Net Impact

A study of the role of networking for social entrepreneurs

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Abstract
The purpose of this thesis is to investigate the role of networking for social entrepreneurs. The thesis conducts three case studies of Swedish social entrepreneurs and investigates the role of networking for these entrepreneurs in executing their businesses. In the study, a literature review combining traditional network theory and entrepreneurship theory with recent research on social entrepreneurship is presented. The literature review is used as background for the analysis by providing an understanding of the motivations for and functions of networking for network actors.

The study shows that networking plays a role in enabling the social entrepreneur to take on a multifaceted role set. Hence, the role of networking can be seen as helping the social entrepreneur to be present and active in different roles simultaneously, which helps the social entrepreneur in managing the tension inherent in running a commercial business.

Key words
Social entrepreneur, social entrepreneurship, networking, network

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1. Introduction

1.1 Background
Social entrepreneurship has gained increasing popularity and attracted attention during the recent years (Tozzi 2009; Murray, 2007). The concept, which can be broadly defined as pursuing business initiatives within the field of corporate social responsibility (CSR), has gained ground as an increasing number of entrepreneurs have turned their attention towards the opportunity of doing good for society or the environment in an innovative way, and at the same time making profit (Martin and Osberg, 2007). As the concept stretches over an economic, social, political, ethical, and environmental debate, social entrepreneurship has climbed up the agenda throughout the world, as different regions, countries, and disciplines are able to relate to social entrepreneurship (Vabarova, 2009).

Social entrepreneurship has caught the eyes of theorists around the world in recent years (Dees, 2001; Leadbeater 1997; Thompson 2002). Not only has academic research been inspired by Professor Muhammed Yunus by looking into the concept from a development point of view (Mair and Seelos, 2007), but social entrepreneurship has also increasingly caught the eyes of business researchers (Bloom and Chatterji, 2009; Thompson, 2002). Social entrepreneurship provides an interesting perspective on business research, as it seemingly combines the aspect of commonly known entrepreneurial driving force with an underlying drive to impact society towards the better (Dees, 2001). In modern society, with increasing requirements on companies to ‘think globally’ and act accordingly (Matten, Palazzo, and Scherer, 2009), these social business initiatives become significantly observable, not the least considering the nature of their social missions, which are often inherently characterized by a global concern (Bamburg, 2006; Bloom and Chatterji, 2009).

Understanding the behaviour and driving forces of social entrepreneurs, widely defined as the ones undertaking social entrepreneurship, can deepen the insight into how a modern business can take a simultaneous role of both a profit-oriented business and a socially responsible actor. A valuable source of inspiration for this thesis originates from a discussion with a young social innovator, Diana Svensk, who initiated a business offering ecologically produced hats in 2006. In this conversation, she clearly conveyed an interesting view on her way to run her business as an entrepreneur, and she specifically

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3 Professor Muhammed Yunus is the founder of Grameen Bank, which initiated micro lending in Bangladesh in the 1970s. Professor Muhammed Yunus was awarded the Nobel Peace Prize in 2006. (Grameen Bank web; accessed December 1, 2009).
highlighted the use of networking to position herself and her business mission: “I tend to transform every social situation – from a wedding to a formal meeting – into a ‘working’ space. I always grasp the opportunity to discuss and vent my opinions, regardless of the circumstances, and I frequently find myself in debates about entrepreneurship, moral, fashion, and the environment. This is how I connect with people, and it leads to new connections and thoughts, inspiring me to constantly act in new directions when Monday arrives.” (Interview, Diana Svensk, 2009). This comment provides an interesting perspective on how a young entrepreneur with a social mission apprehends different social forums as opportunities to develop her business.

Recently, a Nordic research project, initiated by the Nordic Innovation Centre (NICe)\(^4\), was conducted within the field of social entrepreneurship and CSR-driven innovation, the latter referring to innovative initiatives derived from environmental, social, or ethical issues. The intention of the project was to provide a motivation for encouraging CSR-driven innovation in society (Nordic Innovation Centre, 2009). As a by-product of this research, it was observed that several of the social entrepreneurs studied showed extensive networking tendencies. However, due to the different focus of the study, this observation was not further analysed, why this theoretically unexplored theme calls for further in-depth analysis of social entrepreneurs, with a special focus on their networking behaviour.

1.2 Problem Area

The authors find it relevant to study a group of market actors that has increased in number in a relatively short time period, to see how these actors interact with their surroundings to shape their businesses. This is interesting not the least as the social entrepreneurs take on a variable set of role dimensions, including a corporate, a personal, and a socially-driven role (KK-stiftelsen, 2009). Existing research points to that the role of networking for entrepreneurs is to extend the individual asset base (Anderson et al, 2008), but the authors of this thesis have found relatively little explanation of the function of networking for this group of social entrepreneurs. With the relatively new academic field of social entrepreneurship as a starting point, this paper is set out to make three in-depth case studies of Swedish social entrepreneurs and their networking behaviour.

\(^4\) The Nordic Innovation Centre (a part of the Danish Commerce and Companies Agency) works to stimulate innovation in the Nordic region by initiating and financing projects (NICe web; accessed November 30, 2009)
1.3 Purpose and Research Question

It has been argued that firms are dependent on relationships with their external environments in order to be able to create competitive advantages in markets, since resources critical to a firm can stretch across the firm’s borders (Dyer and Singh, 1998). In their classical provision, *No Business is an Island*, Håkansson and Snehota (1989; updated version 2006) argue that firms are nothing without their relationships. These academic arguments, in combination with empirical observations from Nordic research conducted within the field of social entrepreneurship, indicating that networking might play a significant role for social entrepreneurs, have left the authors of this thesis with a curiosity regarding the function of networking for social entrepreneurs. Therefore, the purpose of this thesis is to understand the role of networking for social entrepreneurs in executing their businesses. In order to fulfil that purpose, the study aims to conduct three case studies of Swedish social entrepreneurs in order to answer the following research question:

*What role does networking play for the three social entrepreneurs included in the study?*

1.4 Previous research

Throughout the years, academia has provided several insights into what constitutes and drives the phenomenon of entrepreneurship. The entrepreneur is typically referred to as a person with the ability to grasp a business opportunity in a context and to turn such an opportunity into a venture with help from significant personal motivation and drive (Shane, 2003), and entrepreneurs are claimed to constitute a major driver of innovation in economies (Drucker, 1985). It is probably no coincidence that the term “social entrepreneur” contains the word entrepreneur, since the social entrepreneur is similarly recognized as a person with a significant driving force and motivation (Dees, 2001).

A main problem confronted with when dealing with research on social entrepreneurs lies in the fact that the field does not consist of much consensus regarding how a social entrepreneur is specifically defined. Researchers seem to agree on that a social entrepreneur in one way or another operates with a certain mission in mind (Dees, 2001; Leadbeater, 1997; Mair and Marti, 2006); such a mission is related to aspects such as the environment, the community, society at large, ethics, etc. However, no consensus regarding the extent to which the mission is central to the social entrepreneur’s business has been reached. The term social entrepreneurship has been questioned by authors saying that there is no
minimum requirement on what focus on social mission is required for an entrepreneur to qualify as specifically social (McLean and Peredo, 2006).

In a study from 2006, Austin et al compares social and commercial entrepreneurship. In the study, Austin et al (2006) highlight the role of networking for social entrepreneurs especially for mobilising resources; the reason for this is claimed to be that a social entrepreneur must rely on a robust network of contacts that will provide him/her with resources since he/she provides financial incentives to a lesser extent than a commercial entrepreneur. In *The world of the social entrepreneur*, Thompson (2002) underlines the need of peer networks for social entrepreneurs in order for such actors to be able to exchange ideas and to help each other.

Turning now to the recent Nordic research project mentioned earlier, the project conducted in-depth analysis of 15 Nordic social entrepreneurs. The report argues that personal motivation is crucial for such venture formation, but also that a mix of characteristics from different kinds of social entrepreneurs shall be aimed at in a team setting up such an enterprise. (Nordic Innovation Centre, 2009).

A recent report published by Stiftelsen för kunskap- och kompetensutveckling/KK-stiftelsen (2009), on social entrepreneurship in Sweden, has the intention of increasing the number of social entrepreneurial initiatives in the country. Regarding networking, the report states that social entrepreneurship often implies networking and partnership across societal sectors. Especially, the report underlines the role of the public sector for the social entrepreneur, apart from the civil society and the private sector more commonly mentioned in combination with social entrepreneurship. (KK-stiftelsen, 2009).

A recent master’s thesis from Stockholm University focused on investigating the business conditions for social entrepreneurs in Sweden. One of the conclusions of that study was that the Swedish business context offers little access to relevant knowledge and advice to the social entrepreneur for creating ventures. (DeCasas and von Schantz, 2008).

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5 Stiftelsen för kunskap- och kompetensutveckling/KK-stiftelsen (The Knowledge Foundation) works with helping the business community, higher education institutes and research institutions in developing knowledge and competence environments; (KK-stiftelsen web; accessed November 30, 2009)
1.5 Intended Addition to Academia
By combining a network approach to entrepreneurship with empirical data from three Swedish social entrepreneurs, this thesis aims to provide an insight into the role of networking for social entrepreneurs. By shedding light on the role of networking for three selected social entrepreneurs, the intention is to add to academia a new perspective on social entrepreneurship based on qualitative observations of how the social entrepreneurs interact with their surroundings. The authors believe such an addition to be valuable and relevant for several academic disciplines in the discussion of social entrepreneurship.

1.6 Definitions
In this thesis, the following terms are referred to by their below stated meanings:

Social Purpose/Social Mission
The fundamental strive by a social entrepreneur to change society to improve on perceived environmental, social, and/or ethical weaknesses.

Social Entrepreneurship
According to Hockerts (2007), social entrepreneurship refers to “the discovery and sustainable exploitation of opportunities to create public goods” (p. 422). Since this definition laid the foundation of the report published by the Nordic Innovation Centre, this definition has been used as a take-off definition for selecting the social entrepreneurs as research objects for the case study at hand. Thus, the basic definition makes a conceptual distinction from commercial entrepreneurship by incorporating a social purpose into the pursued business opportunity. The definition of social entrepreneurship is not fully agreed upon, however, which is why the theoretical definition of social entrepreneurship will be further problematized in the literature review section.

Social Entrepreneur
If social entrepreneurship refers to the process and act of pursuing a business opportunity that relates to a social purpose, the social entrepreneur is defined as the person who takes this initiative, carrying a “role in bringing together philanthropic motives and business acumen” (Nordic Innovation Centre, 2009, p. 21). The social entrepreneur hence pursues an attractive opportunity and innovatively strives to transform society in terms of providing environmental, social, or ethical impact with help from products or services while also achieving economic success.
1.7 Delimitations
This thesis is limited to looking at the role of networking for three Swedish social entrepreneurs. The study is also limited to investigating which network actors are involved in relationships with the social entrepreneurs and what the nature of these relationships are or were by the time of existence. The study aims to focus on networking aspects that differ from conventional networking as expected to be performed by commercial actors. The study takes on a structural approach and hence does not focus on how the relationships have changed over time. Also, the study is limited to investigating the role of networking for the social entrepreneurs, as perceived from their own perspectives.

1.8 Disposition
The first part of this thesis aims at introducing the reader to the concept of social entrepreneurship and the motivations behind the study. The second part of the thesis describes the methodology used in performing the study. The third part of the study seeks to present the literature review and the fourth part presents the empirical data. The fifth section of the thesis deals with the analysis, followed by the conclusion, implications, and a discussion including recommendations for further research.
2. Methodology

2.1 Choice of Topic
The authors’ interest in the field of CSR was the starting point for the choice of study topic. During discussions with their advisor, Associate Professor Susanne Sweet, the authors were introduced to the Nordic research project within CSR-driven innovation recently conducted by the Nordic Innovation Centre. The discussion also presented to the authors the observation of specific networking behaviour among the social entrepreneurs included in the previous study, why the authors were recommended to investigate this matter further.

2.2 Choice of Research Objects
In the previous Nordic research project, 15 Nordic social entrepreneurs were studied. From discussion with advisor Associate Professor Susanne Sweet, the authors were recommended to choose three of those entrepreneurs for an in-depth study of networking behaviour. Unfortunately, one of the three enterprises did not have the possibility to take part in the investigation. Thus, this enterprise was replaced by another, yet this time not taken from the previous sample. The enterprises included were chosen based on a selection process involving an aim to include enterprises with differing business models, a consideration of proximity to the actors, as well as the authors’ ability to get in contact with the entrepreneurs. This resulted in a selection of the following social entrepreneurs: the company Dem Collective which produces and sells eco-ethical fashion (based in Gothenburg), the ecological food home delivery company Ekolådan (based in Stockholm), and the fair trade gift- and profile product company Fair Unlimited (based in Stockholm).

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Dem Collective (DC)</th>
<th>Ekolådan (EL)</th>
<th>Fair Unlimited (FU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>2004</td>
<td>Sweden</td>
<td>Sweden</td>
</tr>
<tr>
<td>Year of Foundation</td>
<td>Production and sales of eco-ethical fashion</td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td>Core Business</td>
<td>Sales of biodynamic and organic food products via a home-delivery system</td>
<td>Sales of fair trade branded corporate gifts</td>
<td></td>
</tr>
<tr>
<td>Ownership Structure</td>
<td>Joint-stock-company</td>
<td>Owned by the foundation Biodynamiska Produkter</td>
<td>Economic association with five founders as members</td>
</tr>
</tbody>
</table>
2.3 Choice of Research Method

For this study, a qualitative research approach, carried out using case studies, has been chosen. Due to the relatively little amount of research into the field of networking among social entrepreneurs, a qualitative approach was regarded as useful. The reason for this is that the method enables an insightful investigation of the research objects as empirical data can be investigated with guidance from literature. Due to that the study aim is to provide understanding of the role of networking, a case study approach was chosen since such an approach enables in-depth analysis of a defined phenomenon (Bell, 2000). The advantage of using a case study approach is that it enables the analysis of different types of material, such as interviews, observations, and different documents, which extends the analytical base (Merriam, 1994). For this thesis, information from the investigated enterprises’ websites has been collected to complement the personal interviews. A disadvantage of performing case studies is that the study is limited by subjective interpretations (Ibid), but to handle such a limitation, the authors of the thesis have both been present during all interviews.

The study is of exploratory nature, as it seeks to openly investigate the relatively unexplored role of networking for social entrepreneurs. Furthermore, the study is conducted using an abductive method, which means that the thesis analyses empirical data based on a theoretical framework as background (Alvesson and Sköldberg, 1994). Due to the research origin of this study, i.e. that something specific about networking behaviour among social entrepreneurs was observed in a previous study, this caused the authors to choose an abductive method to investigate the phenomenon among the three research objects.

2.4 Data Collection

For this study, interviews have been used as the primary method of data collection. Conducting interviews is the most common method of data collection when performing case studies (Langemar 2005). The interviews have been conducted using a so-called semi-structured method, which includes using open-ended and follow-up questions. Such method calls for the interviewee to describe matters freely (Lundahl and Skärvad, 1982). Due to the general observation of networking among social entrepreneurs from a previous study, this method was found relevant since it enables investigation of a relatively unknown phenomenon. Trost (1997) claims that a semi-structured interview method generates profound answers. Interviews for the study were conducted through personal meetings and complemented by e-mail and telephone contact during the period of October 16 - November 26, 2009.
According to Langemar (2005), careful selection of interviewees is important when conducting a qualitative study. Langemar (2005) means that respondents who can provide the most relevant information shall be chosen. With this motivation, interviews for this study have been conducted with representatives from the selected enterprises that have been involved with the enterprise since its foundation and hence are familiar with what connections the firms have had. In the case of Dem Collective, the co-founder and CEO Karin Stenmar was interviewed. In the case of Ekolådan, two representatives were interviewed at the same occasion; Anette Dieng, Head of Business Development, and Monica Haglund Taveres, Head of Company Clients. Anette joined Ekolådan shortly after its start-up. The third enterprise, Fair Unlimited, was in the interview represented by co-founder and CEO Daniel Mensch. Each interview was recorded; the interviews were thereafter documented and sent to the interviewees for confirmation and editing.

Except from interviews with the research objects, other interviews have been conducted. Professor Björn Axelsson was interviewed due to his expertise within the field of network theory. Morgan Zerne, Managing Director of Rättvisemärkt, was interviewed due to his expertise within the field of fair trade. Inspirational interviews have been conducted with Diana Svensk, CEO of Svensk Fashion; Associate Professor Kai Hockerts at Copenhagen Business School; and Dr Erik Wetter, Assistant Professor at Department of Management and Organisation at Stockholm School of Economics.

The interviews were preceded by study of the literature and theory available within the field of networking, entrepreneurship, and social entrepreneurship. The secondary sources include both printed sources and electronic sources. In order to complement the collected data, enterprise information from the respective websites has also been included in the case studies.

2.5 Research Quality

In the study, the authors have chosen to focus on the role of networking for three social entrepreneurs. The low number of research objects has been motivated by strive for in-depth studies of the objects, which requires time consuming characterisation of network actors in order to understand relationships in the respective networks. This prioritization of in-depth analysis has consequently forced compromising the number of research objects. Each research object has been interviewed once, and the data collection has been complemented by e-mail conversations between the authors and the entrepreneurs. A higher number of interview occasions would increase the data collection base enabling
a deeper analysis of content of relationships. However, the authors do not believe that more interviews would impact the number of relationships or networking partners mentioned by the interviewees.

Measuring reliability of a study refers to investigating whether the same conclusions would be reached if the study would have been conducted by another researcher. Because of this, reliability reduces errors and subjective presumptions in research (Yin, 1994). The same interview document was used for all the interviews with the research objects. However, due to the semi-structured interview technique, follow-up questions were also used. Recording of the interviews, the ability for the interviewees to edit the transcripts after the interviews, and both the authors’ presence at all the interview occasions have helped to increase the reliability of the study by reducing the risk of misunderstandings.
3. Literature Review

3.1 Introduction to the Literature Review
This section aims to provide the reader with insight into the literature used as a background by the authors in analysing the role of networking for the social entrepreneurs included in the study. By describing fundamental network theory, the authors aim to bring forward the role of networking for an actor in a network. In addition, by presenting a theoretical view of entrepreneurs’ networking, the authors seek to highlight how networks and networking are important for entrepreneurs as a specific group of actors. This will be followed by a presentation of theory on the fundamental constituents of social entrepreneurship. To round off this section of the thesis, a description of the function of the literature review for the coming analysis will be given.

3.2 Why Networking?
An appropriate starting point for understanding network behaviour is to consider the basic question: why do companies network? There is generally a well-established answer in theory to this question, which contends that “no business is an island” (Håkansson and Snehota, 1989; 2006). The relational view, presented by Dyer and Singh (1998), highlights that “the (dis)advantages of an individual firm are often linked to the (dis)advantages of the network of relationships in which the firm is embedded” (p. 660). This argument is in line with the recognition within business strategy research that the boundaries of the firm are problematic to define (Foss, 2005). Håkansson and Snehota (2006) explain the substance of this boundary problem by arguing that an organisation’s continuous interaction with other actors in its context endows the organisation with a meaning and role. Gadde et al (2003) further emphasise this proposition: “The basic point of departure for an industrial network approach is that firms operate in the context of interconnected business relationships, forming networks.” (p. 357) With these theoretical references as a starting point, it is evident that relationships make sense, not the least as they constitute a source of identification of the network actor, the firm, itself. In this aspect, networking as an activity, conducted with an intention to build and manage such relationships, makes sense as well.

3.3 The Roles of Networks and Networking

3.3.1 The Role of the Network as a Structure
The Actors-Resources-Activities (ARA) model, initially presented by Håkansson and Johansson in 1992, presents three variables that constitute a network: actors, resources, and activities. In the model, actors
can be any individuals, groups of individuals, firms, parts of firms or groups of firms (Ibid). Resources include all kinds of assets that can be valuable to an actor (Ibid). Activities refer to actors transferring, exchanging, combining, developing, or creating resources by using other resources (Ibid). Håkansson and Johansson (1992) argue that actors are involved in a network in order to, by performing activities, obtain resources that other actors possess or have control over; thus the activities performed by actors are based on a strive for control over resources. This is agreed upon by Heene and Sanches (1997), who claim that the resources that a firm can take advantage of can be found both within the firm itself but also within other organisations.

Easton and Lenney (2009) have taken this basic network model one step further by adding a fourth dimension, the role of commitments, into the original ARA-model. By including commitments, the concept of actor purposiveness is incorporated into the model: “Actors are goal driven, goals lead to intentions and finally to actions” (Easton and Lenney, 2009, p. 554). Hence, commitments “provide a crucial link between the goals of actors and their actions” (Easton and Lenney, 2009, p. 557). Introducing commitments can therefore enhance an understanding of network interactions as it takes into consideration the fact that engaging in networks constitutes a commitment, thus incorporating expectations of roles and people into the model. The role of commitments in shaping networks and, particularly, business relationships is further underlined by Araujo and Mouzas (1994), claiming that each business relationship is determined by three elementary forces: domain consensus, goal incompatibility, and interdependent symbiosis. The first of these three refers to the domain in which actors interact and is related to the definition of boundaries, role sets, and expectations in the relationship (Ford, 1978), and the consensus among these actors refer to the degree of agreement over prevailing functions and roles. Mouzas and Naudé (2007) in a recent paper bring another critical dimension into the dynamics behind these types of role structures as they argue that “functions and roles change dynamically over time” (p. 63) which can be seen as “attempts to redefine role-sets and to redraw the boundaries of the network” (Ibid) in which the actors are embedded.

Networks can provide actors with legitimacy (Aldrich and Fiol, 1994). Meyer and Rowan (1977) discussed the impact of organisations’ strive for legitimacy on the structures and strategies chosen by organisations; they identified legitimacy building as a driving force behind decision making regarding organisational structures and strategies. This implies that a reason for an actor to engage in networks is strive for legitimacy. Not only does legitimacy building constitute a reason for joining a network; legitimacy is also crucial for actors when inside a network. Weber (1968) argued for the importance of
legitimacy for actors in social structures. According to Human and Provan (2000), “legitimacy is critical to the evolution of all social systems, whether the focus is on the evolution of interest groups, organizations, or networks” (p. 328), and societal acceptance of an organisation is dependent on the support from relevant actors in the organisation’s surroundings (Ruef and Scott, 1998); this implies that organisations are dependent on the acceptance of actors with whom they have some connection. Zeitz and Zimmerman (2002) argue that “legitimacy is an important resource for gaining other resources” (p. 1), implying that legitimacy is required to be able to obtain other resources in a network.

3.3.2 The Role of Networking as an Activity

Networking refers to the activity of building relationships and connecting with other actors for various reasons. Gadde et al (2003) highlight that resources in a network are positioned in a constellation; the authors underline the importance for a firm of using this resource constellation in an efficient way. By saying so, Gadde et al (2003) aims to shed light on the fact that “resources always have ‘hidden’ and unexploited dimensions that can be explored and developed in interaction with business partners” (p. 360). Therefore, the authors claim that continuous interaction with others in the network can bring forward new kinds of resources (Ibid), and from this argument it can be understood that some resources do not exist unless two parties actually interact. Håkansson and Snehota (2006) argue that “the effectiveness of a business firm is not given by the possession of the ‘right’ set of resources accessed by a ‘right’ set of relationships at each moment in time” (p. 273), as they first claimed back in 1989, but instead “by the involvement in relevant change processes – the movement, in the context of the company” (Ibid). Håkansson and Snehota (2006) support this argument with prevailing empirical research confirming “the importance of the continuous re-interpretation of images of the network context” (p. 273). This brings forth an argument that continuous interactions assist firms in understanding the context in which they act, which has major implications for strategic change and business development.

Networking as an activity can also be seen from the perspective of social capital, which can be described as relational resources embedded in personal relationships and ties between people (Burt, 1992; Loury, 1977). Lin (1999) agrees on this resource-oriented view by referring to social capital as “assets in networks” (p. 1). Lin (1999) furthermore presents three explanations for why embedded resources in networks will add to the outcomes of actors’ activities in the network; first, social ties facilitate flow of information; second, social ties have the power to influence actors; third, social ties can function as certifications of an actor’s accessibility to networks and relationships. A broader definition of social
capital also includes social norms associated with relationships (Coleman, 1990). Granovetter (1992) elaborated on this theme by making a distinction between structural and relational embeddedness in networks; the structural dimension refers to the location of an actor in a network and how specific locations can be specifically advantageous for the actor, whereas the relational dimension refers to how normative aspects, such as trust, impact relationships. In an interview with Professor Björn Axelsson (2009), he touched upon such this aspect when he claimed that people in networks might perform certain tasks as they feel that they are expected to do so by their counterpart in the network. This argument indicate that connections to other actors in a network may mean that actors do not solely act according to their own greed and self-interest, but rather in ways they are expected to, which is also highlighted by Ghoshal and Tsai (1998) in a discussion on social capital.

From the above theory review, it has been highlighted that firms primarily engage in relationships with other actors in a network in order to obtain, create, exchange and transfer resources by interaction, as well as to build legitimacy. The review has also shown that relationship commitments and social connections can have impact on the outcome of networking since such characteristics of relationships can make actors act not solely by self-interest. Now, this network discussion will turn to the entrepreneur specifically.

3.4 The Role of Networking for an Entrepreneur

According to Anderson et al (2008), “networks are recognized to contribute to entrepreneurial capacity by extending the individual’s asset base of human, social, market, financial and technical capacity” (p. 125). This argument indicates that engaging in networking is a way for an entrepreneur to access more assets than those he/she possesses. Also, it has been claimed that the actual initiating of entrepreneurship, in terms of opportunity spotting, may be a product of acting in a network (Hills et al, 1997). Not only can the opportunity spotting be a result of networking, but Johannisson and Peterson (1984) argue that networking can also lead to the actual decision to found an enterprise when you identify the resources possessed by others in the network.

According to Dowling and Lechner (2003), the small scale of an entrepreneurial enterprise after a start-up lead to that an entrepreneur use his/her social networks in order to build up his/her business. One example is that networking is simply used to create sales (Ibid). Other fundamental motivations for an entrepreneur to engage in networking have been argued; networking provides introductions to business associates (Birley, 1985); networking generates self-confidence (Alexanderson et al 1994);
entrepreneurs can gain motivation, support, and encouragement from networking (Tjosvold and Weicker, 1993). Because of this importance of networking for an entrepreneur, much time is dedicated by an entrepreneur to maintain his/her networks (Greve and Salaff, 2003).

It has been recognised that entrepreneurs are not autonomous actors who act independently of their social contexts, but are rather embedded in such contexts (Granovetter 1985; Aldrich and Zimmer 1986); an entrepreneur has been identified as an actor which is a result of its social environment (Anderson and Miller, 2003). Thus, an entrepreneur’s ability to spot opportunities is impacted by social interaction (Ibid). Johannisson (1988) has argued that social contexts can have two impacts on an entrepreneur; they can constrain entrepreneurship and at the same time help entrepreneurs to reach beyond their original boundaries. Interestingly, regarding social contexts, Anderson et al (2008) claim that “exclusion from the mainstream due to social group origins has also long been argued to stimulate ‘outsider’ entrepreneurship and may also generate specific networked entrepreneurial communities.” (p. 125).

3.5 Social Entrepreneurship

Leadbeater’s (1997) contribution to the research area of social entrepreneurship, The Rise of the Social Entrepreneur, was among the first provisions within the field and provides a fundamental theoretical view of the concept of social entrepreneurship. Leadbeater (1997) refers to a social entrepreneur as a person of two relatively balanced dimensions; a social entrepreneur carries specific characteristics that can be derived from the expressions “social” on the one hand and “entrepreneur” on the other hand. From the social perspective, a social entrepreneur promotes well-being, health, and welfare with social capital as its core asset (Ibid). From an entrepreneurial point of view, Leadbeater (1997) argues that a social entrepreneur is superior in “spotting unmet needs and mobilizing underutilized resources to meet these needs” (p. 11). Furthermore, the author claims that drive and determination characterise a social entrepreneur, but underlines that “social entrepreneurs are driven by a mission, rather than by the pursuit of profit or shareholder value” (p. 11). Leadbeater (1997) identifies a social entrepreneur’s sector of activity as the intersection areas between the private, the public, and the voluntary sectors, as shown by the shaded area in Figure 1.
The social entrepreneur’s area of activity: Shaded intersection areas

Figure 1: Sources of Social Entrepreneurship (Leadbeater, 1997, p. 10)

This view of a social entrepreneur as active in the intersection between sectors is shared by Dees (2001), who argues that the relatively new term social entrepreneurship, that describes a not so new phenomenon, is “important in that it implies a blurring of sector boundaries” (p. 1). In contrast to Leadbeater (1997) however, Dees (2001) specifically speaks of the intersection of the private and the social sectors as the area of activity for a social entrepreneur. Along the lines of Leadbeater’s (1997) argument, Dees (2001) also puts forward that “social entrepreneurs look for the most effective methods of serving their social missions” (p. 1) and “mission-related impact becomes the central criterion, not wealth creation” (p. 2) which, the author claims, “affects how entrepreneurs perceive and assess opportunities” (Ibid).

A social entrepreneur’s focus on a social mission is further confirmed by Mair and Marti (2006), who claim that “social entrepreneurship differs from other forms of entrepreneurship in that it gives higher priority to social value creation—by catalyzing social change and/or catering to social needs—than to value capture” (p. 43). This focus on social mission is shared as well as further specified by Thompson (2002), who points to a mission that refers primarily to helping others; a social entrepreneur is someone “with qualities and behaviors that we associate with the business entrepreneur but who operate in the community and /is/ more concerned with caring and helping than with ‘making money’” (p. 413).

3.6 The Function of the Literature Review

The literature on the role of networks and networking to actors in general and entrepreneurs in particular is dominated by viewing a commercial actor, primarily building commercial business relationships for profit-related purposes by striving for resources in a commercial context.
The literature review has however presented a social entrepreneur as an actor that carries some sort of social mission and acts across sector boundaries; according to Leadbeater (1997), the sectors constituting a social entrepreneur’s playing field are the private, public, and voluntary sectors.

Because of a social entrepreneur’s movements across sectors, it is possible to anticipate that this type of actor carries characteristics differing from a commercial entrepreneur and that networking plays an important role for that kind of actor. In order to investigate what role networking plays for the social entrepreneurs included in this study, the function of the literature review is to constitute a background, rather than an analysis foundation or template, when investigating the role of networking for this new group of actors.
4. Empirics

4.1 Introduction to the Empirics Section
This section of the thesis aims to describe the three different social entrepreneurs included in the study and aims at providing a picture and an understanding of the networking conducted by the three research objects. The case descriptions are based on data collected through interviews with the entrepreneurs.

4.2 Case I: Dem Collective (DC)

4.2.1 Business Purpose
To produce fashion by ways which respect concerns for ecology, ethics, quality, and well-considered design. To make the value chain by which an item is produced more transparent, and thus guarantee fair working conditions and environmental responsibility, so that customers can wear fashionable clothes at a fair price, and with a good conscience. (Dem Collective web6).

4.2.2 Case Description
The context in which Karin Stenmar (in this section referred to as Karin) and Annika Axelsson (in this section referred to as Annika) met was of an educative form: the project management course arranged by the centre for education, Kulturverkstan7. At that time, Karin was managing a jazz night club and Annika worked in the fair trade shop Rättvis Handel AB. Annika had experiences from development issues as she was also working as a research assistant within the field at Gothenburg University. When the two met, Karin had been looking for promotion t-shirts and had been offered to buy t-shirts priced at 9 SEK each from a wholesaler. She reacted strongly on the low price and discussed the matter with Annika. “Annika has been passionate about ethics and equality her entire life”, says Karin.

The course at Kulturverkstan confronted issues concerning globalisation and global trade. “We were dealing with both economics and politics. It was very obvious to us that there was a lack of access to fair traded products, and an apparent lack of information and communication”, says Karin. The role of Kulturverkstan is explicitly described by Karin in terms of constituting a “supportive context”, made up of “a team of mentors with the only intention to back up our ideas, affirming our driving spirits, as a ‘yes

6 Accessed November, 13, 2009; free translation from Swedish
7 Kulturverkstan is an education for idea realisation and project implementation within the cultural sphere (Kulturverkstan, web; Accessed November 30, 2009)
you can’t mentality”. Karin also highlights that Kulturverkstan was a context that “fostered the idea of networking”. She talks intensively about the value of contexts in stimulating and encouraging action; for instance, Karin mentions the location of Dem Collective’s initial office situated on “a street known in Gothenburg for building networks and supporting small local companies and creativity.”

With their different backgrounds, Karin and Annika had different networks of people and relationships surrounding them. Karin came from an entrepreneurial family and had a network through that, while Annika was more oriented towards development issues and fair trade since she had been travelling in South Asia. These field trips had provided her with an extensive local network in the South Asian rural areas, including strong connections to local labour unions for instance. “She possessed a genuine knowledge of these issues and is very competent within the field”, says Karin about Annika.

Karin had a strong interest in politics, particularly cultural politics. At the time of the enterprise start-up, Karin’s professional network was primarily in the music industry, a context which Karin describes in terms of a mentality primarily concerned with questioning existing structures, manifesting in-equalities and other social imperfections. Her involvement in the music industry, with responsibilities for managing clubs and promoting concerts, introduced her to how musicians contributed to the social debate of ethical and environmental concerns, not the least through their unique way of communicating their stand points on these issues. Karin emphasises her use of her network in the music industry to make initial customer research with the main finding that there was definitely an interest for eco-ethical clothes.

During the development of Dem Collective, the enterprise has created and managed connections with different organisations and networks. For example, Rena Kläder⁸ is a network of organisations that “works for better working conditions for those who produce our clothes, shoes, and textiles” (Rena Kläder web⁹). Furthermore, Dem Collective has kept a continuous dialogue with Rättvisemärkt¹⁰, which provides fair trade product certification, with a mission of “world trade that is built on respect for human rights and that fosters a better future for the human being and the environment” (Rättvisemärkt web¹¹). Another example of an organisation that Dem Collective has interacted with over the years of development is Svensk Handel¹², a member driven interest organisation for Swedish trading companies.

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⁸ Translation: Clean Clothes Campaign
⁹ Accessed November 18, 2009
¹⁰ Translation: Fair Trade Sweden
¹¹ Accessed November 18, 2009; free translation from Swedish
¹² Translation: The Swedish Trade Federation
The organisation “works for a world with free trade without barriers to trade” (Svensk Handel web\(^13\)). Svenskt Näringsliv\(^14\), an organisation identifying itself as “the representative of companies in Sweden” (Svenskt Näringsliv web\(^15\)), is another actor that Dem Collective has been in touch with during the years of development. Dem Collective has, at a number of occasions, been invited by the organisation to different parts of the business world to lecture about sustainable development. During its development, Dem Collective has furthermore been given awards together with large corporations such as Electrolux. Karin shares: “Then you get taken seriously...//...we become visible as well, we also get the credibility that other companies can get”.

Connections to media constitute another dimension of network relationships which have been critical during Dem Collective’s development process, according to Karin. The Swedish business magazine Veckans Affärer is specifically mentioned and discussed by Karin. She emphasizes that the company of Veckans Affärer has been “truly important, especially since they have invested in social entrepreneurship and in what we do”. For instance, she specifically exemplifies with the value of being listed among other business actors, published by actors such as Veckans Affärer. Karin shares that “it (list participation) is good since it creates some sort of credibility and weight in that you are actually accepted by the business world and perhaps most significantly from a political and economic perspective.” It was also with a team from VA that Karin participated during the political forum arranged in Almedalen\(^16\) in 2009, promoting active social entrepreneurs. In the early stages of Dem Collective’s development, several organizational magazines, such as Sida’s magazine Omvärlden\(^17\) and Christian communities’ magazines, contacted the enterprise to write about them. At a later stage, the media attention around Dem Collective has been tended more towards financial media and most recently, fashion magazines have contacted the company. Examples of such magazines that have shown interest are Elle and Damernas Värld.

An important personal contact since the start of Dem Collective is mentioned by Karin, namely Björn Söderberg, who is the owner and founder of the enterprise Watabaran\(^18\) in Nepal. Karin and Björn

\(^13\) Accessed November 19, 2009  
\(^14\) Translation: Confederation of Swedish Enterprise  
\(^15\) Accessed November 19, 2009  
\(^16\) Almedalsveckan is a well-known annual political forum in Sweden in which the political elite gather to discuss pressing political issues (Almedalen web; Accessed November 30, 2009)  
\(^17\) Omvärlden is a development magazine published by Sida (Swedish International Development Cooperation Agency) (Omvärlden web; Accessed November 30, 2009)  
\(^18\) Watabaran is a company working with fair trade and produces recycled handmade paper products (Watabaran web; Accessed November 30, 2009)
Söderberg have shared experiences during the years. “We think of concept and driving force in the same way, and we surely face the same problems, like working on the other side of the world”, says Karin, referring to that Dem Collective has started a factory on Sri Lanka. Karin shares her perception of their relationship in terms of its supportive nature, pointing to a mutual understanding for each other’s businesses and where professional cooperation governs the relationship. She further adds that they have never worked “actively together”, but there has always been a mutual awareness that they can turn to each other. Also, inspiring and lecturing others on fair trade concerns constitute a common ground of interest from which they both take action. Björn Söderberg, who works as a lecturer within the field of fair trade, recommended Karin as lecturer for commissions he was unable to do himself. Karin explains her belief in lecturing as a tool to reach out: “Lecturing is a fantastic product if you want to market your product and spread your message”. In terms of spreading information, she points to the specific role of networking for this purpose, as the nature of her business forces her to inform or educate the market prior to selling.

Building relationships has been critical to the formation of Dem Collective, shares Karin, not the least as they have been working with little resources since the start, and hardly ever had a budget for such purposes as marketing. Hence, she identifies networking with people as an important way of establishing the firm: “I believe mine as well as Annika’s roles as a networkers are crucial and I think this company would not have been anything if we had not been networking”. Karin views each network as a carrier of nodes and direct channels to new networks, emphasizing the extensive spreading impact such networks can have. Restricted by a small marketing budget, investing in networking have had “the effect of enthusing and explaining to people what we do, in a way that encourages them to take part, and talk about it themselves”. She further adds that in connecting with others she is aware of what is strategic or not: “I know exactly when and where I have to stay another minute as there might be a possibility of a new person showing up, whom I see as important.” “It’s about combining an interest in people, to like people, but knowing in several stages what this relationship could yield”, she claims. Karin argues that she has never made any compromises on her networking.

During its development, Dem Collective has invested in networking and in creating relationships. By doing so, according to Karin, the enterprise has been able to create enthusiasm and describe its business to people “in a way that people feel like they themselves want to be a part of it and speak about it themselves”. Karin highlights that people tend to be positive towards Dem Collective and how that
results in that people want to join and support the business. “It (networking) is very much about word-of-mouth”, says Karin, “that you spread knowledge among people”.

4.3 Case II: Ekolådan (EL)

4.3.1 Business Purpose

To offer a wide and high quality assortment of ecological food and make it accessible to many. This is done in ways aimed to help producers – especially small to medium sized actors – to reach consumers interested in their products. Through Ekolådan, both producers and consumers get the possibility to learn more about each other’s conditions. In this way, Ekolådan constitutes a link which reduces the distance between producers and consumers. (Ekolådan web19)

4.3.2 Case Description

The company of Ekolådan, which offers home delivery of biodynamic and organic food products together with inspirational recipes, was founded in 2003 by the Swedish foundation Biodynamiska Produkter20. Anette Dieng (in this section referred to as Anette) shares that the foundation Biodynamiska Produkter, which has existed for more than 30 years, is owned by a paragraph, which states that the foundation shall supply consumers with biodynamic and ecological food products in a way that benefit the producers of such foods; Ekolådan became one way of fulfilling the foundation’s purpose. Ekolådan’s business concept includes offering customers biodynamic and organic food products together with inspirational recipes and information about the products.

In 2002, the Swedish journalist Ingar Nilsson had returned to Sweden after a longer stay in Scotland, where she had bought organic food products by home delivery. She missed the concept in Sweden and contacted the organisation Ekologiska Lantbrukarna21, with the aim to ask if the service concept was available in Sweden.

Previously to 2002, a trend was identified by the foundation Biodynamiska Produkter that the number of Swedish producers of biodynamic food products was diminishing drastically. The business climate for the producers was harsh and only a few larger supermarket chains with heavy bargaining power were purchasing the goods. Furthermore, at that time, the foundation spotted upcoming business concepts.

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19 Accessed November 22, 2009
20 Biodynamiska Produkter is a foundation that supports the development of organic and biodynamic agriculture in Sweden (Biodynamiska Produkter web; accessed November, 30, 2009)
21 Ekologiska Lantbrukarna (Swedish Ecological Farmers) is an interest organisation for producers of biodynamic and ecological food in Sweden (Ekologiska Lantbrukarna web; accessed October, 26, 2009)
with home delivery biodynamic food products in other European countries. Ingar Nilsson got in contact with the foundation and one of its members John Gerhard with the help from Ekologiska Lantbrukarna. Anette highlights that this happened in a time when along with an intensifying debate in society regarding issues such as climate change and globalisation. By the time of Ekolådan’s formation, John was a member of the group Ekologiska Rådet\(^ \text{22} \). The group was set up by Jordbruksverket\(^ \text{23} \) with the purpose to find projects that Jordbruksverket could subsidize; later Jordbruksverket contributed with start-up capital to Ekolådan. “The foundation (Biodynamiska Produkter) had its tentacles out there, partly in Europe where there were already a couple of such firms, but also internally in Sweden with Ekologiska Lantbrukarna and Jordbruksverket”, shares Monica Haglund Taveres (in this section referred to as Monica). John Gerhard, one of the founders of Ekolådan and member of the foundation, has several connections outside the company. “I guess you can say that he (John) works more for the entire movement for ecological and biodynamic food”, shares Anette.

Short after the start-up, Ingar got in contact with Anette. They met 6 months earlier, as they, together with a group of other journalists, graphic designers, and photographers, planned to publish a new food magazine in Sweden. Anette had earlier been working as a graphics designer as well as a chef and had several connections within both fields. Ingar had her network within the journalist sphere. They shared a common view that there was a lack of a good Swedish magazine from which the consumer could learn about high quality food products. “To me personally, there was a willingness to make the high quality food products available to people. That was my driving force, and I think it was the same for Ingar”, says Anette and shares her frustration as a customer, having been denied the possibility of choosing ecological products. Anette says that the group shared a common interest in high quality food products, cooking, and learning more about food products.

At the time of the formation of Ekolådan, its new business concept attracted media’s attention, especially since Ekolådan was among the first ones in Sweden to start this type of business at a large scale with help from Internet. The debate in society at the time mainly concerned the quality of food and the climate change. “People started to engage, and therefore it feels as if we contributed to the start of a movement”, says Anette. Because Ingar Nilsson was a journalist, she published a news letter on Ekolådan’s website. When Ingar left the company, Ebba Svennung, an old friend to Anette, was contacted and got the responsibility of this news letter. Ebba’s contact network resulted in several

\(^{22}\) Ekologiska Rådet was a group previously set by the Swedish Agricultural Board with the mission to select projects that the Swedish Agricultural Board could subsize (Interview, Anette Dieng, October 16, 2009)

\(^{23}\) The Swedish Agricultural Board
different free lance writers writing the weekly newsletter. “This led to that people read our newsletter; not only customers but also media is scouting” says Anette. Furthermore, Ekolådan’s web-based business model required the formation of a function-specific web page. The small organisation itself did not possess this competence, why a freelance web designer, Patrik Dahlén, was contacted to create a web site, which he is still in charge of. In fact, the web design company has lowered the price that they charge Ekolådan. Furthermore, Ekolådan’s additional external communication is handled by one art director and one copy writer, both working on a free lance basis. “They both belong to the top in their field in Stockholm. They also do the work at a lower cost as they think that it is nice to work with us”, shares Anette. Furthermore, Synneve Mork, a friend of a friend to Anette, has helped Ekolådan with communicating its mission and values by constructing a representative fair stand. “She got caught by our enthusiasm, I think that has spread and makes several people want to join, because we are enthusiastic”, shares Anette. Monica says that the customers as well have been enthusiastic by presenting ideas on how Ekolådan can improve its operations.

During the development of Ekolådan, the enterprise has put effort into managing its relationship to the producers that they source products from. Anette shares that when Ekolådan was initiated, the concept was met by scepticism from the producers, with whom the foundation Biodynamiska Produkter since earlier had a relationship with. “The producers wondered if Ekolådan was something they could trust, or if it was only a craze”, says Anette. Therefore, Ekolådan has ensured to have regular meetings with the producers at which they present their plans and operations. The enterprise has experienced that the products sometimes are not in line with the recipes that are prepared for the food boxes: “It would be fantastic to order from a factory where they make perfect beet roots because that would be most convenient for production. But then we would have forgotten what we are doing, that is not why we are here”, says Anette and describes that the foundation has an important role of reminding the enterprise of its fundamental cause in times when commercial aspects require attention.

Ekolådan’s representatives underline that the enterprise’s approach towards external attention is more suspicious now than earlier and that it is important for the company to be present where it feels right for them to be. “To begin with, we were so happy when we got contacted, and we joined.../...now we get more suspicious”, says Anette, and finishes by saying that Ekolådan now says “no” more frequently. Anette shares that she has been given an award from Sveriges Miljöchefer as well as an invitation to the Volvo Environment Prize banquet. She says: “We do our thing. It is great that they appreciate us and that we are invited, but we are not out working like that”. On the other hand, at the initial stage,
Ekolådan had a negative attitude towards exhibitions and fairs and did not engage in gaining attention through such forums. By the time that one of their competitors, the Danish firm Årstiderna, entered the Swedish market, Årstiderna chose to exhibit itself at fairs. The rival company’s quick establishment in the Swedish market made Ekolådan realise the value of attracting attention by being seen at exhibitions.

Among Ekolådan’s contacts are also people that have contacted Ekolådan as they wish to start similar businesses. Ekolådan has guided people both from Åland and Finland in setting up similar businesses in their areas. “We would like to help others to be able to do the same thing as we have done”, says Anette. In addition to this, the company is also involved in projects with a purpose of research or education. One such example is the co-operation with a design college, Högskolan för Design och Konsthantverk\textsuperscript{24}, as well as a research project previously conducted by Nordic Innovation Centre that included researchers from, among other institutions, Stockholm School of Economics and Copenhagen Business School.

4.4 Case III: Fair Unlimited (FU)

4.4.1 Business Purpose

To create possibilities for companies and organizations to choose Fair Trade when buying profile and gift products. At the same time, our mission is to represent Fair Trade producers from the poorer part of the world, to support and increase access to markets for this group of business. Fair Unlimited makes it easier to make an easy choice to make a difference. (Fair Unlimited web\textsuperscript{25})

4.4.2 Case Description

The five people who started Fair Unlimited shared a mutual interest in fair trade and met at a fair trade course arranged by the Swedish Red Cross. The group of founders varied in terms of backgrounds, competence, and personalities; one consultant, one copy writer, one graphics creator, one market researcher, and one economist. Daniel Mensch (in this section referred to as Daniel), co-founder of Fair Unlimited, in an interview emphasizes the importance of this mix of people, especially the role of the economist in the group who has taken a more “market liberal perspective, questioning a lot, which is good so that we don’t become too idealistic.” Daniel furthermore describes the spotting of the business opportunity: “We saw an opportunity to target other businesses that were enlightened and showed an awareness of the necessity of fair trade.” Daniel says that they all got the inspiration to act from a

\textsuperscript{24} Translation: School of Design and Crafts, Gothenburg University

\textsuperscript{25} Accessed November 22, 2009
success story in Holland, where a Dutch fair trade company had managed to sell 80,000 fair trade products to the Dutch National Mail Service. “If they succeeded there was no doubt we could succeed as well”, says Daniel. Prior to the start up of Fair Unlimited, Daniel had been working as an Associate Partner at Accenture, and as he explains, “had come to a point in life when he started to ponder about his career; the crisis everyone arrives at, sooner or later.”

In the start up phase, apart from the business in Holland, there were not so many other social entrepreneurs or similar actors that the team behind Fair Unlimited felt that they could learn from, but with time and as the business has grown this has definitely changed. Fair Unlimited is today involved in several formal and informal networks and seldom hesitates to meet people that share the same vision and business goal within fair trade. Apart from the founders’ initial connection to the Swedish Red Cross, the enterprise has been in contact with a number of different organisations during the enterprise’s development. For example, the product certification institution Rättvisemärkt was the previous employer of two of the founders and hence a natural contact partner to Fair Unlimited. Furthermore, through one of Daniel’s personal contacts at Stockholm School of Entrepreneurship, Mike Schragger, responsible for the course in Social Entrepreneurship and involved in the incubator Triple Logic at the time, the founders got the chance to institute their initial motivation and ideas. Daniel cannot see any actual change in either the enthusiasm or driving force behind the team of founders over the years of development of Fair Unlimited. The biggest change, he argues, lies in acting as an entrepreneur, managing a company, and all that it takes into account in terms of logistics, website, transport, etc. “All those small details you had no clue about before starting your business. That’s where you learnt the most”, Daniel says. In terms of putting effort into changing the company market by pushing for fair trade, the enthusiasm is the same. Daniel shares that the major task and challenge lies in representing both the producers and the consumers, by assisting the producers in developing products that the market is looking for, and by helping consumers to get hold of an improved assortment of fair trade products.

Through Daniel’s previous work at Accenture he had become increasingly familiar with what at the time was referred to as Corporate Citizenship. He started to search the Internet, took different courses, and very soon started networking with consultancies, different network forums, and other companies

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26 Translation: Fair Trade Sweden
27 Stockholm School of Entrepreneurship (SSES) is an academic initiative by five Swedish universities (SSES web; accessed November, 30, 2009)
28 Triple Logic is an incubator for SMEs aiming within the field of sustainability (Anuera web; accessed November 30, 2009)
focusing on CSR in Sweden. Daniel states that he got in contact with Sveriges Miljöchefer and Svenskt Näringsliv. In addition to this, Daniel mentions his involvement in Social Venture Network\(^{29}\). Daniel also shares that he is involved in the confidence circle of Ekobanken\(^{30}\) in Järna, Sweden. Daniel also describes how he frequently participated in seminars and lectures held in connection with Kofi Annan’s initiative Global Compact. “These were all good forums for networking. It was my way of getting started, to familiarize with different concepts and contacts. I am still in touch with many of the people that I established back then. When we finally launched our own business, Fair Unlimited, we held breakfast seminars and meetings about fair trade, etc. Many of the people invited then were people that we had established relationships with during the pre-start up, from Social Venture Network for instance.” Daniel highlights the value of networking to Fair Unlimited: “We have found some of our biggest and most critical clients in that way, and it is something that is extremely important for a small enterprise like us, because we cannot afford to be out there with heavy and expensive advertising.”

Daniel proudly points to a network of business connections that he himself and Fair Unlimited have created as a side project to the core business. “I strongly believe this project will be beneficial for us in the long run, without having much to do with our core business. It’s called Sustainable Fashion Academy, an education aimed for fashion designers and buyers.” Daniel, in cooperation with Mike Schragger, the same person who managed Triple Logic and the course in Social Entrepreneurship at SSES, started to discuss this idea about three years ago. Cooperation partners included Svensk Handel, Sveriges Designers, Svensk Form, Hennes & Mauritz, and Green Cargo among others. “We managed to build a genuine platform with 25 designers, ranging from H&M to small freelancers”, Daniel says. The concept consisted of an 8-month education with workshop occasions, and Daniel clarifies that Fair Unlimited is presented as one of the initiators of the project. He himself participates as an inspirer and lecturer within the field of fair trade: “My strongest passion lies in enhancing the fashion industry’s interest in fair trade issues and how these actors can work continuously with these issues in the future, to have fair trade growing in this direction as well.” Daniel further adds that this kind of initiative gives them credibility from Rättvisemärkt, and constitutes an interesting foundation to make Fair Unlimited grow within this product segment in the long run.

\(^{29}\) Social Venture Network is an international network that works for long term sustainability in business and activities (Social Network web; accessed December 1, 2009).

\(^{30}\) Ekobanken works for enabling people to, “through deposits, contribute to a socially, ecologically, and economically sustainable development of society” (Ekobanken web; accessed November 19, 2009).
Fair Unlimited is also involved with exchanges with several academic institutes, such as the Stockholm School of Economics: “I have lectured several times at the school. It is important for us to show this type of connection, that our business is interesting enough for an institution like the Stockholm School of Economics, that we are used as a business case example”, shares Daniel.

Making use of internet as a channel to extend one’s connection has been important in Fair Unlimited throughout the development of the enterprise. Fair Unlimited put effort into improving their web site to reach their customers, by showing a number of co-operators and customers on the website. Daniel shares that “an integrated website implies more control over our brand, and that constitutes a crucial channel for us to reach out” and “we want to create a good foundation for trust”. Apart from the website, Fair Unlimited is in charge of a newsletter that reaches out to 2000 recipients. Next step in developing media forums for attention is to focus on using and managing social media, especially with reference to Facebook and Twitter: “Half of our communicative strategies pass through these channels.” However, Daniel clearly states that apart from this type of communication, Fair Unlimited must work even more intensively with actual people networking.

Fair Unlimited is currently working with a well-known, major retail company on a project that aims at helping them incorporate a fair trade assortment of products into their offer. One of the buyers from the purchasing division within this retail company contacted Fair Unlimited, primarily due to its knowledge of producer groups, suppliers, and products on a global level. Daniel’s first reaction was not to get involved since Fair Unlimited did not want to be an intermediary. “We could have offered to order the products for them, add a premium, but I thought that is not the purpose of fair trade, instead fair trade acts to eliminate intermediaries”, says Daniel. However, he describes that he would appreciate if the retailer got involved, so Fair Unlimited and Daniel himself spent time on helping the retailer. ”We have a deal that if the idea gets implemented, we will get a negligible agent fee that covers the time we spent, but the whole idea was that we think it is very valuable for the entire fair trade sector if these parties could interact”, says Daniel. He further shares that Fair Unlimited in a sense puts itself in different roles and that one can never know what situations, like the one mentioned here, can lead to. “It’s like networking, you think that it might lead to something good later on, but things seldom happen just like that”, says Daniel.
5. Analysis

5.1 Introduction to Analysis
Continuous interactions assist a firm in understanding and interpreting the context for action, and thus allowing it to identify itself in its network context, based on a fundamental argument made by Håkansson and Snehota (1989; 2006). Understanding the role of networking to a group of social entrepreneurs thus requires an analysis of the types of relationships involved with the social entrepreneur and what the underlying motivations for engaging in these relationships are, i.e. what value these relationships bear for the social entrepreneur in executing his/her business. As was previously stated, there are various reasons for an entrepreneur to engage in networking, not necessarily related to intentions of increasing sales or profit but also of such nature as to stimulating, encouraging, or enhancing self-confidence in the entrepreneurial process.

The analysis that follows builds on a structural approach where the social entrepreneur is viewed in terms of his/her relationships across sector boundaries of the economy, as first proposed by Leadbeater (1997). The content of networking with different sector actors will be the focus of this analysis, providing insights into the role of networking with each actor based on the interviews made with the social entrepreneurs. The analysis looks into relationships with interest associations, actors in the business world, academic institutions, as well as the social entrepreneurs’ political networking activities. The analysis finally ends with a section that aims to weave in and bring forth the main aspects derived from the different types of relationships, in order to offer an integrated analysis of how these categories of networking interact and what role they all together play for the social entrepreneur.

5.2 The Social Entrepreneurs’ Networking Partners

5.2.1 Networking with Actors in the Business Community
This part of the analysis aims to shed light on the social entrepreneurs’ networking with actors in the business world to understand what role this kind of networking plays for the social entrepreneurs.

Within the Swedish business community, the two organisations Svenskt Näringsliv and Svensk Handel are both players with significant importance as they represent private actors in general and trading companies in particular respectively. The organisations’ members are all private actors and hence the organisations represent a majority part of the business community. Both DC and FU mention the
organisations as networking partners. The social entrepreneurs’ networking with Svenskt Näringsliv can be interpreted as a way for the social entrepreneurs to gain legitimacy from other companies by interacting with an actor of significant importance in the business world. Svenskt Näringsliv can hence be interpreted as having a gatekeeper function for the social entrepreneurs to grant them access to the commercial world. In the case of FU, the enterprise co-operates with the organisation Svensk Handel within the initiative Sustainable Fashion Academy. Svensk Handel’s participation in the project certainly adds to the legitimacy of the operations of Fair Unlimited in the business community, not the least since other involved partners in the project are major private players such as H&M. Karin Stenmar at DC identifies Svensk Handel as a prime networking partner due to the organisation’s bargaining power in the Swedish business community. Karin Stenmar especially mentions Svensk Handel as a party to which she can communicate information since the organisation has power to take actions in the Swedish trading industry. Thus, networking with a player such as Svensk Handel can be seen to have the role of enabling DC to inform the Swedish business community about its operations and intentions, and in that way call for debate regarding responsible business.

Business awards given by certain institutions to actors in the private sector are mentioned by both DC and EL, referring to different events and arrangements awarding companies and market actors for certain business achievements. Karin Stenmar from DC highlights the importance for her enterprise to become accepted in a business context and speaks of the credibility that such public attention, in terms of awards in connection to larger private actors, can generate. This granting of awards can be interpreted as a way for the business community to declare their acknowledgment of the work of the social entrepreneur. However, as Karin Stenmar underlines the importance for her enterprise to get accepted in the business context, she also indicates that she apprehends DC as an inferior party in the business community and that the enterprise needs to legitimize its presence in this context. This argument further suggests that a social entrepreneur aims to gain legitimacy as a complete actor in the private sector, acting as an entrepreneur like anyone else. Networking in forums that acknowledge the enterprises in direct connection with profit-maximizing firms can hence have the role of building legitimacy around the social enterprise’s role and ability to do business.

An interesting twist on this argument of the social entrepreneur opting for acknowledgment in the business community can be made with reference to EL, which has received acknowledgement both by Sveriges Miljöchefer and Volvo Environment Prize. The representatives from EL share that they, in the initial phase of the enterprise development, were enthusiastic about involvement with other actors in
the business community and appreciated the attention that it generated. However, along the
development of EL, the enterprise has been forced to put more effort into their internal operations and
hence turned more selective in networking with these actors. EL has become more sceptical towards
attention, confirmed by Anette Dieng: “We are more vigilant about where to be now”. From this, it is
possible to anticipate that EL does not want to be associated with the commercial sector to the same
extent as DC, which implies that networking with the actors in the business world plays different roles
for the different social entrepreneurs studied. Looking into this difference of the two social
entrepreneurs’ perception of attention in the business sector can provide some analytical substance.

DC’s product, eco-ethical fashion, includes both a social aspect of responsibility, but also a commercial
aspect of selling fashionable clothes in a competitive market for fashion. On the other hand, in the case
of EL, the enterprise sells a product that does not provide the customer with any significantly different
product characteristics from what the customer would get by buying non-organic food products.
Instead, the value provided to the customer by EL lies in the value of choosing biodynamic food and
supporting ecological farmers. Thus, it can be anticipated that EL does not want to be associated with
the commercial sector but instead portrays itself as a pure supporter of ecological farming, why EL does
not value participating in events such as galas or awards. The ownership structure of a foundation
owning EL can of course have implications on the dependency of the enterprise on commercial attention
as well. Turning to FU and the fact that FU’s customers are companies, an interesting comparison can be
made; FU’s networking in the business community can simply be seen as a hunt for sales and reputation
building.

Another part of the business world that the selected social entrepreneurs mention as part of their
networks is the part consisting of actors in the value chain. All of the selected social enterprises declare
in interviews that their respective enterprises especially nurture their relationships with suppliers. EL
highlights the importance of trust between themselves and the producers; DC underlines the
importance of avoiding colonial structures in building producer relationships, making sure to create
relationships of mutual gain between both parties involved when working internationally. The social
entrepreneurs’ network relationships with suppliers can hence be viewed in terms of having the role of
helping the social entrepreneurs to ensure the quality and fairness of their respective products. Due to
this incorporation of an explicit trust dimension in their business models, in terms of promising the
customer that the product meets certain environmental/ethical/social standards, it is possible to
interpret that the role of building strong and trustworthy relationships with suppliers is partly to ensure
such standards, and partly to signal to customers that the standards are steadily considered. In this perspective, expectations are built into the role of the social entrepreneur as he commits to build strong relationships of mutual respect between himself and the producers/suppliers. This further shows that the social entrepreneur’s management of relationships with actors in the value chain, and his communication to the public of what these relationships look like, has the effect of adding credibility and legitimacy to his/her role and commitment of achieving his/her social mission. Also, Isenberg (2008) argues that entrepreneurs in start-ups can find it difficult to manage complex supply networks, as when working internationally, but by doing so the entrepreneur is able to gain competitive advantage. This indicates that the social entrepreneur can benefit from showing that he or she has an ability to manage its supply chain carefully.

Another type of networking that the social entrepreneurs conduct with the business world is networking referring to initiatives that are not directly related to the entrepreneurs’ core businesses. For example, FU is involved in the initiative Sustainable Fashion Academy, which is an educational platform with the purpose of increasing an understanding of sustainable business development methods within the fashion industry. Regarding the involvement, Daniel Mensch (FU) says that “My biggest interest lies in awakening the fashion industry’s interest in fair trade issues and how one can work with this in the future in order for fair trade to grow in that direction as well”. FU’s engagement in an initiative like this, which is not directly associated with its products, indicates that the enterprise wishes to generally work for its fundamental cause of fair trade and to spread information in the society regarding this. Working together with a major actor such as H&M indicates that Daniel Mensch (FU) believes that the fair trade industry can gain from the involvement of such an actor, partly due to its scale and partly because of its dominant role in the business world. Hence, the role of this kind of networking for the social entrepreneur can be interpreted as way for the entrepreneur to spread information to other actors about a certain cause. Secondly, the role of the networking can be interpreted as a way to involve actors with bargaining power and scale into actions that can benefit the cause. Regardless of these two roles that networking play here, the actions taken by Daniel Mensch (FU) to act for a greater cause rather than directly for the sake of his own business could be related to Mair and Marti’s (2006) identification of a social entrepreneur’s distinct driving force; namely that of giving “higher priority to social value creation – by catalyzing social change and/or catering to social needs – than to value capture”. Prioritizing social value creation does not necessarily exclude that there is an actual value capturing dimension involved through this type of initiative however; Daniel Mensch (FU) can strengthen the
position of his own business and its brand by enhancing the knowledge of fair trade into the private sector. In addition, networking with a major player such as H&M can have the role of getting insight into business-oriented practices used by private sector actors. For example, Daniel Mensch (FU) highlighted how many practical issues he learnt about, such as logistics, since the start of the company. Cooperation and sharing of knowledge with other business actors has certainly helped him in this, which is in line with Austin et al’s (2006) recognition of the access to management practices to be a reason for social entrepreneurs to network with purely business-oriented actors.

Another example of engagement outside an enterprise’s core business was when a major Swedish retailer asked FU to help them launch a fair trade assortment. FU got involved by helping the retailer with this, with the motivation that it would be positive for the fair trade sector as a whole. Hence, networking outside the core business can additionally be seen as having the role of steadily enhancing an overall social mission. The social entrepreneur in this sense acts across sectors, industries, and product segments to fulfil his mission. Networking with actors across such boundaries allows him to expand the opportunities for the fair trade actors to enter the market in new ways. In the case of the co-operation between FU and the retailer, the latter asks for FU’s guidance. This indicates that the social entrepreneur is perceived as a market actor that the large retailer feels it must learn from. The example shows that FU has made a direct impact on the development of the fair trade sector in Sweden.

Another interesting networking phenomenon described by two of the social entrepreneurs, DC and EL, which relates to the business world, is that they have experienced that they have been granted support from other actors with whom they have relationships in building their businesses. For example, EL describes a situation where journalists have offered to help with the production of the newsletter, a coffee shop in Gothenburg offered to spread the word about DC by wearing their t-shirts, EL has been offered a website service at a lower than normal price, etc. These examples indicate that people have been willing to help and support the enterprises for varying reasons, consequently granting the enterprises access to valuable resources at a lower cost than if these people had not been involved. Hence, the role of networking with these people is to ensure access to the resources granted by these people. According to Lindhult (KK-stiftelsen, 2009), the reason why actors choose to contribute to social entrepreneurs’ businesses is that they themselves are supporters of the social mission that the entrepreneur works for; Lindhult (KK-stiftelsen, 2009) also states that this is commonly the critical reason for people to contribute. Hence, the contribution by the people mentioned can be interpreted as a way for people to show their support for the social entrepreneur’s mission. However, from an
information spreading point of view, Lindhult’s (KK-stiftelsen, 2009) view can be regarded as negative for the social entrepreneur since it indicates a risk that only people who support the mission will support the enterprise and involvement will be limited only to those already interested. Furthermore, as argued by Adamic et al (2003), information spreading in networks follows a social route and spreads easiest among people within a similar social sphere. This indicates that information spreading to society actors who do not support the social mission can be difficult for the social entrepreneur. Yet, the role by FU in impacting a larger player can show that if a social entrepreneur manages to impact structures sufficiently enough, others in society will more or less be forced to follow.

5.2.2 Networking with Academic Institutions

This part of the analysis aims to shed light on the social entrepreneurs’ networking with academia to understand what role this kind of networking plays for the social entrepreneurs.

The three selected social enterprises all include academic counterparts in their networks. The social entrepreneurs’ choice of participating in this study exemplifies this. Furthermore, FU, for instance, offers guest lectures at universities and other related centres for education. Similarly, both EL and DC are involved in a co-operation with the School of Design and Crafts\textsuperscript{31} at Gothenburg University. Daniel Mensch at FU claims that it adds credibility to his business when academic institutions such as SSE show an interest in his business by using it for case discussions in teachings. This legitimacy aspect, arising from networking with established educational institutions, becomes particularly interesting when considering the different fields that the social entrepreneur is active within. Academia can be regarded as a respected forum in which people from several disciplines meet. By networking with people within different disciplines, such as economics, business, political science, arts etc, the social entrepreneurs can gain credibility as well as knowledge in different forums. For example, EL’s and DC’s involvement with both business schools (such as SSE) and design colleges (such as the School of Design and Crafts) indicate that they access different skills and legitimacy in different forums by being selected for co-operation. Given this, academia has a gate keeper function that grants the social entrepreneur, with his or her multiple roles, access to different areas and hence in building legitimacy for the respective different roles in society that the social entrepreneur chooses to take on.

Building further on this aspect, the different disciplines found in academia are also, by definition, provisions of knowledge. For the social entrepreneurs, networking with academia can simply have the

\textsuperscript{31} Dem Collective Web, accessed December 1, 2009
role of providing the entrepreneurs with a continuous flow of knowledge and research within relevant fields. The role of academia in providing social entrepreneurs with knowledge is highlighted by Westlund in his provision to the report *Samhällets Entreprenörer* (KK-stiftelsen, 2009). However, as seen from this study for example, knowledge does not only flow from academia to the social entrepreneur. Westlund (KK-stiftelsen, 2009) claims that interactions between academia and entrepreneurship offers academia with both opportunities and risks in that new theories can be met by either honour or criticism; however, Westlund highlights that academia has an open attitude towards ideas, why it constitutes support for developing entrepreneurship (Westlund, KK-stiftelsen, 2009). The implication of this reasoning for the analysis is that academia can constitute a forum where the social entrepreneur can engage in research to learn and to test new ideas. Additionally, participating in academic research projects can also have the role of more directly acting to increase the level of social entrepreneurship in society. An example of this is the report that constitutes the source of inspiration for this paper. That report was created as a policy lobbyist report with the intention of encouraging and enabling the establishment of more social enterprises in the Nordic countries. Hence, by actively participating in such projects, DC and FU have to some extent taken action to support the social entrepreneurship sector and the intentions of expanding it.

FU and DC are both involved in guest lecturing, both in the academic world and in other contexts. This role of networking with academia can be said to have the role of creating attention around the social entrepreneurs and their businesses. Karin Stenmar (DC) says that lecturing is a good way of marketing yourself and spreading a message. Due to academia’s all disciplines, networking with academia can hence be interpreted as a way of spreading information and debate to different disciplinary areas in society, to researchers that write articles to different audiences, etc. According to Adamic et al (2003), the topology of a network influences the way in which information spreads. Thus, there is a reason for the social entrepreneur of spreading information to academia as a way of breaking out of the social structure of the social entrepreneur’s original network; by networking through a new channel, the information spread by the social entrepreneur has the potential of reaching into other disciplinary areas.

5.2.3 Networking in the Political Arena

This part of the analysis aims to investigate the social entrepreneurs’ networking activities in political forums to understand what role this kind of networking plays for the social entrepreneurs.
The social entrepreneurs in several instances indicate a political driving force, with an intention to act purposively for a change, or to convey to the public their position concerning a certain issue or controversial topic. In this way, networking takes the form of a politically driven activity whereby the social entrepreneur seeks to communicate his or her message, as well as to put it on the political agenda. An example of this is given in the case of DC, where Karin Stenmar in the summer of 2009 participated during Almedalsveckan. DC’s participation, which is announced at the enterprise’s web site, indicates the enterprise’s willingness to take active part in the political debate. This forum of attention can also be seen as a way for DC to anchor its mission in the political context. More specifically, Karin Stenmar participated in the forum together with a team from the business magazine of Veckans Affärer (VA) with the purpose to enhance the debate on active social entrepreneurs. Such networking with the political elite allows the social entrepreneur to mobilise the surrounding around its social mission, focusing on the ideology behind the business rather than directly on the business itself. Also, according to Austin (2006), “social entrepreneurship often focuses on serving basic, long-standing needs” (p. 6), which is agreed upon by Coomes and Murphy (2009); “social ventures are usually intended to make lasting social changes” (p. 330). This could indicate that networking in political forums has the role of anchoring the social entrepreneur’s social mission in a long term perspective among present and future agenda setters. Thereby, DC’s participation at Almedalsveckan can be seen as a way for the company to lobby for future agenda setting. Taking a resource-based view in evaluating the role of networking in political forums, the political debate can be seen as a main resource in itself to the social entrepreneur. Strengthening the nature of this debate, and its importance and relevance to public interest, through interfaces with the political elite, thus enables the social entrepreneur to add value to the social mission of his/her business.

Networking in political forums with an intention to lobby for future agenda setting can be supported by Mair and Seelos (2007), arguing that social enterprises have a role in policy innovation regarding environmental and welfare issues. In his recent book, Vårt Klimat, the Swedish economist Lars Eklund (2009) presents his view on the climate change; he argues that society is preparing for fundamental changes and that policy making has an important role in laying foundations for a new kind of capitalism. Among other things, Eklund (2009) forecasts clean tech as driving force for the coming development of capitalism. This type of argument, that fundamental societal changes will drive long term development of the economy can be seen as a motivation for social entrepreneurs to engage in political networking to establish themselves as role models in a changing economy. Also, Westlund (KK-stiftelsen, 2009) claims
that “politics that want to promote social entrepreneurship has to be aware of that” (p. 250), indicating that in order for social entrepreneurs to sustain in the long-term, politics need to be informed about their existence and the relevance of their societal tasks.

The social entrepreneur might as well implicitly take a political role in communicating its social mission. This is for instance evident through connections to organizations with an explicit political message or stand-point. For example, one of the initiators of the network Rena Kläder is LO-TCO Biståndsnämnd, an organisation set up by LO\textsuperscript{32} and TCO\textsuperscript{33} (Rena Kläder web). Also, the fact that Jordbruksverket\textsuperscript{34} is a financier of EL clearly puts the company in a political context; the same applies for Ekologiska Rådet, with its explicit purpose to find ecological projects with a potential for Jordbruksverket to invest in. Austin et al (2006) argues that politics play a role for social entrepreneurs in that it has the power to decide over public funding, etc. Hence, networking in a political context can be seen as having a role of lobbying for grants to social entrepreneurial projects. Also, Austin (2006) argues that policy decisions can directly influence funding of certain types of social issues. Since “social enterprises compete with each other for philanthropic dollars, government grants and contracts” (p. 9), networking within politics can be seen as a way of creating attention around one’s own social project. This view is further supported by Christie and Honig (2006) who states that “positive awareness of the venture in the public debate /is/ significant for obtaining the capital resources necessary for the social venture” (p. 3).

The extent of political involvement varies between the social entrepreneurs studied, but the interest to engage in political debates and concerns is a common denominator which can be discerned from the interviews. The entrepreneurs’ tendency to personally take a political role is evident throughout all of the interviews, not the least when considering the original motivation for the start-up of their businesses. The authors have observed an initial idea or feeling of anger or decisiveness to act for a change that drives the social entrepreneur in starting the business. For instance, Anette Dieng (EL) describes an explicit anger in “having been deprived of the possibility to choose ecological products”, and further relates this anger to the actions taken by the prevailing commercial food retailers. With a similar attitude towards the existing societal problems, Karin Stenmar (DC) started questioning why a t-shirt from Bangladesh could possibly cost less than an anticipated transportation cost to Sweden. She emphasizes how this insight into the lack of ethically produced t-shirts, as well as her political interest,

\textsuperscript{32} Translation: The Swedish Trade Union Confederation
\textsuperscript{33} Translation: The Swedish Confederation of Professional Employees
\textsuperscript{34} Translation: The Swedish Board of Agriculture
stimulated her driving force as well as her decisiveness to change attitudes and insights into the meaning of ethical production. Daniel Mensch (FU) does not directly communicate any interest for politics. However, through his willingness to take part in different forums for debates and discussions on fair trade, as well as through his insight into global initiatives such as the Global Compact, the authors can interpret a political interest. In addition to this, Daniel Mensch’s (FU) original idea to initiate a fair trade business was characterised by a point in his life when he started to question his contribution to society as a management consultant, resulting in a personal determination to make something more valuable and contributing out of his life. It is observed that the social entrepreneurs choose to get involved in political contexts where they seek to infiltrate their social missions. Usually, there is an underlying driving force characterized by a determination to make a difference or sway prevailing attitudes. Such phenomenon is identified by Johannisson and Wigren (KK-stiftelsen, 2009) as they argue that social entrepreneurs are provocative in their nature. In this aspect, the political role of the social entrepreneur can explain why he or she engages in certain networking activities aimed at activating public attention around their missions and businesses. From another viewpoint, networking in public arenas on political discussions offers an opportunity to the social entrepreneur to realize a political role that he or she might strive for through the business, i.e. networking enhances the possibility to influence the surroundings in a way that is in accordance with the social entrepreneur’s business.

Media relations constitute a main tool in spreading the word about the social issues that the social entrepreneur addresses. Managing relationships within media is a common strategic tool among any type of enterprise that wishes to achieve a word-of-mouth effect around its business. It is therefore not surprising that even the social entrepreneur uses these channels, in the form of journalistic contacts, in communicating with the public. According to Johannisson and Wigren (KK-stiftelsen, 2009) however, social entrepreneurs are especially systematic in their approach towards media and uses it as a megaphone for their messages. From the investigation of the social entrepreneurs in this study, it appears as if the content of the journalistic material stretches across different forums. For example, DC mentions that they have been contacted by several types of magazines and newspapers; business magazines, fashion magazines, thematic magazines within development issues, daily press, etc. This offensive approach of being seen in several media channels differs from FU and EL; EL refers primarily to its newsletter as an important way to communicate to the public. FU, as well as DC, mention social media as useful media channels to reach out to the public. It is possible to interpret DC’s use of media as being more commercial than the other two.
5.2.4 Networking with Interest Associations

This part of the analysis aims to investigate the social entrepreneurs’ networking with interest organizations and associations to understand what role this kind of networking plays for the social entrepreneurs.

Empirical material in this study has shown that the social entrepreneurs connect with several interest associations with a common denominator of a non-profit-focus as a guiding star. Examples of such associations are Rena Kläder (mentioned by DC), Rättvisemärkt (mentioned by DC and FU), Swedish Red Cross (mentioned by FU), Ekologiska Lantbrukarna (mentioned by EL) and Biodynamiska Produkter (mentioned by EL). Common for all these associations are additionally that they all have stated missions explicitly referred to non-profit goals. The case studies indicate that networking with interest organizations constitute a main strategy in strengthening the social mission characterizing the social enterprise. These interest organizations carry a long history of experience of working with social issues and consist of a large number of members, which strengthens their role as highly accepted non-profit actors in society. Connecting with such institutions of society hence enhance the signalling effect whereby the social enterprise exposes its underlying intention of its business. Since the social entrepreneurs’ business models build on the intention of “doing good”, signalling seriousness and building credibility regarding such a mission is important for the sustainability of the business. In this case, signalling trustworthiness against customers plays a critical role for the social entrepreneur; for example, the constant dialogue that the entrepreneurs keep with Rättvisemärkt enables them to signal to their customers that they follow certain standards. Morgan Zerne, Managing Director at Rättvisemärkt shares that: “The entrepreneurs that we are in dialogue with are those who are dedicated and engaged for fair trade and at the same time want to certify their products with our certification” (Interview, Morgan Zerne, 2009). Taking his words as a reference point, networking with an institution such as Rättvisemärkt allows the social entrepreneurs to market itself as a good-doer, constituting the social entrepreneur’s primary selling argument, not the least by being mentioned by institutional actors in public channels.

Apart from signalling credibility to customers, networking with interest organizations can be seen as a way for the social entrepreneurs to position themselves within the non-profit sector. In order to maximize the social impact from their social missions, it is anticipated that the social entrepreneurs wish themselves to be regarded as actors within the non-profit sector. By wishing to be regarded as an actor in the non-profit sector, the social entrepreneur takes on a role dimension that distinguishes him/herself
from the commercial entrepreneur in the private sector, which could help the enterprises make their respective social missions fully credible. One example of this is EL’s positioning in relation to its owner, the foundation Biodynamiska Produkter (BP), which here is regarded as an interest association despite the ownership structure. During the interview, Anette Dieng from EL highlighted that “Ekolådan became one way of fulfilling the foundation’s purpose”. Thus, it seems as if EL wants to make clear that the firm is a true part of the non-profit sector. From the point-of-view of the non-profit organizations, the social entrepreneur can act as a mediator by bringing the interest organizations’ missions into the public sphere and thus enhancing the public debate on issues that these organizations work, which is more or less what EL does. EL also declares that the foundation has the role of reminding the enterprise of its fundamental mission during times of commercial pressures, which could indicate that EL strives not to become commercialized but aims at remaining an actor in the voluntary sphere.

The interest organizations and associations mentioned by the social entrepreneurs in the study symbolize a rich knowledge base related to the social entrepreneur’s mission. By identifying the knowledge that these institutions possess the social entrepreneur gets access to resources in terms of knowledge relating to the social mission that he would be unable to get access to otherwise. According to Austin et al (2006), co-operation between non-profit organizations and social entrepreneurs can provide the entrepreneur with skills and knowledge specific to the operations of the former which can be critical to the social entrepreneur. Christie and Honig (2006) mention for example how non-profit organizations possess specific knowledge of how to access capital resources. They express that “established institutions like local government authorities and large NPOs have an important influence on new social venture in their ability to obtain these external resources” (Christie and Honig, 2006, p. 3). It is also possible that networking with non-profit actors simply provide social entrepreneurs with up-to-date knowledge; for example, it is possible that Rättvisemärkt can provide social entrepreneurs with what the latest trends within fair trade are.

Another dimension of the connection between the investigated social entrepreneurs and interest associations is that two of three social entrepreneurs link to different interest associations on their respective web sites. For example, EL provides a link to Ekologiska Lantbrukarna and FU provides links to World Fair Trade Organisation and Rättvisemärkt. By publishing web site links, the social entrepreneurs indicate a willingness to create attention around their respective social missions by helping website visitors to reach additional information and thereby spreading the mission further.
5.3 An Integrated View on the Social Entrepreneurs’ Network Relationships

This part of the analysis intends to provide with an insight into the interplay of the different networking relationships that have been presented so far in the analysis.

5.3.1 Cross-Sector Networking

From the exploratory study of the social entrepreneurs’ networking with different actors, the analysis so far shows that the social entrepreneurs network with actors across different sectors, which is in line with how Leadbeater (1997) describes the context for the social entrepreneur’s interactions. Intuitively, acting across sector boundaries implies interacting with actors of different interests and goals. Up until this point, the analysis has argued that networking across sectors has a role for the social entrepreneurs of building legitimacy in different contexts of interaction. Furthermore, the analysis has shown that one role of networking for the social entrepreneurs relates to the transfer of knowledge to different forums to create attention among a variety of audiences, ranging from the business world, to academia, to political forums, and interest organizations. Due to this, it can be argued that the social entrepreneurs possess multifaceted roles in society, since they seemingly act in a range of contexts and seek to be accepted in each of the contexts.

5.3.2 Unwillingness to Commit

The social entrepreneurs studied here show that they adopt a number of roles as they strive to act as business people, politicians, fair trade activists, eco-food activists, provocative entrepreneurs, lecturers, and society informers, to name a few. The three case studies also carry evidence of social entrepreneurs manifesting unwillingness to commit to a certain role description and who wish not to be associated with merely one of those role faces, which could potentially constrain the social entrepreneurs’ possibilities to act across sectors and manage relationships with different actors within these sectors. Even the epithet of a social entrepreneur can be regarded as negative if this implies that they have to adjust too much to such a defined role, suggested by Augustinsson (2008)35, who claims that social entrepreneurs more generally seek to communicate the content of what they do, rather than what they are. Karin Stenmar (DC) reveals a fear towards her strategic approach to relationships, suggesting that she somehow despises her strategic entrepreneurial role with a fear of being associated with too much of a business-oriented role, rather than a socially-oriented one. Instead, the social entrepreneur needs

35 Erika Augustinsson is an author and journalist, as well as project leader of a social entrepreneurship project conducted by KK-stiftelsen. This reference is taken from an interview conducted with her by Celeste DeCasas and Hanna von Schantz (2008).
to take a more balanced role, as suggested by Daniel Mensch (FU) when he states that a rational, questioning business mind is critical for his social business in terms of preventing it from becoming “too idealistic.” (Interview, Daniel Mensch, 2009). Anette Dieng (EL) similarly communicates a selective attitude towards business-oriented forums of networking. The empirical data hence indicates an insight among the social entrepreneurs into the restrictive potential of moving flexibly across sector boundaries if they commit too much to any of these roles. Legitimacy is sought by the social entrepreneurs in areas of quite opposing interests and goals, both in profit and not-for-profit areas of action, and through both implicit and explicit connections the social entrepreneur strive to be an actor somewhere in between, not adopting to any of the extremes.

5.3.3 Strive for a Balanced Role

In confronting uncertainty, which constitutes the context in which any entrepreneur acts, “entrepreneurs seek legitimacy to reduce this perceived risk by associating with or gaining explicit certification from well-regarded individuals and organizations.” (Antoncic and Hoang, 2003, p. 169) Antoncic and Hoang (2003) further argue in relation to this that “positive perceptions based on a firm’s network linkages might in turn lead to subsequent beneficial resource exchanges.” (Ibid) In the case of the social entrepreneurs studied, a large diversity among network contacts can then be seen as desirable as they seek a legitimate role among actors with quite contrasting interests and pursuits. What identifies well-regarded individuals and organizations is related to the context in which they are perceived; to illustrate, a successful business person who have gained a strong financial position due to his unique strategic abilities and profit-orientation might be regarded as highly admirable and positively acknowledged in the business arena, but not necessarily to the same extent within a non-profit oriented context. The authors’ observations from this study suggest that there are varying degrees of how strongly associated each of the social entrepreneurs seeks to be with legitimacy-rendering individuals and institutions. This implies that the social entrepreneurs realize the danger of committing too strongly to any of the actors with which they network, yet to a varying extent depending on the counterpart. One of the entrepreneurs (EL) is more selective in his networking activities within the business sector, whereas another explicitly argues that building relationships with the business community is critical for the sake of not being regarded as a “save the world activist” (DC). Such arguments shed light on an embedded tension between the social entrepreneurs’ missions and the commercial aspects involved with running an enterprise. In one way or the other, the investigated entrepreneurs act with criticism against commercialism; DC and FU criticize the impact of Western consumerism on production
conditions in low-income countries while EL criticizes the exclusion of ecological farmers by commercially influenced production of fruit. Hence, one can interpret that there is a conflict inherent in the social entrepreneurs that they themselves in a sense run commercial businesses but not want to act too much in a commercial context, why balancing its relationships with different actors is crucial for the social entrepreneurs, in order for their tools, the enterprises, not to consume their missions. This is where networking enters the picture. The authors would with observation and analysis like to argue that the role of networking for the social entrepreneurs in this study is to enable the social entrepreneurs to be present in different roles simultaneously. By doing so, the social entrepreneur strive for a more balanced role in a way that enables him/her to fulfil commitments to all interest groups involved. Content of what they do rules over what they are, again referring back to Augustinsson (2008). From this aspect, the authors of this thesis see a critical role of political networking, such as participation in political forums such as Almedalsveckan, where the social entrepreneur is exposed to political interfaces and public media, thus strengthening his/her potential to enhance public knowledge of the content of active social entrepreneurship.

5.3.4 Strive for Support

Whether social entrepreneurs need to network more than other entrepreneurs, or if they are more skilled in networking than others is hard to tell, however there are strong empirical indications of networks constituting supportive and encouraging contexts for pursuing opportunities in the case of the social entrepreneur. “Supportive structures” is a term used by Karin Stenmar (DC) to describe both educative forums for strategic management as well as creative environments where idea generation is supported and encouraged. Similarly, Daniel Mensch (FU) speaks of a “genuine platform” that his own initiative of an educative forum within fair trade constitutes for the industrial group that it addresses. He suggests that this special forum allows for different actors within this sector to come together and genuinely discuss the potential offered by investing in and working with fair trade in one’s business, regardless of the size of the company. Such forums act as a reminding context assisting the social entrepreneurs in keeping their focus on a common goal. In the case of EL, such a context is offered through the foundation Biodynamiska Produkter from which EL was developed, where Anette Dieng (EL) emphasizes its role of reminding them constantly of its social mission, in times when business goals are likely to become too predominant. In this sense, networks of relationships can be interpreted as playing a role of providing the social entrepreneur with self-confidence and mental support for her/his actions, specifically tied to the social mission. These observations are in line with the theoretical argument of
viewing networks as resources to a firm (Gulati, Nohria, and Zaheer, 2000). However, regarding the network itself as a resource could hold true for any type of firm, whether a social enterprise or not. Interestingly, combining the idea suggested here of social entrepreneurs relying strongly on network contexts in which they feel supported and encouraged, with an argument proposed by Austin et al (2006), that social entrepreneurs “choose to pursue opportunities to address social change not despite of, but because of an inhospitable context” (p. 9) which might lead them to “respond in fundamentally different ways to adverse contextual conditions than their commercial counterparts” (Ibid), this gives an indication that building supportive context of network ties make a strong weapon in dealing with especially adverse context conditions. Thus in this dimension, supportive structures of network ties could be even more relevant for the social entrepreneur than for the commercial entrepreneur.

5.3.5 Fighting the Tension

Intuitively, a supportive network could be one in which social entrepreneurs help and support each other. In some empirical examples in this study, it has been shown that the social entrepreneurs network with other social entrepreneurs. For example, Karin Stenmar (DC) says that she shares experiences with Björn Söderberg from the company Watabaran, and that this relationship constitutes an exchange of experiences and mutual understanding of similar problems faced. This observation is interesting to make in connection to what Anderson et al (2008) suggest about so-called outsider entrepreneurship: “exclusion from the mainstream due to social group origins /could/ stimulate ‘outsider’ entrepreneurship and /could/ generate specific networked entrepreneurial communities” (p. 125). They argue that ‘outsiders’ tend to tie to each other and bring about communities of similar actors. However, not to be forgotten is that the social entrepreneurs have indicated that network contexts do not specifically involve merely social entrepreneurs, but rather the social entrepreneurs investigated strive to form a complex interplay of relationships with actors that are not specifically working within the field of social entrepreneurship. The latter motivation speaks in favour of a tendency to strive to avoid entering the role of an “outsider”. In this aspect networking plays a critical role in enabling the social entrepreneur to be a little of everything, not specifically identified as either an entrepreneur or a social activist, but rather taking a role in between. Considering the social entrepreneur’s role-set suggested here, it can be viewed in light of Mouzas and Naudé’s (2007) argument of “functions and roles /changing/ dynamically over time” (p. 63), interpreted as “attempts to redefine role-sets and to redraw the boundaries of the network” (Ibid) in which the actors are embedded. Applying their argument, the social entrepreneur can be seen as living proof of dynamically
shaped roles, not the least evident through his/her interactions. The social entrepreneur’s identity is shaped by its relationships, particularly in the sense that every connection communicates part of the social entrepreneur’s identity, and thus networking with a diversified set of actors allows him/her to realize a dynamic simultaneous, to some extent, unidentifiable role.

6. Conclusion

The aim of this thesis has been to understand the role of networking for social entrepreneurs by conducting case studies of three such actors. The research question behind this study more specifically asked: *What role does networking play for the three social entrepreneurs included in the study?*

The study has shown that networking plays a critical role in allowing a social entrepreneur to take on a multifaceted role set in society, creating attention among a variety of audiences, ranging from the business community, to academia, to political forums and interest organisations. Networking across these sectors has a role of building legitimacy and transferring knowledge between the different sector agents, as well as managing relationships with actors of different, even conflicting, interests and goals.

Adopting a number of roles has further shown to create a tension in identification. The social entrepreneurs demonstrate an unwillingness to commit to a certain role description, in order to prevent any tendency of being too much associated with any one of those role faces. The entrepreneurs convey a fear of committing too strongly to any of the legitimacy-rendering individuals or institutions in society as this could potentially constrain the social entrepreneurs’ ability to manage relationships across sector boundaries. There is an embedded tension between the social entrepreneurs’ missions and the commercial aspects of running a business, conveyed through this unwillingness to commit, which brings forward the inherent conflict between profit-oriented and social goals in running a social enterprise. Building supportive network structures allow the social entrepreneurs to build self confidence and mental support for his or her actions, commonly assisting them in keeping focus on the social mission even in inhospitable contexts.

The study shows that networking plays a crucial role in enabling the social entrepreneur to be a little of everything, not specifically tied to either the role of an entrepreneur or of a social activist, but rather striving to be something in between. Roles inherently carry expectations, and expectations could imply limitations of actions, a scenario which the social entrepreneurs by any means seeks to avoid. Hence,
the role of networking can be seen as helping the social entrepreneur to be present and active in different roles simultaneously, without having to give up one role for another.

7. Implications

By providing insight into the role of networking for a relatively new category of market actors, this thesis adds to the field of research on social entrepreneurship. The thesis sheds light on the role of connections between the different contexts in which the social entrepreneur is active. The implications of this for academia is an insight into the requirements put on research of social entrepreneurship of engaging several disciplines in order to provide a more dynamic understanding of the phenomenon.

The implication of this study for a social entrepreneur could be said to be that the role of networking with actors from different sectors is not only important in order to access separate sectors and the resources offered through these relationships, but also in order to be able to be present in all contexts simultaneously. Roles are shaped through interactions in contexts, why having more than one role implies being active in more than one context, interacting with more than one group of individuals. This could imply that a social entrepreneur needs continuously to care for its relationships and to follow up on such relationships, which is something that is not always carefully done as realised by the research objects themselves in this study. A critical question arising from the analysis of a social entrepreneur as taking a somewhat balanced role concerns the consequences this tendency bears on the counterparts, and whether their attitude towards the social entrepreneur changes due to diffuse expectations on roles and functions. Since this thesis is limited to the view on relationships from merely the selected social entrepreneurs’ own perspectives, this question is of speculative nature and cannot be answered by means of the study at hand.

This study claims that a social entrepreneur has numerous roles and performs networking activities with actors in different sectors. This conclusion has implications even for the business community and especially for firms working with CSR policies, i.e. how to integrate social responsibility into the business. Since the study argues that social entrepreneurs network with different sectors, corporations with an interest in working innovatively with CSR should realise the critical role of interacting with a more diversified set of actors, focusing efforts on innovative collaborations with the non-profit sector. CSR should not be treated merely as a set of criteria to fulfil, or a policy to add, but rather approached as a way of executing and developing business, and such a way is facilitated through continuous interactions
with actors outside of the business cluster. Not the least do these kinds of interactions render legitimacy and credibility.

Apart from the direct implications of this study, social entrepreneurs have something to teach the business world. Social entrepreneurs bring attitude and an enthusiastic approach to the market, by explicitly and genuinely addressing aspects of social, ethical, and environmental concern that commercial players to some extent strategically avoid; social entrepreneurs are able show how ethics can be made into a business of its own, how social responsibility and innovation are subject to common action.

8. Discussion and Suggestions for Further Research

To the authors’ knowledge, the relatively new research field of social entrepreneurship has not before presented a similar in-depth analysis of networking behaviour of social entrepreneurs by case studies. Due to the complexity of interactions between social patterns, societal structures, and person-specific traits when studying entrepreneurs, case study research is a method that provides good insight into the phenomenon. Therefore, this study has the strength of providing the reader with comprehensive understanding of the dynamics of the social entrepreneurs’ networking behaviour. Also, the thesis’ combination of two theoretical research areas, network theory and entrepreneurship theory, with empirical data on social entrepreneurs’ networking behaviour, gives the thesis a strong foundation that is innovatively applied in a new research field.

The study includes a small number of research objects. However, due to the aim of gaining in-depth insight into relationships, this approach has been considered well-motivated as the study strives to capture the phenomenon of networking and what role it has for the social entrepreneurs. More in-depth studies would surely improve the research, but the scope of this thesis has forced the authors to limit the number of objects to three.

The authors have observed strategic tendencies in the social entrepreneurs’ networking approaches. Considering the nature of the data collection method in which the authors have strived to capture an unknown phenomenon by posing open questions to the research subjects, it is possible that the communication from the interviewees have been subject to their own strategic selection. For example,
during the interviews, the entrepreneurs spoke little about networking with customers. The authors have chosen not to include networking with customers in the analysis. One reason for this is that the entrepreneurs’ networking with customers does not differ significantly from the kind of networking with customers that can be expected from a conventional entrepreneur. This reasoning is in line with the delimitations made in the beginning of the study. Another reason for excluding networking with customers is simply the entrepreneurs’ brief mentioning of those, which could indicate that networking with customers is not prioritized by the entrepreneurs.

The use of case study material for the analysis, which originates from the interviewees’ own perceptions of the role of networking, implies a risk of the interviewees exaggerating the importance of networking for their businesses. However, due to that the study has chosen only to investigate the role of networking as perceived by the entrepreneurs themselves, it would be interesting for future researchers to investigate the effects of social entrepreneurs’ networking behaviour on performance for instance.

Another aspect worth highlighting in this discussion is the fact that all research objects are Swedish. The implications of this should be further analysed but it is possible that the Swedish context, in which the public sector has a significant role in comparison to several other countries, provides a certain setting for social entrepreneurs (KK-stiftelsen, 2009). Thus it would be interesting to investigate the role of networking for social entrepreneurs in other contexts.

In this study, the business models and the ownership structures of the three different research objects differ, and the study has indicated some discrepancies among the different entrepreneurs’ networking behaviour and the role for them of various kinds of relationships.

Taken together, this study provides initial research on the role of networking for entrepreneurs carrying a social mission. This relatively new field of research calls for further investigation and the authors of this study would give the following suggestions for further research:

1. Investigation of how social entrepreneurs’ networking behaviour might differ depending on the entrepreneurs’ business models.

2. Investigation of the role of networking for social entrepreneurs in other contexts than in Sweden.

3. Investigation of the specific implications of profit dependency on social entrepreneurs’ networking behaviour.
9. References

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9.3 Interviews with Research Objects

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9.4 Interviews used in Analysis

Axelsson, Björn; November 9, 2009; Professor, Department of Marketing and Strategy; Stockholm School of Economics.
Zerne, Morgan; November 19, 2009 (by e-mail); Managing Director; Rättvisemärkt/Fair Trade Sweden.

9.5 Inspirational Interviews

Hockerts, Kai; October 16, 2009 (by telephone); Associate Professor, Center for Corporate Social Responsibility; Copenhagen Business School.
Svensk, Diana; November 17, 2009; CEO of Svensk Fashion.
Wetter, Erik; October 30, 2009; Assistant Professor, Department of Management and Organization; Stockholm School of Economics.
10. Appendix

A. Interview Questions to Research Objects

(Please note that, due to the semi-structured interview approach, the following questions were not posted in the same order, and different follow-up questions were included in all the interviews)

A. Please describe how your business idea was initially formed and what people or contacts that were involved in this? In what ways where these contacts involved?
B. Are you still in contact with these people/groups/organizations today? Why/Why not? Has your relationship changed in some way?
C. How did the need for relationships change when you business got started?
D. How would you describe a valuable relationship for your enterprise when setting up you business?
E. Which were the key people to get your business started? What kind of roles did these people have?
F. In what way have you used personal contacts to generate new contacts?
G. Can you describe if a personal contact has resulted in a new direction for the enterprise?
H. What forums of attention do you value the most?
I. How does your enterprise use media to create attention around your enterprise?
J. How would you describe your enterprise’s network today?
K. Is there anything when it comes to networking that you would regard yourself particularly good at, as well as not good at?
L. Do you lack any kind of relationship that you think could be useful in the future development of your enterprise?
M. Have you ever co-operated with other social entrepreneurs, and if so, how?