mair & Martí (2006) in that embeddedness is a process evolving through different entrepreneurial stages, their focus on special forms of social enterprises, i.e. community-led social enterprises and community ventures, might limit the applicability of their findings. In the following, we will take a closer look at the effects of such embeddedness.

3.2.3 Positive Effects of Embeddedness in Social Entrepreneurship

Building on Granovetter (1985) and Uzzi (1997), scholars have identified positive effects or drivers of embeddedness in SE.

Shaw & Carter (2007) see the local scope of the opportunities recognized during the entrepreneurial process as one reason for the need of being embedded into local networks. The network plays an instrumental role in recognizing opportunities (Shaw, Carter 2007, Smith, Stevens 2010, Haugh 2007). Tacit knowledge about social needs exists locally and can be accessed through the development of strong ties characterized by trust (Haugh 2007, Partzsch, Ziegler 2011). Being embedded in the local community thus allows to gain a deep understanding of the local market peculiarities and develop an effective solution (Shaw, Carter 2007). Smith & Stevens (2010) introduce a similar thought by relating the type of structural embeddedness and scaling strategy to different social entrepreneur profiles (Zahra et al. 2009), where local needs and local opportunities are addressed by the 'social bricoleur' and said to require a high level of structural embeddedness into the local community. The smaller the geographic area in which the social enterprises act, the more likely it is to become socially embedded as a result of the 'time-geographic realities' (Hägerstrand 1975). Being embedded in the local network provides the social entrepreneurs with critical access to essential information and knowledge necessary to identify an opportunity and to

develop the enterprise (Smith, Stevens 2010, Shaw, Carter 2007). Maclean, Harvey & Gordon (2013) identify the importance of tacit-domain specific knowledge from the community in their study on socially innovative philanthropic projects, viewing community engagement as a central requirement of social enterprises. Here, storytelling is used as an important tool, to connect to the community and become embedded.

A second positive effect of embeddedness is the asset of social capital that can be extracted from the network (Mair, Martí 2006, Dufays, Huybrechts 2014) and then turned into other forms of capital, e.g. financial capital, by the social entrepreneur (Dufays, Huybrechts 2014). As social entrepreneurs are exposed to numerous resource voids, they can gather resources by instrumentally using their networks (Montgomery, Dacin & Dacin 2012). Mair & Martí (2006) argue that management of embeddedness is thus essential and determines to what extent the social entrepreneur will be able to solve the underlying social problem sustainably.

A third benefit of embeddedness into the local network is the development of credibility, which is created through the interaction of social entrepreneurs, employees and volunteers with contacts in the local community (Shaw, Carter 2007). Through ongoing interaction, fulfilment of expectations and compliance with norms, social enterprises can establish trust and reputation. Mair et al. (2011) and Burt (1992) argue that the establishment of a reputation is possible via a certain level of network closure. In the end, local support and loyalty to credible social entrepreneurs are deemed essential for their survival (Shaw, Carter 2007). Pret & Carter (2017), analyzing craft entrepreneurs, found that entrepreneurs become embedded by complying with the norms of generosity and camaraderie, while failure to do so limits access to resources.

3.2.4 Liabilities and the Embeddedness Dilemma in Social Entrepreneurship

Despite the importance of embeddedness for the development of social enterprises, Mair & Martí (2006) emphasize the existence of liabilities associated with embeddedness and the risk of becoming over-embedded. This view has been shared by several scholars in SE, for instance Dufays & Huybrechts (2014).

A high level of embeddedness can limit the diversity of ideas which a social entrepreneur is exposed to and subsequently lead to inertia (Mair, Martí 2006, Dufays, Huybrechts 2014). Similarly, over-embeddedness might prevent social change that involves breaking with current initiatives and establishing new ones due to the need of adhering to norms and the need for specific resources (Mair, Martí 2006, Dufays, Huybrechts 2014, Pret, Carter 2017). As the stage model of Haugh (2007) and the indication of a stage-like development by Mair & Martí (2006) suggest, the effects

of embeddedness change when the social enterprise advances, which might turn into restrictions rather than benefits.

Moreover, Vestrum & Rasmussen (2013) describe a challenging dilemma of the need of becoming embedded by complying with existing norms and demands, while introducing innovative practices at the same time. The key is to understand the reciprocal relationship between the social enterprise and the community. Pret & Carter (2017) argue that embeddedness and its benefits come at a 'price', which is the need to comply with norms and give back in order to become embedded. Failing to do so can seriously hinder business operations and enterprise success (Pret, Carter 2017).

A mechanism of partially disembedding themselves could allow community members to follow new paths and cope with the dilemma. Continuing this thought, Maclean, Harvey & Gordon (2013) note that with the process of disembedding, re-embedding into a network more suitable for the changing needs of the social enterprise might occur.

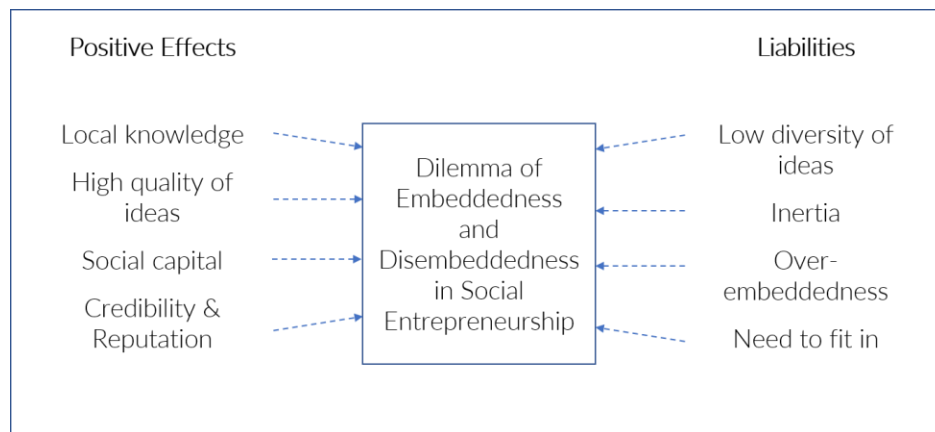


Figure 6: Dilemma of Embeddedness and Disembeddedness in Social Entrepreneurship

3.2.5 Summary

Embeddedness has been identified as a valuable concept to analyze SE (Shaw, Carter 2007, Ferreira et al. 2017, Zeyen et al. 2013, Elmes et al. 2012, Shaw, Carter 2007). However, as of today, the number of contributions to the specific kind of social network embeddedness in SE is limited. Particularly, the process of becoming embedded (Haugh 2007, Vestrum, Rasmussen 2013) as well as the effects of embeddedness have received attention. Several scholars have also mentioned the risk of becoming highly embedded or over-embedded as it might limit the diversity of ideas and restrict the ability to enforce change as a result of the need to comply with norms (Mair, Martí 2006, Dufays, Huybrechts 2014, Pret, Carter 2017, Vestrum, Rasmussen 2013, Mair et al. 2011, Maclean, Harvey & Gordon 2013). In this context, the idea that social enterprises may undergo a process of

dis-embeddedness and potentially a subsequent re-embeddedness, is raised. This idea has, however, not yet been further explored to a similar extent as the process and the effects of becoming embedded in SE. Therefore, we present an overview of the contributions of social network embeddedness in the field of commercial entrepreneurship in the following.

3.3 Embeddedness and Commercial Entrepreneurship

Considering the different nature of created wealth, SE cannot be accurately understood if only analyzed from a purely economic position. While we are aware of the need to closely examine the commercial entrepreneurship concepts for their applicability to SE (Shepherd, Woods 2011), “research on SE has to some extent replicated the empirical and theoretical evolution of entrepreneurship” (Mair, Martí 2006, p.38). Following this line of reasoning and given the limited academic literature on the concept of embeddedness in SE, we take into account embeddedness research in the context of commercial entrepreneurship. In this part, we will discuss the definition and applications of the concept of embeddedness within the area of commercial entrepreneurship and present encountered processes, as well as positive and negative effects.

3.3.1 The Concept of Embeddedness in Commercial Entrepreneurship

The notion that entrepreneurs are embedded in social relationships became almost fundamental to the entrepreneurship literature (Aldrich, Cliff 2003). Subsequently, a large part of research in the field of commercial entrepreneurship deals with its embeddedness. The most recognized articles, however, are using theoretically distinct concepts of embeddedness not fully in line with the scope of this paper.

Thornton (1999, p.41), for example, argues for the use of the social embeddedness concept for analyzing individual, organizational, market, and environmental characteristics and “explaining how, where, and why new ventures are founded”. Acknowledging an actor’s social embeddedness as an important factor for the venture creation decision and the resource mobilization, Aldrich & Cliff (2003) argue for family influences on the processes involved in venture creation. Stam (2007), analyzing the locational behavior of entrepreneurial firms, finds that regional network embeddedness has little weight in location choice, but hypothesizes that growth might be negatively correlated with regional embeddedness. Given this broad application of the concept of

embeddedness, in the following we present selected literature that we found to be in line with our definition and scope, i.e. embeddedness process, effects and dilemma.

3.3.2 Process of Embeddedness in Commercial Entrepreneurship

Using Giddens' theory of structuration, Jack & Anderson (2002, p.467) describe entrepreneurship as an "embedded socio-economic process", highlighting the value of social embeddedness for the entrepreneurial journey. Exploring the use of structure by entrepreneurs, they find that embedding enables the entrepreneur "to understand the specifics of the local structure and to achieve the entrepreneurial outcome", while "in turn, the structure is changed by the entrepreneur", making embeddedness a two-directional avenue between the entrepreneur and the social surroundings (Jack, Anderson 2002, p.482).

Hite & Hesterly (2001) also take on a process view in their study, hypothesizing about advantageous network characteristics for young enterprises. Focusing on the early life-cycle stages and on related resource necessities, they propose that networks of young enterprises develop from mainly identity-based, embedded ties during the emergence phase to ties based more on calculative connections that resemble arm's-length ties, during early growth. Hite & Hesterly (2001) ground this argument in the assumption of an enterprise's goal to mobilize resources for growth. They further argue that startups change their network from being cohesive and relatively closed to show more structural holes (Burt 1992). Although cohesive networks provide a certain guarantee for resource access when legitimacy is low (Portes, Sensenbrenner 1993), networks characterized by structural holes are less redundant and provide access to new information (Burt 1992). Finally, Hite & Hesterly (2001) propose that, as enterprises move from emergence to early growth, the networks of young enterprises also change from being a result of path-dependency towards being actively managed, where embeddedness is said to be hindering active network management. As such, the cohesive networks and networks characterized by structural holes are seen as complementary (Hite, Hesterly 2001).

Accordingly, acknowledging the dynamic nature of ties, Huggins & Thompson (2017) point to a process of embeddedness by proposing an evolution from embedded relations to more contractual and strategic relationships as well as an emergence of embedded ties after a formalized agreement period.

Summarizing, embeddedness was found to be a two-dimensional process, (Jack, Anderson 2002) with the composition of ties changing along the entrepreneurial journey (Huggins, Thompson 2017, Hite 2005).

3.3.3 Positive Effects of Embeddedness in Commercial Entrepreneurship

Batjargal (2003, p.538) analyzes the effects of structural, relational and resource embeddedness on firm performance of entrepreneurs in post-soviet Russia, where resource embeddedness is defined as “the degree to which network contacts possess valuable resources”. Finding only relational and resource embeddedness to have direct positive impacts on firm performance, he argues that “resourceful contacts in terms of financial resources, decision-making power, reputation, and social connections” (p.535) are able to positively influence contractual decisions and terms of the entrepreneur and that “having many weak ties [...] enables entrepreneurs to increase their revenues and profits” (p.551).

McKeever, Jack & Anderson (2015, p.62) analyze the dynamics between entrepreneurs and communities, finding that entrepreneurship can revitalize communities and offer “opportunities and experiences that go beyond economic rationality”. Thus, for entrepreneurs embedded in and committed to their community, the fit with the needs and capabilities of both the entrepreneur and the community is enhanced (McKeever, Jack & Anderson 2015). In conclusion, they argue for a place to be a resource with “enabling and constraining possibilities for both entrepreneurs and communities” (p.51).

Higgins & Thompson (2017) analyze how both embedded ties, which are usually associated with entrepreneurial networks, and “strategic and calculative ties”, which are often related to open innovation, affect innovation performance of entrepreneurial firms. Finding a positive effect of innovation only from embedded network ties, they propose that “for a majority of entrepreneurial firms’ strategic network ties may be harder to establish and to successfully utilize” (p.426).

Finally, Ruef (2002) analyzes how structural features of an entrepreneur’s network - tie strength, diversity and content -, in connection with his career history, set the ground for creative action. Incorporating the influence of directed, as well as team-internal ties, on innovativeness he finds that especially weak ties, directed ties and non-equivalent role structures have importance for access to novel information, thereby adding new ideas to the standard embeddedness theory. In the following, we will analyze whether such can also be found for the liabilities of embeddedness.

3.3.4 Liabilities and the Embeddedness Dilemma in Commercial Entrepreneurship

Referring to Hite & Hesterly (2001) and Uzzi (1996), Hite (2005, p.138) argues for downsides of embeddedness if an enterprise “assumes all network ties need full relational embeddedness, [as] it may allocate too many resources to tie development, experience excess constraints on actions,

and be inhibited from successful early growth”. However, finding that relational embeddedness is not a stable stage, but evolving and changing over time, Hite (2005, p.138) proposes that it might not be over-embeddedness, but rather “the constantly changing nature of the social relationship and the potential lack of governance fit” that leads to these negative effects. She concludes with a call for research on the constraints that entrepreneurial firms experience as a result of embeddedness. Hence, while not much literature on the downsides of embeddedness is available, scholars seem to continuously guide the discussion towards the question of a process of embeddedness and disembeddedness.

3.3.5 Summary

Summarizing, it has been found that while entrepreneurship literature makes use of a varied set of embeddedness definitions and approaches, a significant stream of research focuses on advancing embeddedness theory (Granovetter 1985, Uzzi 1996), by relating it to adjacent concepts (Simsek, Lubatkin & Floyd 2003, Huggins, Thompson 2017, Batjargal 2003, Ruef 2002) or by breaking down detailed functioning of the initially proposed concepts (Hite, Hesterly 2001, Hite 2005, Batjargal 2003, McKeever, Jack & Anderson 2015, Hite 2003, Jack 2005), while little has been done with regards to disembeddedness.

3.4 Conclusion

In this chapter, we have presented the concept of embeddedness and highlighted associated positive and negative effects, leading to the identification of an embeddedness dilemma. Looking at scholarly research of embeddedness in the field of social, as well as commercial entrepreneurship, we found that embeddedness plays a vital role for entrepreneurial outcomes. We observed that particularly the process of becoming embedded as well as the positive effects of embeddedness have received attention, while with regards to the downsides of embeddedness, calls for research were encountered. This supports the need to answer our initially presented research question: how do social enterprises manage the process of embeddedness and disembeddedness? The next chapter will deal with the methodology we used to answer it.

4. Methodology

In this chapter, we motivate our methodological choices for the investigation of the research question. First, we elaborate on the research philosophy, approach and design (4.1) and continue with the data collection and analysis procedure (4.2). Then, the research process is described (4.3). The chapter is concluded by a discussion on how the study is designed to overcome potential hurdles regarding the quality of the results (4.4).

4.1 Methodological Fit

Internal consistency among the elements within a research project is an important characteristic of quality in management field research (Edmondson, Mcmanus 2007). Thus, attention must be paid to ensuring the fit of the research design with the research question and reviewed literature. Otherwise, the research question might not be effectively answered, or the study might not contribute in a relevant manner (Edmondson, Mcmanus 2007, Saunders, Lewis & Thornhill 2012). We outline our methodological reasoning and motivate our choices by structuring in line with the research onion by Saunders, Lewis & Thornhill (2012). The research onion (Figure 7) is a simplified, but effective concept that includes several layers, that guide stepwise towards the selection of an adequate research methodology.

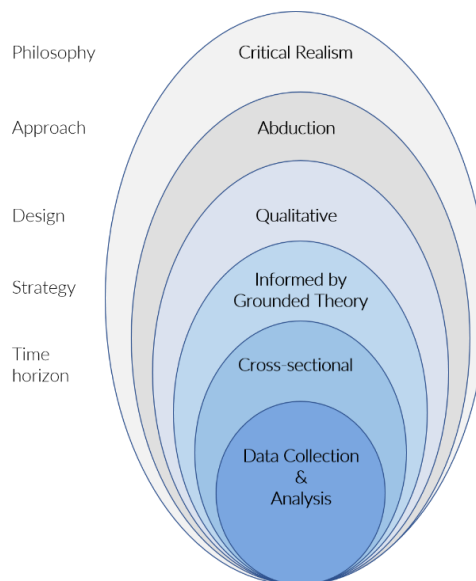


Figure 7: Research Onion

4.1.1 Research Philosophy

As we seek to contribute theoretically and practically with this thesis, we aim to develop new knowledge (Saunders, Lewis & Thornhill 2012, Bryant, Charmaz 2007) and therefore briefly reflect on the philosophical choice for knowledge development. Based on the thought that reality can be explored and understood, we follow the more recently developed stance of critical realism (Welch et al. 2011, Bhaskar 1998). Realism allows us to see reality as independent and observable by collecting and analyzing data, while the critical notion acknowledges that human behavior may change dependent on the social conditions and thus not directly depict reality (Saunders, Lewis & Thornhill 2012, Bhaskar 1998). Furthermore, critical realism highlights the importance of multiple influences on humans (Saunders, Lewis & Thornhill 2012), which complements our investigation on networks, where the social entrepreneur is affected by multiple other actors. Based on the data and the awareness of social structures affecting human behavior, we conducted an analysis guided by constant comparisons, to develop a theoretical contribution about the embeddedness dilemma and process.

4.1.2 Research Approach

The research approach outlines the form of reasoning we adopt in this thesis (Saunders, Lewis & Thornhill 2012). Originally, Grounded Theory (GT) states to use induction (Glaser, Strauss 1967). Analogies to this approach can be found in our data collection and its subsequent development. However, we argue in accordance with Bryant & Charmaz (2007), that for GT, ultimately an abductive logic is preferable as constant comparisons are an element of GT and lead to movement back and forth between empirics and theory.

An abductive approach starts with something 'surprising' (Flick 2014). Our research process began when we recognized a note in the future outlook section of Mair & Martí's (2006) work about a potential dilemma between embeddedness and disembeddedness. We continued with a pre-study to identify potential opportunities and formulated a research question. Subsequently, a theoretical framework was created from prior literature to investigate possible explanations for our research question. Based on the pre-study and the theoretical background, we entered the data collection phase with a revised research design (Easterby-Smith, Thorpe & Jackson 2012). The data collection prompted us to further develop our theoretical framework and finally our contributions (Flick 2014). Furthermore, constant comparisons of the findings let us move back and forth between empirics and theory during the data collection phase in order to develop the contributions (Bryant, Charmaz

2007). Through this process, we were able to describe and explain what was previously ‘surprising’ through our contributions (Flick 2014).

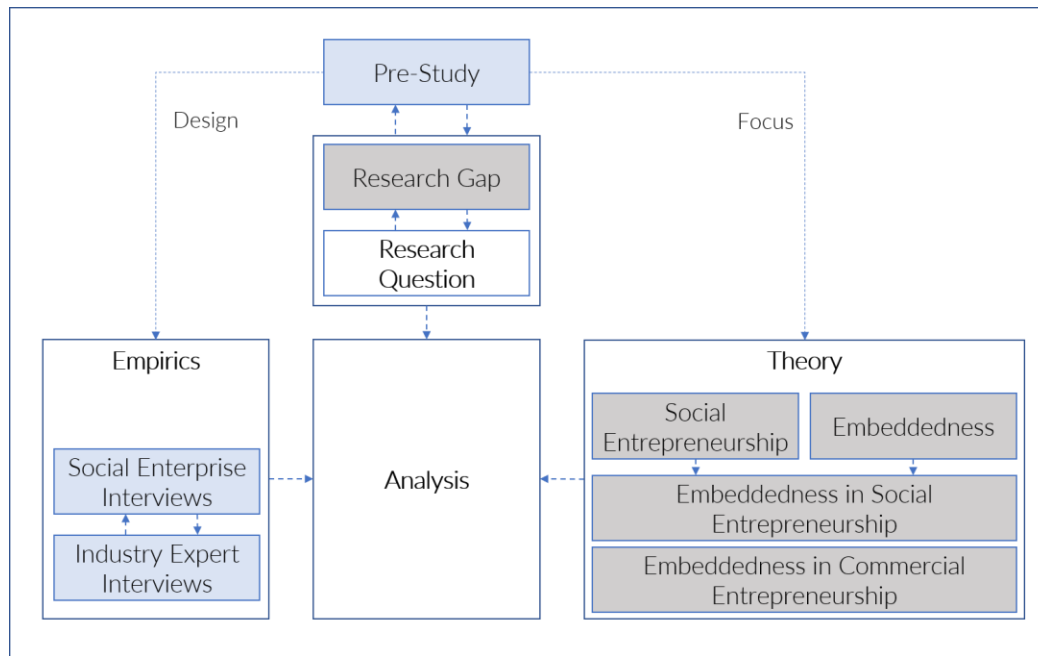


Figure 8: Research Process

4.1.3 Research Design

Essentially, the research design is a plan that shows how we answer the research question (Saunders, Lewis & Thornhill 2012). Edmondson & Mcmanus (2007) propose to orient the research design on the state of prior literature that can range from nascent, over intermediate to mature literature. We have seen that SE is still an emerging field, while some parts within the emerging field might be comparably more researched and thus be on the edge to an intermediate state (Dacin, Dacin & Matear 2010). Although the concept of embeddedness in SE has received attention by some scholars, e.g. Smith & Stevens (2010), Haugh (2007), we argue that the particular focus of this thesis, the dilemma of embeddedness and disembeddedness and its management, has not been investigated. It thus qualifies as nascent, which requires a qualitative approach (Edmondson, Mcmanus 2007).

Moreover, our research question concerns the questions ‘how’ and ‘why’, which are sought to be answered through a qualitative approach (Saunders, Lewis & Thornhill 2012, Eisenhardt 1989, Yin 2009). The fact that we are investigating a contemporary phenomenon and that the boundaries between the context and the phenomenon are blurred, also motivates our choice (Yin 2009).

Furthermore, network analyses have mainly been of quantitative nature (Baker, Onyx & Edwards 2011), calling for more qualitative studies in order to view the concept from different perspectives. We adopt a process perspective in this thesis, whose investigation requires a qualitative nature (Flick 2014, Yin 2009). We seek to describe the process of embeddedness and disembeddness, to compare different cases and seek explanations for these differences. Therefore, we define our research design as exploratory (Saunders, Lewis & Thornhill 2012).

Finally, we have used multiple qualitative data collection techniques to accommodate multiple independent data sources or perspectives and triangulate the observations, qualifying our study as multimethodological. Primary data was obtained through interviews with two distinct interviewee samples and compared to data from secondary sources. This combination allowed us to validate the statements, temper the subjectivity of individual views and formulate a social construct (Saunders, Lewis & Thornhill 2012).

4.1.4 Research Strategy

The research strategy gives direction to systematically answer the research question (Saunders, Lewis & Thornhill 2012). Our systematic path was informed by GT (Bryant, Charmaz 2007, Glaser, Strauss 1967). While pursuing the mantra of GT that “theory emerges from the data” (Bryant, Charmaz 2007, p.31), requiring simultaneous data collection and analysis, we followed the central, but flexible guidelines of this strategy. Particularly, we used the central elements of theoretical sampling, coding and the constant comparative method (Saunders, Lewis & Thornhill 2012, Bryant, Charmaz 2007). This strategy has ultimately allowed us to objectively derive contributions from the carefully coded data and integrate these within existing theory through an abductive logic.

4.2 Data Collection and Analysis

In total, our qualitative study comprises two pre-study interviews and 20 interviews in the main study, of which 14 were conducted with founders or CEOs of social enterprises and six with industry experts, all based in the Stockholm area. In the following sections we outline our procedure, presenting pre-study, sampling and interview design, as well as data analysis.

4.2.1 Pre-Study

A pre-study with two social entrepreneurs was conducted in order to understand and specify the practical appearance of the theoretically discussed dilemma of embeddedness and disembeddedness (Mair, Martí 2006, Busch 2014, Dufays, Huybrechts 2014). These interviews facilitated our understanding of potential conflicts and allowed us to rework our questionnaire to ensure that our questions are easily understandable and make the interviewees reveal their full knowledge (Wengraf 2001).

4.2.2 Interview Sample

As suggested by GT, we used the theoretical sampling method, a particular form of purposive sampling, to select the interviewees (Saunders, Lewis & Thornhill 2012). In a first step, we ensured compliance with our definition of social enterprises and the criterion of being headquartered in Stockholm. We reached out to experts in academia and the Stockholm School of Entrepreneurship to map relevant SE hubs and awards in Stockholm (Appendix 2), which we used as a proxy for being actively integrated into the Stockholm entrepreneurship community (Flick 2014). This culminated in a comprehensive list of social enterprises in the Stockholm area, which were screened to ensure compliance with our definition of social enterprises. Furthermore, we strategically selected a broad theoretical range located along the continuum of commercial entrepreneurship and philanthropic NGOs (Figure 2) in order to explore whether variation might occur and achieve theoretical saturation (Saunders, Lewis & Thornhill 2012, Bryant, Charmaz 2007).

As a result of the initial interviews with social entrepreneurs, we identified the need to conduct interviews with industry experts and obtain data from the meta-perspective to triangulate the subjective statements of the social entrepreneurs. Here, we purposefully selected the industry experts that were identified as key players during the mapping of the Stockholm startup scene.

Finally, secondary data was collected from company websites, financial information via Retriever Business, LinkedIn, social media and newspapers.

4.2.4 Interview Design

As suggested by GT, we decided to conduct semi-structured interviews (Merriam, Tisdell 2016). This allowed us to use a standardized part for descriptive purposes and ensured comparability for analysis purposes, while enabling us to identify explanatory elements. For the semi-structured interviews with social entrepreneurs, the interviewing style 'responsive interviewing' as introduced

by Rubin & Rubin (2005) was used. A sample questionnaire is shown in Appendix 3. Moreover, it contained a graphical element to the questionnaire, requesting the interviewees to draw a graph that depicts the percentage of time spent per week on networking, as compared to other business activities, from the beginning to date (Figure 9).

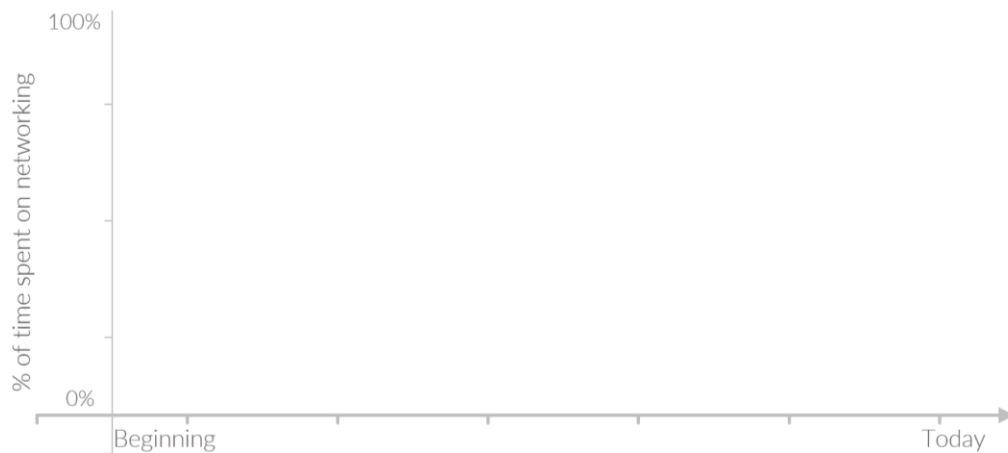


Figure 9: Graphical Element

For the interviews with industry experts, a structured interview was used to directly cover the working hypotheses that were developed from the interviews with the social entrepreneurs. The questionnaire can be found in Appendix 4.

All 20 interviews lasted between 30 to 60 minutes (Appendix 1). Two interviewees were conducted via Skype, one via telephone and 17 in person. Before each interview, the interview process and confidentiality measures were presented and a permission to record the conversation was sought.

4.2.5 Data Processing

Data interpretation lies at the heart of qualitative studies (Flick 2014). Although analysis and interpretation do not have a uniformly agreed upon standard as quantitative studies, we aimed at a high level of transparency and objectivity. All interviews were transcribed within 24 hours, coded with the CAQDAS¹ program NVivo and compared with secondary data.

As suggested by Charmaz (2006), two rounds of coding were used. First, an initial, open coding to derive categories and understand their relationships was employed. Then, a more focused,

¹ Computer-Assisted Qualitative Data Analysis

selective coding round was conducted. The constant comparative method was used to identify recurring themes, gradually analyze and subsequently develop the theoretical contributions.

4.3 Quality of the Study

In order to have both theoretical and practical impact, a study has to ensure trustworthiness and authenticity to the reader (Merriam, Tisdell 2016, Shenton 2004). Thus, we outline in the following the trustworthiness criteria by Lincoln & Guba (1985), which have been specifically developed for the application in qualitative research, and demonstrate this thesis' compliance with the criteria.

4.3.1 Credibility

A key criterion, credibility, concerns with the congruence of reality and research findings (Merriam, Tisdell 2016, Shenton 2004, Lincoln, Guba 1985). In this thesis we used three techniques proposed by (Lincoln, Guba 1985) to promote credibility: (1) Triangulation was used by drawing from two different sources of data and engaging two investigators to promote the likelihood of credible findings (Merriam, Tisdell 2016). (2) A negative case analysis was used by revisiting every interviewee case to challenge our theoretical contribution in hindsight and ensure congruence (Lincoln, Guba 1985). (3) Interviewees were provided with the statements we used in the thesis to check and approve the descriptive and interpretive accuracy (Merriam, Tisdell 2016).

4.3.2 Transferability

In quantitative research, explicit statements about external validity can be made in order to indicate the extent of applicability of the findings to other situations (Merriam, Tisdell 2016, Lincoln, Guba 1985). This option is not given to qualitative researchers. Alternatively, only 'thick descriptions' of the time and context accompanying the theoretical findings can be provided. This allows peers to draw conclusions on the transferability of the theoretical findings based on the similarity of the context. Above, we transparently outlined the boundaries of our study (Shenton 2004), allowing to make the context comprehensible and providing a properly thick description (Lincoln, Guba 1985). Additionally, we have selected cases on the edges to commercial entrepreneurship, thus, providing a comprehensive picture to allow for applicability to broader range of cases (Merriam, Tisdell 2016).

4.3.3 Dependability

The issue of reliability in quantitative research concerns the replicability of a study under similar conditions to yield similar results. However, qualitative researchers face difficulties involved in demonstrating dependability due to the inherent reliance on the situation of the results (Shenton 2004). Two techniques by Lincoln & Guba (1985) were used to resolve the issue. First, a stepwise replication was used, as our team consisted of two individuals, both conducting interviews independently, but with similar conditions. As proposed by Lincoln & Guba (1985), communication between the researchers took place every second evening during the data collection phase. Secondly, we argue for the use of an inquiry audit thanks to our supervisors, who confirmed our research process and examined the empirical product (Lincoln, Guba 1985).

5. Findings & Analysis

Having presented the methodology of our study, we now turn to our findings. In this section, findings and their analysis are presented topologically according to five focal themes that have evolved through the use of the constant comparative method (Glaser, Strauss 1967) and the process of triangulation (Yin 2009). All themes provide insights into the way social entrepreneurs manage the process of becoming embedded and the question of whether they disembed themselves. Illustrative quotes from the interviews are used to underline the theme. In the first section (5.1), we elaborate on the balancing act of social entrepreneurs when it comes to networking. Then, we describe the networking pattern of social entrepreneurs throughout the lifecycle of the social enterprise (5.2) and explain the employed networking strategy as described by the social entrepreneur (5.3). Subsequently, different factors explaining deviations from the pattern are uncovered (5.4) and finally we describe the challenge of social entrepreneurs to transition the level of embeddedness to their team (5.5).

5.1 Balancing Act

How do social enterprises manage the process of embeddedness and disembeddedness?

Several sub-questions are underlying our research question. One critical sub-question asks for the existence of a dilemma between embeddedness and disembeddedness and to what extent it requires active management. Before analyzing how this is being done, we take a step back and investigate whether and to what extent we find this dilemma in practice.

A common theme in the interviews with social entrepreneurs was found to be a balancing act between networking and “*getting stuff done*” (Grönska, 2017)². The social entrepreneurs perceived networking as a key for getting access to valuable resources, while it has been described as distracting after a certain threshold.

“I think [networking] is a really important step in the entrepreneurial journey. If you don’t network, you don’t run into the right kind of people. But if you over-network, you are not effective. That’s the challenge.”

Airinum (2017)

² Detailed list of interviewees in Appendix 1

More precisely, the threshold demarcating networking as ineffective relates to the value of the additional resources the social entrepreneur could receive from a networking opportunity. At the beginning, when the social entrepreneur seeks information, for instance feedback on their idea, a particularly high value of information is obtained from the first networking opportunities. However, social entrepreneurs often hear repetitions when interacting with more actors and new feedback is rare. Hence, the value of this redundant feedback from networking is comparably low, while the time required to find a small slice of new feedback is disproportionally high. At this point, social entrepreneurs were found to be balancing between how much time to allocate to networking compared executing the business model, in order to create the highest value during their working hours.

"Always. We always need to network more to generate the projects of tomorrow, but we always need to mirror what's already sold. So, this is the balance I'm working most with, in terms of managing the operations. Not too little, not too much networking."

Sustainergies (2017)

Furthermore, social entrepreneurs were found to struggle with the question where to focus their networking efforts and in which relations to invest long-term.

"You really have to think whom you want to meet at the networking events and whom you would be able to meet there. [...] What is the most efficient way to get to where I wanna be?"

HelptoHelp (2017)

To conclude, a dilemma of embeddedness was found. As such, the main question concerns the relationship between the invested effort required to become embedded and its outcome, i.e. the perceived value by the social entrepreneur. The marginal value of the resources or information that is gained from each networking opportunity needs to be weighed against the effort it requires and the value that might be created by investing this effort into operations. When a social enterprise develops, the required resources change, and the networking behavior does so accordingly. In the next part, we therefore shed light on how this process evolves.

5.2 Networking Pattern

Our findings show that the network evolves alongside the development of the social enterprise. Therefore, we describe the encountered development process and outline the networking patterns that were identified at particular developmental stages.

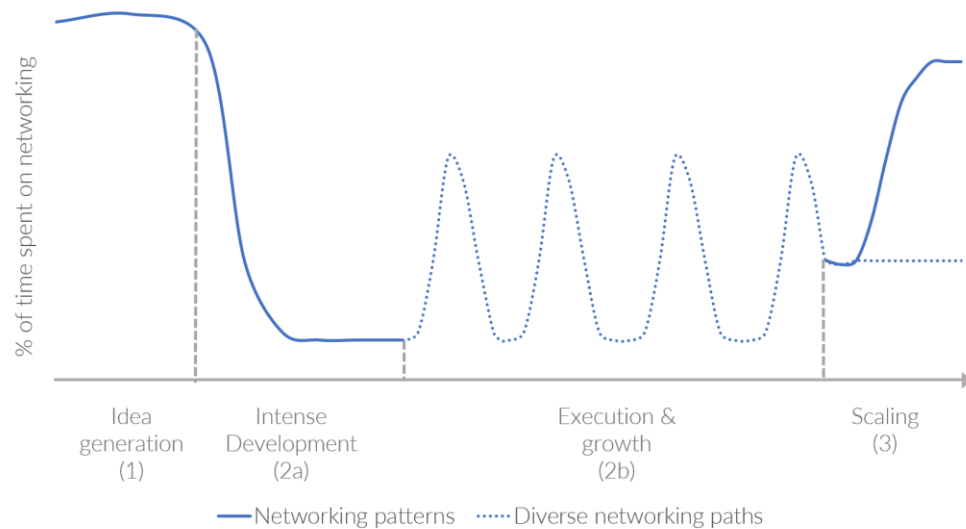


Figure 10: Stylized Example of Networking Pattern

In particular, we have identified patterns regarding the intensity of networking during the idea generation (Phase 1) and intense development phase (2a). Thereafter, diverse networking paths evolve, where similarities were encountered, but no dominant path was distinguishable (Phase 2b). However, when a social enterprise decides to scale its operations (Phase 3), an additional pattern was identified. The patterns are illustrated by the bold line in Figure 10. Nevertheless, the patterns do not hold as a uniform way and deviations exist. Accordingly, industry expert Henrik Storm Dryssen from Leksell Social Ventures (2017) has observed “*some patterns, but it is very diverse*”.

5.2.1 Phase One

The process of a social enterprise starts with opportunity recognition and exploitation, which we hereafter call idea generation process. This process demarcates the first stage in the embeddedness development, as the social entrepreneurs seek the dialogue with individuals to learn about the market opportunity. In order to receive this information, social entrepreneurs reach out to two different networks; their existing personal network and the (social) entrepreneurship community.

Raoul Scherwitzl from Natural Cycles (2017), together with his wife Elina Berglund, first developed an initial version of the product out of a personal need and directly tested it. Then, he *“talked to colleagues. I talked with my colleagues, my wife talked with her colleagues. And we had some people joining it. So, we could really see that from a women side [sic] this was something they want.”* Also, industry expert Henrik Storm Dryssen from Leksell Social Ventures (2017) confirms this aspect as he observed that social entrepreneurs *“start quite quickly”* and *“network with their clients at the beginning”* in case that the clients are part of their existing network.

Besides clients and colleagues, we found friends, families and prior working environments to be a trusted part of the personal network that social entrepreneurs turn to for checking general feasibility. Selina Hami from Selina Catering (2017) recalls her family as an important source for both parts of her business, the catering side in Stockholm and the food project in Syria:

“I exchange ideas with my mum [...], who is also an entrepreneur. I just call her. [...] The project in the Middle East was set up with my family there: My dad and other family in Beirut, Lebanon. And my grandmother and other family in Damascus, Syria.”

The second group which social entrepreneurs reach out to in this early phase is the (social) entrepreneurship community in Stockholm. Anton Håkanson from DayCape (2017) describes it as a certain urge:

“Obviously [...] you want also to gain knowledge on what you are doing. So, it is kind of intuitive to reach out and understand also who is out there in the SE landscape.”

The social entrepreneurs recall this phase as *“new and fun”*, where *“you learn a lot and it is cool to meet other entrepreneurs”* (Airinum, 2017).

The new information that the social entrepreneurs receive through their network is subsequently incorporated into their business model. The interaction with the network and the refinement of the business model is iterated until the social entrepreneur perceives sufficient validation and feels the urge to realize the business model.

5.2.2 Phase Two

The tipping point, opening Phase 2a, is characterized by a high level of embeddedness into the network and dense information flow, so that additional conversations with the contacts would

not add relevant information to the business model. Then, it is required to resist interacting with the tempting start-up scene (DayCape, 2017) and focus on the development of the idea. Being asked to elaborate on the tipping point, HelptoHelp (2017) stated:

"At some point everybody is gonna ask 'okay, can you show me something.' So, you need to have something to show, before you can develop the idea further. Once you have defined the scope, develop the prototype."

After the tipping point, the intense development Phase 2a is characterized by a relatively low level of networking, because *"at the end of the day, you need to get stuff done at your office"* (Grönska, 2017). When entering Phase 2b, during which social entrepreneurs continue to develop, execute and grow their business, diverse networking habits are observed, and no clear pattern is distinguishable. In general, networking intensity was found to be at a lower level than in Phase 1. However, characteristic for this phase are 'networking peaks' that interrupt the low networking activity. Similarities between the different networking peaks are described in the following.

For Fanny von Hofsten, founder of the Swedish sustainable clothing brand Circle of Sweden, finding the right supplier required *"lots of research"*. She recalls that at the beginning she thought *"it must be easy to find a factory, but it is really not"*. Particularly, as Circle of Sweden pays high attention to ethical and quality standards in order to be in line with the mission of being sustainable.

An anonymized source (2017) described this phase as *"quite boring"*, except for their investment rounds which required more intense networking. In this case, financial capital was the resource needed for more growth and initiated higher networking activities. Generally, access to financial resources was often mentioned as a reason for observed networking peaks. Raoul Scherwitzl from Natural Cycles (2017) explained that it is necessary to reach out to 100 potential investors to finally get one. Summarizing, these peaks of higher networking activity were observed when specific resources needed to be acquired.

In this second phase, we observed a more directed and selective networking behavior. The social entrepreneurs exhibit a clearer understanding of the organization's needs for continuing operations and attaining their mission and therefore engage in directed networking to fulfill these. Networking events are screened according to their potential for providing these resources and new contacts are specifically reached out to. Existing networks are used as 'bridge', asking existing contacts to refer contacts that possess crucial resources. Raoul Scherwitzl from Natural Cycles

(2017) mentions to be “*super focused*” and Malin Cronqvist from HelptoHelp (2017) states that they have become “*extremely selective*” when picking the events to go to.

“As you grow, when you take in investor money, you just need to find more structure and more focus. It is not getting more boring, but becoming more laser-sharp focused. That means turning down most of the events we don’t see value in. I am asking myself the question what the outcome of this will be. Is it just a fun event with lovely people? Then I don’t go, unless once in a while. But if there is someone I really want to meet there, then I prepare and meet them.”

Airinum (2017)

Another observation we made towards the end of Phase 2b was that network maintenance of operational contacts is being standardized and distributed among employees within the social enterprise. One example is Natural Cycles. When the customer base of the company grew, the founders could not manage the direct customer interaction from a time perspective. Thus, one of company’s first hires was a customer support employee.

This standardization was found to ensure robust organizational processes and free resources for the social entrepreneur, implying that the level of embeddedness with this network part is being maintained, but the interaction is done by other individuals within the social enterprise.

5.2.3 Phase Three

Whether or not the social entrepreneur enters the third phase depends on the willingness to scale. In case that the social entrepreneur has the mission of scaling operations beyond a local scope, he or she engages in stronger networking activities in order to acquire knowledge for an expansion. The networking scope then exceeds the Stockholm ecosystem. For instance, Futebol dá força used the network of the United Nations Office on Sport and Development for Peace to gain information about other countries and identify suitable contact persons. At this point, the founder of Futebol dá força pointed out, that a high amount of time was spent on network expansion activities, so that network maintenance needed to be done by the employees within the social enterprise. Hence, the social entrepreneur needs to transfer the responsibility of maintaining operationally relevant contacts to other employees. Only then resources are available to build up a new network.

5.2.4 Summary

To conclude, we have identified patterns in the networking activity of social entrepreneurs during the idea generation, the development and the scaling phase. At the beginning, the social entrepreneur shows a high networking intensity, seeking to acquire relevant information or resources from personal networks or the (social) entrepreneurship community. This reflects an initial process of becoming embedded. Resulting feedback and early resources are integrated into the development of the business model. The point demarcating the switch from a high to a reduced networking activity is characterized by a very high level of embeddedness as, at that time, the social entrepreneur is tied into the network with a regular exchange of information and resources. We describe the subsequent period of reduced networking activity as disembedding, since the frequency of interaction is lowered, and only relevant contacts are regularly maintained. In this second phase the focus is on business model refinement and execution. Thereafter, a comparably low networking level continues. While no clear pattern was identifiable, the existence of networking peaks in relation to resources like financial capital was discovered. These networking peaks are coped with by the social entrepreneur, while the maintenance of operationally relevant contacts is distributed to employees within the social enterprise. This transfer allows social enterprises to enter the scaling phase which is characterized by a new increase in networking activity, as networks outside the local scope need to be built up. However, while an overall pattern could be identified, the length of the phases, as well as the extent of networking in order to develop the business model can differ for individual social enterprises. In the next part, we will describe and analyze how the social entrepreneurs engage in the networking during the different developmental stages.

5.3 Networking Strategies

After the identification of an existing dilemma and different networking patterns during the development process, we now turn to the sub-question of whether there is an active process management.

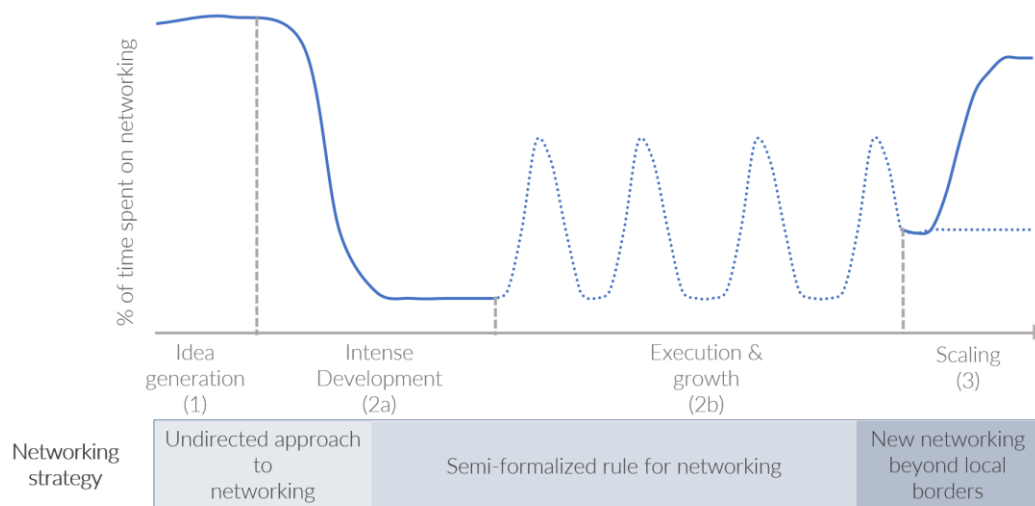


Figure 11: Stylized Example of Networking Strategy

In parallel to the evolvement pattern in networking, we have observed that the approach to networking changes over time and translates into a “*semi-defined*” networking strategy (Grönska, 2017).

We have seen that in the idea generation phase, social entrepreneurs reach out to their existing networks as well as the (social) entrepreneurship community to seek critical information or feedback. Alexander Hjertström from Airinum (2017) adds another driver, as he “*wanted to have people and investors to know about us.*” Hence, the need to build a reputation to access further resources such as financing, motivates social entrepreneurs to attend events in the (social) entrepreneurship scene and build up new contacts. However, social entrepreneurs often face a problem here as “*you never know, whether that one event has the right people and gives the right experience*” (DEEDS, 2017). Therefore, in the initial phase, social entrepreneurs reach out to a broad (social) entrepreneurship landscape. They just “*jump*” into the community in order to “*understand what is going on*” (Grönska, 2017). Often interviewees state that they “*have mingled a lot at the beginning*” which also consumes a lot of time. But through the ongoing interaction, social entrepreneurs can map the relevant actors in the network and receive valuable resources and information.

Once the social entrepreneur has received a sufficient amount of information, a tipping point is reached, and the development phase is entered. Linn Frisinger from Swedish Stockings (2017) expresses a risk associated with not realizing the tipping point, as “*it can be dangerous to listen to*

too many people at the same time.” So, most social entrepreneurs scale back the networking activities while in the intense development phase to intensely focus on the realization of the business model, there are some exceptions. As Henrik Storm Dryssen from Leksell Social Ventures (2017) noticed, *“there are faces you recognize in all of those events”*. These social entrepreneurs might have a different underlying mission shaped by the personal goals of the social entrepreneur.

After the intense development phase (2a), the social entrepreneurs mention a better understanding of what the company needs, and which resources need to be acquired. Niclas Persson from DEEDS (2017) describes his conscious thought process:

“If you are an entrepreneur, you see what is necessary and actively seek out for that. [...] One thing I learned is that everyone becomes quite rational and if you need help and ask for it, it is fine.”

In consequence, we observed a more directed networking pattern oriented towards goals and the mission of the company in phase two. Specific contacts that can provide resources crucial for goal attainment are reached out to by using existing personal networks or the network built up during the idea generation phase as a ‘bridge’. While relevant parts of these networks are kept as long-term relations, other parts of the network are actively being dissolved. Linn Frisinger from Swedish Stockings (2017) explained for instance that their advisory board has changed its composition over time when they *“realized that [they] have passed this step and [...] need to take someone new in”*. Hence, the focus for social entrepreneurs evolves from establishing new contacts to primarily maintaining relevant network parts with specific resources and maintaining well-connected ties that can refer to additional relevant contacts. Alexander Hjertström from Airinum (2017) phrases this in the following way:

“Once the company grows a little bit bigger and you formalize the company and you look for investments, then you look outside your immediate network. [...] I think it is the key thing to map: what is the need at what time and what type of network do you need.”

Most social enterprises described a rule of thumb or a semi-formal networking strategy. Sustainergies even elaborated with more detailed guidelines, *“making sure, [they] are documenting contact details, have follow-ups, put people in sales processes or CRM processes no matter if it's sales or learning to get know-how”*. The guidelines continue also in the selection of networking

activities, since they make sure to “*actually meet people who are important or could be important*” (Sustainergies, 2017). This illustrates that social entrepreneurs actively find an effective way to manage their network and reach out to specific contacts. Markus Danell from Sustainergies (2017) describes this constant reaching for resources as an iterative cycle.

“I need to spend a lot of time on those relationships that bring in the revenues, but on the other hand it gives a foundation to keep growing. [...] But now what I want is develop a new business area. And to do that we need to change or get a new network. Not completely new, but within a sector.”

In order to use the current network for an expansion, it is not sufficient to have contacts and occasionally ask for help when needed. Rather, it is necessary to build strong relationships characterized by reciprocity and trust. Industry expert Caroline Cederlöf from Social Initiative (2017) argues that regular updates and ‘*giving back*’ are crucial for this. It is important to avoid the impression of asking for help only when in need and not being interested or willed to give back. Also, Malin Cronqvist from HelptoHelp (2017) emphasizes that it is “*about building relationships that are mutual, where you show that you are a nice person*”. A way that social entrepreneurs have shown to do this are referrals. Hereby, the social entrepreneur connects the actor with another contact from their network that can be of value.

Finally, when a social enterprise decides to enter the scaling phase, a robust business model, a sufficient penetration of the local market and standardized network maintenance are required. However, according to Cecilia Andrén Nyström from Futebol dá força (2017), transferring networking responsibility from the founder to employees to achieve this standardization is difficult. After mastering this challenge, the founder has free resources to build the network to scale beyond local borders. As Richard Nicolin from Eneo Solutions (2017) states:

“Then obviously we need a lot of networks wherever we decide to go.”

Also, Alexander Hjertström from Airinum (2017) mentions this change:

“And then when you are as big as we are now, you start to talk to people and companies in different countries and then it tends to change.”

Concluding on the entire process, we see a change from an open networking approach to a semi-defined networking strategy. The open approach is characterized by a broad outreach to various market actors driven by the need for information, resources and reputation. It is continued until the need for resources is sufficiently fulfilled, often recognized by a saturation of information that makes the social entrepreneur feel confident to further proceed with the business model. During the execution of the business model, a clearer understanding of specific needs is gained, providing the social entrepreneur with a better overview of the relevant network parts and indicating which contacts the network is missing. For the relevant network parts, long-lasting relationships marked by reciprocity are maintained, while the network gaps are covered, often using existing contacts as a bridge for an initial meeting. The general rule is that the additional value of a networking opportunity must surpass a certain threshold in the perception of the social entrepreneur. The third networking approach that we have identified is characterized through an outreach of the social entrepreneur to contacts beyond the local community if the social enterprise decides to scale. In sum, we consider the process of network management to be actively defined by the social entrepreneur after going through an initial idea generation phase.

5.4 Influencing Factors

The identified networking patterns (5.2) and networking strategies (5.3) were the result of comparing the experiences of all interviewees. However, deviations were also encountered. In this section, we explore these and describe underlying factors that were found to influence the shape of the networking patterns and strategy.

5.4.1. Organizational Goals

A key factor for having a high focus and rigidity in network behavior is the social mission. The degree to which the social entrepreneur wants to realize the overarching company goal defines the restrictiveness of the networking strategy. Thus, the impact that the social entrepreneur aims to create, influences the ability to focus on relevant networking activities and actively manage it. Industry expert Caroline Cederlöf from Social Initiative (2017) describes this as a crucial ability of the social entrepreneur to realize their goals:

“They need to have their own process and ambition really clearly defined. [...] Otherwise they will be pushed around. [...] You have to have your roadmap clearly defined, both in your head and spoken, too.”

Related to the social mission is the growth ambition of the social entrepreneur. The own expectations of impact scale, e.g. in terms of geographical coverage or number of customers, affect the amount of resources and information needed. Often, this translates into the effort spent on networking to extract them. Selina Hami, founder of Selina Catering (2017), who wanted her business “*to be always small, very personal*”, focused on the Stockholm area only. Therefore, “*no employees and no major costs*” are required and her contacts are mainly on a transactional basis. Anton Håkanson from DayCape (2017) decided to “*not scale at the moment*” and, thus, he is “*not attending that many events*”. Industry expert Jon Goland from Reach for Change (2017) described an exemplary case, where the goal of the social enterprise lay in the amount of time spent with the target group out of passion for these people.

“A woman that was running an amazing project for children that have been traumatized. It was for just a few children and the work was super intense for her. We were pushing her to scale. But she realized that this is not really what she wanted. She wanted to spend her time with these children.”

The accelerator program, however, supported the growth of the company, which was a direction “*where they did not want to take the idea*” (Reach for Change, 2017).

Another type of social entrepreneurs might set their goal to be an active part of the SE community and live an entrepreneurial lifestyle, which was mentioned by Henrik Storm Dryssen from Leksell Social Ventures (2017):

“The problem is they define success as becoming recognized out there for it.”

These ‘lifestyle entrepreneurs’ exhibit an extensive, undirected networking behavior.

5.4.2. Funding Sources

The type of funding was found to re-emphasize the commercial orientation and subsequently influence the company focus or the restrictiveness of the networking strategy. Investors, like

venture capitalists, demand attainable, quantifiable goals that required strict execution and a high focus on the realization. Hence, social entrepreneurs needed to put priority on the product development phase:

"As you grow, when you take in investor money, you just need to find more structure and more focus. [...] That means turning down most of the events we don't see value in."

Airinum (2017)

In contrast, types of funding that are not related to quantifiable goals, such as grants, scholarship and awards reduce the pressure to prioritize the time towards product development.

"Once they get into the scene, they are usually able to finance themselves through innovation grants, which keeps them alive, but risks them to be a little bit like zombies."

Leksell Social Ventures (2017)

5.4.3. Personal Characteristics

Some personal characteristics of the social entrepreneur have also affected the networking activity and strict application of the internal networking guidelines. Particularly, previous work experience has taught the social entrepreneurs to allocate their time to activities that directly develop the service or product.

"[Our focused networking] might be to some extent just the personal phase of the four of us who started it. To some extent I think it's also about the fact that we had all been working for 10-20 years before, so we were used to prioritizing and getting things done."

Eneo Solutions (2017)

Additionally, a high level of professionalism in communications was found to be appreciated by the industry experts and reinforced the entrepreneur's focus on the development of the social enterprise.

"I think it requires a certain professionalism from the social entrepreneur [...]. And that does not have to necessarily do with the age, but the personality."

Social Initiative (2017)

5.4.4. Networking Advice

A final influencing factor is caused externally by advisors or mentors to the social enterprise. If the social enterprise receives the advice to manage the time wisely, we observed that they planned their time carefully and used guidelines earlier.

“An advice that I got from the STING program is to be mindful about which events you want to attend, because it can steal a lot of time.”

Airinum (2017)

“That’s what I have heard from other startups and I have been advised to be careful with: How you spend your time. It is easy to spend too much time, going to too many events. Even though it is inspiring and fun, one must choose the most relevant ones.”

Grönska (2017)

In summary, a clearly defined social mission was found to be a leading factor that shapes the growth ambition and consequently the need for social capital. Dependent on the scale of the social mission, more growth and more social capital is required, which translates into a higher intensity of networking activity in order to become embedded in all relevant networks and derive the resources from them. Furthermore, the extent to which the social enterprise is characterized by a business focus, as opposed to a philanthropic focus, affects the prioritization of the time spent on product development, which is influenced by the type of funding. Also, the personality of the social entrepreneur affects the networking activity. Particularly, maturity and professionalism were mentioned in relation to effective and targeted networking activities. Finally, early, external advice to be mindful with the time spent on network opportunities was found to raise embeddedness awareness from the beginning. While the scope and form of this study do not allow for a proof of the statistical significance of these factors, they are a good starting point for a hypothesis to be tested by future quantitative research on this topic.

5.5 Team versus Individual

In our analysis, we have described the development phases and networking patterns of embeddedness. Networking strategies and influencing factors were explored to explain deviations. However, one aspect we have neglected so far is the question of who is embedded and manages

the process of embeddedness and disembeddedness. In our thesis we have interviewed social entrepreneurs for their perception of networking activities and embeddedness, as they have the broadest overview of the social enterprises' activities. Nevertheless, our findings also indicate that there is a distinction between enterprise embeddedness and entrepreneur embeddedness. In the following, we will elaborate on this distinction.

The main argument speaking for entrepreneur embeddedness is that relationships are people-dependent, making the social enterprise play a secondary role with regards to relationships.

"I know them as people, not as the entity you hear about. So, you develop a relationship with the people and then you follow that."

SE Forum (2017)

Several industry experts have adopted this view and designed the selection process and the programs on the belief in the individual rather than the organization as outlined by industry expert Jon Goland from Reach for Change (2017):

"Our method is pretty much [...] built on working with the individual entrepreneur. And our philosophy is also, that this person can have a huge impact if getting the right support. This can attract others to follow."

An additional factor that supports the high level of people-centricity in SE is the need to *"put a person on the pedestal"* to market the social enterprise at the beginning (Futebol dá força, 2017).

However, the industry experts as well as some social entrepreneurs also mentioned a downside associated with the centricity of the social entrepreneur: if all social capital is tied to one individual it becomes more difficult to access for other individuals in the enterprise. At a certain scale of the social enterprise, network maintenance and acquisition of new contacts is not manageable, from a time perspective, by the social entrepreneur alone. This, in consequence, does not allow for further development or growth of the social enterprise as industry expert Caroline Cederlöf from Social Initiative (2017) mentioned:

"The spotlight and everything can be a positive thing, but it can also be not good for the organization and its actual aim. Because [...] it becomes so dependent."

Hence, in order to allow for further development or growth of the social enterprise, the networks and the embeddedness must be transferred from the individual social entrepreneur to the social enterprise or other employees within the organization.

“This is a classic thing. There is a transition phase where the social entrepreneur has been the front person of the enterprise and the leader and has been celebrated as a person. And then there is a phase where the social entrepreneur wants to build it in a large organization and/or wants to take aside or upwards. [...] They have to build a really solid organization with solid structures, processes, systems, leadership.”

Social Initiative (2017)

The standardization of network maintenance and its integration into the organizational processes is a difficult challenge, which has also been described by Cecilia Andrén Nyström from Futebol dá força from the social entrepreneur's perspective:

“For me, Futebol dá força is about the organization. [...] I think here in Sweden, I find it quite frustrating, that in media and on SE events, they always highlight the individual and the individual's achievements. But an individual can only come so far. It is always a team doing something.”

Also, the industry experts offering incubator and accelerator programs for social entrepreneurs, focusing on the individual, have recognized this challenge. Therefore, they are “*trying it out to work also with the teams and not only with the individual entrepreneur*” (Reach for Change, 2017).

Answering the question of who is embedded, we have found that it is first the individual social entrepreneur who creates a network and extracts value. When the organization is growing, a crucial transition needs to take place from embeddedness of the social entrepreneur to the social enterprise. This is because the time of the individual is limited and does not allow for further growth. Standardized and robust organizational processes must be built up to in order to allow the social enterprise to take over the network maintenance of operationally relevant contacts. Hence, after the transition, it is also the social enterprise that is embedded. The distinction has not been a clear subject of this thesis, but we found it to be a recurring theme and therefore want to highlight it as an important avenue for future research.

5.6 Summary

In this part of the paper, we have presented our findings, trying to answer our research question: How do social enterprises manage the process of embeddedness and disembeddedness? We have found the answer to be four-fold. The first part is concerned with the embeddedness dilemma itself, which, in its core, describes the risk faced by the social entrepreneur particularly at the end of the idea generation phase to engage in a high networking activity to receive mainly redundant resources, although the required level of the resources for further proceeding has already been reached. Second, we observed the process of embeddedness and disembeddedness to be divided into three phases and to follow a distinctive pattern, especially during stage one (idea generation) and stage three (scaling). Third, we found an active management of this process to evolve over time, starting from an undirected, often unmanaged networking, followed by a more focused approach that was often described as a 'semi-articulated networking strategy'. The exact shape and intensity of the networking pattern and strategy were found to depend on a variety of factors which were presented for further investigation. Last, we have identified an additional dimension of the embeddedness dilemma, which is the actor in this process. In the next part, we will tie these findings back to the initially presented theoretical background.

6. Discussion

So far, we have presented and synthesized our findings, allowing us to find an empirical answer to our research question. In the following, we will tie these findings back to the previously presented theoretical framework in order to highlight the contribution of the empirics and develop existing theory.

6.1 Embeddedness

Our findings suggest that social entrepreneurs experience a process along which they are embedded in their network at varying degrees. Before investigating the depiction of embeddedness processes in the literature, we first reflect on the question as to whether the observed process is a process of embeddedness according to the theoretical definition.

Recalling the definition of embeddedness, it has been defined as economic actions influenced by the actors' surrounding social interactions (Granovetter 1985, Uzzi 1996), resulting in "a multiplex relationship made up of economic investments, friendship, and altruistic attachments" (Uzzi 1997, p.48) and creating unique opportunities that surpass those presented by market-based economic exchange (Uzzi 1996). We found that social entrepreneurs engage in networking activities to obtain the positive effects of embeddedness presented in the theoretical background. Although Granovetter (1985) and Uzzi (1996) acknowledge that social relations primarily have a social purpose, our findings lead us to adopt an instrumental view of embeddedness. Since a full discussion of the positive economic effects surpass the scope of this paper, we delimit the discussion to exemplary points.

Our findings demonstrate that social entrepreneurs leverage existing network ties to family, friends and former colleagues in order to receive relevant information that allows to create opportunities for further development of the social business idea (Shaw, Carter 2007, Smith, Stevens 2010, Haugh 2007). Moreover, social entrepreneurs actively create new ties within the Stockholm entrepreneurship community or their respective industry by attending events, speaking at conferences or proactively reaching out to relevant actors. These networking activities provide social entrepreneurs with access to knowledge, which in turn can be interpreted as the embeddedness effect of 'fine-grained information transfer' (Uzzi 1996) or tacit knowledge (Maclean, Harvey & Gordon 2013b).

Additionally, ties were used to extract new and necessary sources of capital beyond information. For instance, additional financial capital could be acquired as a result of keeping close

ties with current investors who referred the social enterprise to others. This is in line with Vestrum & Rasmussen (2013) who consider embeddedness as a strategy for mobilizing resources from the community.

Another major effect brought forward by Granovetter (1985) is trust, a guarantor for reciprocity that speeds up decision-making (Uzzi 1997). Social entrepreneurs were found to be referred by their advisors, investors and accelerator programs to additional potential partners or investors, which allowed them to draw on the power of trust that the referrers have built. These findings are further in line with Pret & Carter (2017), Vestrum & Rasmussen (2013) and Shaw & Carter (2007) who find legitimacy and credibility to be major drivers for social entrepreneurs to become embedded. Similarly, social entrepreneurs were required to give value back in long-lasting relationships.

6.2 Dilemma of Embeddedness and Disembeddedness

Building on the encountered existence and drivers of embeddedness, we now examine the initially discussed dilemma of embeddedness and disembeddedness. We started our empirical study by following the hypothesis of a dilemma associated with becoming too embedded (Mair, Martí 2006, Busch 2014, Dufays, Huybrechts 2014). In (5.1) we touched upon the existence of such a dilemma in practice, finding that social entrepreneurs are concerned with a balancing act between investing time into networking activities to gain resources and investing time into the realization of their business model by working with the operations.

Comparing our findings with the theoretical review, where downsides of embeddedness were considered a reduced ability to adapt to external market changes and the possibility of over-embeddedness (Uzzi 1997), only the latter was found in our study. However, this could be due to the fact that our empirical focus lied in the investigation of the embeddedness and disembeddedness process and its management from an internal perspective of the social enterprises, thereby excluding observations of externally caused downsides. With regards to over-embeddedness, our findings confirmed Uzzi's (1997) description of the phenomenon as absence of new ideas due to redundant information, which is faced by the social entrepreneur at the tipping point after the idea generation phase. The liability can further be fueled if the network marked by redundant information is maintained and many organizational resources are continuously devoted to it. Taking on Burt's perspective (1992), the liability of embeddedness comprises of the absence of weak bridging ties.

Hite (2005, p. 138) complements this view, when stating that actors “may allocate too many resources to tie development, experience excess constraints on actions, and be inhibited from successful early growth”. At this point, the findings relate to the strong and weak tie discourse (Uzzi 1997, Granovetter 1973, Musteen, Datta & Butts 2014). We argue that strong ties are required to leverage the full benefits of embeddedness. However, an adequate ratio must be selected, and weak ties need to be constantly developed by making new contacts in order to bridge the access to new information. The optimal number and ratio of these ties was found to depend on the phase of the social enterprise (6.3).

A final negative effect of embeddedness that has rarely been considered is the mission drift of a social enterprise (Jones 2007, Santos, Pache & Birkholz 2015, Ebrahim, Battilana & Mair 2014), meaning that the social enterprise is losing track of the path to mission attainment. This can be seen both in a tendency towards stronger commercial characteristics (Weisbrod 2004), but also in a tendency to pursue admiration in the community, as the encountered ‘lifestyle entrepreneur’ does.

As a result, we found an existing embeddedness dilemma and the need for disembedding in order to prevent the risk of being over-embedded.

6.3 Process View

While the core embeddedness theory (Granovetter 1985, Uzzi 1996) is concerned with the existence and effects of embeddedness, Mair & Martí (2006), Haugh (2007) and Di Domenico, Tracey & Haugh (2009) suggest a stage-model of embeddedness, where the effects change as the social enterprise advances through the stages.

Accordingly, as discussed in (5.3), we found social entrepreneurs passing through stages accompanied by a switch in networking behavior from an undirected approach in the initial idea generation and business model development stage, towards a more formalized and directed networking approach in the execution and growth phase, before eventually engaging in networking beyond local borders.

These three stages are characterized by (1) familiarizing oneself with and becoming part of a broader network, (2) focusing networking activities towards important parts and maintaining important relationships and (3) expanding the existing local network to ensure access to resources beyond the current scope for scaling.

From stage one to stage two, social entrepreneurs' networking behavior can be said to move from structural to relational embeddedness. The first phase of broad, undirected networking that we associate with structural embeddedness is in line with Jack & Anderson's (2002, p.482) argument that embedding enables the entrepreneur "to understand the specifics of the local structure and to achieve the entrepreneurial outcome". Analogously, our finding of a second phase comprised of focused networking can be related to Batjargal's (2003, p.535) argument that mainly "resourceful contacts in terms of financial resources, decision-making power, reputation, and social connections", as opposed to structural embeddedness, influence decisions. Furthermore, this supports Hite's (2005, p.114) hypothesis stating that "network ties of an emerging firm might evolve toward increased relational embeddedness, specifically due to individual action".

Taking both stages together, our findings resemble the two networking stages identified by Di Domenico, Tracey & Haugh (2009) and described as strong community ties versus tailored networks. Moreover, our findings can be compared to the stages outlined by Haugh (2007), as the stages opportunity identification, idea articulation and idea ownership correspond to the phases we describe as idea generation and development. Moreover, Haugh's (2007) stakeholder mobilization stage, in which human, financial, technological and physical resources are extracted from a tailor-made network, reflect our execution and growth phase. Therefore, our findings suggest that the stage model from Haugh (2007) can be applied to all social enterprises and not only to social community ventures.

When it comes to the third stage of expanding the network beyond local borders, our findings support Stam (2007) who hypothesizes that growth might be negatively related to regional embeddedness. Similarly, Shaw & Carter (2007) argue that a strong local embeddedness is essential for the opportunity recognition on a local scale, which becomes less relevant when expansion to other communities is intended.

Maclean, Harvey & Gordon (2013) notes that with the process of disembedding, re-embedding into a network more suitable for the changing needs of the social enterprise might occur. With this in mind, we support Mair & Martí (2006), Haugh (2007) and Di Domenico, Tracey & Haugh (2009) in their stage-view of embeddedness and argue that embeddedness and disembeddedness should be seen as a process that evolves over the development stages of a social enterprise. We, therefore, further refine Uzzi (1997) who examines a snapshot of the network, by arguing for a process view and that requires an adapted balance between embedded and arm's-length ties at every developmental stage, which we elaborate on in the next section.

6.4 Active Management

Taking a step further, the question is how the process of embeddedness and disembeddedness can be managed. Uzzi (1997) suggests a balanced equilibrium between arm's-length and embedded ties to resolve the embeddedness dilemma. Essentially, our findings show that social entrepreneurs also seek a right balance between maintaining operational arm's-length ties by operationalizing communication and creating new closer relations with contacts that are essential for further development. However, we found the adjustment of the adequate mix to be a continuous process during each separate stage, as the social enterprises' individual demands for resources vary. We thus argue that "knowledge of a firm's embeddedness" alone is not sufficient to "make predictions about organizational performance" (Uzzi 1996, p.863). Rather, it needs to be considered in the light of the social enterprise's stage and ambition.

Uzzi (1997) found actors to be aware of the differences between arm's-length and embedded ties and use them purposefully. Our findings suggest, that such awareness is not given but rather emerges through a learning process, when the social entrepreneur goes through the process of embeddedness and disembeddedness in the idea generation and intense development phases. The learning idea connects to Hite & Hesterly (2001) who argue that young enterprises' networks change from being a result of path-dependency towards being actively managed. Particularly, the active management involves the engagement in reciprocal, long-lasting relationships. We further found that active management can be triggered if the social entrepreneur receives advice to be strategic about his or her networking activity. This finding supports Elmes et al. (2012) who argue for the need to educate SE students about the importance of relational and structural embeddedness in order to overcome barriers to success.

Once awareness has been reached, active management, or 'purposeful use', in terms of focused networking activity has been found to depend on several factors, one of them being the goal of the entrepreneur. We found that networking is associated with a clear vision and the growth ambition of the entrepreneur. Entrepreneurs with a mission drift, who pursue social status prestige, engage in a more extensive and less goal oriented or 'managed' networking, which shapes also the activities of their business (Anderson, Jack 2000). In (5.4), we presented a more detailed analysis of the different factors that were found to influence the management process. However, we acknowledge that a more detailed discussion of such factors requires these factors to be statistically significant and thus call for a quantitative testing of the identified factors.

Summarizing, we argue that active management of the embeddedness process develops over time and is related to both awareness of this process and further influencing factors such as vision and goal of the social entrepreneur.

6.5 Social Enterprise versus Social Entrepreneur

Our initial research question aimed at understanding the management of the process of embeddedness and disembeddedness, as we took on a process perspective (Dacin, Dacin & Matear 2010). For this purpose, we used the social entrepreneur as interviewee and proxy for the networking activity as they have shown to have the broadest overview of the social enterprise.

However, having observed that the question of the actor in the embeddedness process gives rise to major debates in practice, we want to discuss the differentiation and highlight the importance for future research. Following the argument that relationships are people-dependent, we have found the social entrepreneur to be the main actor in a social enterprise's embeddedness process. As stated in (5.5), this is often associated with a special character of the social entrepreneur. However, it has also been found that an enterprise's successful growth requires the enterprise to become less dependent on the personality of the entrepreneur. This finding is in line with Gartner's (1988, p.28) argument that "the entrepreneur is not a fixed state of existence, rather entrepreneurship is a role that individuals undertake to create organizations". As such, he argues entrepreneurship to be about processes rather than personality. Nevertheless, giving up the glorification of the entrepreneur has been found to be a major obstacle for many firms, be it because the entrepreneur insists on remaining the key figure of the organization or because the surrounding network pushes the entrepreneur to do so. Consequently, transferring embeddedness from the entrepreneur to the enterprise presents a major challenge. Accordingly, Huggins & Thompson (2017, p.427) argue that "entrepreneurial firms are potentially vulnerable to seeing depletions of embedded ties due to their mobilization being dependent on individuals who can leave the firm at any time". Following this line of reasoning, future research on the embeddedness dilemma should take into account the dimension of the actors involved.

7. Conclusion and Outlook

7.1. Conclusion

SE is garnering increased attention both in practice and theory. We have reflected on current understandings of SE and identified the particularly high relevance of the concept of embeddedness in order for SE to flourish. Applying the embeddedness concept to SE, a comprehensive theoretical overview has been provided, demonstrating how embeddedness into social networks affects social, as well as commercial enterprises. Enterprises embed themselves, extracting required resources such as crucial information or financial capital from the social network, to gain legitimacy or credibility and to establish trust. However, scholars suggest that there are downsides related to embeddedness. Reduced innovativeness, inertia, information homogeneity, as well as increased actor and structure dependency are potential risks that might hinder the social enterprises from realizing their mission in an effective manner and thus suggest a dilemma between embeddedness and disembeddedness (Mair, Martí 2006, Uzzi 1997, Pret, Carter 2017, Vestrum, Rasmussen 2013).

In our thesis, we outline the evolution of embeddedness patterns of social enterprises alongside the organizational development stages and encounter an embeddedness dilemma, which allows us to shed light on its location in the SE process and its shape, in order to set to ground for further investigations.

Social entrepreneurs first engage in a comparably undirected effort with their already existing network, as well as the SE community to gain information or opinions on the social opportunity and a prospective solution. This search for information culminates in the dilemma of embeddedness and disembeddedness, when a level of sufficient information density is reached. At this point, the social entrepreneur is running the risk of continuously engaging with a network to receive mainly redundant information, thereby misallocating the time that could create greater value when being invested into the execution of the business model. Hence, the social entrepreneur needs to re-allocate time to activities that concern the development and execution of the business model. This period also shows a subsequent learning effect, as the social entrepreneur exhibits a higher consciousness of time management, translating into a semi-defined networking strategy that provides decision rules for networking and embeddedness.

The balancing act between embeddedness and disembeddedness continues throughout the journey of the social enterprise and needs to be re-adjusted at every developmental stage in accordance with the required resources. Our finding is in line with Uzzi's (1997) suggestion to

balance a mix between arm's-length and embedded ties, but further refines it, by suggesting an ongoing process.

Especially when the social enterprise decides to scale, an entirely new network is required. In order to accommodate the time for this extensive networking for scaling, prior network maintenance is incorporated into organizational processes. Here, a crucial transition of embeddedness from the individual to the social enterprise is required, tying back into the discussion as to whether entrepreneurship is a process or concerns the individual.

As our study shows, the dilemma of embeddedness and disembeddedness exists and requires a balancing act throughout the development of a social enterprise. This balancing act is realized through an active management in order to make use of the benefits of embeddedness while reducing its risks. As such, we provide an understanding of the process and its management in order to accomplish the mission of the social enterprise.

7.2 Limitations

7.2.1 Applicability Outside of Social Entrepreneurship

We have developed our initial theoretical model based on the 'core' embeddedness theory (Granovetter 1985, Uzzi 1996). Being aware that this theory was developed under the assumption of profit-driven market actors, we have, in a second step, dived deeper into research analyzing embeddedness theory in the context of SE. We now will reconsider the initial distinction between social and commercial entrepreneurship and elaborate on the potential limitations of the encountered management of the embeddedness process.

As discussed in (2.1), a major difference between social and commercial entrepreneurship is its focus. While commercial entrepreneurship is primarily concerned with maximizing profits, SE follows a double bottom line of maximizing social impact while being financially self-sustaining. For commercial enterprises, common quantifiable measures are agreed upon (Meyskens et al. 2010), whereas social enterprises face limited quantifiability and measurability of social impact (Leksell Social Ventures, 2017). Hence, social entrepreneurs require a different format for reporting their impact, which we found is done by regular updates and strong interaction. A second implication of the dual goal of SE is the complexity of attaining these two goals, which might lead to a greater ambiguity of the vision and consequently a higher risk of losing focus. Social entrepreneurs, who are constantly in the process of identifying the activities and roadmap to realize their vision, might be

more prone to 'being pushed around' by the diverse opinions of their contacts, as this has been occasionally described as distracting. Finally, as social entrepreneurs were found to be deeply driven by a desire to solve a societal problem, we argue that such passion for the target group might result in higher embeddedness in a given local network. This argument is in line with Shaw & Carter (2007) who highlight the local scale and scope of social enterprises, as the underlying goal might lie in the creation of social value only in the respective area due to the embedded personal ties to it.

Concluding, we state that while our findings bring forward embeddedness theory in terms of process view and the content and actors of the embeddedness dilemma, the respective extent of embeddedness in the different entrepreneurial stages might differ between social and commercial entrepreneurship.

7.2.2 Further Limitations

We find the composition of our sample and nature of our study to pose limitations in five ways. The first is its geographical focus of Stockholm. As presented in the introductory part, we have deliberately chosen this focus as it allows for a comparison of the individual statements. However, given that our sample was concentrated on social enterprises and industry experts operating out of Stockholm, which is considered a developing hub for SE (SE Forum, 2017), the process of embeddedness encountered by this study might be specific for geographically concentrated networks and not transferrable to social enterprises operating from more isolated locations.

Second, given the still early-stage state of the SE sector in Stockholm (Ashoka Scandinavia, 2017), our sample of social enterprises is biased towards earlier development stages, thus limiting a more in-depth analysis of the embeddedness process in the late development and scaling phases.

Third, while having used theoretical sampling to select the social enterprises and industry experts, we could only approach those social enterprises that were visible in the sector. Thus, although our sample cuts across various industries, foci and development stages, it might be biased towards a stronger embeddedness as it potentially neglects those social enterprises operating without obvious connections to the SE community.

Fourth, the data collection methods used might bias us to find embeddedness to be of a more instrumental nature than proposed by Granovetter (1985). Our findings show that social entrepreneurs use embeddedness instrumentally for gaining access to its positive effects. Without wanting to discredit the impact of our findings, we would like to highlight the difficulty of measuring more subliminal traits of embeddedness through interviews. As such, a longitudinal study including

participant observations might be more suitable to uncover the full spectrum of the embeddedness process.

Finally, the qualitative nature of our study poses a limitation. As discussed in part four, it is well-suited to investigate a process. But on the other hand, it restricts us from providing conclusions about generalizability to a degree a quantitative proof would. Similarly, while our sample size of 20, as well as the cross-sectional nature of the study, as opposed to a longitudinal one, might have allowed us to identify patterns and propose the shape of a process, we do not claim to fully depict it nor achieve completeness. We therefore understand our work as an initial ground for further research.

7.3 Managerial Implications

Despite having limitations, our findings contribute both from a managerial and a theoretical perspective. For practitioners, we raise awareness and provide a clearer understanding of the pivotal process of embeddedness and disembeddedness, based on which an active management can take place. We find that network embeddedness evolves alongside the developmental stages, that it is crucial for gathering resources, but that it can also be hindering to attain the social enterprise's mission. As social entrepreneurs thus must achieve a balance in their embeddedness approach, we hope to bring this topic on the SE agenda. We do this by raising awareness of the dilemma and exploring best practices to strategic approaches.

Besides the implications for social entrepreneurs, other practitioners like social incubators, accelerator programs or startup advisers might consider our findings similarly valuable. We found early external advice to be an important influencing factor for embeddedness management and hope to raise awareness among these actors to inform social entrepreneurs about the usage of their networks and potentially integrate these in their coaching programs.

Concluding, our hope is that, in the future, a more active process management can allow social enterprises to reach their goals more efficiently, and thus enhance social impact.

7.4 Theoretical Contribution

The theoretical contribution of our study is two-fold. First, we encountered an existing embeddedness dilemma as proposed by Uzzi (1997). Looking at the case of SE, we found the

dilemma to primarily concern the redundancy of additional information which leads to inefficiencies, if time allocation is not prioritized to activities with higher created value. Through our findings, we can locate the embeddedness dilemma, mentioned for instance by Mair & Martí (2006) or Busch (2014) and give it a shape, while laying the ground for future research.

Second, our findings further refine Uzzi's (1997) suggestion for a balance between embedded and arm's-length ties to be necessary for social entrepreneurs to capitalize on the positive effects of embeddedness while reducing exposure to its liabilities. As proposed by Mair & Martí (2006), Haugh (2007) and Di Domenico, Tracey & Haugh (2009), our study shows that embeddedness evolves over time and that the optimal level of embeddedness depends on the need for social capital in the respective developmental stage of the social enterprise. Thus, we propose a continuous re-adjustment of the balance between arm's-length and embedded ties along the developmental stages, arguing that it is not only network form and position that allows to judge an enterprise's chances of success (Uzzi 1997), but that they need to be seen in the light of the enterprise's developmental stage.

Combining these findings, we want to highlight the importance of an active management of embeddedness. Low & MacMillan (1988) argue for a process-oriented analysis of entrepreneurship to be crucial in explaining entrepreneurial success. Following this line of reasoning, we hope that our study lays the foundation for the exploration of how the embeddedness process can be managed to maximize the success of social entrepreneurs and thereby the social impact they are creating.

7.5 Future Research

The findings of our study present opportunities for several future research streams. First, we want to highlight the need of more research on the dilemma of embeddedness and disembeddedness. As several scholars have pointed out, this dilemma might have effects on the ability and effectiveness to attain the social mission and thus needs to be investigated (Mair, Martí 2006, Busch 2014, Dufays, Huybrechts 2014). While the current study has encountered the existence, and contributed to a better understanding of the content of this dilemma, we argue that more in-depth research on the nature of this phenomenon will raise public awareness of it and allow market actors to better navigate around the traps of embeddedness.

Second, in order to better understand the precise evolution of enterprise embeddedness, we call for a closer analysis of phase two, the business model development and execution phase. Our findings suggest this phase to be characterized by rather low embeddedness, interrupted by 'networking peaks'. However, we propose that a more detailed pattern can be identified through longitudinal studies, following entrepreneurs in their development process from idea generation to scaling of the business.

Along with that, our third call is for further research on the factors influencing the embeddedness process. Our analysis has brought forward several potential factors explaining the shape of this process. As a next step, embeddedness theory would benefit from a quantitative testing of these factors.

Finally, we argue for a research need with regards to the actor in the embeddedness process. Our study has identified a dilemma when it comes to the question 'who is embedded?'. We found the reciprocal, trust-dependent nature of networking to tie embeddedness to individuals rather than a given entity. However, precisely this centrality on the person of the entrepreneur was found to hinder growth and success past a certain threshold. We thus argue that subsequent studies should focus on the shift from entrepreneur to enterprise embeddedness and seek to identify how this dilemma can be overcome. As such, future studies may not only investigate the differentiation between the individual social entrepreneur and the social enterprise on the micro level, but also take on a meso-level or macro-level perspective, relating to how organizations and markets emerge from networks (White 2002, Padgett, Powell 2012).

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Appendix 1 - List of Interviewees

Company	Interviewee	Position	Sample	Mode	Date	Location	Length
Grönska	Natalie de Brun Skantz	Co-founder	Social Entrepreneur	Skype	4.10.		34
Sustainergies	Markus Danell	Co-founder	Social Entrepreneur	Face to face	11.10.	Birger Jarlsgatan 57 c	51
Selina Catering	Selina Hami	Founder	Social Entrepreneur	Face to face	12.10.	Saltmätargatan 13-17	48
Airinum	Alexander Hjertström	Co-founder & CEO	Social Entrepreneur	Face to face	18.10.	Regeringsgatan 65	44
Swedish Stockings	Linn Frisinger	Co-founder	Social Entrepreneur	Face to face	18.10.	Birger Jarlsgatan 34	37
HelpToHelp	Malin Cronqvist	Founder	Social Entrepreneur	Skype	18.10.		34
DEEDS	Niclas Persson	Co-founder	Social Entrepreneur	Face to face	19.10.	Regeringsgatan 65	51
Eneo Solutions	Richard Nicolin	Co-founder	Social Entrepreneur	Face to face	19.10.	Sturegatan 6	46
DayCape	Anton Håkanson	Founder	Social Entrepreneur	Face to face	19.10.	Folkungagatan 144	45
Matmissionen	Anne Lunde Dinesen	Project Manager	Social Entrepreneur	Face to face	24.10.	Veddestavägen 13	35
Circle of Sweden	Fanny von Hofsten	Founder	Social Entrepreneur	Face to face	25.10.	Saltmätargatan 13-17	31
Natural Cycles	Raoul Scherwitzl	Co-founder & CEO	Social Entrepreneur	Face to face	26.10.	Luntmakargatan 26	37
Anonymized	Anonymized	Anonymized	Social Entrepreneur	Face to face	26.10.	Anonymized	33
Futebol da Força	Cecilia Andrén Nyström	Founder & CEO	Social Entrepreneur	Face to face	26.10.	Birger Jarlsgatan 57 c	49
Leksell Social Ventures	Henrik Storm Dryssen	CEO	Industry Expert	Face to face	16.10.	Birger Jarlsgatan 57 c	57
SE Forum	Fiona Goldrick Hazell	Program Director	Industry Expert	Face to face	16.10.	Birger Jarlsgatan 57 c	58
Social Initiative	Caroline Cederlöf	Co-founder	Industry Expert	Face to face	18.10.	Sturegatan 6	42
Ashoka Scandinavia	Emma Lindgren	Country director	Industry Expert	Face to face	24.10.	Birger Jarlsgatan 57 c	54
Reach for change	Jon Goland	Deputy CEO	Industry Expert	Face to face	25.10.	Skeppsbron 18	52
Impact Hub	Jesper Kjellerås	Founder & MD	Industry Expert	Telephone	27.10.		48

Appendix 2 - List of Proxies for Interviewee Selection

Social Entrepreneurship	Commercial Entrepreneurship
Antonia Ax:Johnson Foundation	HELA LISTAN: Årets 100 uppstickare
Årets Föreläsare	Human centered business index 2016
Arvsfonden	Startup Day by SSES
Ashoka	STING
Backing Minds	Stockholm School of Entrepreneurship (SSES)
CSES	SUP46
Hult Prize	
Impact Hub	
Impact Invest	
Inkludera Invest	
Leksell Social Ventures	
Mötesplats Social Innovation	
Norrsken House	
Reach for Change	
SE Forum	
SEB Årets Sociala Entreprenör	
#getillbaka	
180° Consulting	

Appendix 3 - Questionnaire Social Entrepreneurs

GENERAL INSTRUCTIONS

- *Record the interviews, transcribe them within 24h and code them*
 - *Have an A4 piece of paper ready and a pen for Phase III*
-

PHASE I (5 minutes)

1. Could you briefly explain the concept of your startup?
2. Do you consider XXX a social enterprise?
3. Are you financially sustainable? (potentially ask for how they are financed, e.g. fees/sales, investments, grants, donations, loans)

PHASE II (20-25 minutes)

1. Going back to where it all started: How did the idea arise?
 - Who was involved in the idea generation?
 - Who did you talk to about the idea?
 - Are you still in contact with these people?
2. How did you develop a first concept?
 - Did it change? What changes have you made later?
 - Have you added businesses?
 - (When) did you feel well informed?
 - Aim for the full story
 - Potentially ask follow-up questions if network partners are mentioned
3. How did you establish relations with customers?
 - How did you get your first contacts?
 - Who did you reach out to?
 - How relevant are they today?
 - How do you keep in touch?
 - Would you characterize the relations you have with your clients as “market relationships” or are there more “special relationships”? Percentage-wise, how many of their relations are market vs. special relations?
 - Do you have contracts?
 - How did you meet the other customers?
4. How did you build your team and established the network of volunteers?
 - How did you get in contact with people that work for/with you? Were there differences between reaching out to potential colleagues vs. volunteers?
 - Have they been part of it right from the beginning?
 - Did some of them leave?
 - How would you describe the evolvement of this group of people?
5. Did you meet other individuals that have helped you with your business?

→ Aim for advisors and peers

- How did you meet them?
- (Were there any triggers where you thought you might need advisors?)
- How did they help you?
- Are you keeping touch with them?/ Have you lost sight of some?
- Has the intensity of the relationships developed over time?

6. Do you have a financial network? Contacts to institutions that give money? Social VCs? Business Angels?

- (If not, why not?)
- How did you meet them?
- Do you receive actual resources from them?
- Are you in touch with them today?

7. Do you have any contacts outside of Stockholm? (Sweden?)

PHASE III (5 minutes)

Ask for a drawing of the % of time spent on networking throughout the evolvement of the startup.

- Let them explain
- At which stage did you feel well integrated (in your network/the community)?
- How did your relationships establish (active/passive/from which side)? / Were there people actively reaching out to you? When? Who?
- How diverse would you say this network was at different stages?
- Did you have the feeling that it was too much spent at networking at some point in time?

PHASE IV (10 minutes)

1. If you could add someone to your current network, whom would you add? Where do you see deficits today?
2. Retrospectively, did you feel like you knew more people during some period than during others?
3. Do you have the feeling, that you know sufficient people to get on updated on all relevant infos? Do you know everyone from the scene?
4. What part of your network has been most important to you? Customers, employees, advisors, financial contacts?

FOLLOW-UP

- We can send you the results of our thesis
- May we can come back to you?
- Can we name you/ do you prefer your responses to be anonymized?
- Thank you!

Appendix 4 – Questionnaire Industry Experts

GENERAL INSTRUCTIONS

- *Record the interviews, transcribe them within 24h and code them*
-

PHASE I

1. What type of service do you offer social start-ups?
2. What kind of coaching do you offer them? (General advice? 1:1 coaching?)
3. How do they find out about you?
4. At what stage of their development are you usually in contact with them?
5. How do your individual relationships evolve? How close are they? How long do they last for?
6. How does a relationship usually fade out? For which reasons? Do you stay in touch even after the close collaboration is over?

PHASE II

1. If you consider your experience with social enterprises and think about the evolution of their network, from appearing on the radar of the community towards growing or dissolving. Do you see a pattern in how they enter the network, how they become known and established?
2. And a pattern in how they disappear from the radar again?
3. Why do you think is this?

PHASE III

1. We are investigating networks and how social start-ups manage these.
 - Are you paying attention to it when you select them into your service?
 - Is this a topic you cover in your coaching?
 - What advice do you usually give them
2. Can you give us an example of a company that has done the networking particularly well?/ Used it clearly to their advantage?
3. Could you think of a start-up where networking should have done differently?
4. What exactly can go wrong with networking?

PHASE IV

1. Do you know any of these start-ups? (we'll bring a list with us)
2. How do you integrated do you think they are in the Stockholm community?
3. Do they use their networks for their benefit?
4. Good/could have done things better?
5. What would you recommend to them?