

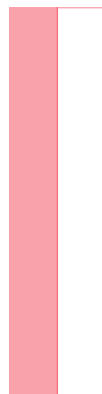
**MASTER**  
INTERNATIONAL BUSINESS

# **BARRIERS TO THE INTERNATIONALISATION OF SMALL AND MEDIUM-SIZED SOCIAL ENTERPRISES**

Rúben André Veiga Rebelo

**M**

2019



**U.** PORTO

**FEP** FACULDADE DE ECONOMIA  
UNIVERSIDADE DO PORTO



BARRIERS TO THE INTERNATIONALISATION OF SMALL AND  
MEDIUM-SIZED SOCIAL ENTERPRISES

**Rúben André Veiga Rebelo**



Dissertation

Master in International Business



Supervised by

**Raquel Filipa do Amaral Chambre de Meneses Soares Bastos Moutinho**



2019

## **Biographical note**

Rúben Rebelo was born in Porto, in 1994. He holds a bachelor's degree in Languages and International Relations from the Faculty of Arts of the University of Porto. In 2013, he received a Fulbright Scholarship to study social entrepreneurship at Indiana University, in the United States of America. In the following year, he was selected by the United Nations Alliance of Civilizations to participate in the programme “Entrepreneurs for Social Change”.

Rúben started his master's degree in International Business in 2015 and, since then, has worked for the Embassies of Portugal in Greece and in Belgium. Currently, he is working as a communications officer for the Europe Direct Contact Centre, the information centre of the European Commission.

## **Acknowledgements**

For my grandmother.

## **Abstract**

The social enterprise is a new kind of firm that has been spreading across the globe since the end of the last century. Driven by the vision of using business tools and practices to identify and solve social problems, the social enterprise perceives the creation of social value as its' primarily goal, while acknowledging the importance of self-sufficiency for long-term impacts. Recent studies suggest the pursuit of social value has influence on several aspects of the firm, including its internationalisation process. In this sense, the objective of this paper is to investigate a relatively unexplored area of social entrepreneurship. What are the barriers to the internationalisation of small and medium-sized social enterprises? How do they differ from the barriers faced by traditional enterprises?

A systematic combining approach developed from a ground theory methodology was put into practice to answer these questions, for a total of one preliminary interview and eleven case studies.

It was found that, despite sharing certain key barriers with conventional enterprises – predominantly functional and governmental barriers – some of the most critical constraints result from the unique nature of the social enterprise. A fragmented legal framework which feeds an incoherent fiscal policy is just the tip of the iceberg of challenges faced by social enterprises, which have to deal with the pressures resulting from their dual nature: the values-based barriers.

As such, it is imperative to promote the legal recognition of social enterprises and, more fundamentally, define consistent and reliable public policies that acknowledge the unique nature of social enterprises and create a progressive ecosystem which includes adapted financing schemes and the support of social impact certification companies encouraging legitimate social businesses.

**Keywords:** social enterprise; internationalisation; international business.

## Resumo

A empresa social é um novo tipo de empresa que se tem espalhado pelo mundo desde o final do século passado. Impulsionada pela visão de utilizar ferramentas e práticas empresariais para identificar e resolver problemas sociais, a empresa social encara a criação de valor social como o seu principal objetivo, enquanto reconhece a importância da autossuficiência para um impacto a longo prazo. Estudos recentes sugerem que a procura de valor social tem influência em vários aspetos de uma empresa, incluindo no seu processo de internacionalização. Neste sentido, o objetivo deste artigo é investigar uma área relativamente inexplorada do empreendedorismo social. Quais são as barreiras à internacionalização das pequenas e médias empresas sociais? Em que diferem das barreiras enfrentadas pelas empresas tradicionais?

Para responder a estas questões, foi posta em prática uma abordagem de *systematic combining* desenvolvida a partir de uma metodologia de Teoria Fundamentada (*grounded theory*), totalizando uma entrevista preliminar e onze estudos de caso.

Constatou-se que, apesar de partilharem certas barreiras fundamentais com as empresas convencionais – na sua maioria barreiras funcionais e governamentais – algumas das limitações mais críticas resultam da natureza única da empresa social. Um quadro jurídico fragmentado que alimenta uma política fiscal incoerente é apenas a ponta do iceberg dos desafios enfrentados pelas empresas sociais, que têm de lidar com as pressões resultantes da sua natureza dual: as barreiras baseadas em valores (*values-based barriers*).

Como tal, é imperativo promover o reconhecimento legal das empresas sociais e, fundamentalmente, definir políticas públicas consistentes e confiáveis que reconheçam a natureza única das empresas sociais e criem um ecossistema progressivo que inclua esquemas de financiamento adaptados e o apoio de empresas de certificação de impacto social que fomentem negócios sociais legítimos.

**Palavras-chave:** empresa social; internacionalização; negócios internacionais.

# Table of Contents

<b>BIOGRAPHICAL NOTE</b> .....	<b>I</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>II</b>
<b>ABSTRACT</b> .....	<b>III</b>
<b>RESUMO</b> .....	<b>IV</b>
<b>INDEX OF TABLES</b> .....	<b>VI</b>
<b>INDEX OF FIGURES</b> .....	<b>VII</b>
<b>1. INTRODUCTION</b> .....	<b>1</b>
<b>2. LITERATURE REVIEW</b> .....	<b>4</b>
2.1. THE SOCIAL ENTERPRISE.....	4
2.2. BARRIERS TO THE INTERNATIONALISATION OF CONVENTIONAL FIRMS.....	11
2.2.1. <i>From the Uppsala Model to the Born-Global Approach</i> .....	11
2.2.2. <i>The OECD Perspective</i> .....	13
2.3. INTERNATIONALISATION OF SOCIAL ENTERPRISES .....	17
2.4. CLOSING REMARKS .....	24
<b>3. METHODOLOGY</b> .....	<b>26</b>
3.1. SYSTEMATIC COMBINING .....	26
3.2. SELECTION OF CASE STUDIES AND DATA COLLECTION .....	28
3.3. ANALYSIS MODEL .....	30
3.4. CONCLUSION .....	31
<b>4. EMPIRICAL FINDINGS</b> .....	<b>32</b>
4.1. INTRODUCTORY INTERVIEW .....	32
4.1.1. <i>Structure</i> .....	32
4.1.2. <i>Remarks</i> .....	33
4.1.3. <i>Contributions to the model</i> .....	36
4.2. CASE STUDIES' RESULTS .....	37
4.2.1. <i>External barriers</i> .....	40
4.2.2. <i>Internal barriers</i> .....	42
4.2.3. <i>Comparison with conventional enterprises</i> .....	45
<b>5. CONCLUSIONS</b> .....	<b>48</b>
<b>REFERENCES</b> .....	<b>52</b>
<b>ANNEXES</b> .....	<b>56</b>

## **Index of tables**

<b>Table 1:</b> Giving versus Transacting.....	<b>9</b>
<b>Table 2:</b> Categorisation of Barriers to the Internationalisation of Enterprises.....	<b>14</b>
<b>Table 3:</b> Summary of the Internationalisation Process of Social Enterprises.....	<b>22</b>
<b>Table 4:</b> Comparison: Barriers to the Internationalisation of Conventional Enterprises versus Social Enterprises.....	<b>25</b>
<b>Table 5:</b> Case Studies.....	<b>30</b>
<b>Table 6:</b> Summary of Nodes, Sources and References for the Case Studies.....	<b>37</b>

## **Index of figures**

<b>Figure 1:</b> Conceptualisation of Social Entrepreneurship.....	<b>5</b>
<b>Figure 2:</b> Definition of Social Enterprise.....	<b>10</b>
<b>Figure 3:</b> The Interrelated Processes of Data Collection, Data Ordering, and Data Analysis to Build Grounded Theory.....	<b>27</b>
<b>Figure 4:</b> Updated Conceptual Framework.....	<b>31</b>
<b>Figure 5:</b> Final Conceptual Framework.....	<b>47</b>

## 1. Introduction

It is undisputable that businesses are facing a vast number of obstacles that were unconceivable until recently. Countless companies are now “searching of a better understanding of how to effectively strategise and compete around the globe” (Peng, 2009, p. 554), observing the relentless changes and weaving a global strategy that is vital to thrive in a highly competitive market. Friedman (2005) goes as far as to claim that distance among countries, companies, and individuals is becoming increasingly irrelevant, as a consequence of the rapid expansion of a long-lasting phenomenon known as globalisation.

Globalisation generates multiple benefits, and, for many years, it was perceived as a purely positive process. Nevertheless, in December 1999, the protest against the World Trade Organization meeting in Seattle made clear that the sustainability of long-term economic expansion was deemed to be challenged, especially with the rise of persistent structural issues related to social inequality and environmental destruction (Brewer & Young, 2009). Early critics argued that the unintended consequences of globalisation ranged from chronic unemployment and increasing poverty to world-threatening pollution, the spread of diseases, and an unequal distribution of benefits among world actors (Rodrik, 1997). These challenges are the causes of intense debates, and expressions such as “corporate social responsibility”, “governance” and “ethics” have captured the attention of the public. As a consequence, the conceptualisation of a new form of capitalism and a new kind of enterprise, “based on the selflessness of people” (Yunus & Weber, 2010, p. vii), has been spreading across the globe since the end of the last century.

The concept of social entrepreneurship gained popularity when Muhammad Yunus successfully created the Grameen Bank, a financial institution that seeks to eradicate poverty by providing microcredit to the poor. The topic became even more relevant when the impact and profitability of the social business remained unscathed during the global financial crisis of 2007-2009 (Bornstein & Davis, 2010). In addition, the integrated approach to tackle social issues while maintaining self-sustainability through a business-like model has, over the past years, fascinated scholars (Dacin, Dacin, & Matear, 2010; Dees, 1998; Ramus & Vaccaro, 2017).

Even more impressively, the support and recognition of the value brought by social entrepreneurs has surpassed the individual level and achieved interstate proportions, such as the G8 established taskforce “Impact Investment: The Invisible Heart of Markets”, which analysed the new paradigm of social impact investing. Moreover, the topic has also recently

been a subject of increasing attention in the European Union, which currently regards it as a central part of the European social model, especially in the context of an economic and financial crisis (Terziev & Arabska, 2017). This growing importance has motivated the European Commission to set out a policy framework for the area and carry out various studies (Commission, 2013, 2014, 2016).

The action of social entrepreneurs is often materialised through the creation of a social enterprise. Due to the concept's relative newness, there is an on-going discussion among scholars to reach a common definition (Boschee & McClurg, 2003; Dacin et al., 2010; Dees, 1998; Peredo & McLean, 2006; Tan, Williams, & Tan, 2005). Nevertheless, undeniably, the social enterprise, as part of the social economy, integrates a space between the state and the market (Terziev & Arabska, 2017). As such, social enterprises share many characteristics with conventional enterprises (Robinson, 2006). One of them is international expansion.

The existence of a social goal that is fundamental to the activity of a business is a factor that cannot be ignored when internationalising, leading to decisions, barriers and challenges that differ from the ones faced by conventional enterprises (Färdig & Håkansson, 2014; Kalinic & Pater, 2013; Marshall, 2011). While the latter pursue profit with their international expansion, social enterprises might follow another primary goal – the creation of social value – which arguably has an impact on several aspects of the firm (Färdig & Håkansson, 2014; Marshall, 2011; Yang & Wu, 2015).

By virtue of the numerous factors that are part of the internationalisation process and the resources a study of that dimension would require, it is considered necessary to limit this study to the analysis of one element of the international expansion of the firm. Due to their crucial role in the “initiation, development and sustainment of international business activities” (Leonidou, 1995a, p. 12), we have decided to analyse the barriers faced by social enterprises during their internationalisation.

Despite the challenges of making precise estimations, research shows that the vast majority of social enterprises are small and medium-sized enterprises (Parliament, 2017), which further narrows down the scope of this study. While most social enterprises start by operating at the local level, they often display a tendency to scale-up and reach larger dimensions (Commission, 2013).

What are the barriers to the internationalisation of social enterprises? Do they differ from the barriers faced by profit-driven enterprises? In the interest of answering these research questions, it is fundamental to begin with a literature review on the concept of social

enterprise, followed by a critical review of the literature about the internationalisation of social and conventional enterprises.

To date, the research has focused on the definition and survival of the social enterprise (Davies, Haugh, & Chambers, 2018). Subsequently, due to the scarcity of research on this matter (Färdig & Håkansson, 2014; Kalinic & Pater, 2013; Marshall, 2011; Munoz, 2010; Yang & Wu, 2015), which proves the theory is still under development and refinement (Short, Moss, & Lumpkin, 2009), we have adopted a multiple-case study design. An introductory interview was conducted, as well as eleven case studies.

An overview of the current research on the internationalisation of social enterprises hints that this study will contribute with valuable knowledge to the field of international business and social economy. Furthermore, while simultaneously serving as a potential guide to social enterprises pursuing an international expansion, it will hopefully be a source of information for future policymaking within this area.

## **2. Literature Review**

Social entrepreneurship is a relatively young field of study, with its literature emerging, for the most part, at the beginning of the new millennium (Saebi, Foss, & Linder, 2019; Teperi, 2018). The rapid growth of research and the multidisciplinary nature of the topic have led to a fragmented literature, which is characterised by a lack of consistent concepts, methods and frameworks (Saebi et al., 2019). In this sense, it is deemed essential to piece together a definition of social enterprise that can steer this study.

Furthermore, while the research on the internationalisation of social enterprises is still at an early stage (Saebi et al., 2019; Teperi, 2018), it is valuable to scrutinise the existing literature and detect potential common grounds. Concurrently, in order to build the required structure to support this task, an analysis of the research on the barriers to the internationalisation of conventional enterprises is fundamental.

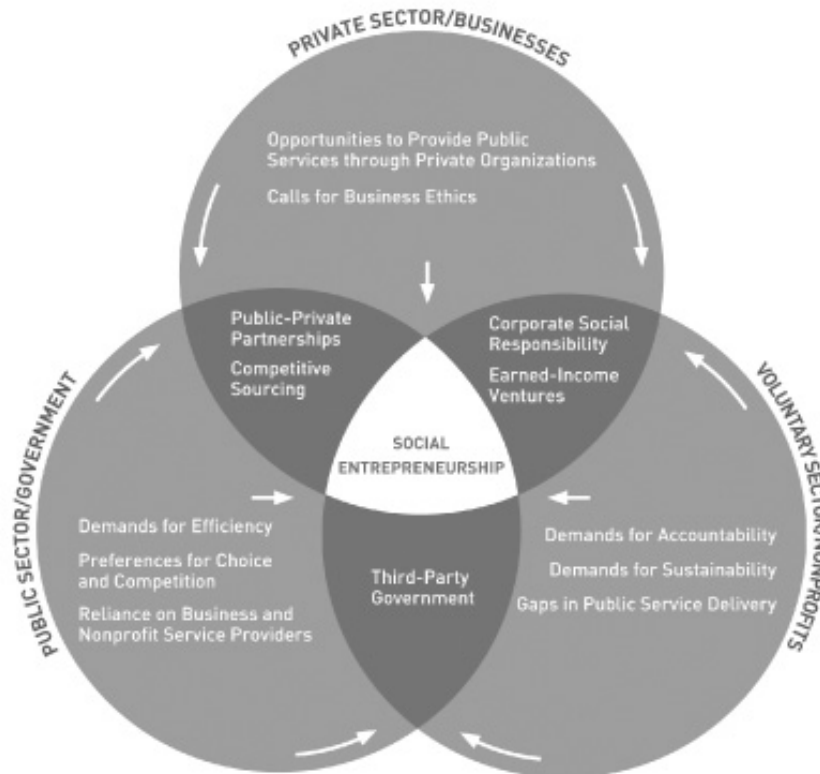
### **2.1. The social enterprise**

There is no clear agreement on the definition of social enterprise (Choi & Majumdar, 2014; Eldar, 2017; Nicholls, 2010; Saebi et al., 2019). This heterogeneity results from the variety of potential social missions and distinct operation mechanisms that a social enterprise can undertake. Ultimately, a lack of consensus may hurt the legitimacy of the field and be the cause of an ineffective legal policy, promoting uncertainty (Eldar, 2017; Saebi et al., 2019).

Since the foundation of this study relies on the selected concept of social enterprise, it proves necessary to begin by reviewing the ideas that compose the “social universe”, which will then support the creation of a constellation of key elements that will ultimately aid in elaborating a definition of social enterprise that will guide this research.

Figure 1 synthesises the concept of social entrepreneurship by exposing its overlapping nature. Social enterprises reunite principles of the 3 sectors by (1) filling gaps left by the government and being constantly demanding for accountability and sustainability (as the voluntary sector), (2) demanding efficiency and having preferences for choice and competition (as the public sector), and (3) calling for business ethics and using business tools to provide public services (as the private sector).

**Figure 1** - Conceptualisation of Social Entrepreneurship



Source: Pragmatist (2010).

Since the social enterprise is a multilevel phenomenon, conducting research at only one specific level is often a misrepresentation. Dacin et al. (2010), after an extensive examination of the social entrepreneurship literature, identify four main factors on the definition of the phenomenon: “the characteristics of social entrepreneurs, their operating sector, the processes and resources used by social entrepreneurs, and the primary mission and outcomes associated with the social entrepreneur” (Dacin et al., 2010, p. 38).

The profile of the social entrepreneur has been one of the most discussed subjects on the field of social entrepreneurship. Dees (1998) was one of the first authors to take on this challenge. Considered to be the father of social entrepreneurship (Bornstein & Davis, 2010), Dees (1998) starts by exploring the origins of the word “entrepreneur”, citing Jean Baptiste Say and Joseph Schumpeter, who respectively highlighted the notions that entrepreneurs generate value and are accountable for the process of creative destruction through innovation. Dees (1998) extends the Say-Schumpeter tradition by referring to Peter Drucker, who introduces the notion of opportunity and argues that entrepreneurship does not necessary imply a profit motive, and to Howard Stevenson, who identifies the element

of resourcefulness as central to the activity of the entrepreneur. According to Dees (1998), these ideas can be applied to both the business and the social sector, inferring that a social entrepreneur is parallel to a business entrepreneur, with one addition: pursuing a social mission. For the social entrepreneur, “wealth is just a means to an end” (Dees, 1998, p. 3), with social impact being its main priority, not wealth creation.

This strategy of defining social entrepreneurship by individualizing and conceptualizing the two words that compose it, “social” and “entrepreneurship”, would later be adopted by several authors (Boschee & McClurg, 2003; Dorado, 2006; Drayton, 2002; Martin & Osberg, 2007; Peredo & McLean, 2006; Tan et al., 2005; Teperi, 2018).

Combining the aforementioned characteristics, Dees (1998) claims that a social entrepreneur is a change agent in the social sector by acting in line with five features: first, adopting a social mission by engaging in the creation and sustainment of social value; second, identifying new opportunities and pursuing them to serve that mission; third, fostering innovation, adaptation and learning; fourth, acting boldly even when limited by the available resources (or the lack of them); lastly, being accountable for the people served and for the resulting outcomes.

The features listed by Dees (1998) set the basis for later definitions. For instance, the prevailing definitions of social entrepreneurship frequently emphasise the personality traits and behaviours of the individuals recognised as social entrepreneurs. The personal background, the storytelling, the vision, the creativity, the strong ethical fibre and morale, and the entrepreneurial quality are often identified as some of the required traits to successfully implement a sustainable pattern-breaking idea (Alvord, Brown, & Letts, 2004; Drayton, 2002; Korosec & Berman, 2006; Light, 2006).

Nevertheless, this focus on the individual entrepreneur has received criticism (Mair & Marti, 2006; Teperi, 2018). Boschee and McClurg (2003) consider the definition of Dees (1998) to have a fundamental oversight, which is the absence of the notion of earned income, the concept that, according to the authors, distinguishes innovation and entrepreneurship. According to these authors, social entrepreneurs link their earned income strategies to their social mission, being ultimately driven by a double bottom line that blends financial and social returns. In this case, profitability still represents a goal, although not exclusively, and the profits are re-invested in the mission of the enterprise, instead of being distributed to the shareholders. In this case, the model proposed by Dees (1998) is amplified to include one more element: self-sufficiency (Boschee & McClurg, 2003). The contribution of Boschee and

McClurg (2003) is linked to the second and third main factors identified by Dacin et al. (2010), the operating sector and the processes and resources used by social entrepreneurs. These two factors compile numerous issues, such as the primary activities undertaken by the social entrepreneur (Zahra, Gedajlovic, Neubaum, & Shulman, 2009), the social wealth creation versus economic wealth creation (Mair & Marti, 2006) and, possibly the subject of the most intense and polarised debates, the not-for-profit versus for-profit status of social enterprises (Besley & Ghatak, 2017; Choi & Majumdar, 2014; Hartigan, 2006; Marshall, 2011; Pomerantz, 2003; Prabhu, 1999; Robinson, 2006; Short et al., 2009).

Finally, according to Dacin et al. (2010), one should consider the primary mission and outcomes of the social entrepreneur, which contemplates the notion of social value. The main diverging point amongst the authors is whether the economic outcomes should be considered when defining social entrepreneurship. Authors such as Zahra et al. (2009) view the economic outcomes as fundamental to social entrepreneurship, but not the main priority, which is in line with what is asserted by Boschee and McClurg (2003). In fact, economic sustainability proves to be linked to social entrepreneurial success and, consequently, the creation of social value (Boschee & McClurg, 2003). For this reason, it must not be ignored.

This analysis exposes the interconnectivity between the different features, thus supporting the conclusion that it is imprudent to define social entrepreneurship and social enterprise having one sole key aspect as the foundation. To achieve the most accurate definition, it is fundamental to take into consideration the various aspects acknowledged by the authors throughout the years.

First, a social enterprise should not be limited to the role of a single social entrepreneur. For example, it is questionable whether the distinction between social entrepreneurship and other forms of entrepreneurship, such as institutional, cultural and conventional entrepreneurship, can be achieved by identifying individual-level characteristics (Dacin et al., 2010). In addition, it is doubtful that a rigid set of characteristics based on a limited number of case studies is appropriate to each existing social entrepreneur (Short et al., 2009). An entrepreneurial spirit, refined with creativity and fibre, should work symbiotically with the pursuing of a social mission, devoted to the creation of a positive social impact on society. This maxim does not need to be based on a single individual – it ought to be the foundation of the whole enterprise. Restricting the notion of social enterprise to the character of a sole individual is not taking into consideration large numbers of organizations which might fill all the other requirements (Light, 2006). However, it remains

important to consider the characteristics of entrepreneurship listed by Dees (1998), for they are fundamental to the profile of a social enterprise. The innovation, the sense of opportunity, the resourcefulness and the creation of social value are critical to the disruptive nature of the social enterprise. Most importantly, the creation of social value is the primary mission of the enterprise and it dictates its success or failure (Dees, 1998; Martin & Osberg, 2007; Sharir & Lerner, 2006). In order to generate social value efficiently, it is considered to be necessary to have a clearly defined social mission statement, which guides the existence of the social enterprise.

Second, the word “primary” hints to the existence of secondary goals established by the social enterprise (Sharir & Lerner, 2006). One of them *must* be self-sufficiency, attained by earned income that is directly tied to its social mission. In this context, self-sufficiency means relying entirely on earned income, implying more independence than sustainability, which can be accomplished “through a combination of philanthropy, government subsidy and earned revenue” (Boschee & McClurg, 2003, p. 3). This marks an important difference between innovation and entrepreneurial behaviour: while an innovative non-profit organization might be satisfied with sustainability, a social enterprise must be eager to not be dependent of generosity, making self-sufficiency one of the goals that must be *actively* sought after. This feature accentuates the difference between the traditional non-profit and the social enterprise. The former avoids risk and prioritises collaboration. The latter naturally takes risks and embraces competition as an opportunity for growth (Boschee & McClurg, 2003).

Third, the concept of self-sufficiency supports the idea of a double bottom line that guides the social enterprise and measures both its fiscal performance and its positive social impact (Dees, 1998; Lasprogata & Cotten, 2003; Robinson, 2006). For simplification, the proposal of a triple bottom line (Norman & MacDonald, 2004), consisting of three dimensions – people, planet, profit – is reduced to the original double bottom line, since environmental problems such as climate change may be seen as social issues. The existence of a double bottom line implies a relation between the social and the economic goals that may change over time and its difference to each social enterprise. Imagine a balance scale, composed by a beam with a fulcrum at its centre. On one end of the beam lies social impact. On the other end rests economic goals. A social enterprise must present, *at least*, a balance between the two of them, meaning that social impact is never subdued to economic goals. However, social impact may outweigh the latter. This suggests a continuum of social enterprises, some more altruistic than others, and complies with the argument that all

enterprises have social impact (Tan et al., 2005) – the main difference between social enterprises and the rest is that the former never allows social impact to be overshadowed. After all, the notion that any company can generate positive social impact while pursuing profit maximization is not new, dating back to Adam Smith (cited in Eldar, 2017), thus social enterprises must strive to differentiate themselves (Eldar, 2017; Ramus & Vaccaro, 2017).

The double bottom line is maintained by what Eldar (2017) identifies as a common characteristic of social enterprises: a “transactional relationship with their beneficiaries, who are either purchasers of the firms’ goods or services or suppliers of inputs (including labour) to the firm” (Eldar, 2017, p. 2). Even if a given social enterprise does not transfer subsidies directly to its’ beneficiaries (which a donation organisation does exclusively), it should still commit to transact with them. The social value is either created for the beneficiaries or with the beneficiaries (Saebi et al., 2019). This level of integration between social and commercial activities is a subject raised by researchers (Saebi et al., 2019), which differentiate between using economic activity to cross-subsidise the social mission, or to directly produce social value. As shown in Table 1, this characteristic also assists in distinguishing between corporate social responsibility policies (CSR), donation organisations and social enterprises (Eldar, 2017).

**Table 1** - Giving versus Transacting

	<b>Giving</b>	<b>Transacting</b>
<b>For-profit</b>	Corporate Charity	For-profit Social Enterprise
<b>Non-profit</b>	Donative Organisations	Non-profit Social Enterprise

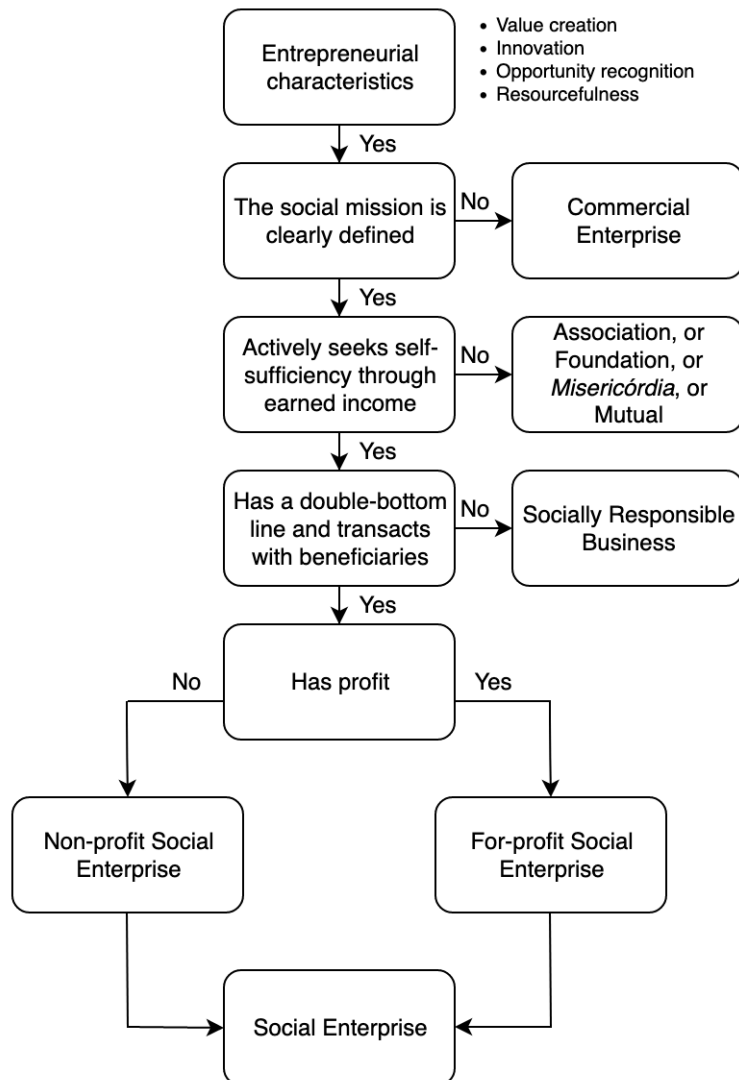
Source: Eldar (2017, p. 121).

Lastly, the debate on altruism feeds the discussion on whether social enterprises may or may not be for-profit. While most research efforts to date have positioned social entrepreneurship mostly in the non-profit domain (Short et al., 2009), social entrepreneurs are driven by combinations of motives, such as “self-fulfilment, occupational independence and opportunities for creativity” (Sharir & Lerner, 2006, p. 11). This indicates that, while the pursue of a social mission must be the main priority, there is room for other motivations, with profit being one of them. In spite of having to different mechanisms due to their nature (Eldar, 2017), as long as they fulfil the aforementioned requirements, both the socially-oriented for-profit entity and the non-profit entity that pursues the double bottom line (Robinson, 2006) and, by default, a transactional relationship with their beneficiaries (Eldar, 2017), will be considered social enterprises during this research. The non-profit social

enterprises and the for-profit social enterprises mostly differ on their governance form: while the former do not have owners, distribute dividends or pay taxes, the latter share the same governance as conventional enterprises (Dorado, 2006).

As a conclusion, for this research, a social enterprise is an organisation that pursues a social mission as its primary goal, while actively seeking self-sufficiency to balance its double bottom line and create social value through either innovative non-profit or for-profit approaches. Figure 2 provides a simplified tool that can be used to categorise these businesses.

**Figure 2 - Definition of Social Enterprise**



## **2.2. Barriers to the internationalisation of conventional firms**

To understand the process of internationalisation of the enterprise, it is imperative to contemplate both the existing theoretical models and the practical studies that have been conducted. While the former provides an understanding of the decisions that lead to – and result from – international expansion, the latter allows for a comprehensive perception of the challenges faced by enterprises during this progression.

### **2.2.1. From the Uppsala Model to the Born-Global Approach**

Three particularly relevant models to understand the barriers in the internationalisation process of the firm are the process model of internationalisation (Johanson & Vahlne, 1977, 1990; Johanson & Wiedersheim-Paul, 1975), the network model of internationalisation (Johanson & Mattsson, 1988; Johanson & Vahlne, 2009), and the born global approach (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994; Sharma & Blomstermo, 2003).

The process model of internationalisation, also known as the Uppsala Model, was initially developed by Johanson and Wiedersheim-Paul (1975) and further developed by Johanson and Vahlne (1977), and may be abridged as a theory that perceives internationalisation as a gradual process. This model focuses on the growth of the firm through the use of knowledge gathered from its experience on overseas operations and activities, leading to an incremental process of commitment, named establishment chain (Johanson & Wiedersheim-Paul, 1975), composed of different stages. According to this theory, the main barrier to internationalisation is, apart from the lack of resources, the additional costs that firms operating outside their home countries experience, labelled *liability of foreignness* (Johanson & Vahlne, 1977). Because of this liability, the enterprises start by entering foreign markets that are physically closer to the domestic market and only then move to markets that are further away (Johanson & Wiedersheim-Paul, 1975). With some exceptions, the higher the physical distance, the higher the psychic distance, meaning different cultures, languages, values and business practices, which translate, for example, into a lack of knowledge of the negotiation process and the existence of legislation that thwarts the entry on a foreign market (Johanson & Vahlne, 1977). This relational, cultural and institutional distance reflect the transaction costs of human relationships in commercial relations (Dunning, 2010), proving to be a big challenge to the international expansion of the firm.

The Uppsala model was revisited by Johanson and Vahlne (2009), who provided a more extensive description of the network model of internationalisation designed by Johanson and Mattsson (1988). This model states that enterprises use their network of relationships to maximise the potential of their competitive advantages, reducing risks and costs. This implies that firms depend on each other, which infers the need for coordination (Johanson & Mattsson, 1988). According to this model, the competitiveness of the firm depends on the competitiveness and structure of the network of relationships, on the position of the firm on the network and on the capacity of the firm to develop connections with the more dynamic elements of the network. Therefore, in this case, the internationalisation consists on the establishment and development of positions in foreign markets through the entry in networks, which suggests that the process of internationalisation is not exclusively controlled by the enterprise: the connections between the firm and the network are invisible and constantly changing (Johanson & Mattsson, 1988). The firm expands to where its strongest partners are.

The central role of the networks on the entry to foreign markets implies a new barrier, labelled as *liability of outsidership* (Johanson & Vahlne, 2009). If the internationalisation depends on the network of relationships of the firm, a firm that is an outsider, i.e. that it is not present in a relevant network, faces additional challenges. Adding to the liability of foreignness, which possibly complicates the process of entering networks (Johanson & Vahlne, 2009), the outsidership might imply a lack of support from distribution channels and the unfamiliarity with lobbies that serve as barriers to foreign entries. This marks the important passage from country-specific challenges to relationship-specific threats and opportunities.

When facing an aggressive competition in an unknown country, the projected image of an enterprise, already fragile due to being a foreigner, is of extreme importance. A decrease of legitimacy seen through the eyes of the market may also be amplified by two firm-specific characteristics: its size and age. Even though not exclusive to the internationalisation process, the *liabilities of smallness* and *newness* play an important role on the survival of the firm (Cafferata, Abatecola, & Poggesi, 2009). For this reason, a small and relatively new business may face additional challenges when going abroad.

Nevertheless, both the concepts of international new venture (Oviatt & McDougall, 1994) and born global (Knight & Cavusgil, 2004), argue that large size is no longer a requirement for internationalisation by introducing a “business organization that, from

inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt & McDougall, p. 49). The origins of these firms are international, which contrasts with the idea of a gradual evolution from domestic firms to multinational enterprises (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975). For both companies, foreign direct investment is not essential, and strategic alliances may be put in place for the use of foreign resources (Oviatt & McDougall, 1994), entailing that the companies also start building relationships with international firms earlier (Sharma & Blomstermo, 2003). Even though they are still affected by a scarcity of financial, human, and tangible resources – a common characteristic of new firms – the companies leverage their levels of innovation, knowledge, and capabilities, to pursue foreign markets early in their existence (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994). This leads to them assuming alternative governance structures, such as franchising and licensing (Oviatt & McDougall, 1994). In short, what distinguishes a sustainable international new venture is its distinctive resources, which cannot be replicated or substituted by their competitors (Oviatt & McDougall, 1994).

Finally, this last theory represents the “emergence of an international exchange system in which any firm, regardless of age, experience, and tangible resources, can be an active international business participant” (Knight & Cavusgil, 2004, p. 137).

### **2.2.2. The OECD Perspective**

Even though several studies have focused on the barriers to internationalisation in certain regions, countries, or continents (Arranz & De Arroyabe, 2009; Crick, 2007; Hutchinson, Fleck, & Lloyd-Reason, 2009; Korsakienė & Tvaronavičienė, 2012), there is a lack of empirical global scale research in the role of the international SME that makes difficult to draw meaningful comparisons (Pietrasieński & Ślusarczyk, 2015).

One of the few attempts was accomplished by the OECD in cooperation with the Asia-Pacific Economic Cooperation (APEC), who published a study concerning the major barriers to SME access to international markets as perceived by SMEs and policymakers in OECD and APEC member economies (OECD, 2008). One year later, the OECD issued a follow-up project in the matter (OECD, 2009).

While SMEs typically started internationalising via exports, the past decade, as both theory and practice shows, has seen diverse business activity. For this reason, the study adopted the four classifications that had been previously identified by the Observatory of

European SMEs (Commission, 2004): (1) importers only; (2) exporters only; (3) SMEs with subsidiaries, branches or joint ventures abroad; and (4) non-internationalised SMEs.

The study presented the findings of two surveys on the barriers to SME internationalisation: one addressed to SME policy makers, and the other addressed to SMEs (OECD, 2008). The barriers to the internationalisation listed in the survey were categorised using a double-classification structure. On the one hand, they were divided into finance, business environment, firm capabilities and market access barriers (annex A). On the other hand, they were classified as internal or external barriers (table 2, further developed in annex B). This model allowed for a second level of clustering of barriers that firms tend to face simultaneously (annex C).

**Table 2** – Categorisation of Barriers to the Internationalisation of Enterprises

<b>1. EXTERNAL BARRIERS:</b> barriers stemming from the home and host environment within which the firm operates.
1.1. <b>Procedural Barriers:</b> barriers associated with the operating aspects of transactions with foreign customers.
1.2. <b>Governmental Barriers:</b> barriers associated with the actions or inaction by the home government in relation to its indigenous companies and exporters.
1.3. <b>Customer and Competitor Barriers:</b> barriers associated with the firm's customers and competitors in foreign markets, which can have an immediate effect on its export operations.
1.4. <b>Business Environment Barriers:</b> barriers associated with the economic, political-legal and socio-cultural environment of the foreign market(s) within which the company operates or is planning to operate.
1.5. <b>Tariff and Non-tariff Barriers:</b> barriers associated with restrictions on exporting and internationalising imposed by government policies and regulations in foreign markets.
<b>2. INTERNAL BARRIERS:</b> barriers internal to the enterprise associated with organisational resources/capabilities and company approach to export business.
2.1. <b>Informational Barriers:</b> problems in identifying, selecting, and contacting international markets due to information inefficiencies.
2.2. <b>Functional Barriers:</b> inefficiencies of various functions internal to the enterprises such as human resources, production, and finance, with regard to exporting.
2.3. <b>Marketing Barriers:</b> pressures imposed by external forces on adapting the elements of the company's marketing strategy including barriers associated with the company's product, pricing, distribution, logistics, and promotional activities overseas.

Source: Adapted from OECD (2008).

The results painted a dynamic picture of barriers to SMEs' international expansion that shifted according to the firm's experience. On the one hand, these studies show SMEs perceived lack of access to markets as the most important barrier, while internal capabilities and business environment were also identified as significant. On the other hand, when asked to rank the most significant barriers to access international markets in a top ten, the SMEs perceived barriers related with internal capabilities and access to be the most relevant, with business environment receiving less attention.

The results revealed that the more active the company is internationally, the less important financial and access barriers become, and the more relevant business environment and lack of capabilities are (OECD, 2008). This describes a learning process for SMEs when engaging in international activities. When the firm is not yet active, it tends to underestimate barriers related to the external business environment and its own internal capabilities, whilst overestimating the barriers related to financial matters and access to markets. As the company becomes more experienced, it creates a customer base and thus access becomes less of a problem, but now the business environment represents a stronger barrier. Additionally, the company realises that key barriers are mostly internal to the firm, as they battle with the high skill levels to operate internationally.

Moreover, it is noteworthy to mention that SMEs that received government support considered that barriers concerning the business environment were less important and the ones relating to financial matters and internal capabilities were more important than SMEs that had not been recipients of government support.

There is also a general consensus between policy makers and SMEs. Both identified the following four barriers amongst the six most serious to access to international markets: (1) shortage of working capital to finance export; (2) identifying foreign business opportunities; (3) limited information to locate/analyse markets; and (4) inability to contact potential overseas customers. Policy makers considered internal barriers as the most impactful, and a look into government support programmes revealed that there is a solid emphasis on exporting SMEs, "with 72% focusing exclusively on supporting export activities and a further 20% including exporting as their focus alongside other activities" (OECD, 2008, p. 8). Nevertheless, external barriers continue to be relevant, namely import tariffs and non-tariff barriers, especially customs procedures and domestic regulations.

A follow-up study (OECD, 2009) complements the abovementioned results by emphasising the criticality of largely internal barriers concerning the scarcity of firm

resources, managers misperceptions, and lack of market information. This conclusion is in line with Leonidou's (1995a) attempts to review and synthesize the research on the barriers companies struggle with during the initiation of their international expansion, giving a special emphasis to export activities. Despite recognizing that research on the area was still at an early stage, Leonidou (1995a) concluded, through an aggregation of the empirical data, that limited information to locate and analyse foreign markets was the main barrier to export activities.

Furthermore, when exploring the export barriers perceived by the non-exporters, Leonidou (1995b) also concluded that the limited information of the foreign market itself was one of the biggest impediments. However, the study also marked increasing competition in world markets and the inability to offer competitive prices abroad rose as the most impeding barriers to start export activity (Leonidou, 1995b). It was also highlighted the impact of organizational determinants on the perception of certain export barriers, namely the firm's export experience, its organizational size and the number of years of existence.

Consequently, the most serious barriers overall: (1) are associated with the foreign environment where the firm operates or intends to operate (Leonidou, 2000), such as identifying opportunities, managing adequate representation and opposing competition; (2) vary their importance with time, with some maintaining their strength, and others' increasing or decreasing (Leonidou, 2000); (3) seem to be different depending on geographical areas, "especially those connected with domestic industrial development and foreign trade policies" (Leonidou, 2000, p. 9).

### **2.3. Internationalisation of social enterprises**

Research on social entrepreneurship has been developing rapidly since the beginning of the millennium. Furthermore, despite this evolution, the investigation on the internationalisation process of social enterprises is still extremely recent and the scarceness of research hints in its early stage (Saebi et al., 2019; Teperi, 2018).

To the best of our knowledge, the concept of international social entrepreneurship (ISE) was first mentioned by Munoz (2010), who highlighted its individual aspect, identifying international social entrepreneurs as those who are “concerned with making a social impact in international locations” (Munoz, 2010, p. 14). Later on, Tukamushaba, Orobia, and George (2011) focused on the different orientations, individually analysing the concepts of “social” and “international” and ultimately defining ISE as the exploitation of social entrepreneurial opportunities abroad combined with the usage of business expertise and skills, with innovative social goods and services, either with a profit or without profit orientation, “but with the pivotal objective of creating societal value rather than shareholder wealth in the overseas territories where the enterprise functions” (Tukamushaba et al., 2011, p. 5).

Ultimately, according to Santos (2012), the greatest success for the social enterprise would be achieving a stage where their work is no longer necessary. While it is not uncommon for social entrepreneurs to grow attached to their organisation and focus primarily on its’ sustainability, it is claimed that the true social entrepreneur should strive to eradicate the problem by welcoming competition, since replication of their solutions will only multiply the generation of social value (McMullen & Bergman Jr, 2017; Santos, 2012).

As it is the case with the definition of social enterprise, the distinction between for-profit and non-profit social enterprises also plays an important role when defining international social enterprises, with some authors elaborating on the difference between for-profit and non-profit ISE’s (Yang & Wu, 2015), some focusing their research on one of the two orientations (Kalinic & Pater, 2013; Mannebach, 2014; Marshall, 2011) and others not considering the distinction as an important variable (Färdig & Håkansson, 2014). However, according to Robinson (2006), the variety of organisational forms and structures social enterprises may assume is a potential barrier to opportunity exploitation, since the regulatory framework and the cultural expectations of certain organisational forms also narrows the scope of their available opportunities.

Tukamushaba et al. (2011) begin by developing a unique theoretical model that tries to explain why some individuals seize opportunities in international environments and act, while others do not, ultimately using it to analyse a Ugandan case (Beadforlife). The study mainly explores the motivations of social enterprises, admitting that internationalisation might be “the answer to survival” (Tukamushaba et al., 2011, p. 5) when the demand of the social goods or services produced by the social enterprise decreases, when a more efficient competition outruns the firm, when the success achieved implicates a bigger and riskier move, or when synergy is a much-needed resource. Ultimately, Tukamushaba et al. (2011) analyse the social entrepreneur and its motivations at an individual level.

Although the wish to survive is a common characteristic of any enterprise, the social enterprise’s dual mission of pursuing social value creation while acquiring profit is likely to result in tensions and contradictions between both activities which usually do not arise in commercial ventures (Davies et al., 2018; Hynes, 2009; Ramus & Vaccaro, 2017; Saebi et al., 2019). For example, in the case of for-profit social enterprises, profit can be distributed to shareholders, raising the question about whether the balance between both objectives will be influenced by shareholders, including decision-making during the international expansion (Besley & Ghatak, 2017).

In fact, Besley and Ghatak (2017) claim that, for a social enterprise to be successful in their internationalisation, it is crucial to achieve the right trade-off between the dual missions and decide when to pursue profit or social purpose – a dilemma they call “mission integrity problem”. Nevertheless, the conflicting nature of choices concerning which values to prioritise, which objectives to follow, and which strategies to practice, might be the biggest challenge for social entrepreneurs (Ramus & Vaccaro, 2017). For instance, an excessive focus on market performance may risk the accomplishment of the social mission, leading to a mission drift which may cause a lack of support from stakeholders and, ultimately, jeopardise the survival of the company (Ramus & Vaccaro, 2017).

Marshall (2011) provides a step forward in understanding international for-profit social enterprises by elaborating on its concept and proposing a model that is examined through the lens of case studies of three international for-profit social enterprises. Marshall (2011) highlights the importance of an appropriate mindset and a clear communication with the consumers, even though the latter is hard to achieve, since it is still uncertain whether a social enterprise should publicise the success of its business model or create a narrative exclusively about its social mission. The case study analysis revealed that the social

entrepreneurs recognised collaboration and partnerships as key elements for their international expansion. These partnerships promote capacity building and knowledge transfer (Teperi, 2018) and, combined with the personal experiences of the entrepreneurs, provides in-depth knowledge of the local social, cultural, and economic systems that is deemed a critical ingredient during the internationalisation. Additionally, the case studies brought to light a recent phenomenon: profit-driven companies building and incorporating social missions into their pre-existing business models (Marshall, 2011). As far as the conclusions go, it is also believed these firms may face particular challenges, mainly because of the mentioned difficult task of balancing the social and the profit goals, which implies at least some advantages to new and small social businesses.

Kalinic and Pater (2013) continue on the path created by Marshall (2011) and investigate the international process of social enterprises by analysing four profit-seeking social enterprises that have the creation of social value as their primary goal. Making use of a multiple-case design, Kalinic and Pater (2013) conclude that social enterprises (1) follow a very distinct pathway, mixing the gradualist and the born global processes by expanding simultaneously domestically and internationally and caring less about physic distance; (2) tend to internationalise at an early age if the social value is created overseas; (3) enter with medium commitment, establish and use networks to overcome the liability of foreignness and react to opportunities instead of planning in detail; (4) rely on financing through private equity, bank loans, venture philanthropists and government grants. Kalinic and Pater (2013) also introduce the concept of social cosmopreneur, an individual who has entrepreneurial principles and is guided by a social mission that neglects country borders and fosters cosmopolitan awareness (Kalinic & Pater, 2013).

Yang and Wu (2015) question how for-profit and non-profit international social enterprises respond to internationalisation challenges, establishing three research propositions linked to three aspects of international issues: operation modes, markets chosen when starting and preferred target countries. These propositions accentuate the differences between for-profit and non-profit ISE's, with the former focusing on product/service transactions between countries, choosing products/services to match demand and supply and expanding their operations to countries with similar preferences, and the latter tending to focus on the one-way delivery of aid, responding to particular social needs and, because of that, expanding their operations to countries with similar social problems and needs. In order to test the propositions, the authors use two organizations, Motherhouse (for-profit

ISE) and World Bicycle Relief (non-profit ISE) as examples. Yang and Wu (2015) assume a different perspective by identifying social enterprises as firms that have underprivileged people as the suppliers, a limitation that is recognised by the authors in their conclusions.

While Davies et al. (2018) focus their research on the barriers to social enterprise growth, and not necessarily on the internationalisation process, it is still relevant to mention their theories on strategic responses for overcoming those challenges. According to the authors, growing social impact can either mean scaling up to provide more benefits to the same beneficiaries, or scaling out by expanding the number of beneficiaries served (Davies et al., 2018). Starting off by establishing that social enterprises face barriers to achieve sustainability as well as to create social impact, the authors identify individual, organisational, and institutional constraints (Davies et al., 2018).

Concerning individual barriers (or “values-based” barriers), Davies et al. (2018) identify three challenges: (1) ethical values differences, which describe the conflicts between the ethical values of the managers of the social enterprise and those of the stakeholders (e.g. refusing funding from funders whose values did not align with theirs); (2) growth philosophy, meaning the rejection of opportunities to advance commercially due to the risk of compromising the social mission; and (3) ethical principles and their impact on the cost structure of the social enterprise, specifically due to decisions concerning suppliers and distributors.

Regarding organisational barriers (or “business model-based barriers”), Davies et al. (2018) state that access to finance (regardless of governance structure), access to human resources (difficulty attracting and retaining highly qualified employees due to low compensation), and identity authenticity (poor quality control in supply chains threatening the social mission) are the main barriers.

In the matter of institutional barriers, Davies et al. (2018) highlight the fact that the market is generally prepared for traditional businesses and, therefore, there is a lack of investor knowledge about social enterprises.

At last, Färdig and Håkansson (2014) make use of questionnaires to explore the international process of social enterprises, with a focus on the motivation for international expansion and the processes of establishment in foreign markets. The study concluded that less developed markets are usually the main target market and identified contractual joint venture and direct exports as two of the most common entry modes for social enterprises. When it comes to barriers for internationalisation, the study asked 65 social entrepreneurs to

rate several barriers according to their importance. The results revealed a fairly similar rating for the barriers, the most rated being limited resources, followed by lack of institutional knowledge, lack of understanding to access foreign markets, lack of foreign market information and lack of access to foreign partners (Färdig & Håkansson, 2014). According to Färdig and Håkansson (2014), the fact that most social enterprises are young and small may be the main explanation for the lack of resources to be the most rated barrier.

Except for the last study, which incorporated a quantitative method to qualitative data, all the investigations mentioned above utilised the case study research method, which indicates their exploratory nature, suitable for emerging explanations and theories. This implies the results obtained are hardly fit to be statistically generalised. However, four common conclusions among the existing literature on the international expansion of social enterprises appear to be (1) an early and rapid internationalisation behaviour (the desire to internationalise is present from the start), (2) the pursue of social value creation as the main reason for internationalisation, (3) the confirmation of distinct internationalisation strategies in for-profit and non-profit international social enterprises, (4) the reinforced importance of knowledge and networks during the internationalisation process, and (5) the fact that the social enterprise dual mission nature potentially causes additional challenges.

Table 3 provides a summary of the findings.

**Table 3** – Summary of the Internationalisation Process of Social Enterprises

Aspects of internationalisation	Conclusions
Drivers	<ul style="list-style-type: none"> <li>- Expand social impact (Färdig &amp; Håkansson, 2014; Kalinic &amp; Pater, 2013; Marshall, 2011; Santos, 2012; Tukamushaba et al., 2011; Yang &amp; Wu, 2015)</li> <li>- Initiate new partnerships (Färdig &amp; Håkansson, 2014; Tukamushaba et al., 2011; Yang &amp; Wu, 2015)</li> <li>- Importance of personal experience (Marshall, 2011; Tukamushaba et al., 2011)</li> <li>- Closeness to customers and stakeholders (Färdig &amp; Håkansson, 2014; Tukamushaba et al., 2011)</li> <li>- Domestic market saturation (Färdig &amp; Håkansson, 2014; Tukamushaba et al., 2011)</li> <li>- Success leads to expansion as the next logical step (Färdig &amp; Håkansson, 2014; Tukamushaba et al., 2011)</li> <li>- Existence of more efficient competitors, thus using internationalisation as a mean to secure existing markets or developed market shares (Färdig &amp; Håkansson, 2014; Tukamushaba et al., 2011)</li> </ul>
Time and market of entry	<ul style="list-style-type: none"> <li>- Decisions based on alliances and networking relationships, used to overcome the liability of foreignness (Färdig &amp; Håkansson, 2014; Kalinic &amp; Pater, 2013; Marshall, 2011; Yang &amp; Wu, 2015)</li> <li>- Early and rapid internationalisation behaviour (Färdig &amp; Håkansson, 2014; Kalinic &amp; Pater, 2013)</li> <li>- Mixture of gradualist and born global process, expanding simultaneously domestically and internationally (Kalinic &amp; Pater, 2013)</li> <li>- IFPSE tend to expand to countries with similar cultural and product preferences (Yang &amp; Wu, 2015)</li> <li>- Non-profit tend to expand to countries with similar social problems and needs (Yang &amp; Wu, 2015)</li> <li>- Great scope of internationalisation, with physic distance being less important (Färdig &amp; Håkansson, 2014; Kalinic &amp; Pater, 2013)</li> <li>- Generally, less developed markets are the main target market, while developed markets tend to be secondary ones (Färdig &amp; Håkansson, 2014)</li> </ul>

Operation Mode	<ul style="list-style-type: none"> <li>- The financing relies not only on private equity and bank loans, but also on venture philanthropists and government grants (Kalinic &amp; Pater, 2013)</li> <li>- IFPSE tends to focus on product/service transactions between countries (Yang &amp; Wu, 2015)</li> <li>- INFPSE tends to be involved with the one way delivery of aid (Yang &amp; Wu, 2015)</li> </ul>
Entry Mode	<ul style="list-style-type: none"> <li>- Dependent on the existence of alliances or partnerships (Färdig &amp; Håkansson, 2014; Kalinic &amp; Pater, 2013; Marshall, 2011; Tukamushaba et al., 2011; Yang &amp; Wu, 2015)</li> <li>- Contractual joint venture and direct exports as two of the most common entry modes (Färdig &amp; Håkansson, 2014)</li> </ul>
Barriers	<ul style="list-style-type: none"> <li>- Limited financial resources (Davies et al., 2018; Färdig &amp; Håkansson, 2014)</li> <li>- Lack of institutional knowledge (Färdig &amp; Håkansson, 2014)</li> <li>- Access to market information (Färdig &amp; Håkansson, 2014)</li> <li>- Lack of access to foreign partners (Färdig &amp; Håkansson, 2014)</li> <li>- Access to human resources (Davies et al., 2018)</li> <li>- Variety of organisational forms and structures (Robinson, 2006)</li> <li>- Mission drift (Besley &amp; Ghatak, 2017; Davies et al., 2018; Hynes, 2009; Ramus &amp; Vaccaro, 2017; Saebi et al., 2019)</li> <li>- Social mission constraints (Davies et al., 2018; Santos, 2012)</li> </ul>

## 2.4. Closing remarks

The literature review on the social universe and its international expansion revealed numerous unexplored topics on the area. The social enterprise is a firm of dualisms, be it the social/economic goals, the non-profit/for-profit orientation, or the individual/organizational level. However, these apparent contradictions work symbiotically, creating a unique type of firm, one that brings a refreshing perspective. Whether this new perspective implies remarkably different management conducts is still up for debate and will most certainly be investigated for years to come. Nevertheless, as it has been shown during this chapter, the first and latest studies appear to be confronted with novelty.

In respect to the barriers to the international expansion, the theory identifies 4 determinant types of liabilities: the liabilities of foreignness, outsidership, newness and smallness (Cafferata et al., 2009; Johanson & Mattsson, 1988; Johanson & Vahlne, 1977, 2009; Johanson & Wiedersheim-Paul, 1975). Nevertheless, the concepts of international social ventures and born global have brought to light the impact of the Information Age in the internationalisation process of the firm (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994).

The empirical research provides a detailed list of the barriers faced by enterprises, revealing that SMEs are involved in a constant learning process, throughout which the barriers they face – and their very own perceptions – are frequently shifting (OECD, 2008, 2009). Moreover, due to its relevance, a particular focus is given to exports in the existing literature (Leonidou, 1995a, 1995b, 2000).

At first glance, one of the biggest obstacles to social enterprises seems to be centred around the concept of legitimacy. Not only are most social enterprises young and small, but also the philosophy they present is relatively recent. Due to this, their financial resources are limited (an issue even more problematic with non-profit social enterprises), many rely on grants and donations, and their international experience, in many cases, is close to non-existent. This creates a reputation that toughens the task of establishing a supportive network of partners, a rather important element for a successful internationalisation. Moreover, the enterprise's dual mission seems to lead to additional tensions and contradictions, leading to dilemmas such as the “mission integrity problem”.

However, the newness and smallness of the social enterprises might have benefits. Not only is the competition less competitive and more cooperative, given their social nature,

but also their structure allows for flexible moves that older and bigger firms might not be able to make (Marshall, 2011). Furthermore, while certain conditions are seen as barriers by traditional enterprises, social enterprises may recognise them as excellent opportunities.

Table 4 compares the primary barriers to the internationalisation of conventional enterprises with the main barriers faced by social enterprises when expanding (not necessarily internationally), as highlighted by the literature on the topic mentioned throughout this chapter.

**Table 4** – Comparison: Barriers to the Internationalisation of Conventional Enterprises versus Social Enterprises

<b>Barrier classification (OECD, 2008)</b>	<b>Primary barriers to the internationalisation of conventional enterprises (OECD, 2008)</b>	<b>Identified as a primary barrier to social enterprises? (Y/N)</b>
<b>Internal barriers</b>		
Functional barriers	Shortage of working capital to finance exports	Yes
	Lack of managerial time to deal with internationalisation	No
	Insufficient quantity of/or untrained personnel for internationalisation	Yes
Information barriers	Identifying foreign business opportunities	Yes
	Limited information to locate/analyse markets	Yes
	Inability to contact overseas customers	No
Marketing barriers	Obtaining reliable foreign representation	Yes
	Difficult in matching competitors' prices	No
	Excessive transportation/insurance costs	No
	Maintaining control over foreign middleman	No
<b>External barriers</b>		
Governmental barriers	Lack of home governance assistance/incentives	Yes
<b>Additional barriers faced by social enterprises</b>		
- Mission drift (Besley & Ghatak, 2017; Davies et al., 2018; Hynes, 2009; Ramus & Vaccaro, 2017; Saebi et al., 2019)		
- Social mission constraints (Davies et al., 2018; Santos, 2012)		

### **3. Methodology**

It is fundamental to provide an explanation on the methodology used to carry out this exploratory study – the use of systematic combining approach – as well as the criteria for the selection of case studies and their analysis model.

As previously said, despite the growing interest on the potential of the social enterprise, the empirical research on the ecosystem is scarce. The plethora of studies discussing its concept contrast with the lack of variety and consistency on the statistics available on its main characteristics: age, scale, activities, evolution and challenges. This might be explained by the diversity of national economic systems and legal frameworks, which increases the challenge of measuring and comparing the activity of social enterprises.

Additionally, the different legal forms that are adopted by social enterprises are arguably one of the causes of this issue. In Europe alone, several different forms were identified by the European Union (EU) while conducting research under its Social Business Initiative (SBI), a series of actions aimed to study and enhance the social enterprise movement in Europe (Commission, 2013, 2014, 2016; OECD & Commission, 2016). The studies revealed that de facto social enterprises were hidden under legal forms such as associations, foundations, cooperatives, charities and private companies (Commission, 2014).

This diversity results mostly from the fact that there is often not a specific national legal framework, form, or status for the social enterprise (Commission, 2013, 2014, 2016; Parliament, 2017). In some cases, there is a legal status of “social enterprise”, which can be obtained by any type of entity that fulfils certain criteria, but there continues to be no separate legal form (Commission, 2014; Parliament, 2017). This lack of acknowledgment reveals an inability of the social enterprises to speak with one voice, as well as a lack of capacity of the public authorities to see through what is apparent (Commission, 2016).

Furthermore, even when national estimations on the number and profiles of social enterprises exist, the diversity of definitions and methods adopted to collect the data makes aggregation problematic (Commission, 2014). However, great progress has been made, especially through the abovementioned initiative led by the European Commission.

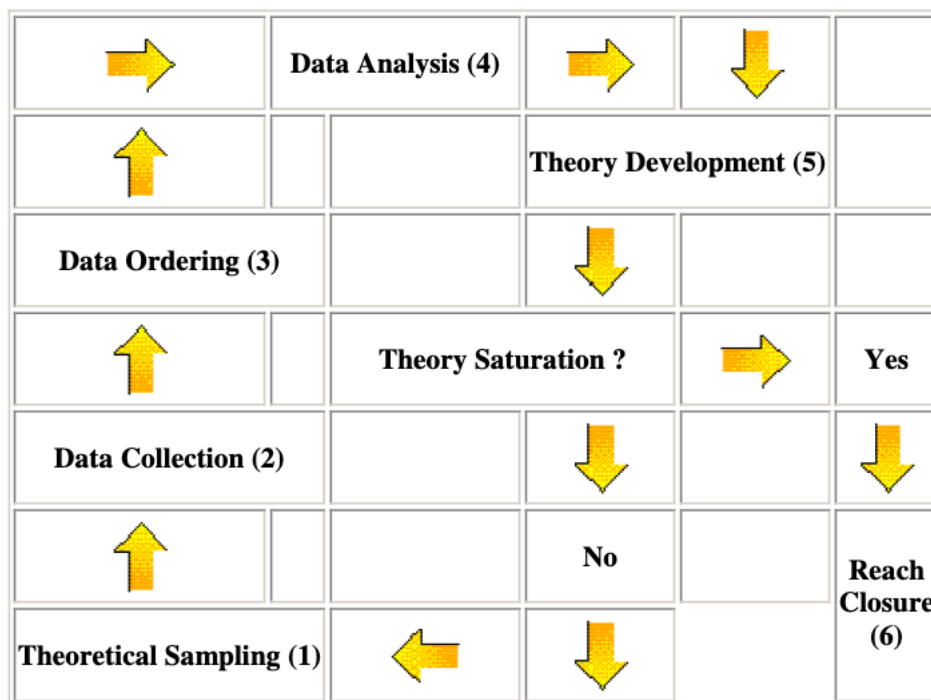
#### **3.1. Systematic combining**

Due to the relatively uncharted nature of the subject of study and with the goal of producing an extensive description of the phenomenon, a systematic combining approach –

developed from a grounded theory methodology – was applied. This implies that data collection, its analysis and the theory were continuously communicating with each other (Dubois & Gadde, 2002; Pandit, 1996). The previously presented research on barriers to the internationalisation of enterprises was used as the theoretical framework (Annexes A and B).

While the methodology is not strictly sequential, Figure 3 illustrates the process. Developing the research questions and establishing the focus is the first step. This was achieved through the elaboration of the literature review. The selection of cases and the definition of a rigorous data collection protocol follow. It is important to notice that the sampling done was theoretical, meaning that the efforts were focused on choosing theoretically useful cases that expand the theory, which means that initially it was not possible to plan the number of case studies to be made.

**Figure 3** - The Interrelated Processes of Data Collection, Data Ordering, and Data Analysis to Build Grounded Theory



Source: (Pandit 1996, p. 10).

After entering the field and collecting the data, each case study was analysed. The analysis was performed case by case, triangulating the data with other information, cross analysing the cases and comparing the results to the defined theoretical framework. This back and forth method contributed to expand the understanding of “both theory and empirical phenomena” (Dubois & Gadde, 2002, p. 555). In this sense, throughout the study, data

collection, ordering and analysis are interrelated. Finally, the last step is reaching theoretical saturation, that is, when the added value of the new data obtained is minimal (Pandit, 1996).

### 3.2. Selection of case studies and data collection

Two stages preceded the main primary data collection. First, an introductory interview with an experienced social entrepreneur consultant was conducted to develop an understanding of the context of social enterprise internationalisation. Afterwards, research was undertaken to gather secondary data that could support the definition and categorisation of case studies. This research was mainly done on the basis of personal connections and established online social entrepreneurship networks (e.g. Ashoka, The Schwab Foundation, CASES, IES, and the Social Innovation Network).

The primary data source consisted of semi-structured interviews via Skype with CEOs and/or co-founders of social enterprises. The interviews were complemented with secondary data, found in documents and in the companies' websites and social networks, about the enterprises and the entrepreneurs, which allowed for further triangulation.

The questions were based in a storytelling approach which invited the interviewees to talk about four general topics: (1) their story and motivation as a social entrepreneur; (2) the creation and growth of the social enterprise; (3) the internationalisation process; and (4) their future goals. The open questions encouraged the interviewees to reflect on their experiences and motivations.

The interviews were recorded and transcribed with the express authorisation of the informants. Suspension points indicate that the recording is inaudible, and repetitions and orality marks were removed whenever it felt necessary.

The sample of case studies depict social enterprises from different countries and with distinct orientations (for-profit or non-profit) and degrees of internationalisation (not internationalised, currently internationalising, or internationally established). This diversity helps to understand the perceptions of barriers to internationalisation within several contexts. The case studies were the following (a summary is presented in table 5):

1. **AUARA** sells mineral water bottles from 100% recycled plastic and exports its social impact by financing water-related projects developing countries in Africa, Asia, and Central America through cooperation with local NGOs.

2. **Avó Veio Trabalhar** promotes elderly inclusion by fostering a hub where unique handmade products are created, and culture and tradition are showcased. The social enterprise is currently planning to internationalise.
3. **Axeer Studio** is a creative agency and a production house with a focus on creating viral audio-visual content that raises awareness on societal problems. Apart from Egypt, it is currently providing services in Lebanon, Jordan and Morocco.
4. **Beesweet** sells rare blooms of ecological honey and promotes the importance of the bee through initiatives in various municipalities, universities, schools and associations. It exports to China and several European countries, such as Spain, Luxembourg, Switzerland and France.
5. **GebRaa** aims to revive Egyptian traditional crafts through product innovation in design and collaboration with local artisans, selling to customers in Egypt, the United States, Lebanon and numerous European countries.
6. **Interns Go Pro** supports young people's employment by creating transparency in the European labour market and promoting better work cultures through an online platform.
7. **M Social Catering** provides an extensive selection of Lebanese and international cuisine to corporate events while dedicating all its profits to support a training and job integration programme for women and youth. The company is now considering internationalisation.
8. **Oggro Ventures** works with thousands of farmers in Bangladesh to produce a variety of agriculture products and create positive impact to farms, customers, and local communities through fair pricing and ecological practices. Its products are exported to Brunei, Malaysia, Oman, Nepal and Singapore.
9. **Rafeya** aims to empower women through fashion by creating customisable clothing. For now, the company has decided to focus on the Egyptian market.
10. **SPEAK** connects migrants, refugees and locals through a language and cultural exchange programme. These services have been expanded from Portugal to Italy.
11. **Yes Theatre** aims to popularise the theatre by making it accessible to various group of children. It has internationalised its services to Brazil, Italy, France and Japan.

**Table 5 – Case Studies**

Introductory Interview	Richard Catherall (Katarsis Ventures, Radical Capital)				
Enterprise	Representative	Position	Country	Orientation (FP/NP)	Degree of Internationalisation
<b>AUARA</b>	Pablo Urbano Villaescusa	Co-Founder and COO	Spain	NP	Internationalised
<b>Avó Veio Trabalhar</b>	Susana António and Ângelo Compota	Co-Founders and CEO / Community Manager	Portugal	NP	Not internationalised
<b>Axeer Studio</b>	Abdulrahman Khedr	Co-Founder and CEO	Egypt	FP	Internationalised
<b>Beesweet</b>	Ana Pais	Co-Founder and CEO	Portugal	FP	Internationalised
<b>GebRaa</b>	Rania Salah Seddik	Founder and CEO	Egypt	FP	Internationalised
<b>Interns Go Pro</b>	Régis Pradal	Co-Founder	Belgium	NP	Internationalised
<b>M Social Catering</b>	Samer Sfeir	Co-Founder	Lebanon	NP	Not internationalised
<b>Oggro Ventures</b>	Farzeen Alam	Chairman	Bangladesh	FP	Internationalised
<b>Rafeya</b>	Noura Galal	Founder and CEO	Egypt	FP	Not internationalised
<b>SPEAK</b>	Hugo Menino Aguiar	Co-Founder and CEO	Portugal	NP	Internationalising
<b>Yes Theatre</b>	Mohammad Issa	General Manager	Palestine	NP	Internationalised

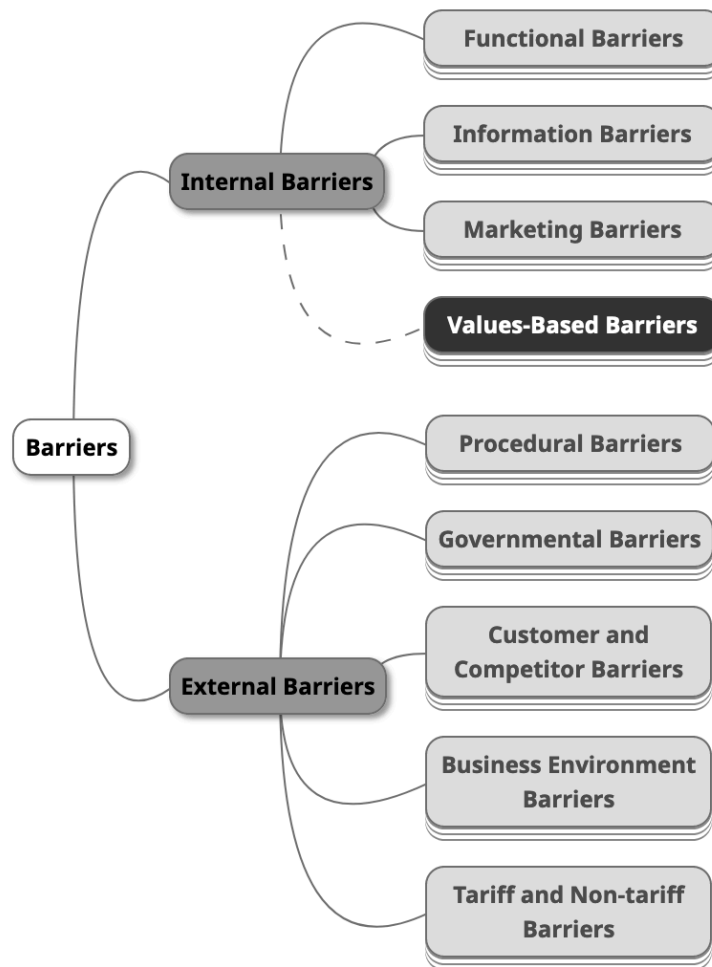
### 3.3. Analysis Model

The analysis of the interviews was carried out with the support of NVivo 11.

The OECD's (2008, 2009) classification model of barriers served as the basis for the coding (Annexes B, C, D, and E), and was expanded by the conclusions drawn in the literature review, which add a category – values-based barriers, the pressures resulting from the dual nature of the social enterprise – integrated into the internal barriers.

Figure 4 shows the updated version of the coding template used for analysing the case studies. The third-level subcategories are hidden for simplification. While this is the starting point of the analysis, the open nature of the coding process may allow for the emergence of additional categories.

Figure 4 – Updated Conceptual Framework



### 3.4. Conclusion

A systematic combining approach, developed from a grounded theory methodology, allows for a continuous communication between data collection, analysis and theory, which is extremely valuable for exploratory studies. The scarcely explored nature of the subject of study requires an open method, which is achieved by the adoption of an analysis model that allows for the integration of additional categories.

The various case studies, which are varied in terms of geography, orientation, and degree of internationalisation, reflect the diverse ecosystem of social enterprises and facilitate the recognition of the different perceptions of barriers amongst social enterprises.

## **4. Empirical findings**

While the literature review has provided a framework for the analysis, it was deemed necessary to complement it by conducting a preliminary interview with a professional experienced in consulting social enterprises during their internationalisation process. The interview was particularly enlightening as it was important to understand the potential root causes of the challenges faced by entrepreneurs, as well as to deepen various definitions previously discussed.

Afterwards, the case studies were conducted and cross analysed in a systematic combining approach. The results provide an insight into the challenges faced by social enterprises when internationalising.

### **4.1. Introductory Interview**

An introductory interview was conducted with the goal of learning the views of a person actively involved in supporting social entrepreneurs during their international expansion.

The interviewee was Richard Catherall, a MBA, Law, and International Politics graduate, and a social entrepreneur from the United Kingdom. Richard is the Director of Strategic Development of Oggro Ventures, a Bangladesh based social enterprise that aspires to seed agriculture with innovation, the Director and Co-founder of Radical Capital, a social venture intermediary that enables social enterprises to access the social investment market, and the Executive Director of Katarsis Ventures, a social business that seeks to nurture innovation, enable enterprise and pipeline investment in hard places.

Richard's experiences as a consultant for social enterprises allow him to provide a comprehensive view on the subject at hand.

#### **4.1.1. Structure**

The interview was divided in two parts.

The first part was related to the personal background and experience of the interviewee and included two questions: one about his academic and professional background, and another about the story and social mission of Katarsis Ventures.

The second part was more extensive and was composed of questions directly or indirectly tied to the barriers to the international expansion of social enterprises.

#### 4.1.2. Remarks

According to Richard, the internationalisation process of social enterprises is acutely characterised by dualities.

The first dichotomy stems from the motivations of the social enterprise to tackle international markets. Internationalisation is often seen by social entrepreneurs as an opportunity to gain credibility, to obtain a higher quality of work and higher prices, and to access different sorts of income and funding opportunities that would not be accessible otherwise. Nevertheless, there is a rift between the entrepreneurs when it comes to facing sustainability: while some see it as a first stage to ultimately reach a systemic effect in society, others see it as a source of income that allows for their perpetuation in a given state.

These different perceptions of sustainability and deeply tied with the social impact the enterprise seeks to have. On the one hand, there are social enterprises that consider high impact to be reaching 'point A' (which, for example, enables people to get a job), and then replicate it in several different places. On the other hand, some social enterprises consider that 'point A' is just a starting point that precedes a whole next level of barriers, committing to taking people to 'point B,' then 'point C,' then 'point D', which reveals a more locally-focused strategy.

An example of the first strategy is microfinance, which was taken to a certain level and then replicated. According to Richard, while microfinance delivers an impact, it also limits the potential of people that access it by not providing any follow-up when people succeed and want to grow a bigger business.

The second strategy is adopted by the social enterprises that go international to generate revenue that they then bring home, to reach a deeper level on their local social impact. After reaching the desired result, they may wish to export it, not for the income anymore, but for an amplified impact.

Ultimately, it is a matter of understating the scale of the systemic solution, whether it will be across a country or across the globe. In this sense, it is safe to say that the strategy adopted by the enterprise influences the barriers they will face.

This dualism is also present from a funders' perspective. While some funders might be interested in helping an organisation develop a new income stream, others wish to create the most value possible for other people and, during that process, potentially change the way the firm functions.

Simultaneously, when it comes to scaling-up and internationalisation, the differences between conventional and social enterprises is evident. During a three-year period, the traditional business is focused on the market and is much closer to breakeven, otherwise it would have exited the market for a lack of efficiency (unless they were in a high-risk area where they were similar to social enterprises), while a social enterprise might still be grant-dependent and coming to terms with their social impact and market possibilities. According to Richard, investors have a 3-5-7 thinking cycle – they expect an organization to be working its way towards breaking-even around three years, and to make profit around five years, so their return would be around seven years. However, around year 3, a social enterprise, unlike other businesses, is using funding for capacity building, while a commercial business uses it in things related to growing their market share and their revenue streams, with the corporate social responsibility coming when they scale.

While grantors might be satisfied with capacity building at year 3, because they do not want their investment back immediately, an investor is turned off if a social enterprise is trying to cash in its social impact too soon, because it represents a huge risk. In this sense, internationalising purely for social impact is dangerous and may potentially reverse a sustainable and balanced organization. Ironically, a commercial business that scales successfully may very well deliver more social impact than a social enterprise, because they have the means for it to be sustainable.

To achieve success, Richard believes that more social enterprises need to be willing to abandon their social impact at year 3 and focus almost entirely on trying to grow in the market and securing access to investment, in order to pay back and reach the scale necessary to then deliver the social impact they desire. Fortunately, internationalisation enables some social enterprises to have an almost entirely commercial approach within their organisation, without looking like they have abandoned their social impact. Moreover, if the model of the social enterprise separates the social impact from the product or service, the balance may result from the compromise of not necessarily taking the social impact abroad. However, some social enterprises have their social impact directly tied to what is sold, so there appears to be no compromise, since consumers buy the social change. At the same time, there may be overhead costs associated with doing the social impact that are not initially identified by the entrepreneurs.

Achieving the right balance between the economic and the social sides of the social enterprise and understanding the meaning of internationalisation is the first barrier identified

by Richard. Numerous social entrepreneurs are uncomfortable with thinking about and giving answers to those questions and succumb to the fear of failing when confronted with the risks. That barrier manifests itself by how long it takes for the decision to be made.

The second barrier is the uncertainty that results from not knowing the markets. Organisations take the fact that they know the place where they live and move into the new markets in an intuitive way, rather than in a scientific way, or in an ‘intercultural-sensitive’ way. Cultural issues associated with going into a new market are overlooked, as well as their effect on the business, which is often displayed by an overly ambitious attitude of wanting to do everything all at once:

*They overplay and they underestimate how long it will take them to do the networking. They underestimate how much planning it requires. They underestimate how long relationships need to be built before starting to ask people for things, and they expect to go to events and do a deal at that event and come back with their orders. They underestimate how much this may actually cost and they underestimate what may be lost. It is not naivety – it is more about relying on the fact that you know well where you come from. (Richard Catherall)*

Richard states that sometimes a social entrepreneur does not even know they have made a mistake in the social market, because not all cultures make it obvious. A good way to avoid that is by collaborating with someone that knows the space and focus on whether that collaboration is going to work. Furthermore, respecting the local place and not making assumptions is also extremely important.

The third major barrier is accessing finance to effectively internationalise when a social entrepreneur does not have their own funding at their disposal. The social enterprises need to convince the investors or funders that they understand these markets and that there are opportunities there that will pay back. Furthermore, the relationship between the managers and the shareholders may be perturbed by different understandings of the situation of the enterprise, e.g. the managers may think that the organization is ready to take on a higher level of risk, while the funders want to expand slowly. This feeds the fear that managers have that their enterprise will lose their advantage to local agencies, who have the knowledge to adapt their offer and move quicker.

### 4.1.3. Contributions to the model

The interview with Richard contributed to understanding the potential root causes of the particular challenges faced by social enterprises when expanding internationally. Mission drift, limited information about the foreign market, and the struggle to access finance due to a lack of understanding between the entrepreneurs and the stakeholders are the focus of the discussion.

Moreover, and most importantly, the interview brought to light the clear need of paying special attention to the underlying nature of these barriers. In fact, the motivations and the social scope of the social enterprise is the first deciding factor that defines the path and, consequently, the barriers faced by the business. While it has been discussed that factors such as the economic orientation (non-profit or for-profit) of the enterprise play an important role on their expansion, Richard plants the idea that, ultimately, the motivation dictates how far the business is willing to go.

In this sense, it is important to note that the values-based barriers shall not be analysed in isolation – their effect may extend to and even amplify the remaining barriers. One example is the different socio-cultural traits of the population; the social enterprise is built upon strong relations with customers and beneficiaries, and the fact that this system strives on their country boosts their confidence and tends to cause an underestimation of the differences in consumer behaviour.

It is only logical that, similarly to conventional businesses, networks play a crucial role in the internationalisation process. To social enterprises, an established partnership might be the key to overcome their innate barriers and grasp a stable position in the market. In conclusion, as a consequence of the abovementioned remarks, the following variables were coded as nodes: motivations to internationalise, scaling strategy, and role of networks.

## 4.2. Case studies' results

An analysis of the overall results (presented in table 6) reveals that internal barriers were mentioned more frequently by the interviewees, with functional barriers taking the first spot within the group. The marketing barriers follow and, immediately after, the values-based barriers, which were mentioned by a total of ten interviewees. This implies that the adoption of this category was justified, and it added three new barriers:

1. Conflicts between the ethical values of the managers of the social enterprise and those of the stakeholders.
2. Mission integrity problem: the conflicting nature of choices concerning which objectives to follow within the double bottom line, risking falling into a situation of mission drift.
3. Social mission constraints: the rejection of opportunities to advance commercially due to the risk of compromising the social mission.

On the other hand, within the external barriers group, the interviewees focused on business environment barriers, referring to the lack of investor knowledge about social enterprises – a new barrier – as a primary challenge. In addition, governmental barriers were frequently discussed, as well as customer and competitor barriers, within which the last new barrier was identified: lack of customer knowledge about social enterprises. This trend is seen both in non-profit and for-profit social enterprises.

**Table 6** – Summary of Nodes, Sources and References for the Case Studies

<b>Nodes</b>	<b>Sources</b>	<b>References</b>
Barriers	12	177
<u>External Barriers</u>	12	73
<b>Business Environment Barriers</b>	<b>11</b>	<b>33</b>
Different social-cultural traits	7	10
Foreign currency exchange risks	1	1
* Lack of investor knowledge about social enterprises	7	12
Political instability in foreign markets	4	5
Poor or deteriorating economic conditions abroad	0	0
Unfamiliar foreign business practices	3	4
Verbal and non-verbal language differences	1	1
<b>Customer and Competitor Barriers</b>	<b>8</b>	<b>13</b>
Different foreign customers habits and attitudes	3	4
Keen competition in overseas markets	0	0
* Lack of customer knowledge about social enterprises	5	9

<b>Governmental Barriers</b>	<b>9</b>	<b>19</b>
Lack of home government assistance and incentives	4	6
Unfavourable foreign rules and regulations	3	4
Unfavourable home rules and regulations	6	9
<b>Procedural Barriers</b>	<b>0</b>	<b>0</b>
Difficulties communicating with overseas customers	0	0
Difficulties in enforcing contracts and resolving disputes	0	0
Slow collection of payments from abroad	0	0
Unfamiliar exporting procedures and paperwork	0	0
<b>Tariff and Non-tariff Barriers</b>	<b>3</b>	<b>8</b>
Arbitrary tariff classification and reclassification	0	0
High costs of Customs administration	2	2
High tariff barriers	2	3
Inadequate property rights protection.	0	0
Restrictive health, safety and technical standards	1	1
Strict foreign rules and regulations	1	1
Unfavourable quotes or embargoes	1	1
<u>Internal Barriers</u>	12	104
<b>Functional Barriers</b>	<b>11</b>	<b>45</b>
Insufficient quantity of (or) untrained personnel for internationalisation	10	21
Lack of excess production capacity for exports	3	3
Lack of managerial time to deal with internationalisation	2	3
Shortage of working capital to finance exports	8	18
<b>Information Barriers</b>	<b>0</b>	<b>0</b>
Identifying foreign business opportunities	0	0
Inability to contact overseas customers	0	0
Limited information to locate or analyse markets	0	0
Unreliable data about the international market	0	0
<b>Marketing Barriers</b>	<b>10</b>	<b>27</b>
Accessing export distribution channels	0	0
Adapting export product design and style	1	1
Adjusting export promotional activities to the target market	0	0
Complexity of foreign distribution channels	1	1
Developing new products for foreign markets	0	0
Difficulty in matching competitors' prices	1	1
Difficulty in supplying inventory abroad	0	0
Excessive transportation and insurance costs	3	3
Granting credit facilities to foreign customers	0	0

Maintaining control over foreign middlemen	0	0
Meeting export packaging and labelling requirements	2	2
Meeting export product quality, standards and specifications	2	7
Obtaining reliable foreign representation	5	7
Offering satisfactory prices to customers	4	5
Offering technical and after-sales service	0	0
Unavailability of warehousing facilities abroad	0	0
<b>Values-Based Barriers</b>	10	26
* Ethical values differences with stakeholders	1	1
* Mission integrity problem (mission drift)	8	13
* Social mission constraints	8	12
Certifications	3	6
Ecosystem (including legal status)	10	30
Funding	10	34
Motivations	12	34
Networks	11	39
Scaling strategy	11	53

When it comes to potential differences in perception according to distinct degrees of internationalisation, while functional and values-based barriers are both highlighted by the two groups, the enterprises that have not begun internationalising were more insistent about the negative impact of governmental barriers, in particular the lack of home government assistance and incentives and unfavourable home rules and regulations. This lack of assistance is referenced as one of the main reasons for not having yet pursued international expansion.

Nevertheless, it is fundamental to go further than the overall numbers and dive into the nuances of the interviewees' statements. The following analysis of the case studies is aggregated in order to paint the general picture of the topics discussed by the interviewees. The structure follows the categories of barriers that compose the conceptual framework. Neither procedural, nor information barriers were mentioned by the interviewees, thus those subcategories have been removed from the final review.

#### 4.2.1. External barriers

##### **Business environment barriers**

*First of all, the timing in those areas is different from Europe. [...] The perception of time changes the procedures. Moreover, you have to take the different cultures in consideration. (Pablo Urbano Villaescusa, AUARA)*

A minority of the social enterprises reported issues concerning **different socio-cultural traits** and **unfamiliar foreign business practices** (e.g. both Yes Theatre and M Social Catering mentioned that being based in the Middle-East is a barrier in itself due to the stereotypes that surround the region, which implies a country-of-origin effect). The cultural differences are also taken into consideration when exporting the social impact, as most businesses admitted having chosen countries of destination facing similar social issues to those they are tackling in their home country.

Exporting was identified as the starting point for the internationalisation of product-based businesses, while service-based businesses tend to invest in replication (social franchising) to maximise their impact. The general rule is to expand to like-minded countries, where the social context is similar and the social mission can be easily integrated. In this sense, the value of the emotional distance between the countries and cultures appears to be enhanced by the dual-nature of the social enterprise.

Only one business reported **foreign currency exchange risks**, and **verbal/non-verbal language differences** are perceived as easy to overcome through partnerships.

**Political instability** is a barrier mentioned by three enterprises: AUARA and Katarsis Ventures, whose beneficiaries (for the former) or clients (for the latter) are settled in developing countries often afflicted by conflict, which has left a deep psychological impact and undermined the conditions for innovation and enterprise investment; and Beesweet, who pointed to corruption in Brazil as one of the main reasons why the company gave up on the idea of exporting to the country, despite the interest of local distributors.

A **generalised lack of investor knowledge about social enterprises** is emphasised by several enterprises. According to the interviewees, the investors' expectations of enterprise growth are not aligned with the nature of the social enterprise. While there are plenty of training, mentoring, and financing initiatives supporting entrepreneurs with innovative ideas, the interviewees were unanimous in claiming that the funding is, for the most part, channelled to early-stage companies.

The ecosystem is designed to support launching social enterprises, but not to scale them: the support is short-lived (one to two years), and the businesses are expected to quickly become financially independent. While this could be achieved by a conventional start-up, the social enterprise struggles to reach the breakeven point in that period. Furthermore, the investors tend to have doubts about the meaning and restrictions of social value, especially concerning how it will ensure the return of their investment. Non-profit social enterprises are particularly vulnerable to this issue, as they have to make an extra effort to find alternative forms of investment due to the impossibility of resorting to traditional investment plans.

### **Customers and competitor barriers**

*The Europeans are much more minimalist than the Egyptians. We like to have lots of details. There was a major difference in taste. (Rania Salah Seddik, GebRaa)*

On the one hand, only two interviewees referred to the challenge of **different foreign customer habits and attitudes** (differences in taste, demand and motivations). On the other hand, many referred to a **lack of customer knowledge about social enterprises**. The average consumer is not familiar with the concept of social enterprise and struggles to understand whether the business is a company or an NGO. Moreover, in some countries, the social component of the social enterprise has a negative connotation, due to an existing stigma resulting from NGOs often providing overpriced products lacking in quality. According to the interviewees, many NGOs have fostered a culture of donations through the purchase of low-quality products, which promotes the stereotype that a project with social impact and the provision of high-quality products at competitive prices are not compatible.

As a result, either social enterprises decide to channel resources to educate consumers, or – as one of the interviewees revealed – resort to not communicating their social impact to the public before establishing their credibility in the market.

One third of the businesses referred to the use of certifications, such as the Social Enterprise Mark and B-Corp, as a way to prove their social impact to consumers and investors, in particular when expanding to international markets.

### **Governmental barriers**

*The main internal barrier is the Portuguese state itself, especially in terms of support for startups. The State has not yet created impactful and interesting measures to support these new companies. (Ana Pais, Beesweet)*

While **unfavourable foreign rules** were barely touched upon by the interviewees, **adverse home regulations** were emphasised, notably when it comes to the lack of a legal form for the social enterprise. This condition generates additional challenges, especially when identifying other social enterprises to collaborate with, gathering the attention of investors to the potential of the sector, and adopting a legal form that is not entirely in line with the double mission of the social enterprise. Legally, the social businesses are, therefore, either “masked” as NGOs or companies. Some of them are even created as businesses branching from existing NGOs. Once again, social impact certifications were referenced as a way to overcome this challenge and facilitate the search for partners.

The **lack of home government assistance and incentives** was also stressed as a governmental barrier. Several interviewees claimed that the state has not created the necessary measures to support social businesses, with regards to both the creation of investment and financial support, and the existence of legal rules that boost the sector (e.g. lower tax rates). The lack of financing – especially mid to long-term financing, as previously discussed – leads to the creation of social enterprises that fail just as fast as they were created. In addition, a resistance from the traditional actors in social economy, who dominate the ecosystem and receive the big slice of public funding, preserves the status quo. The sector is traditionally donor-driven and, according to the interviewees, perceives the social enterprise as a threat and a distortion of their principles.

Finally, three product-based companies – all exporters – mentioned **tariff and non-tariff barriers**, either high taxation when exporting their products, or the overly complexity of customs procedures.

#### **4.2.2. Internal barriers**

##### **Functional barriers**

*If you talk about start-ups, you are usually talking about the lack of money. (Abdulrahman Khedr, Axeer Studio)*

The **shortage of working capital to finance exports** is one of the most discussed challenges, namely in researching overseas markets, contracting foreign representation, and accessing export financing assistant from governmental agencies and other investors. This generalised lack of resources limits the number of existing options, delaying the internationalisation process and, in some cases, stalling it. One of the interviewees referred that their company had to set aside the full scope of their social mission because of the lack

of funding: the costs which involved the implementation of their vision were simply not feasible at an early stage and they had to focus on the product before moving forward.

Another significant barrier is related to the **insufficient quantity of trained personnel for internationalisation**. The recruitment of talent to build the right team is depicted as one of the main problems, at first due to the lack of financial capacity, and later due to the difficulty of finding personnel with the required technical skills. More importantly, the interviewees claim to be looking for a fundamental requirement: a passion for the social mission that the company strives to accomplish. In other words, the entrepreneurs look for employees that share their own motivations.

Naturally, in a few companies, this lack of personnel leads to a **lack of managerial time to deal with internationalisation**.

### **Marketing barriers**

*The online store is prepared for worldwide deliveries and exports. What happens is that the delivery costs are significant.* (Susana António, Avó Veio Trabalhar)

Almost every barrier under the marketing category was mentioned by at least one social enterprise. These include **adapting export product design, meeting product quality standards and labelling requirements, matching competitor's prices and excessive transportation/insurance costs**. However, none of these is a generalised barrier and they seem to be dependent upon the product provided by the company. Three businesses, all of them based in a developing country, mentioned having an advantage when offering **satisfactory prices to customers**, due to conversion rates and lower labour costs.

In this category, the highlight is clearly the struggle to **find reliable foreign representation**, either due to the lack of financing, or due to the entrepreneur's expectations and the impact of the emotional charge of the project on the selection of the "right" personnel.

### **Values-based barriers**

*I agree that, when we start, we should not put high expectations on social impact, we need to first establish the institution and make sure it is working well.* (Samer Sfeir, M Social Catering)

Only one business referred to **ethical values differences with stakeholders**, assuring that it only accepts funding from investors that finance businesses in accordance with their principles.

Nevertheless, two other barriers – the **mission integrity problem** and the **social mission constraints** – were overwhelmingly debated by the interviewees.

Axeer Studio, much like Richard Catherall, provided a metaphor to illustrate the mission integrity problem. In short, each social business has two bowls – business and impact. Managing a social business is knowing how to conserve the balance between the two bowls. The business is aware that it has to be sustainable by leveraging opportunities and creating more partnerships, while remaining devoted to their social mission. The interviewees believe that this juggling act, which is intrinsic to the nature of the social enterprise, can easily hinder the required decision-making process during an international expansion.

In addition, some of the interviewees affirmed that every social entrepreneur has (or will) dropped a bowl at least once. This can lead to three different outcomes: (1) the social mission is permanently forgotten and the social enterprise is converted into a conventional business; (2) the sustainability is disregarded, and the project becomes heavily dependent on grants, or even ceases to exist; (3) the project restores its balance hastily enough and both facets remain.

Overall, the interviewees perceive their social mission as fluid, constantly evolving and adapting when it comes to an international context. The eventual goal of replicating the social impact in other countries, either on the short or long-term, is common amongst the participants, who often believe they have found a cure for a given societal challenge.

From the interviewees, it is understood that this intricate game is played by the social entrepreneurs on a daily basis. The social entrepreneur often has to decide whether or not to allocate resources to activities that may not necessarily have a direct social impact but might have a positive impact on the company's sustainability. They have to consider whether the means justify the end, which is never an easy task, especially when dealing with a project often driven (amongst other things) by emotion.

One of the interviewees shared that their decision of converting their organisation from a non-profit organisation to a for-profit social enterprise was not well-received at first by their team, and it took two years to fully understand the meaning and consequences of social entrepreneurship. This is just an example that, ultimately, during the period where the conventional business is investing on their market position, the social enterprise might still be focusing on their own capacity building.

This leads to the last remaining barrier – the social mission constraints. “The focus on profit can lead to a social cost when profitable actions do not reflect social values” (Besley & Ghatak, 2017, p.19). Whether it is about choosing alternative (and costlier) means of transportation to avoid pollution, working with difficult communities (often producers or

beneficiaries), or choosing scaling strategies that bring the most impact instead of profit, the decisions taken by social entrepreneurs are not always the easiest or the most profitable. It is an infinite match of pros and cons, contributing to an even more complex internationalisation process.

### 4.2.3. Comparison with conventional enterprises

The aggregated analysis made clear that, overall, many of the primary barriers faced by social enterprises when expanding internationally are exclusive to the exclusive nature of their dual mission. Social entrepreneurs struggle with issues that do not affect conventional enterprises, such as the mission integrity problem and the lack of awareness from customers and investors about the concept of social enterprise.

Information barriers, which have a big impact in traditional SMEs (OECD, 2008, 2009), do not seem to be as impactful to social enterprises. A potential explanation might be the increased importance given to the role of networks. As social enterprises tend to take longer to become fully sustainable, social entrepreneurs quickly learn to establish connections in order to create a support network that facilitates both financing and mentoring. In addition, as social enterprises have a common goal of producing positive impact, other social businesses (that could otherwise be perceived as competitors) are perceived as equals and, therefore, cooperation is key. This different perspective of the market allows social enterprises to quickly extend their network, even to other countries, and the access to information instantly becomes easier. In this sense, the liability of outsidership (Johanson & Vahlne, 2009) does not seem to be as prevalent within social enterprises.

*We realised that the typical barriers like languages or legal issues were quickly resolved when you find partner organisations that are willing to co-create with you [...] If you look at our competitors, which are all purely businesses, they do not have one tenth of the partners we have, and they do not have much stakeholder engagements at all. (Régis Pradal, Interns Go Pro)*

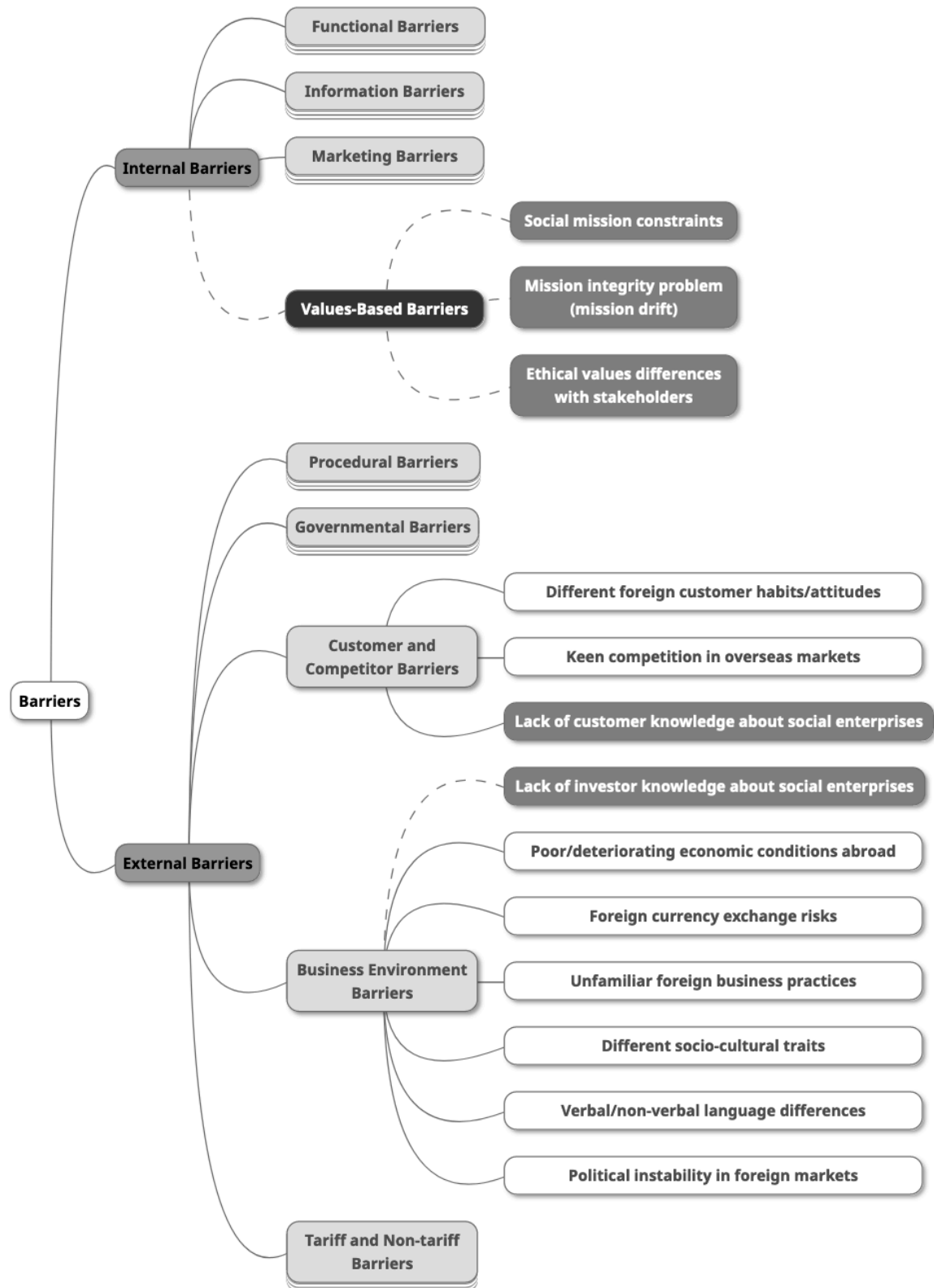
However, despite this advantage, different socio-cultural traits were highlighted by the interviewees. These refer not only to customers, but also to partners in other countries. When, for example, a social enterprise establishes partnerships abroad to develop their social impact outside their home country, being aware of any socio-cultural differences that may exist becomes even more relevant. A poorly made decision can entail the failure of the social mission and, consequently, of the whole enterprise. As such, the liability of foreignness

(Johanson & Vahlne, 1977) is still very present in the minds of social entrepreneurs, leading their decisions and persuading them to expand to physically and culturally closer countries.

Despite these differences, it is relevant to mention that other traditional barriers, namely functional and governmental barriers, remain core issues. Moreover, there is also a widespread criticism concerning the lack of home governance assistance/incentives. For social enterprises, this seems to be particularly relevant when it comes to scaling-up.

Finally, figure 5 shows the final conceptual framework, which includes the new category and subcategories of barriers to the internationalisation of social enterprises identified by this study. Some of the already existing subcategories are hidden for simplification.

Figure 5 – Final Conceptual Framework



## 5. Conclusions

This exploratory study sought to highlight the key barriers to the internationalisation of social enterprises. By adopting a systematic combining approach, one introductory interview and eleven case studies were conducted and analysed in NVivo, building a diverse group of social enterprises based in distinct countries, having different orientations (non-profit and for-profit), and showing different degrees of internationalisation. To identify these enterprises, it was necessary to find a common standard, which was the pursuance of a social mission as a primary goal, while actively seeking self-sufficiency to balance the double bottom line and create social value through either innovative non-profit or for-profit approaches.

While it is safe to say that many barriers are predominantly determined by their context, it is possible to identify the broader causes.

The current literature on social enterprise characterises it as a firm of dualisms and, as such, one of the big obstacles seems to be its own legitimacy. The double-nature of the social enterprise is, therefore, seen as the potential source of a new type of issues (Besley & Ghatak, 2017; Davies et al., 2018; Färdig & Håkansson, 2014; Hynes, 2009; Ramus & Vaccaro, 2017; Saebi et al., 2019; Santos, 2012) when compared with the conventional firm. As such, it is questioned how the traditional liabilities (Cafferata et al., 2009; Johanson & Mattsson, 1988; Johanson & Vahlne, 1977, 2009; Johanson & Wiedersheim-Paul, 1975) affect social enterprises and how different their perception of the barriers actually is.

This study contributes to the understanding that, when internationalising, functional and governmental barriers are perceived as challenges by social enterprises, similarly to conventional enterprises. A shortage of working capital to expand, an insufficient quantity of personnel and a lack of home government assistant are issues identified by both parts. However, even if some of these barriers are shared, it is clear that some of the most important constraints result from the unique nature of the social enterprise.

Up until today, the legal form for the social enterprise still does not exist in several countries (Commission, 2014; Parliament, 2017). The lack of uniform rules across countries means that often enterprises have to assume a different legal form in each country they go to. Moreover, this represents a challenge for authorities to design measures to support social enterprises. The fragmented legal framework feeds an incoherent fiscal policy lacking specific financial incentives for social enterprises. It also makes it more difficult for social enterprises to identify potential partners and gather the attention of investors to the potential of the sector.

In addition, the traditional actors in social economy, who are traditionally donor-driven and dominate public funding, often perceive social businesses as a threat and a distortion of their principles, therefore representing a barrier to innovation and growth of social enterprises.

As a consequence, the specificities of social enterprises are hidden and often not well-understood by investors and lenders. Specialist investors and intermediaries are underdeveloped and, therefore, access to finance is restricted. The return on investment is not always clear due to the social added value of the company, thus access to venture capital is limited and often social entrepreneurs have to use personal funds to begin. Moreover, the non-profit nature of some social enterprises inhibits access to equity finance and represents an extra effort to find alternative forms of investment.

Furthermore, there is a generalised incompatibility of expectations between the investors and social entrepreneurs. The support is usually provided for a short period (between one and two years) to support the creation of the enterprise. However, funding for scaling-up is scarce, and the social enterprise, unlike the conventional enterprise, is often dedicating its first years to fully grasp the dynamics between its social mission and business model, as well as fostering capacity building.

The poor understanding of the concept of social enterprise also extends to public perception: the consumers associate the social enterprise with the traditional social economy entities, such as charities, and do not see it as a demonstration of entrepreneurship and innovation. This negative connotation is a challenge that must be taken into consideration when selling abroad, as the social impact is frequently regarded as being connected to low-quality products and services. As such, social enterprises might be tempted to hide their social impact when marketing to foreign countries, until they are well established in the market.

This lack of awareness is extended to education, which means that it is a challenge for social enterprises to find staff with the right mindsets and competences. In addition, more often than not, the social entrepreneur searches for like-minded individuals that share their passion for the social mission.

It is worth mentioning that barriers related to political instability, tariffs, and marketing are also still relevant to some social enterprises, depending on their particular business model, scaling-up strategy, and social scope. This is another characteristic shared with conventional enterprises. In addition, while the role of networks is intensified by the cooperative nature of the social enterprise, thus diminishing the impact of the liability of

outsidership (Johanson & Vahlne, 2009), socio-cultural traits become even more important during the establishment of relationships with overseas partners to ensure the completion of local social impact projects. As such, social entrepreneurs tend to expand to physically and culturally closer countries, in order to avoid or minimise the liability of foreignness (Johanson & Vahlne, 1977).

Most importantly, however, is to consider the challenges that result from the unique nature of the social enterprise, which Davies et al. (2018) defined as values-based barriers.

The mission integrity problem, a phenomenon currently being discussed amongst scholars (Besley & Ghatak, 2017; Davies et al., 2018; Hynes, 2009; Ramus & Vaccaro, 2017; Saebi et al., 2019), is a key factor when analysing the internationalisation of the social enterprise. The juggling act between the social mission and the business model has a domino effect on the decision-making process of the entrepreneur and can lead to fundamental changes in the company. The social enterprise, more often than not, desires to replicate its social impact abroad, which has an impact, for example, on the choice of market entry modes and countries of destination. Therefore, the value-creation chain of social enterprises constrains the management decisions, which are not taken with a sole purpose in mind: profit. In this sense, it is fair to say that the thought process behind the international expansion of social enterprises is even more complex than the one applied by conventional enterprises.

A strong and coherent research framework can contribute to effective policymaking that supports the survival and expansion of social enterprises.

As of now, the existing research makes clear that the legal recognition and access to finance for social enterprises are vital conditions to the success of the sector. However, more fundamentally, the focus should be on the definition of consistent and reliable public policies, such as public procurement rules that acknowledge the unique nature of social enterprises, the development of training programmes that enhance the managerial skills of social entrepreneurs and prepare them to deal with the distinctive issues of the social enterprise, the creation of adapted financing schemes (for both for-profit and non-profit social enterprises), and the support of social impact certification companies that promote the distinction of legitimate social businesses.

In sum, a successful regulatory framework would promote a thorough understanding of social enterprise conceptualisation and dynamics from public authorities, investors, and consumers, while taking into consideration the national context. The social economy

tradition differs greatly in each country and understanding the underlying subtleties of the sector is essential in the creation of impactful measures.

This study seeks to contribute to the emerging research on the internationalisation of social enterprises. While the qualitative nature of the study and the small sample size limit generalisability, it extends the literature by drawing attention to the abovementioned key aspects, that must be taken into consideration when studying the phenomenon. As such, future studies can depart from these conclusions and further investigate the impact of values-based barriers before and during the internationalisation of the social enterprise, as well as the undermining nature of the generalised poor understanding of these businesses by customers and investors. In addition, there are plenty of opportunities for studies that are more focused on how specific characteristics of the social enterprise – such as the business/service they provide and sector they are in, their geographical location, and their legal status – change these barriers. Furthermore, a large-scale quantitative study along the lines of those carried out by the OECD (2008, 2009) would offer a significant boost to the topic and encourage further comparisons with the reality of conventional enterprises.

“Social enterprises have proven to be extremely versatile organisations (...) that over the years have been able to engage in a variety of activities and constantly innovate their products and services” (Commission, 2013, p. 41). Social enterprises are catalysts for social impact – now it is the time to give them the conditions to unlock their true potential.

## References

- Alvord, S. H., Brown, L. D., & Letts, C. W. (2004). Social entrepreneurship and societal transformation an exploratory study. *The Journal of Applied Behavioral Science*, 40(3), 260-282.
- Arranz, N., & De Arroyabe, J. C. F. (2009). Internationalization process of Spanish small firms: strategies, transactions and barriers. *International Small Business Journal*, 27(4), 420-441.
- Besley, T., & Ghatak, M. (2017). Profit with purpose? A theory of social enterprise. *American Economic Journal: Economic Policy*, 9(3), 19-58.
- Bornstein, D., & Davis, S. (2010). *Social Entrepreneurship: What Everyone Needs to Know?* New York: Oxford University Press.
- Boschee, J., & McClurg, J. (2003). Toward a better understanding of social entrepreneurship: Some important distinctions. Retrieved from <http://s3.amazonaws.com/academia.edu.documents/28028593/testtrtr.pdf>
- Brewer, T. L., & Young, S. (2009). Multilateral institutions and policies: implications for multinational business strategy. In A. M. Rugman (Ed.), *The Oxford handbook of international business* (pp. 269-303). New York: Oxford University Press.
- Cafferata, R., Abatecola, G., & Poggesi, S. (2009). Revisiting Stinchcombe's' liability of newness': a systematic literature review. *International Journal of Globalisation and Small Business*, 3(4), 374-392.
- Choi, N., & Majumdar, S. (2014). Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research. *Journal of business venturing*, 29(3), 363-376.
- Commission, E. (2004). Internationalisation of SMEs. *Observatory of European SMEs, 2003/04*.
- Commission, E. (2013). Social economy and social entrepreneurship - Social Europe guide - Volume 4. *Luxembourg: Publications Office of the European Union*.
- Commission, E. (2014). A map of social enterprises and their eco-systems in Europe: Executive Summary. *Luxembourg: Publications Office of the European Union*.
- Commission, E. (2016). Social Enterprises and their eco-systems: developments in Europe. *Luxembourg: Publications Office of the European Union*.
- Crick, D. (2007). SMEs' Barriers Towards Internationalisation and Assistance Requirements in the UK: Differences Between Exporters and Firms Employing Multiple Modes of Market Entry. *Journal of Small Business & Entrepreneurship*, 20(3), 233-244.
- Dacin, P. A., Dacin, M. T., & Matear, M. (2010). Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here. *Academy of Management Perspectives*, 24(3), 37-57.
- Davies, I. A., Haugh, H., & Chambers, L. (2018). Barriers to social enterprise growth. *Journal of Small Business Management*.
- Dees, J. G. (1998). The meaning of social entrepreneurship. Retrieved from <http://www.redalmarza.cl/ing/pdf/TheMeaningofsocialEntrepreneurship.pdf>
- Dorado, S. (2006). Social entrepreneurial ventures: different values so different process of creation, no? *Journal of Developmental Entrepreneurship*, 11(04), 319-343.
- Drayton, W. (2002). The citizen sector: Becoming as entrepreneurial and competitive as business. *California management review*, 44(3), 120-132.
- Dubois, A., & Gadde, L.-E. (2002). Systematic combining: an abductive approach to case research. *Journal of business research*, 55(7), 553-560.
- Dunning, J. H. (2010). *New challenges for international business research: back to the future*. Cheltenham: Edward Elgar Publishing.

- Eldar, O. (2017). The role of social enterprise and hybrid organizations. *Colum. Bus. L. Rev.*, 92.
- Färdig, K., & Håkansson, M. (2014). The internationalization of social enterprises: Mapping patterns in the internationalization process of social entrepreneurs. In. Uppsala University, Department of Business Studies.
- Friedman, T. L. (2005). *The world is flat : a brief history of the twenty-first century*. New York: Farrar, Straus and Giroux.
- G8. (2014). *Impact investment: The invisible heart of markets*. Retrieved from [http://www.socialimpactinvestment.org/reports/Impact%20Investment%20Report%20FINAL\[3\].pdf](http://www.socialimpactinvestment.org/reports/Impact%20Investment%20Report%20FINAL[3].pdf)
- Hartigan, P. (2006). It's about people, not profits. *Business Strategy Review*, 17(4), 42-45.
- Hutchinson, K., Fleck, E., & Lloyd-Reason, L. (2009). An investigation into the initial barriers to internationalization: Evidence from small UK retailers. *Journal of Small Business and Enterprise Development*, 16(4), 544-568.
- Hynes, B. (2009). Growing the social enterprise—issues and challenges. *Social enterprise journal*, 5(2), 114-125.
- Johanson, J., & Mattsson, L.-G. (1988). Internationalisation in industrial systems: A network approach. In N. Hood & J.-E. Vahlne (Eds.), *Strategies in global competition* (pp. 468-486). London: Croom Helm.
- Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.
- Johanson, J., & Vahlne, J.-E. (1990). The mechanism of internationalisation. *International Marketing Review*, 7(4), 11-24.
- Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411-1431.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm—four Swedish cases. *Journal of management studies*, 12(3), 305-323.
- Kalinic, I., & Pater, M. J. (2013). Explaining Mechanisms of Social Entrepreneurs Internationalization: Concept of Social Cosmopreneur. *Academy of Management Annual Meeting Proceedings*, 1145.
- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124-141.
- Korosec, R. L., & Berman, E. M. (2006). Municipal support for social entrepreneurship. *Public Administration Review*, 66(3), 448-462.
- Korsakienė, R., & Tvaronavičienė, M. (2012). The internationalization of SMEs: an integrative approach. *Journal of business economics and management*, 13(2), 294-307.
- Lasprogata, G. A., & Cotten, M. N. (2003). Contemplating "enterprise": The business and legal challenges of social entrepreneurship. *American business law journal*, 41(1), 67-113.
- Leonidou, L. C. (1995a). Empirical Research on Export Barriers: Review, Assessment, and Synthesis. *Journal of International Marketing*, 3(1), 29-43.
- Leonidou, L. C. (1995b). Export barriers: non-exporters' perceptions. *International Marketing Review*, 12(1), 4-25.
- Leonidou, L. C. (2000). Barriers to export management: an organizational and internationalization analysis. *Journal of International Management*, 6(2), 121-148.
- Light, P. C. (2006). Reshaping social entrepreneurship. *Stanford Social Innovation Review*, 4(3), 47-51.

- Mair, J., & Marti, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36-44.
- Mannebach, T. M. (2014). *Internationalization plan for social enterprises: A research on the internationalization of "Book a Street Artist"*. NSBE - UNL, Retrieved from <http://hdl.handle.net/10362/11786>
- Marshall, R. S. (2011). Conceptualizing the international for-profit social entrepreneur. *Journal of Business Ethics*, 98(2), 183-198.
- Martin, R. L., & Osberg, S. (2007). Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*, 5(2), 28-39.
- McMullen, J. S., & Bergman Jr, B. J. (2017). Social entrepreneurship and the development paradox of prosocial motivation: A cautionary tale. *Strategic Entrepreneurship Journal*, 11(3), 243-270.
- Munoz, J. M. (2010). *International Social Entrepreneurship: Pathways to personal and corporate impact*: Business Expert Press.
- Nicholls, A. (2010). The Legitimacy of Social Entrepreneurship: Reflexive Isomorphism in a Pre-Paradigmatic Field. *Entrepreneurship theory and practice*, 34(4), 611-633.
- Norman, W., & MacDonald, C. (2004). Getting to the bottom of "triple bottom line". *Business Ethics Quarterly*, 14(02), 243-262.
- OECD. (2008). *Removing Barriers to SME Access to International Markets*. Paris: OECD Publishing.
- OECD. (2009). Top barriers and drivers to SME internationalisation. In: Report by the OECD Working Party on SMEs and Entrepreneurship.
- OECD. (2019). Glossary for Barriers to SME Access to International Markets. Retrieved from <https://www.oecd.org/cfe/smes/glossaryforbarrierstosmeaccesstointernationalmarkets.htm>
- OECD, & Commission, E. (2016). Policy Brief on Scaling the Impact of Social Enterprises. *Luxembourg: Publications Office of the European Union*.
- Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1), 45-64.
- Pandit, N. R. (1996). The creation of theory: A recent application of the grounded theory method. *The qualitative report*, 2(4), 1-15.
- Parliament, E. (2017). European added value assessment of a statute for social and solidarity-based enterprises. *European Parliamentary Research Service*.
- Peng, M. W. (2009). *Global Strategic Management*. Australia: South-Western Cengage Learning.
- Peredo, A. M., & McLean, M. (2006). Social entrepreneurship: A critical review of the concept. *Journal of World Business*, 41(1), 56-65.
- Pietrasieński, P., & Ślusarczyk, B. (2015). Internationalization of small and medium enterprises: empirical research review on barriers to entry into foreign markets. *Polish Journal of Management Studies*, 11(1), 113--123.
- Pomerantz, M. (2003). The business of social entrepreneurship in a "down economy". *In business*, 25(3), 25-30.
- Prabhu, G. N. (1999). Social entrepreneurial leadership. *Career development international*, 4(3), 140-145.
- Pragmatist, V. (2010). Introducing the L3C. Retrieved from <http://venturepragmatist.com/2010/09/introducing-the-l3c/>
- Ramus, T., & Vaccaro, A. (2017). Stakeholders Matter: How Social Enterprises Address Mission Drift. *Journal of Business Ethics*, 143(2), 307-322.

- Robinson, J. (2006). Navigating social and institutional barriers to markets: How social entrepreneurs identify and evaluate opportunities. In J. Mair, J. Robinson, & K. Hockerts (Eds.), *Social entrepreneurship* (pp. 95-120). Basingstoke, UK: Palgrave Macmillan.
- Rodrik, D. (1997). *Has globalization gone too far?* Washington, D.C.: Peterson Institute for International Economics.
- Saebi, T., Foss, N. J., & Linder, S. (2019). Social entrepreneurship research: Past achievements and future promises. *Journal of Management*, 45(1), 70-95.
- Santos, F. M. (2012). A positive theory of social entrepreneurship. *Journal of Business Ethics*, 111(3), 335-351.
- Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of World Business*, 41(1), 6-20.
- Sharma, D. D., & Blomstermo, A. (2003). The internationalization process of born globals: a network view. *International Business Review*, 12(6), 739-753.
- Short, J. C., Moss, T. W., & Lumpkin, G. T. (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal*, 3(2), 161-194.
- Tan, W.-L., Williams, J., & Tan, T.-M. (2005). Defining the 'social' in 'social entrepreneurship': Altruism and entrepreneurship. *The International Entrepreneurship and Management Journal*, 1(3), 353-365.
- Teperi, E. (2018). The Internationalization of Social Enterprises: A Systematic Review of Literature.
- Terziev, V., & Arabska, E. (2017). Needs and challenges of social entrepreneurs.
- Tukamushaba, E. K., Orobia, L., & George, B. P. (2011). Development of a conceptual model to understand international social entrepreneurship and its application in the Ugandan context. *Journal of International Entrepreneurship*, 9(4), 282-298.
- Yang, Y. K., & Wu, S. L. (2015). An Exploratory Study to Understand the Internationalization Strategies of Social Enterprises. *Journal of Social Entrepreneurship*, 6(1), 31-41.
- Yunus, M., & Weber, K. (2010). *Building social business : the new kind of capitalism that serves humanity's most pressing needs*. New York: Public Affairs.
- Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of business venturing*, 24(5), 519-532.

## Annexes

### Annex A. Classification of Barriers (OECD, 2008)

Barrier	Explanation
<b>Finance barriers</b>	
B8	Shortage of working capital to finance exports
B16	Granting credit facilities to foreign customers
<b>Business environment barriers</b>	
B27	Slow collection of payments from abroad
B28	Difficulties in enforcing contracts and resolving disputes
B29	Lack of home government assistance/incentives
B30	Unfavourable home rules and regulations
B31	Unfavourable foreign rules and regulations
B32	Different foreign customer habits/attitudes
B33	Keen competition in overseas markets
B34	Poor/deteriorating economic conditions abroad
B35	Foreign currency exchange risks
B36	Unfamiliar foreign business practices
B37	Different socio-cultural traits
B38	Verbal/nonverbal language differences
B39	Inadequacy of infrastructure for e-commerce
B40	Political instability in foreign markets
B41	High tariff barriers
B42	Strict foreign rules and regulations
B43	Inadequate property rights protection (e.g. intellectual property)
B44	Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements)
B45	Arbitrary tariff classification and reclassification
B46	Unfavourable quotas and/or embargoes
B47	High costs of customs administration
<b>Capability barriers</b>	
B5	Lack of managerial time to deal with internationalisation
B6	Inadequate quantity of and/or untrained personnel for internationalisation
B7	Lack of excess production capacity for exports
B9	Developing new products for foreign markets
B10	Adapting export product design/style
B11	Meeting export product quality/standards/specifications
B12	Meeting export packaging/labelling requirements
B13	Offering technical/after-sales service
B14	Offering satisfactory prices to customers
B15	Difficulty in matching competitors' prices
B21	Difficulty in supplying inventory abroad
B22	Unavailability of warehousing facilities abroad
B23	Excessive transportation/insurance costs
B26	Difficulties in communicating with overseas customers

<b>Barrier</b>	<b>Explanation</b>
<b>Access barriers</b>	
B1	Limited information to locate/analyse markets
B2	Unreliable data about the international market
B3	Identifying foreign business opportunities
B4	Inability to contact potential overseas customers
B17	Complexity of foreign distribution channels
B18	Accessing export distribution channels
B19	Obtaining reliable foreign representation
B20	Maintaining control over foreign middlemen
B24	Adjusting export promotional activities to the target market
B25	Unfamiliar exporting procedures/paperwork

**Annex B.** Glossary for Barriers to SME Access to International Markets (OECD, 2019)

**INTERNAL BARRIERS:** Barriers internal to the enterprise associated with organisational resources/capabilities and company approach to export business.

**1. Informational Barriers:** problems in identifying, selecting, and contacting international markets due to information inefficiencies.

(B1) Limited information to locate/analyse markets: difficulty in knowing what national and international sources of information is available or required to reduce the level of uncertainty of foreign markets.

(B2) Unreliable data about the international market: problems associated with the source, quality, and comparability of available information used to attempt to increase understanding of foreign markets (including access to data, ability to retrieve data quickly, and the cost of obtaining data).

(B3) Identifying foreign business opportunities: difficulty in strategically and/or proactively identifying and selecting opportunities in foreign markets (including customers, contacts, business partners and joint ventures).

(B4) Inability to contact overseas customers: difficulty in contacting customers in overseas markets due to geographical distance and time-zones, poor research by the firm in identifying customers, and limited exposure to sources listing potential customers such as databases.

**2. Functional Barriers:** inefficiencies of various functions internal to the enterprises such as human resources, production, and finance, with regard to exporting.

(B5) Lack of managerial time to deal with internationalisation: inability for managers to devote sufficient time, resources and energy towards selecting, entering and expanding into foreign markets, designing export-marketing strategies, and conducting business with overseas customers.

(B6) Insufficient quantity of and/or untrained personnel for internationalisation: problems associated with insufficient numbers of personnel to handle the excess work demanded by export operations, in addition to a lack of specialised knowledge and expertise within the company to deal with export-business tasks such as documentation handling, logistical arrangements, and communicating with foreign customers (including knowledge of foreign languages, cultures and hands-on export experience).

(B7) Lack of excess production capacity for exports: inexistence of or inability to generate excess production over and above what the domestic market requires in order to initiate or expand export business operations.

(B8) Shortage of working capital to finance exports: difficulty in allocating and/or justifying adequate expenditure towards researching overseas markets, visiting foreign customers, adapting export marketing strategies and/or inability to access export financing assistance from governmental agencies, banks and other investors.

**3. Marketing Barriers:** pressures imposed by external forces on adapting the elements of the company's marketing strategy including barriers associated with the company's product, pricing, distribution, logistics, and promotional activities overseas.

(B9) Developing new products for foreign markets: inability, difficulty or unwillingness to develop entirely new products for specific foreign market needs and wants.

(B10) Adapting export product design/style: inability, difficulty or unwillingness to adapt the company's product design or style to the idiosyncrasies of each foreign market (e.g. different conditions of use, variations in purchasing power, dissimilar consumer tastes, diverse socio-cultural settings).

(B11) Meeting export product quality/standards/specifications: inability, difficulty, or unwillingness to adapt products necessitated by both legal and non-legal differences in quality standards and preferences among overseas markets.

(B12) Meeting export packaging/labelling requirements: inability, difficulty or unwillingness to adapt: packaging for requirements such as safety during transportation, storage and handling; and/or labelling for requirements such as different languages, specific information required by the host country (such as expiry dates, types of ingredients and net weight), and symbols, pictures, and colours preferred by foreign markets.

(B13) Offering technical/after-sales service: problems associated with the provision of technical and/or after-sales service including delays and increased costs associated with: geographical distances between the company and its export market; setting up servicing operations in strategic locations; maintaining large quantities of spare parts; adjusting the approach to after-sales service for country variations in conditions of use, competitive practices, and physical landscape.

(B14) Offering satisfactory prices to customers: inability to offer foreign customers satisfactory prices because of: higher unit costs due to small production runs; additional costs incurred in modifying product, packaging and/or service; higher administrative, operational and transportation expenses; extra taxes, tariffs, and fees imposed; and higher costs of marketing and distribution.

(B15) Difficulty in matching competitors' prices: lack of price competitiveness due to factors that are controllable (e.g. strict adoption of a cost-plus pricing method) and/or uncontrollable (e.g. existence of unfavourable foreign exchange rates; differences among countries' cost structure of production, distribution, and logistics; adoption of dumping practices by competitors; and government policy to subsidise local industry).

(B16) Granting credit facilities to foreign customers: problems due to a lack of funds to sustain providing credit facilities to customers and/or a fear that debts may not be recovered from customers that might be far away, have no past experience with the company, and come from countries with unstable politico-economic environments.

(B17) Complexity of foreign distribution channels: problems associated with adjusting distribution methods according to the variations and idiosyncrasies within each foreign market (e.g. range and quality of services offered, and number of layers of a distribution channel).

(B18) Accessing export distribution channels: problems associated with gaining access to distribution channels in overseas markets (including channels that are occupied by the competition; the costs of managing the length of the channel; or various levels of the system being controlled by a certain distributor).

(B19) Obtaining reliable foreign representation: difficulties in obtaining reliable representation overseas who meet the: structural (territorial coverage, financial strength, physical facilities), operational (product assortment, logistical arrangements, warehouse facilities), and behavioural

(market reputation, relationships with government, co-operative attitude) requirements of the exporter and is not already engaged by a competitor.

(B20) Maintaining control over foreign middlemen: problems associated with companies having less control over foreign middlemen due to geographic and cultural distance, dependence on middlemen due to binding legal agreements, difficulties finding replacement middlemen; and/or the middleman carries other product lines that are more profitable than those of the exporter.

(B21) Difficulty in supplying inventory abroad: problems associated with re-supplying the foreign market adequately including transportation delays, demand fluctuations, and unexpected events that create shortages of the company's products overseas.

(B22) Unavailability of warehousing facilities abroad: problems associated with finding adequate warehousing overseas including lack of proper installations to safeguard product quality, prohibitive storage fees, outdated warehousing equipment technology, and the need for a multiple warehousing system for larger countries.

(B23) Excessive transportation/insurance costs: the exacerbation of transportation costs because of large distances to and within foreign markets, poor infrastructural facilities, limited availability of transportation, and delays in product delivery; and/or insurance costs because of the higher risks associated with selling goods overseas.

(B24) Adjusting export promotional activities to the target market: problems associated with adjusting promotional activities due to country variations in buying motives, consumption patterns, and government regulations including: variations in the composition of the target audience, inappropriate content of the advertising message, unavailability or different use of advertising media, restrictions in the frequency/duration of advertising, and insufficient means to assess advertising effectiveness across countries.

## **EXTERNAL BARRIERS: Barriers stemming from the home and host environment within which the firm operates.**

### **1. Procedural Barriers:** barriers associated with the operating aspects of transactions with foreign customers.

(B25) Unfamiliar exporting procedures/paperwork: difficulty in understanding and/or managing customs documentation, shipping arrangements, and other export procedures.

(B26) Difficulties communicating with overseas customers: insufficient and/or infrequent communication with customers due to the large geographical and psychological distances between buyers and sellers, and poor communications infrastructure.

(B27) Slow collection of payments from abroad: difficulty in achieving timely collection of payments from overseas due to the lack of immediate contact with overseas markets, foreign buyers requesting more credit facilities, the use of intermediaries to enter a foreign market, and/or strict currency restrictions imposed by the central bank of the foreign market.

(B28) Difficulties in enforcing contracts and resolving disputes: problems associated with: enforcing contracts due to poor quality (e.g. non-verifiable information, ambiguity, lack of consideration or

mutual acceptance, and/or unreasonable breadth of the contract); enforcing contracts because of unclear expectations, misinterpretation, “bad faith” and/or unwillingness of contract partner(s) to uphold the contract; resolving disputes because of nonexistent or unsophisticated dispute resolution mechanisms, time and/or cost of accessing foreign legal systems, lack of knowledge of foreign laws, and conflicts of laws; and/or unwillingness of contract partner(s) to participate in dispute resolution mechanisms.

**2. Governmental Barriers:** Barriers associated with the actions or inaction by the home government in relation to its indigenous companies and exporters.

(B29) Lack of home government assistance/incentives: support and/or encouragement by government agencies to SMEs for export and internationalising activities are non-existent, scarce or unsophisticated.

(B30) Unfavourable home rules and regulations: local exporters are restricted by controls imposed by the home government including restrictions on exports of either components or final-products to certain hostile countries and/or restrictions on products with national security or foreign policy significance.

(B31) Unfavourable foreign rules and regulations: local exporters are restricted by controls imposed by the host government including restrictions on exports of either components or final-products to certain hostile countries and/or restrictions on products with national security or foreign policy significance.

**3. Customer and Competitor Barriers:** Barriers associated with the firm’s customers and competitors in foreign markets, which can have an immediate effect on its export operations.

(B32) Different foreign customer habits/attitudes: difficulty in adjusting the company’s strategy to accommodate variations in consumer habits and attitudes caused by different topographic and climatic conditions, household size and structure, level of technical understanding, income level and distribution, manners and customs, and education standards.

(B33) Keen competition in overseas markets: difficulty in maintaining competitive advantage in overseas markets due to more complicated and intensive competitive situations (e.g. competition arising from many sources, different cost competitive strategies and protections, different brand positioning and variable marketing strategies).

**4. Business Environment Barriers:** Barriers associated with the economic, political-legal and socio-cultural environment of the foreign market(s) within which the company operates or is planning to operate.

(B34) Poor/deteriorating economic conditions abroad: unpredictable consumer behaviour caused by economic effects such as large foreign debts, high inflation rates, and high unemployment levels in foreign markets, which erode their citizens’ purchasing power and impacts on their spending habits (e.g. seeking more economical products, purchasing goods less often, and carefully selecting what they buy).

(B35) Foreign currency exchange risks: risks to international business transactions arising from unstable exchange rates leading to fluctuating export prices overseas; revaluation of exporter’s currency resulting in less favourable prices to end-users; and unconvertible foreign currencies that impede the repatriation of sales/profits from overseas.

(B36) Unfamiliar foreign business practices: variations in business practices from country to country which may confuse or send distorted signals to companies that are unfamiliar with the formal and informal procedures performed in foreign markets.

(B37) Different socio-cultural traits: challenges associated with understanding and accommodating the affects that variations in religion, values, attitudes, manners, customs, education, and social organisation have on consumer behaviour, targeting approaches, and marketing programmes.

(B38) Verbal/non-verbal language differences: challenges associated with understanding the oral and written aspects of the foreign language and its nonverbal characteristics, such as body language and time perception, in order to communicate both verbally and non-verbally through marketing, advertising, branding and packaging. (B39) Inadequacy of infrastructure for e-commerce: non-existent or unsophisticated structures (e.g. hardware, software, security, and broadband) are in place to support the distribution, sale, purchase, marketing, and servicing of products or services over electronic systems such as the Internet and other computer networks.

(B40) Political instability in foreign markets: difficulty in initiating or maintaining operations overseas due to economic (low household incomes, inflationary trends, large foreign debt), societal (religious fundamentalism, ethnic tension, high degree of corruption), and/or political (authoritarian regime, conflict with neighbours, military control) factors.

**5. Tariff and Non-tariff Barriers:** Barriers associated with restrictions on exporting and internationalising imposed by government policies and regulations in foreign markets.

(B41) High tariff barriers: the burden associated with excessive tax applied to imported goods to artificially inflate prices of imports and protect domestic industries from foreign competition.

(B42) Strict foreign rules and regulations: controls placed by foreign governments on companies that sell goods in their markets including entry restrictions which delay or restrict the flow of the product in the market; price controls; special tax rates; and exchange controls.

(B43) Inadequate property rights protection: difficulties associated with an inadequate legal framework to protect the ownership, use, control, benefit, transferral or sale of both physical and intangible property especially intellectual property (e.g. copyrights, patents, trademarks and trade secrets).

(B44) Restrictive health, safety and technical standards: difficulties associated with meeting high, non-transparent, inconsistent and/or discriminatory country-specific standards for imported goods including: sanitary and phytosanitary requirements; industrial and environmental protection standards; conformity assessment procedures (testing and re-testing, verification, inspection and certification to confirm products fulfil standards); and technical standards (e.g. preparation, adoption and application of different standards for specific characteristics of a product such as production, design, functions and performance).

(B45) Arbitrary tariff classification and reclassification: problems and costs associated with the practices by Customs administrations of classifying goods in a way which is not in accordance with internationally accepted rules and principles of tariff classification (e.g. increasing the level of duty payable for imported goods either for trade policy, trade protection and/or revenue raising reasons; imposing tariffs less favourable than those implied previously through reclassification of imported goods; inability to obtain firm rulings from overseas Customs authorities on duties for some products;

and/or lack of technical knowledge by Customs' administrations to enable them to provide correct tariff classifications to importers).

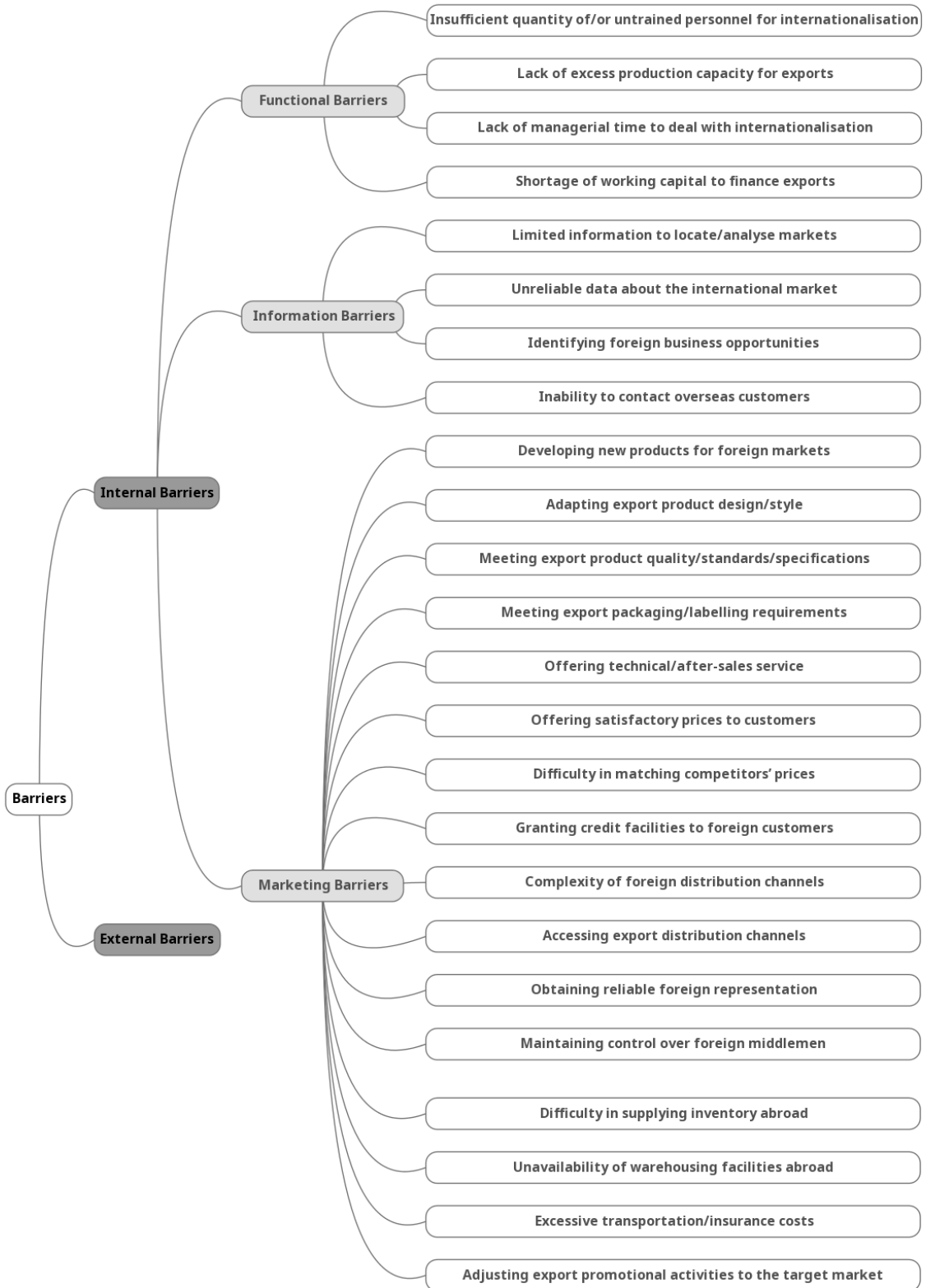
(B46) Unfavourable quotas and/or embargoes: unreasonable prohibition of commerce and trade with a certain country or unreasonable restrictions on the quantity of specific goods being imported to certain countries.

(B47) High costs of Customs administration: costs associated with: divergent interpretations of customs valuation rules by different Customs administrations (including the use of arbitrary or fictitious customs values); delay in customs clearance procedures (e.g. excessive and/or irrelevant paperwork, congestion at points of entry, delay and cost of cargo clearance); lack of procedures for prompt review; and lack of transparency and/or irregular/illegal practices (e.g. unofficial customs procedures, unwritten rules and unpublished changes, unofficial fees to accelerate processing, and the absence of information on customs regulations and procedures in English).

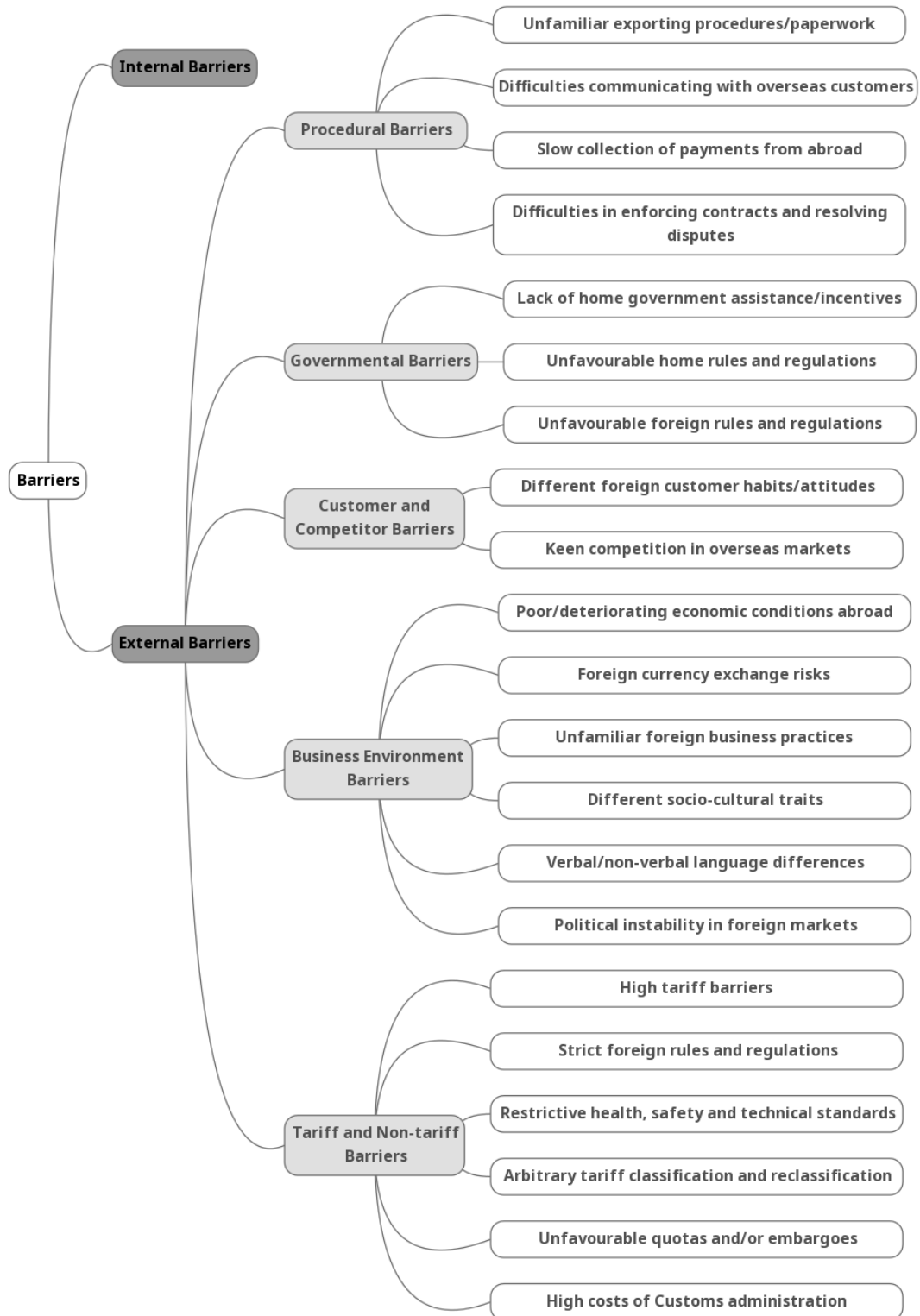
## Annex C. Barriers Cluster (OECD, 2008)

Cluster	Barriers related to	Barriers included	1997 classification
1	Financing and payment collection	Shortage of working capital to finance exports (B8) Granting credit facilities to foreign customers (B16) Slow collection of payments from abroad (B27) Difficulties in enforcing contracts and resolving disputes (B28)	Finance, Business environment
2	Tariffs and regulations	Unfavourable foreign rules and regulations (B31) High tariff barriers (B41) Strict foreign rules and regulations (B42) Inadequate property rights protection (e.g. intellectual property) (B43) Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) (B44) Arbitrary tariff classification and reclassification (B45) Unfavourable quotas and/or embargoes (B46) High costs of Customs administration (B47)	Business environment
3	Risk and infrastructure	Poor/deteriorating economic conditions abroad (B34) Foreign currency exchange risks (B35) Inadequacy of infrastructure for e-commerce (B39) Political instability in foreign markets (B40)	Business environment
4	Home government support and home environment	Lack of home government assistance/incentives (B29) Unfavourable home rules and regulations (B30)	Business environment
5	Resources	Lack of managerial time to deal with internationalisation (B5) Inadequate quantity of and/or untrained personnel for internationalisation (B6)	Capabilities
6	Product development and support	Developing new products for foreign markets (B9) Adapting export product design/style (B10) Meeting export product quality/standards/specifications (B11) Meeting export packaging/labelling requirements (B12) Offering technical/after-sales service (B13)	Capabilities
7	Capabilities in production and logistics	Lack of excess production capacity for exports (B7) Difficulty in supplying inventory abroad (B21) Unavailability of warehousing facilities abroad (B22) Excessive transportation/insurance costs (B23)	Capabilities
8	Competition in target market	Offering satisfactory prices to customers (B14) Difficulty in matching competitors' prices (B15) Keen competition in overseas markets (B33)	Capabilities
9	Communication	Difficulties in communicating with overseas customers (B26) Different foreign customer habits/attitudes (B32) Unfamiliar foreign business practices (B36) Different socio-cultural traits (B37) Verbal/nonverbal language differences (B38)	Capabilities
10	Information	Limited information to locate/analyse markets (B1) Unreliable data about the international market (B2) Identifying foreign business opportunities (B3) Inability to contact potential overseas customers (B4)	Access
11	Distribution of products in target market	Complexity of foreign distribution channels (B17) Accessing export distribution channels (B18) Obtaining reliable foreign representation (B19) Maintaining control over foreign middlemen (B20) Adjusting export promotional activities to the target market (B24) Unfamiliar exporting procedures/paperwork (B25)	Access

## Annex D. Internal Barriers



## Annex E. External Barriers



## Annex F. Consent for Participation in a Research Interview



### Consent for participation in a research interview

#### Project: “Barriers to the international expansion of social enterprises”

I agree to participate in a research project led by Prof. Raquel Filipa do Amaral Chambre de Meneses Soares Bastos Moutinho and Rúben André Veiga Rebelo from the Faculty of Economics of the University of Porto (UP) in Porto, Portugal. The purpose of this document is to specify the terms of my participation in the project through being interviewed.

1. I have been given sufficient information about this research project. The purpose of my participation as an interviewee in this project has been explained to me and is clear.
2. My participation as an interviewee in this project is voluntary. There is no explicit or implicit coercion whatsoever to participate.
3. Participation involves being interviewed by researcher from the Faculty of Economics of the University of Porto. I allow the researcher to take written notes during the interview. I also allow the recording (by audio tape) of the interview. It is clear to me that in case I do not want the interview to be taped I am at any point of time fully entitled to withdraw from participation.
4. I have the right not to answer any of the questions. If I feel uncomfortable in any way during the interview session, I have the right to withdraw from the interview.
5. I have been given the explicit guarantees that, if I wish so, the researcher will not identify me by name or function in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. In all cases subsequent uses of records and data will be subject to standard data use policies at the EUI (Data Protection Policy).
6. I have read and understood the points and statements of this form. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.
7. I have been given a copy of this consent form co-signed by the interviewer.

\_\_\_\_\_  
Participant's Signature                      Date

\_\_\_\_\_  
Researcher's Signature                      Date

\_\_\_\_\_  
Researcher's Signature                      Date

## **Annex G. Interview Transcription – Richard Catherall (Katarsis Ventures)**

### **1. How did your academic and professional background led you to reach your actual position as the executive director of Katarsis Ventures?**

**Answer:** My academic background started in 1997, quite a while back now. At the time I was focused on a Law career. I was interested in justice which, when you are that age, it is not surprising that people see it as a legal arena. During the degree, I think I became quite rebellious about the business model of the Law – I reacted to it, I reacted to the people who I was working with. It seemed to be very commercially focused and by that, I mean that it was focused mainly on commercial value and I could not really find much social value in the Law, which surprised me and disappointed me. I dropped out of my first Law degree and the University made great efforts to stop me from dropping out by some very useful mentoring, which focused on why I was interested in the Law, and I actually did a joint honours in the end and studied International Politics, which was very linked to the fact that, at the time, if I was not going to be a lawyer, I would also explore an officer position in our Armed Forces, because I was also interested in strategic things, politics, that sort of thing, and how countries interacted with each other and the whole justice element that would come from there. But, when I left the university, while I had very good research skills and very good advocacy skills and the ability to form an argument, I was really [...], so I went to the type of job that lots of us of that age went to that didn't require academic skills and just required you to be very confident and outspoken and I did the sales job for a couple years and learned a lot about small and medium enterprises and how they grow and how they build teams. But then a role came up within the not-for-profit sector about the unwritten contract between the government and not-for-profits in the UK and parts of Europe, which was part of an agenda of a different approach to privatization and whether not-for-profits – I wasn't really hearing the term social enterprise at the time – should actually be better positioned to deliver public services for people and, through that, I became very interested in social justice. That rekindled this interest I had in justice about people finding problems accessing services because of their backgrounds or situations, and there was this whole crop of organizations which focused on helping people overcome social justice issues, which really appealed to me and campaigning for this and negotiating agreements and contracts between them and very large organizations which didn't really understand them. I was very good at it and I spent some time in national positions and sharing various different [...] and central organizations and I completely forgot my academic career during this period of time, since I was learning so much from the work I was doing. But the friction that came up within that was this question of sustainability and how organizations were transferring from a grand funded model/donation model to doing business with governments, and it wasn't very sustainable, it was very little [...] in terms of support for that and amongst this group emerged these social enterprises which seemed to be approached a lot differently.

They were not popular within the not-for-profit world, they were seen to aid the business sector, and they weren't necessarily that popular in the business sector because they were seen as being compromising the clarity and the purity of pursuing profit, at least for complex purposes. I became very interested in them and started to study them in great detail and I progressed to quite senior levels in this partnership fields and then as a kind of more entrepreneurial person in residence for originally in NHS and the Department of Health [...] and again very interested in seeing these models develop. Then I became the Chief Executive of a social enterprise which had grown too quickly and got involved in this market of public services, but ostensibly was supposed to be there to support enterprises to grow and to enable innovation to emerge in a city and become a business model, an NGO or whatever the right model would be. I turned this organization around in 2 years and this detached me from the wider world, it was really interesting. I then took a role with a national social enterprise and started to do the same thing. But because I found it really quite difficult some of aspects of this business to turn around, I decided that now was the time maybe to do my post-graduate degree, so I started my MBA while working full-time and I carried on the MBA having being headhunted by a local authority to [...] enterprise investments to them and really to pick up the pieces from the last 10 years of them not building a very effective supply chain for social enterprises and them actually wanting to consider setting up some of their own social enterprises by spinning out aspects of what they [...] delivered.

I completed my MBA in 2009 while working for this authority with a huge budget, our supply chain about 367 million pounds, and that was all about much larger social enterprises. But, during that time, I had discovered that my career had accidentally been very focused on health and social care and I realised that the social enterprise sector in the UK had also been very influenced by health and social care and I started to become interested in looking for inspirational [...] to make business models more sustainable and make sure that our practice around social enterprises was not too biased by one market. I started to look wider than this and during this time I started to search internationally and almost by accident I started to realise that, in hard places, social enterprise was more prevalent within the SME community more than the NGO community, and that entrepreneurship was something quite special, it was more about human rights than it was about just trying to make NGO's sustainable or just make them money. Then more recently as I discovered the impact of our work, I have gone back to the Law, and I started a master's program in International Rights Law and I think, this is something I have learnt from my business experience throughout life, that a pure business education is very powerful, but you become a more effective business leader if you have a kind of core ethos, almost like teachers have a core ethos, the core subject that they follow that actually informs their kind of leadership, so that your business knowledge is all put in context and for me that has always been the Law.

A legally minded business leader is what I have become and by the Law and I don't mean the technicalities of contracts and things like that, I mean this concept of justice and human rights and that's a very strong part of my ethics as a social enterprise leader.

## **2. How would you describe the social mission and the main activities of Katarsis Ventures?**

**Answer:** Our mission is to demonstrate to others that haven't noticed it yet that there are great possibilities from nurturing innovation, enabling enterprise and pipeline investment in what we call hard places. In hard places this is where the human rights associated with entrepreneurship are not well protected, where entrepreneurship is not well understood, where entrepreneurship is not well nurtured and therefore people don't have access as they should to entrepreneurship as a root for their human rights, in particular their self-determination or right to development, right to education.

All of the relatively young, not all young, but all of the people that killed themselves in the road up to the Arab Spring by setting fire to themselves or throwing themselves in front of vehicles, when they researched the families of these people they found that they were all entrepreneurs, all small-scale social entrepreneurs or small-business entrepreneurs. While the narrative had been that these people were fighting for democracy and they had killed themselves for democratic reasons, actually it is more accurate to say that they had been trying to find meaning in their lives, trying to develop a lifestyle for their families and trying to pursue greater freedoms as entrepreneurs, but had found that the State was very effective at stopping entrepreneurship, and that was why they had killed themselves. You very rarely hear the Arab Spring being talked about as an entrepreneurial movement but, as you know, many of the people you've met from the Region are interested in entrepreneurship.

That whole area of research started for me in about 2009 and I visited hard places – Lebanon, North Africa, Jordan, parts of Turkey, Cyprus – at first to understand what business opportunities might be, so that I might actually look at having a direct impact through creating a business of myself in one of these areas and, originally, I thought about how I could involve the local people as employees and partners. But then what I realised was that my skills would always be in supporting others to make strategic decisions, to advise them, to mentor them, and by 2012 I was a qualified mentor of high-level executives, which had been part of my own personal development, because I had been mentoring and coaching people throughout all the change that I had been involved with, and almost reluctantly I realised that what was actually needed was support for those innovating, those creating enterprises, and somebody who would try and bring investment to them, because it wasn't finding them naturally.

We are originally research-based, and we saw ourselves as a kind of accelerator for entrepreneurs working in hard places. The concept of hard places and the concept of acceleration, there are lots of competing models that are already seen as being the way to do it, and they exist in

the region, but we wanted to be a bit more disruptive and we also wanted to be able to do the first few years in development, without grants, and the reason why was that we felt that if we were too well financed, too well funded, we would get comfortable and we'd also miss some of the learning from the region. We decided to take a different approach, which is basically the entrepreneurial bootstrapping approach, and that's why we set up an office in Cyprus, so that we could keep the costs really low and all of our income has been from trading. In that respect we wanted to start the business almost identically to the entrepreneurs who we were working with and, as many of them had to do, actually create a market rather than just access a market. We had to find the way to be able to, for example, provide the very highest level of business support in a place like Gaza, that can be afforded by the kind of budgets that people have in Gaza, which is not high. Some of our work has been extremely low price, but high value, and organizations with bigger [...] just can't do that and therefore they don't go to these places and therefore those people don't have access to the support.

Some people describe the business model as a consultancy business model, which is true, because we do consult the people and we do take on the consultancy assignments, but we also have a strong payment-by-results component, we work people and only get paid a share of the success, which is a form of pro bono in the early days, but it's linked with the success of the organizations in the long-term, and we've also taken equity in the highest risk areas so that the organizations can afford the long-term highest quality of support, but there we really are taking a huge risk in terms of whether or not it has potential to grow. I also decided that it didn't really matter what the company became in five years, it could be sacrificed. I was looking for what model to grow to work in hard places, because I was working not to just set something up that generated a few hundred thousand dollars a year to make me feel comfortable and make me feel that I was making a difference, I was trying to find something that would then scale up to really tackle the issues. The reason for that was from the research in Cyprus.

Cyprus is one of the hearts of our research on our spectrum of hard places, where it's towards the end of the spectrum, where the conflict was a long time ago, the post-conflict situation continues, and it's actually the area where there has been the most NGO focus, most international focus, a lot of international involvement. Has that solved the problem? What you actually find in Cyprus, the reason why it's a hard place, it's that the conflict has had a very deep psychological effect. You can't see the conflict anymore, but it has really undermined conditions for innovation and enterprise investment, in terms of people's psychology, the way they do business with other people. That's why it's hard to do if you're working with a lot of psychology. It would be very useful, for instance when you're working in Palestine, to understand the psychology there and why the conflict hasn't had the same psychological impact that has had in a place like Cyprus. To understand what's keeping the people sharp, what's keeping the people more entrepreneurial and focused and how the different models work in those two things.

Our mission is about this demonstration of how to support people in hard places and why getting them flowing and seeing that the talent is there to prove our investment thesis. We consult, we advise, and we're developing what we call a master mentoring basis. This is long-term mentoring which is accessible for entrepreneurs just-in-time, never too much, never too little, just when they need it, and something which is adaptable to them and their organization. To scale that up, we believe that technology and artificial intelligence is the way to do.

**3. You have mentioned Palestine, Cyprus and the North Africa. How did you get to those places initially?**

**Answer:** It was my first experience of exporting yourself. One of the reasons I looked at what people call the Middle East, or the Levant, was that in the UK we had very big problems, very complex, very well-developed infrastructures and systems, and very large budgets. We were maxed out on everything. What depressed me on that situation was that nobody could complain they weren't getting paid well. Nobody could complain that they didn't have the professional skills or the capacity to solve the problem. Theoretically nobody should complain that they didn't have enough money. But they did! They complained about all those things. For me that was a real wake up call, it made me realise that I could spend my whole career working in such a developed country that people still thought they lived in the third world. I remember being in meetings where people would say, "well a billion pounds isn't enough". And I would be like, "listen to what you said, if a billion pounds isn't enough, if we can't start to innovate with a billion pounds... my God!". My boss said to me, "this frustration that you have is going to become my problem, because if you become frustrated, if you feel that you can't operate, then you are not useful to anybody, and you end up just being an annoyance. Potentially you need to find a context which enables you to feel a lot calmer, a lot less frustrated and that you can use the skills that you've got with people that do feel more able to innovate and operate".

That was the original root for Katarsis to operate in places like the Middle East, because these are places where the people don't have the money, they don't have the infrastructure and they do believe, while they would like to get the qualifications and the support, that they've got the skills themselves already. That was what I had to test on my research very quickly – it was the "can people do something with nothing?". My original gateway into these places was really just in a kind of journalistic way. Just go and [...], and study about [...], there's a lot of practice there about being careful about how you observe and how you engage people and how you affect the environment you're in. I identified NGO's, political leaders, business leaders, and I interviewed them, and I was trying to work out how they ticked, what worked and what didn't. It was through that I realised that there's a lot of talent in hard places that basically tries to do it itself – they were trying to do it themselves – and in some cases were part of a control group, for example, the group of entrepreneurs

in Lebanon, that we knew would have a high enough profile in the press and social media that we could follow them without it being too obvious, and that we would agree not to support, at all, so that over the course of those growing in the business, we could compare how the people that we supported succeeded, compared to these group of people that didn't have our support, because they were doing really well. It helped me realise that what I do is important but is not central. It accelerates, but it's not a missing link. Sometimes people say, "without you I wouldn't have done this". They are actually wrong, they could have done it, it would have just been different. Because we have these control group of people who don't have access to that support, who are naturally able to prove our investment thesis around hard places producing very good talent. From that I had to develop a networking approach, to introduce myself in these places and find the roots to potential markets and then, once we had a minimum viable product, that was around "can we show you things we've done in the UK which would transfer to your area? Or mentoring/coaching? Or what assignments that you have/that you need that you can't get the local support on?". Once we validated those, we had to develop a market around that and we chose strategic partnerships, we chose to identify people that were already working in those areas, who had the resources – people at the UN, BMW innovation programs, British Council, others who may offer us a root to those markets – so that we could leverage their scale without us having to grow. It involved the risk of keeping our costs low and resourcing ourselves getting out there and finding opportunities to demonstrate our capability, demonstrate high value things that weren't marketing material. They were experiential marketing, so trainings, or speaking things that we could do that would prove very quickly that we were different.

#### **4. At what stage did you find yourself helping enterprises to internationalise?**

**Answer:** Originally the research pointed to us launching the company in 2015, which would have meant that we would have time to consider raising funds for what we were going to do, but what we found was that the partner that we had identified in Cyprus – it was part of our work to find a partner that agreed with this vision and we were trying to find the first person that was wanting to internationalise. This was a very well-established NGO that is no longer really in existence, which kind of proves the pudding, who was very concerned that they had a lot of knowledge they had developed as part of the peace process in Cyprus that would be relevant internationally, in the region, and there was a theme amongst the UN programming at the time that they wanted Cyprus's organizations to become better networked and more connected to what was happening in the wider region, because the country's programme didn't seem to really fit into the region's priorities of the Eastern-Mediterranean work that everyone else was doing. They were quite concerned that they were going to be in a position of funding running out within a couple of years. We talked about the possibility of me launching earlier and we formed a memorandum of understanding to work together for three years, on a two-pronged approach.

The first thing I was going to focus on helping them expand the markets that they had in the country for higher-value work, work they could get funding for and potentially they could also generate trading income from. In particular this work required some skills I had around local government and they had relationships with local governments in the country and that has become successful. Even though the NGO itself is no longer operating, the team that I worked with has set a separate company which generates most of its income from what we started back in 2012 and they do strategic work with local authorities all over the country and they do very well out of it. The issue that we had was this international component. The idea was that from day one we would be working on how to package up and productize things that the NGO had done very well for an international market, and we targeted places like Palestine and Jordan.

If you remember, 2012 was before the migration crisis started, before the Syrian war, it's quite early in the Arab Spring and so they were quite open to exploring the near region as export. However, as the Arab Spring became more violent, as the conflict in the region became more violent, I think that put them off a great deal and what they were unable to do, which the other organizations had always proved to be willing to do, was really getting that risk appetite, and their investment strategy to fit the challenge of going international. I think this is why it is sometimes easier to internationalise organizations as part of their scaling up, than it is to internationalise organizations that have already reached a level of scale and that are looking at internationalisation to sustain them. It's totally different. What this organization wanted was to sustain their base in Cyprus through international forms of income, whereas other people that I've worked with looked at international markets and internationalisation as a way to scale-up and become sustainable in any form. The partnership did last those 3 years, but they pulled back on their investment commitments, pulled back on their interest in taking these risks and productizing what they were doing and then going abroad, and that meant that it didn't work and I actually lost out financially in two ways. I lost access to local revenue streams which, as I say, an organization has been created and spun out as an organization to pursue them – so it wasn't just me that was affected by the lack of support for this more entrepreneurial approach – that team also didn't have the support so they spun out and set up their own company to do it, so I lost access to that because I stood with the apparent organization that I had an agreement with. I also lost access to finances that I had put in myself which were quite substantial.

So, we made it, a big loss in our first year of operations because we weren't able to match our commitment with the commitment of the organization that wanted to internationalise. They decided that it was too much, and that was a really good learning to me: internationalisation is something that you have to believe in and follow through on, otherwise it's quite an expensive exercise to undertake. Ironically, I would say that you would find examples of that even with very large businesses. From my background in the UK, very large UK businesses have always wanted to

establish a position in the USA, for example. Some of them have done that well, but many fail, because the cultures, they look the same, but they are so different, and it's quite interesting when you see these large organizations enter a cost-cutting exercise and the first thing to go tends to be their commitments in the USA, because they require, even if they got some success, they are still asking for more investment, they are still learning how to do it, and so people cut their losses and pull out. I think that's one of the reasons why the EU single market is such a good project, it's because it's actually some kind of children's nursery almost, for organizations that want to internationalise. Common rules, an increasingly common business culture, access to similar levels and similar types of finance, it kind of makes internationalisation across nearly 30 countries as easy as possible, rather than being resting on the shoulders of individual organizations, individual boards, individual CEO's, which is what happens when you are supporting SME's to go international – it rests very much on a much smaller infrastructure.

In Cyprus, even though tried to do it from day one, by the end of 12 months what had happened was that we had lost money, that organization pulled back from internationalisation, they didn't see it as the opportunity they did initially, and we were in a situation of wondering what we would do. We considered pulling out ourselves, because we had lost so much money. Maybe what we were trying to do was to launch too soon, we looked at whether we could change our focus on Cyprus, which we did. We reduced our commitments in Cyprus and used it mainly as a base, rather than focusing so much there, and we also looked at how we could pursue the business opportunities that we had identified as part of that partnership, but without the same scale and capacity, and it is through that that I pursued originally the partnership with the E4SC programme, and that led to also pursue partnerships with other large institutions like the United Nations.

**5. According to your experience as an advisor/consultant, what is the main motivation for the social enterprise to internationalise? Is it sustainability?**

**Answer:** I think that it is certainly related to sustainability, but it can't be oversimplified as sustainability, because I think that there are two types of sustainability out there.

There is one which is the sustainability which is basically that we have reached a level of capacity that means we have started to deliver our mission and that we, even though our mission may still be very ambitious, can link to eventually succeeding, to eventually do it. Those are the kind of organizations which really excite me, those that actually got scale in what they are doing and that are starting to get a systemic effect, and when they got that, then that's the kind of sustainability that you can use.

The other type of sustainability is where people just really see it as a new source of income, and they could just admit that, but they rarely do – sustainability sounds better. They basically see even the social enterprise itself as raising money for an NGO, and it's very easy for funders and organizations to oversimplify social enterprises as another way of NGO's raising funding. This is

where they believe that what they are doing at that point is fundamentally sound and that they just need more money to do it. Ironically, if you pursue the first type of sustainability, it will probably creatively destruct what you are doing. As you scale up, you are unlikely to have the same kind of structure, culture and systems when you are at scale as when you are larger. That's something that I've come across during my whole career. People can, in various different places, get into a reasonable level of income and be able to employ a certain number of people with a certain salary and therefore believe that they now need to sustain that thing at that level, and therefore see everything else as a way of sustaining that thing, rather than actually asking a much deeper question of "should we scale up to become sustainable?" and "that will actually change what we are and take it to the next level".

I think that the majority of social entrepreneurs that I've worked with are interested in the more complex version of sustainability, because they have not yet build something that is a lifestyle business, so they see internationalisation as a way for them to gain the credibility they want, for them to access the quality of work they want, to access not just an income stream, but potentially higher prices, because the local market they work in may not offer those prices, and to access different sorts of funding that wouldn't be accessible if they just had a domestically focused business. And then there is, if you are working with, as I say, the established NGO type, that sees social enterprise as a way to generate another income stream, which in many ways can be great. And then, as part of that, instead of deciding that they could transform the rest of their organization domestically, they actually say, "well, if we went international, then we could have the best of both worlds, we could keep what we do locally, and we can allow the social enterprise to grow internationally and then that won't change us, except for bringing more income", and it would also be able to develop quite freely, because it was focusing on markets that weren't the same as the domestic.

I think I have examples of both, where people are trying not to compromise, but they have to choose how much they are willing to change the models that they are working on. And I think that, from a funders' perspective – and that's also interesting – the funders that I've worked with also express one of two of those things. Some funders have said, "well we're just interested in helping NGO's to develop a new income stream", so they are interested in social enterprises just as income, but others have said "well, that's kind of how we sell it, that we are here to help you develop a more sustainable income, but actually the more we get involved in this, the more interested we are in whether that exercise of creating value for other people, creating value, creating a market, accessing a market that is growing, actually changes how the NGO thinks about how they are solving the problem, at least to a fundamentally different model emerging which is more sustainable, that either uses less of our funding, or uses our funding in a different way". That is quite the frustration amongst a number of funders, that they are not quite seeing that happen and it's weird for me to get to see it from both sides, because you get the NGO organization that wants to transform itself and become international, and you get the NGO that wants to transform and become something different, but

they both don't believe that the other one wants to do it, so they create quite interesting barriers to that happening.

**6. Do you think social enterprises want to export their social impact and create social impact abroad? Or is internationalisation a way to create that sustainability and then reinforce that social impact locally, where they started?**

**Answer:** I think that's a very interested point and I think that it's both, but not in every case. I know a social enterprise called TakingITGlobal, which is more of the innovative NGO model that you are looking for, and of one the criticisms taken against TakingITGlobal, if you look at the press back in 2009, is that people said in the press that maybe it was too big to achieve its social impact, and that is key to the point I want to make. They wanted to network young people, teachers and external stakeholders together to improve education, to create a co-producing space, and they offer really good teacher development in the professional development field, they offer really good things that improve the classroom experience and turn it into something else, and they are very good at engaging the young people in their education, and they do that across borders. That's international. It's a technology platform that globalizes education and we can see the massive benefits that would be from breaking out the limited school model and actually educating from a global platform. On that basis, they have people that see that their social impact really has to be global for them to have the impact. There would be no point for them to focus on one country, because they would've only changed the education system in that country, and how can they do that if their whole point is to get people access to an international platform? But on the flipside, people that work in education will criticize that because they will say that education is a very local and personalized thing, and if they want to create a real impact, they have to have a very deep local focus. That's the other point. It depends on the social impact you are actually trying to achieve as to how local, how focused on the community you need to be and whether you lift the capacity to point A and say "point A enables people to get work, so that's enough, so we can raise people to point A in lots and lots of different places and that takes us from enough to high impact", or you can say "point A enables people to get work, or enables people to access microfinance, but the fact that they got access to microfinance is going to take them to the next level of barriers, so what we are actually going to do is take them to point B, and then to point C, and point D, so we are actually much more locally-focused and our social impact is delivered by building on the capacity that we are building". That is a very interesting point.

Microcredit is a great example where microfinance has become seen as a very good model, that works, and therefore should be copied around the world, but if you work in a single area around microfinance, you realise that actually, people, especially women, access microfinance but then there are no initiatives that pick those women at the next level, when they've actually had their microfinance

deal and they've paid it back, and they want to grow a bigger business, but they are locked out the capital markets again. So, people increasingly argue that microfinance, while it delivers an impact, also limits the potential of people that access it, because there's no follow-up. That kind of proves the point of how international should you be, and so some organizations that I've worked with said, "we are delivering a certain level of impact, locally, but we need more revenue to actually go deeper, to point B", so their original case to go international is to generate the revenue that they would then bring home, to then reach point B, in their country, and then maybe point B will be exported, because it would've developed those relationships through the exporting of the first stage, point A. If point B is what they really want to achieve, then they can shift it to a third level of saying, "we achieved a point A of social impact in our country, we internationalise to raise more money to be able to get into point B in our country, point B in our country delivered the level of impact that we really needed and now we don't want to internationalise that just for money, we actually want to internationalise that for more impact". That's where you get into this debate about what level of impact we are actually aiming for. It will always be a systemic solution, but at what scale will that system be operating? Should it be across a country? Should it be across several countries? You have got a big push now, for example, for South-South partnerships, so countries in the low and middle income world want the people that have got to point A, point B, point C in their country to share that experience with other low income/middle income countries so they can also get to point A, point B.

On Facebook yesterday I shared an animation which shows the reduction or the increase of the number of people living in extreme poverty across a range of countries and over a period of time, and visually you see very quickly extreme poverty shrink in places like India or China, but remain as a portion more or less the same in places like Africa. People were challenging that maybe that's because of our developing strategies – not because of the lack of money – maybe it's the actual strategies that we've been using, which don't match the strategies in places like Asia, where poverty is reducing. And so, the argument is that maybe as a way of accelerating, people from South Asia should be internationalising their work over to Africa.

Now the flipside of that. If it goes completely the other way and you are internationalising purely for social impact... well who pays for that? Just that could potentially reverse an organization which has become sustainable, has got a balance of their social and their economic gain coming in. But then you say, "yes, but your social aim would work very well in Africa or Asia", but there's no market in there, so how are we going to fund it? Ironically, I've had an example from Australia, where the organization was a cultural organization, and cultural organizations are traditionally very grant dependent. People always say that you shouldn't buy access to art, but 95% of their business model is sustained with trading and they scaled from a fifty-five hundred thousand dollars organization to a ten million dollars organization because, and that's what I mean with "does it change your original organization", originally they went for that private sector business which sustained what they were

doing – half a million – but actually what they found was that going for that building changed who they were and made them a ten million organization, because it was at that level where the sustainability was, it was at that level where they could have a systematic impact that actually led them to achieving more social impact, that led them to achieve more income, etc. And when they want to internationalise their work to the region around Australia, which is obviously very different – so I’m talking Vietnam and Cambodia – their model doesn’t work there, because their incomes are much lower. While they could repeat the model and create a sustainable organization in Cambodia or Vietnam, it would be at a much lower total revenue level and therefore it wouldn’t be able to employ people on those high value salaries. So the bigger irony was that to internationalise they had to become an NGO again, they had to become a grant-funded organization for their international work and then repeat the process of actually improving the financial inclusion and the incomes of cultural practitioners in those places before they were able to then repeat their model and make them a social enterprise. So they were talking about a 50-year strategy of using your grants to be this substitute for markets, exporting the impact and then using that impact to increase the incomes of local people, increasing jobs, etc., and then maybe replicating a version of a sustainable mix of income and social impact in places like Vietnam and Cambodia. Once we got that long-term focus, people realised “good God, we don’t want to be fundraising every year, because that would be unsustainable and would start to divert more of our resources. What we should do is a single, large fundraising effort which can actually resource that entire strategy”. So what they did in Cyprus was to create an endowment, to fund the export of art and culture to the region and raise enough money that the financial returns of that fundraising would basically provide the annual budget, so they had a single one or two year massive fundraise campaign, and then they don’t fundraise every year, because it was that what made them unsustainable, that dependence on the funding, the annual race for funds, and that was what they said they didn’t want to go back to. We had to find a model where, if they were going to use grants to substitute the fact that there wasn’t really a market there, how could they be more strategic on their fundraising, and agreed that if they weren’t able to raise that money, that they wouldn’t pursue that international strategy in the same way. Does that make sense?

I am sorry, it’s complex, and I don’t think the debate often goes into that three-dimensional vector. I give you, if I may, an anecdote from an investor and innovator who’s leaving the market in the UK. What he said to me was: “it’s a young men’s game, I’ve done enough, I can’t take the risk, I’m too old for that, I haven’t got the health, good luck to you”. And he’s leaving! But he left me with this. I said, “summarize your learning at scaling social enterprises. Instead of them just becoming a bigger percentage of the market, how do we actually influence the market to become the social economy that we need?”. That’s the dream, I think, for some people. Remember what I started, it was about increasing the percentage of public services delivered by social organizations, but what all that did was they were on the margin of the margin, because what really needed to happen was

whether you would privatize much more of the market to actually open up those opportunities. Even if you doubled the number of women that worked for Facebook, it's still not that impressive. Even if you double the amount of public services that are delivered by social enterprises in the UK, it's a 100% increase, but it's still a small percentage of the overall total. The alternative is that the rest of the market adopts that model and so our social enterprises that are scaling and internationalising are examples of what others could then do.

He said that the issue, and I think this is what Hugo's case study is, is they had been in operation for several years, 3 years, and normally if a social enterprise operates for 3 years it would have two clues. First clue is, "what we do could actually work in terms of social change". So now we've got several hundred or several thousands of beneficiaries that all say that what we are doing works, we are improving this, challenging that, or whatever. So, we want to grow. The second clue that they would've perceived is, "a percentage of our income is coming from the market, so there must be a market for what we are doing, but we are still grant-dependent for the rest of it". Now, a normal business, and by normal I mean one that was just interested in economic value, wouldn't have bothered with the social side, would just decide "is there a market for what we are trying to do?", and then, in the same 3-year period, would have got much closer to breakeven or they would have exited the market because it wasn't working, unless they are in a really high risk area where they are similar to social enterprises because they've got to actually create the market in the first place, like Facebook, or Twitter.

When investors invest, they have it in their head that an organization should be working its way towards breakeven probably around three years, making [...] profit probably around 5 years, so they should have return around 7 years. That's as fast-forward as they think. Many of the investors coming into the social investment space are sticking to that kind of 3-5-7 thinking cycle, but, as I've just said, a social enterprise, at 3 years, would've actually got two clues, not one clue. It would have a clue about the social and it would clue about the market, but unlike other businesses, what it will want to use funding for, the majority of it, will be capacity building. If you go to a commercial business in 3 years, the majority of that money will go to things directly related to growing their market share and growing their revenue streams. The corporate social responsibility, their desire to change the community, will be something they want to do when they really scale. The irony is if they reach scale, then they may be able to deliver more social impact than a social enterprise, because they got the money that it's sustainable, that's what they do. In Sicily, I know an entrepreneur there who has just financed the entire infrastructure of the broadband network in Sicily, because he needs it to this business. Arguably that is a huge social impact, to do what a government should do but can't afford to do, he's done it as a private business because he can do it as he's already operating a scale. He's achieving more in terms of connectivity and enabling people to access the web than any of the social

enterprises set up to achieve the same end. That just reveals what happens when you're at scale. You can make things happen.

The social enterprise has a choice at year 3, it needs to build capacity, and the main funders that are happy capacity building are grantors, because they don't want their money back. However, if you say to an investor, "70% of your money is actually going to be spent on capacity building, not related to getting paid back", then the investors are saying "only 30% of my money is actually connected to me being paid back?", and that compares to 100% if you look at the commercial world, and that's one of the issues for the social enterprise sector. It's trying to cash in its social impact too soon, and that's turning people off, because, at the early stage, they are taking this huge risk and they just want their money back.

What this guy said to me was that, "more social enterprises need to be brave enough to abandon their social impact at year 3 and almost focus entirely on trying to grow as hard and as fast in the market they've identified, so that they can gain access to the investment, so that they can actually pay it back, and so that they can actually reach the scale required to then deliver the social impact at the scale that they need to do". I think this is very relevant to the conversations I have about internationalisation. Internationalisation, for some social enterprises, enable them to have almost an entirely commercial approach within their organization, without it looking like they've abandoned the social impact that they are already delivering, because all of that commercial side can be offshored, outside. I think that Axeer Studio, for example, they've probably done that really well compared to other people. What they have said is that the social work that they do is that gives a team meaning, so if they were to abandon that in Egypt and just become commercial, the organization's culture would just fall apart pretty quickly, but internationally, these are people that they don't have that emotional connection with. While they could get involved in social impact in places like Dubai and Bahrain, they don't need to. Their passion is Egypt, so actually their international strategy is almost entirely commercial, very high premium prices, very high quality, very low-cost, or as lower cost as possible. They are trying to milk an international market to create that income, and the return on that has made them more comfortable – not necessarily sustainable – but more comfortable, and they have been able to do bigger, more impressive social things in Egypt, even if people weren't paying for them. So they had a social impact in Egypt from what they are doing that had kept them in balance, but the balance came from an apparent compromise of not necessarily taking your social impact abroad with you, unless that's what people are buying, and unless that income and social impact is very aligned. If you have a model where your social impact is separate from what you are selling, then you will have to potentially look at this compromise.

That's where Hugo is slightly different. Hugo's social impact is directly related to what he is selling, so his scaling strategy in new cities is selling his social product, and people are starting to buy it, so in the early phase of his internationalisation there appears to be no compromise, because what

he's offering for social change is what people are buying. But, and this is why I love it, he's already identified that there are overhead costs associated with doing the social impact well that won't scale, that will keep going up as it grows. So, things like organizing all that pro bono, organizing all those local people to give you goodwill, all of the people that will say "yes, we will help you!" but actually won't, is basically very costly at the moment, and would be unsustainable if they were doing that in ten cities. So what he's focused on is that the start of the internationalisation is that they are directly involved in both sides of the social and the economic business model in this new places, to get the standard set, but beyond that, he wants to shift to social franchising, which, as I say, will fundamentally change your business and, in this case, what he'll do is that he'll stop doing the majority of the social impact work that they were doing and delegate that to the franchisees, and what they will then focus on is the commercial side, the technology that facilitates the exchange around language training. At scale, the whole system will have the balance between impact and economic value, but Hugo's bit will be almost exclusively economic value, and therefore he will become increasingly able to get the investment that he needs to power the whole system. He will become the engine of the system and the social franchisees will be local enough that they will be able to access grants, and finance, and funding from that angle. And I loved that.

This guy gave me an anecdote for his whole career, and I just tried to give you two examples that proves him absolutely correct. It's this three-dimensional approach to "are we doing it for the money or social? But what size social has to have? And is the best way of doing that to reduce our focus on it ironically and push the economic side? Or, how big our economic side has to be to really transform what we are doing socially?". And then you take that thinking to "so then what's internationalisation really means for us? Which one of these levers does it actually helps us pull?". And that is why I think it's so damn exciting!

**7. According to your experience, and according to the stories of the social enterprises you have helped, what are the main barriers and challenges social enterprises face when they internationalise?**

**Answer:** Ok, so the first barrier is the first conversation we just had. That's very uncomfortable for a lot of founders and some of them may just basically opt out of this stage, because there are lots of stories to use, to convince people that this is definitely the right way to do it, so they see it as a risk and they see it as potentially putting their credibility and their social capital at risk, and I totally understand that. That's the first barrier. I would say the way that barrier manifests itself is just how long people take to make that decision. I've worked with people for over a year in some cases to actually make a decision. Do they really want to scale strategically, or do they want to put their foot in the water and take these compromises into the future? And I think that makes them really similar to any other organization that it is going to scale, there will be similar conversations

about, “are we becoming a chameleon? Are we becoming a clone? How are going to have the same soul?”, that kind of thing. Long-term strategy is not the same as the excitement you have around delivering things on a daily basis, and it involves a massive investment, and I paid for that – the Cyprus organization pulled out because of that, and some of the people that I’ve worked with, I’ve given them the support and the advice and then they pulled out, so we don’t work together anymore because they associate me with a decision they didn’t decide to take.

The second barrier is that these are going to be markets that we don’t naturally know, and that creates uncertainty. The issue is that organizations, in my experience, tend to default into the unconscious. They confuse the fact that they live somewhere and know how it works as having the power of intuition for the new place, and so they move into the markets in an intuitive way, rather than in a scientific way or an intercultural-sensitive way. The barrier is that they don’t look at the cultural issues associated with going into this new market and how that affects their ability to do business. This is displayed by them normally being quite ambitious. Instead of “why is everybody talking about minimum viable product?”, when they go international, they tend to forget that and want to do everything all at once. They overplay and they underestimate how long it will take them to do the networking, they underestimate how much planning it requires, they underestimate how long relationships need to be built before starting to ask people for things, they expect to go to events and do a deal at that event and come back with their orders, they underestimate how much this may actually cost and they underestimate what may be lost. It’s not naivety, it’s more relying on the fact that you know well where you come from – and I can use myself as an example here as well – it’s that the mistakes you make in the social market you may not even know you made them, because not all cultures make it that obvious. There is, I would say, a number of strategies that people can use for that. They should either try and collaborate with someone that does know that space and focus really on whether that collaboration is going to work because, as I said, my first collaboration didn’t work at all and it costed me a lot of money. But then they also need to really respect that local place and what it’s got and not just see that they are the answer to it, and therefore, ironically, they may be very good at being social entrepreneurs in their local community and empathize with people, but then pick up all the bad habits of most commercial entrepreneurs when they internationalise and recognize that they don’t know these people at all and that they are not respecting them, they are making assumptions, they are allowing the negative experiences that they experienced and trying to grow a business in a place they don’t know, to get them a [...] of people, or sort of exaggerate the problems that exist there, etc. As a case in point, I was having a conversation yesterday where this organization was saying, “well we have done a lot of business in Gaza, but none of us want to go”, and my response was, “why did you go for the business then?”, and they said, “it’s a lot of money”. I told them “it’s fundamental to work in Gaza that you enjoy being there, otherwise how do you do your best work? The people of Gaza deserve the best, not the mediocre”. Ironically, our partnership may well develop

around the fact that I will go there. I do enjoy it, I have made efforts to understand how the culture works, and I have a long-term commitment to being there, so that affects your behaviour, it affects how you do business. That is the second thing, the barriers around culture and how you want to do business in the place, how you are going to be welcomed, and how you've got that kind of objectiveness for the decision-making, because it can be very personal and very subjective because of how those initial experiences go.

The third major barrier, I'd say, is when you need to access finance to do it, you don't have your own funding to do it. I had a long list of failures convincing people that what I'm doing is worth funding. I don't give up entirely, but if I was dependent on that funding to do what I was doing, then I wouldn't be able to do it. I'm dependant on that funding to scale, but I'm not dependant on it to maintain a certain lifestyle business and that scales up. Organizations that need external finance to pursue those markets will need to convince those investors or funders that they do understand these markets and that there are opportunities there, that they are getting a payback. This is a situation that I've got in the West Bank, where the funder, they took a risk, they funded an organization to expand on an enterprise, it has been successful, they have got a revenue, it hits exactly the target the organization set, it's within the timescale that the organization set, they are achieving a level of quality which is higher of what they expected, there's room for improvement, they know that, but they feel they are ready to export that level A that they've achieved, while they focus on the level B, on the West Bank. However, the funder, instead of that culture [...], as the organization demonstrates capacity, they've also just lifted their level of caution, so they are saying "we think it's still too early, we still think it's too ambitious for you to do that", so now they are in conflict with their funder. Instead of that relationship getting deeper, they are in conflict because the organization is ready to take on a higher level of risk than their partners and their funder, who want to do it more slowly. And the organization says that, if they go slowly, they will lose their advantage, share their idea with the new market and then local people will move on quickly and take that on. That has happened to me too. I've basically shared my intellectual property and it's a local agency that benefits from that. That moves more quickly than you can because they can access finance or don't need to access finance. And, like I said, I could have access to a revenue stream, or several hundred thousand euros a year, but actually the spin-out from that organization has pursued that and I'm not involved. They've got the idea, they've got the training, they've got the capacity building, and they went for it, they are locals, they speak the language, why not? That's the fear that many entrepreneurs have that I've worked with. If we don't enter this market and get in there with the right backing and the right resources and we feel that we are entering the market at some kind of pace, then we won't be as capable as the local agencies that can actually just take what we are offering and adapt it and move more quickly than we do. And I think that's the third barrier. It's whether your partners, your funders,

your backers, your board are as confident as the team. These are cultural, financial, and kind of strategic barriers.

**8. Do you think that the barriers that are predicted by the social enterprises prior to their internationalisation are the same ones they face when going abroad?**

**Answer:** I've not seen many organizations predict what I've just said. What I've seen is organizations having experienced before the barriers they then encounter. So, in a way, it's like what that Australian organization said to me, "it's surprising how everything scales with you". They were saying that the challenges they faced when internationalising were very similar to the challenges they faced in scaling up in the first place. In a new area, in a new context. And they kind of assumed that once they got through those barriers, they were not going to encounter those again. It's a bit like learning to ride a bike and then having to learn how to ride a unicycle. It's like a bike, and you hope that the skills that you've got will enable you to transfer over, but you actually need to learn how to ride a bike again, and the hardest part of that is that you have to unlearn to ride a bike in order to ride a unicycle. And I think that, from my experience, that is what internationalisation brings to more mature organizations – it's that they believe they've got through this – but do they have the energy for another big push? That's why I think it's easier for the organizations that choose to be even more ambitious and go international as part of scaling up, rather than have reached a certain level of scale and then see internationalisation as the next step. The barriers are easier to overcome when you are overcoming them more or less for the first time.

**9. Do you think that these barriers you have talked about are the same that conventional enterprises face? How important is the social impact when going abroad?**

**Answer:** This is really interesting, and I would say Hugo and Samer from Lebanon are in a similar position, but on different sides of the coin. I do think they are similar to commercial organizations; I think the difference is the kind of emotional link that social leaders have, that commercial leaders may not. I'm trying to look at what would be an equivalent of social impact being so important to a commercial organization... maybe it might be their brand. If they have to change the brand name in order to access another market, and they had like 20 years of success with that brand name, how attached and personal and precious would people be about it? "My God, if we have to change our name just to access this market, are we still who we say we are?". And, if you look at that, there are a number of leading food brands which have to change their brand name simply because it won't work in some markets and there might have been someone, at some point, who thought that decision was committing suicide, but actually is just a commercial decision. Now, in effect, I feel, and this feels like the devil speaking, I feel that we have to come up with the equivalent of a commercial decision when we're talking about social impact. I think that the way I would argue

that is that we don't have a God given right to an easier life, just because we are pursuing a social impact. Our social impact is worthless unless we bring it at a scale where it is actually bringing systemic impact, so if you can't actually come up with an alternative, I'm afraid you should also be making the equivalent of commercial decisions about your social impact. If this route takes us forward faster, gets us towards making the social impact at scale, does not damage our reputation that can't be communicated and enables us to access the finance that we need, then we should make that decision, because in the long-term, we're a mission-led organization, and I think that, if you look at the most sustainable commercial organizations, you would still describe them as mission-led, you would still describe them as ethical. They might not be the same ethics as the social entrepreneur, but they would be ethical, they would be mission-led, otherwise they are not sustainable, they are not successful.

Hugo has this real issue where the original NGO is kind of really sceptical and really worried about going for the international scale, and the debate goes, "if we don't go international, we can't access the markets to scale what we are doing in Portugal; if we can't access the markets, we can't access the investment to scale what we are doing in Portugal", and then the summary of that, ironically, is that the way to scale in Portugal is indirectly by accessing investment, by accessing markets outside of Portugal. And the original board, which is so focused in Portugal, finds it very hard to deal with. And so, ultimately, Hugo has made a commercial decision of "then I [...] ignore you or I would do it without you, or whatever that is".

Samer's has a very strong social mission in Lebanon about employing women from certain groups, and there are a lot of those women in Lebanon and so, in theory, he originally said that he wanted to employ them all. But he now realises this is not going to enable him to be successful, and we are currently looking at internationalising one of his products, and he is exactly in the same situation – how much of that social mission can he actually carry on the back of this effort to go international? And again, it comes down to what you really want from the international market. Is it awareness of its social mission in Lebanon? Or what he really wants from being international is the revenue from those higher value markets that he uses to aid Lebanon? And so, when we negotiate with investors, he's telling me, "they are not interested in my social mission" and I'm trying to [...] him to say "at what level are they not interested in your social mission?", or are they actually saying "I'm interested in your social mission at this size and to get there it looks like you have to compromise". And that's what gets to this guy saying that internationalisation, and any other form of scale, requires not compromises, but requires you to be clever and strategic about "does this lead us to towards being able to achieve what we want to do?". And, in hindsight, people will say, "ah, that's why they did it", rather than people having to one hundred percent understand and believe it all the way through.

For me the biggest barrier to social enterprise businesses scaling, regardless of internationalisation, is whether they can choose what balance is right for their social and economic impact in order to scale up.

**10. The literature on this subject says that exports and joint ventures are the most common entry modes for social enterprises to enter in foreign markets. According to your experience, do you think that's true?**

**Answer:** Yes. I would certainly say that. I've tried the joint ventures approach and I export products myself and I've helped others export. I think the other model that we've touched on is this model of social franchising. My prediction is that within 10 years there'll be more examples of social franchising used to go international, then there will be to scale on a national basis. When you work in this [...] development you see a lot of the same idea and [...] is something unique and you see that in low income countries, for example, and their clean cook stoves. People invent this new cook stove that transforms cooking and they say "look it's a revolution" and you [...] and you all think you've got something unique, and it's the fault of funders and others that they don't say "actually this already exists, so why don't we guarantee you an order for fifty-thousand of the best design and why don't you buy the license to that and stable the research and development costs and basically franchise this to allow one of you to scale rather than 20 of you in a competition with each other?". I think that the gap to this is that we got such random ways to prove that social impact works, partially because it is used to secure funding so much.

One of the benefits of social enterprise scaling, in my opinion, is that if they've got a sustainable business model that's not dependent on funding, we should be able to have more faith in their social impact, because they won't have the incentives to put any kind of spin on that social impact, and they may even be led to publish data that something is not working, because they're sustainable, their income stream is solid, so they don't have any barrier to saying "at the moment, this isn't working", so we're reinvesting profits to find out new [...]. I think that one of the reasons we're not getting different social enterprise models is because we can't prove that they work. That's how franchise works, you have to prove that, within a given period of time, a very similar business is going to emerge as the one in London, or the one in Lisbon, and we need to be able to do that to social impact, within a given period of time, if you put in these imports to work in a certain way, then educational and [...] is going to start to shift in this direction to a certain degree and when we are not able to do that very much.

I think those two you mentioned, [...] franchising is something else and I think the other thing I have seen, which I think is quite exciting, is almost like a reverse internationalisation, which is what people are actually realizing that the place where they are based is perhaps not where they would have chosen to be based and so they are not only internationalising for that base outwards,

but they are thinking of whether they should set up something in another location, allow that to internationalise and almost reverse the process of them being able to be saved by that organization in the future, like the child taking over the parent. Does that make sense? So that's when you're not just exporting, you are actually leveraging that other markets may be a better place for you to base your social impact and your business and then you can support yourself that way.

**11. You have talked about social franchising, which is quite a different model, and it poses additional challenges to the activity of a social enterprise. For instance, the Aspire Group, in the UK, had a social venture franchising model and it eventually led to their failure, since it was a new experience. It is said that the potential pool of franchisees is constrained to a social entrepreneur, because a social entrepreneur is looking for franchisees who have experience on business and, at the same time, in achieving social outcomes. How do you think a social enterprise can coordinate this relationship with its franchisees?**

**Answer:** I would go back to looking at how franchising itself has grown. What are the clues about what the social enterprise has to go through, in order for it to benefit from franchising? I think that at the moment people have jumped on it, as I said, and oversimplified “oh, that’s the answer!”, without realizing how it actually works and why does franchising work in some places and not others. So I know people, for example, that have – it was quite a clever idea – instead of looking at social franchising, they saw franchisees, commercial franchisees, as a way of getting a target group of people, the social bit, into employment and entrepreneurship, and what they focused on was providing the training and 75% of the finance that these people would need to buy a franchise that they chose and then by supporting them, like we would for example, to overcome the barriers that they would encounter when running that business. They would then prove to banks that these people were capable of running the enterprise, so they wouldn’t have to convince the bank, that you know “I have been in prison for three years” or “I’ve been unemployed for five years and now I want to run a business”, where the bank is probably likely to say no, they would actually go to the bank nine months after running the business saying “I have ran this business for nine months, I have received finance, I have delivered these results, now will you give me the other 25% of finance that I need for the next stage”, to which case the banks were saying “yes, take the risk away”. I love this model! They were doing about 50 franchisees a month, in one city in the UK. That meant fifty entrepreneurial teams, people that had been unemployed and people that had been in prison were getting their own business and access to the finance and learning on the job and accessing more finance, completely changing their lives. Fifty a month, at one stage! That’s a lot, that’s like 600 a year! In a ten-year period, that’s a massive impact. They had separated the social from the economic and that validates that point of simplifying the right thing. Ironically, that also has failed because it wasn’t very cost effective to do

all that. Again, about the actual infrastructure, how is that funded to make that possible. But the reason they could do fifty a month is important, which is that the franchising culture in the UK is highly developed.

Franchising is a key route to entrepreneurship for many people and it attracts people of a certain age, which is very good for entrepreneurship, so people that for example have ten, twenty, thirty years of work experience, then decide to go self-employed and a proportion of them should to franchise, so you're getting quite wise people with skills that they acquired throughout their career, and they don't have the same kind of "I want to change the world" attitude and "I want complete control" that younger people do. They fit the franchise model, the franchise model fits them, and the consumers quite like to know that they could go to the same coffee shop in every city, or that there's a national service for clearing your drains, and that you can expect the same standard and not a thousand companies that no one knows whether they are any good. They've gone into industries where that kind of thing is important to people and so that community has grown.

In hard places, I looked into franchising and, in places like Lebanon, the franchising sector is actually also quite well developed. Again, it's cultural. But in other countries, it just isn't, it's always associated with the Americanisation or westernization of your country. In Cairo for example you will see a string of franchises all in the same place, which basically makes that area look like downtown America. If you go to downtown America, you won't see those franchises. The perception is that this part of town is Pizza Hut, McDonalds, KFC, etc. It kind of sticks out as something very different. That culturally only works in either certain parts of your city or certain parts of your country. How do we transfer that across the social franchising? As you raised, I think that social entrepreneurs as a community don't resemble the community that chooses franchises. I don't think that social entrepreneurs look for a certain age group. Let's say that they are really interested in mental health, maybe they've got a family that has been affected by mental health, or they have their own mental issues and they want to be associated with innovation as well as the enterprise. Remember what I told about the conditions – innovation, enterprise and investment – the three go together. I think social entrepreneurs desire to be involved in innovation and commercializing that innovation, and they are not as interested in the commercialization if it has already happened, if it's basically someone else's idea. I've seen this in the voluntary sector, where organizations had become service providers, the type of CEO that they attract once the organization has become quite established in a certain business model, is very different from the founder CEO or the CEO that was involved when they were campaigning in the community or raising funds for the community. They are much more about leading a business that it's business to business, about delivering that quality, and then the irony is that local authorities say "well, it isn't very innovative, is it? They did the same thing, whatever we ask them to do, they do". Their business model has influenced the type of leadership they attracted. I think that's a very interesting area of research.

If we were saying to people around the world, “these ideas work”, what leaders would we attract to them? And then, ironically, if people were just managing social enterprise franchise, how innovative could we expect them to be, if they are were really allowed to step outside the franchising framework? Because that’s one of the things franchises do: keep you within a framework. If that entrepreneur has got their ears in the ground and sees that actually their franchise should be a little bit like this or a little bit like that, how much freedom will they actually have to shift that franchise in that direction? I think that what’s missing, and again I think that we’ve oversimplified franchising for social economy, is that aspects of the business model that maybe need to be franchised, rather than the organization itself. For example, if you do something in Porto and you’ve got a local authority to fund it this much, and you’ve got a local BMW franchise to support you with corporate sponsorship, and basically you created a whole [...] of what people [...], and the moment we say social franchising is “look, I can sell you this franchise, you go and repeat this in your community”, I don’t think that’s very appealing to certain types of social entrepreneurs, and I also think it kind of oversimplifies what’s necessary for a social enterprise to be rooted in its community. Maybe what we should be franchising is that wiring in the background, maybe the bit that gets franchised is that the local authority goes to the other local authority and says “if you commit to fund something 25% and if you can convince the local BMW dealer to commit to 40% and if you can find an entrepreneur with these kind of skills then you can actually franchise the sustainability of something which is still tailored to your community”. We tried to do that when I was in local government, we tried to franchise the wiring, we tried to franchise the market than the entrepreneur, to allow the entrepreneurial side to remain creative and adaptable. We had partial success with this. I think this is interesting from Hugo’s perspective. If he is thinking that way, he’s thinking “how do I develop something that is not dependent on me and leaves to the entrepreneur the bits that I don’t want to do and actually won’t scale?”.

If we make sure that the technology works, the entrepreneur can rely on a certain efficiency, then that’s our contribution. If we can prove that one-two-three-four-five in an area works, then we can also provide potentially the route to investment, because if the investment is worth for us, maybe that investor will want to do it instantly, so we’re actually providing a franchise investment to invest us, we’re providing a franchise [...] to the entrepreneur, we’re providing the franchise communication strategy which is proving to engage in a certain period of time to people, but actually, if you need to adapt it, then you have that ability to adapt, which means that we get the right people to run these things. Otherwise, what he’s worried about is that all these entrepreneurs basically will end up on his payroll because he’ll have to control them, which he doesn’t want to do, because you can’t control entrepreneurs.

I think what’s quite interesting to me is, “are we franchises in the right path on how social enterprises work?”, and I think we should experiment with other bits. I certainly see that in my model.

If I can convince any investor to invest in hard places, then he's also investing in my methodology – how did I get this person in front of you at a certain stage of development? – and I believe I can do that again and again and again, so, in effect, I'm franchising investment, not franchising social enterprises, and that leaves the flexibility and the creativity in the hands of the social entrepreneur. I think that's important, because of the cultural issues around a social business that needs to be rooted in its community. That's what makes it very different, and that also is learning from the big business that have in effect tried to franchise their business abroad, but have found that that is not going to work, so they had to come up with a business that suits the new market, but then it's a separate business and it needs to thrive and they [...] just make money and be part of a big family had been eventually what made them unable to make that long term and so they pulled out. This is not just social enterprise [...], I think it's other forms of internationalisation where actually the feedback on the market is that it just requires something too different of what we were prepared to offer, what we can offer, what we can resource, what we can invest in, and therefore we have to pull out. I think this is an area of research in itself. It's not easy to do that, because, for example, in local government, across Europe, they use tendering to buy public services. They specify a service, they put it out there, people have the specification, those specifications can often look almost identical. In theory, that should be great for franchising, you should be able to say, "we're buying this service for old people, and it really works and it costs this, and it makes a 5% profit which we think it's useful", because they invest the money on the training of their staff, being innovative. Why don't you commission this business model, not just the service? And it would be whether that those local NGO's, local social enterprises, were able to be open minded enough to change their business model to suit. They are not just changing the services to suit the specifications, which they often [...], but actually if local authorities would commit to saying "we support these types of business models as well as these services", then you would get more sustainability and you create the environment for franchising. However, at the moment I think that's against EU law, I think it would be counted as State aid, I think it would be counted as anti-trust, you would be interfering in the market, etc. So some areas I can see are really right for franchising because they require less innovation, less flexibility. They are not at the cutting edge of public services, for example, they are kind of just mainstream delivery, but then the other thing that then stops at franchising is that our legal framework doesn't you to have that uniformity.

**12. I would like to ask you if you have anything else to add, any other subject you think it is important to talk about?**

**Answer:** I think in this arena it's really useful to not just look at it through the social enterprise angle. It's important to look at it from other parts of the system as to why internationalisation would be interesting to them, to see which part of the system probably should

lead this. I give you an example from a very commercial environmental organizational, shall we say., I helped their founding team raise a little bit of money and I helped them identify the gaps they wouldn't see, because they were from such a commercial background, and that's why they still talk to me, because I helped them find a gap – that's all I've done. They have a licensing agreement for the intellectual property on a power unit which is really really efficient and converts waste into energy, and they originally wanted to have an economic and social business model, so they [...] on Africa, and they are going to do deals in Africa, but like with all hard places, it takes more time than it does in a more commercial market, and so they were unable to scale their social side of the model because of how long it's taking in Africa. So what they had to do was say, "we're still committed to this", but their horizon to achieving the social impact is 20 years, not 5 years, because they thought they would be able to go in, do the deal, move on to the next country, go in, do the deal, etc. But they are not going to be able to do that. So the people of Wall Street, while they are capable of making that long-term commitment to the social side of things, they also want to be making money in the short-term so they've looked at other markets where actually this technology wouldn't have the social impact, it would just have the environmental impact and they would also have the economic impact much quicker. So, they have looked at large companies in the US that want to come off the grid and reduce their carbon footprint and, to facilitate this, they are actually setting up an investment fund. What that will be is that every time they've got a customer who is interested in their product, they will offer that as an investment product through their investment company, so they will be able to share the economic returns with investors, and so they can actually be very focused on getting customers, having the customers, having the opportunities, then they will raise the investment through their model and they will grow. They are looking to speed up all aspects of the system. Instead of having to convince every investor all the time, they will become their own investor, by building up this community that enjoys getting this kind of return.

I think this is currently missing on social enterprise. I don't think I've met a social enterprise, except the one in Australia, that has actually said "we need to not just internationalise, but also potentially internationalise our fundraising, internationalise our investment, we need to control those flows more". When you start from a local and domestic basis, you assume that the investment and the funding is always going to be remote, and that those are independent organizations, and that you are going to have to approach those. But once you've got some international experience you realise that you can actually have that as a close part of your community, because you don't want to be having to network in every single one of those countries, for example, because that takes a lot of time and energy. I think that one area where I expect there to be some growth is where a social entrepreneur has been successful in internationalising and wants to keep doing that, they are going to explore, designing their own investment vehicles, to streamline what it takes to get investments in the new markets so they don't have to do what the Palestinians are doing, which is convincing their

investors and funders that they are ready. They actually want to streamline that process and take more control over it, which would actually make the social enterprise look a bit more like the how the commercial sector operates, where if you build a network of high risk investors and you give them a return then they [...] at high risk and they believe in you, then you can build that relationship over and over again. And I don't think getting a social enterprise because people haven't internationalised, because they haven't replicated what they are doing in different areas, because they are not operating in scale.

I think, as a researcher, that it's worthwhile looking outside of that lens, because I don't think it it's going to [...] social entrepreneurs until they've actually got to that level of development. And then I fully expect them to go down that route as part of their sustainability, "should we actually have a more efficient way of financing some of our growth? Why do we fund it the same ways we fund anything else, like when we were small?". I find that fascinating, because that could transform the freedom to operate of groups of entrepreneurs, and that's what we are trying to replicate in Bangladesh. We don't want the entrepreneurs to have to do through the development time that we are having to do as pioneers. It doesn't take long in a place like Bangladesh or Palestine, for once you have a little bit of success you start to be a role model for social entrepreneurs and they seek you out, and if you tell them how long it's going to take them to do it, it puts them off, so you're wasting that inspiration, so we know that as part of our long-term plan we are prepared to take these pioneering costs which I call pioneer [...], but the next generation really needs to be able to access funding quicker, needs to access markets quicker, so you know when you scale an enterprise you actually scale the conditions for it to become a mainstream activity. If you look at this from a policy angle, if you look at this from an investment angle, and how those communities could redesign themselves to facilitate internationalisation, I think that adds a really interesting [...] to what you're talking about. But you may only be able to just pose questions, but I think that of all the other research that I see, it doesn't take the [...] approach.

### **13. Thank you for your time, Richard, it was precious!**

**Answer:** You're welcome! When I did my MBA and I did my own research on social enterprise, I talked with other people that were doing research around that time, 5 or 6 ago, there was very little out there and it was actually, in hindsight, very local, very small stuff. This that you are doing is deep and you are doing the kind of research people like Ronald Cohen... he is one of the founders of venture capital. He wrote a great book called "The Second Bounce of the Ball". It's not where the ball bounces for the first time, that's where people seem to focus, strategy is about where it bounces the second time, because that [...] last window, or into a [...], or exactly where you needed it to be. And you might need that bounce [...]. It's worth reading that book because your research is second bounce of the ball stuff, my research was first bounce stuff. A lot of the early research in a

new area is first bounce stuff. Social enterprise itself, even though I am a huge advocate of it, is first bounce stuff. The second bounce of the ball is social economy and the economy that gets that social impact is a form of profit, that social profit is a better way of understanding impact than the way we describe it at the moment. What's missing from NGO's is the profit motive, it's the motive that drives people, not the actual result of the profit and without that motive you don't have that curiosity of "can I do this better?". I see it as social profit. In that respect, in the future, even if an organization makes entirely social profit, and not very much economic profit, like Twitter for example, then I would say that that's still a profitable organization. We have to change our understanding of profit. What's sustainable profit in the future economy? And so we can still have profitable companies, we would change what profit means. But the way we can measure financial is so simple and we've got to try and bring social impact into a similar frame. The second point of it is that I think you should try and have a conversation with Ahmed, from Algeria. He's recently got a job with a very interesting company which is linked to one of the barriers that you've identified and it's something that we even encountered all over the places where we work. Because they are hard places, there's very little objective market data to do that research, to do that preparation. It's all very well me saying you need to do a lot of preparation, but what if you have any data to do that preparation? He's organization specializes in producing market research in countries where there isn't any. Producing market insights in countries where there isn't any, so that you can actually create markets in a vacuum. I think that is very important. People from countries where there isn't that kind of data, they choose countries where there is that data and they can actually take a lot of uncertainty as they grow and that's what Abdul and Axeer have done, they have chosen countries which are quite easy to map and therefore they have been able to grow very quickly. That's what Hugo can do, he can choose places which he can analyse, so he will scale more quickly, less uncertainty, more risk, but risk is fine, it's uncertainty that is problem. There's some angle there around how we internationalise where getting access to the data is difficult. Because if you don't have objective data, then entrepreneurs default to dreaming.

## **Annex H. Interview Transcription – Pablo Urbano Villaescusa (Auara)**

### **1. How did your academic and professional background led you to reach your actual position as the COO of AUARA?**

**Answer:** My name is Pablo Urbano, I am 27 years old and I studied industrial engineering in the Polytechnic of Madrid. It was a mix of subjects, a mix of math and physics, and in the final year I had a course of logistics that was about creating and developing a new business. I also had some optional courses about cooperation.

With those subjects I realised that (entrepreneurship) is very complicated, but also that there are some tools and processes that give you tips to create a business. That is the reason why my friend Antonio, the other founder of AUARA, and I (we met like 15 years ago) were always talking about helping other people, in a modern way. Antonio went four months to Ethiopia to build a hospital, because he is an architect, and he found out about the big water problem and, after that trip, we talked a lot about that and what could be the best way to solve it.

Since we were in Madrid, we could not go to Ethiopia, because we had family, studies, a lot of things, thus we felt that we wanted to do it, but from here.

Mixing all these inputs, wanting to do projects related to water and the subjects I had studied, I worked for a business company in Madrid called “Integrae”, which provides training related to the web and big data to people who do not have studies, or who do not have very good conditions in their lives. It is a way to give them some tools that might help when looking for a job.

Afterwards, we thought about creating a business company to finance water projects and to solve the real water problem that exists in the world – the fact that 700 million people do not have access to clean water on their daily lives.

We mixed all these inputs and we started a company to sell bottles of water and 100% of the profit reverts to finance water projects in developing countries, which are not led by ourselves directly, but through strict collaborations with NGOs that are in the field.

The NGOs know who has the tools and what the real needs of the population are and are essential to building a relationship with the locals.

### **2. How did you start growing and Spain and eventually to other countries as well?**

**Answer:** Here in Spain there is no other brand of mineral water originating from a social business. However, we realised that these businesses exist in other countries, for example in Australia there is a water company called “Thank You Water”, and for us it was a very good example and very inspiring. There is also one in Peru called “Yaqua”, and another in North America called “Ethos”, or “People Water”. In the United Kingdom there is “Bay Water” and “One Water”. We realised those

existed and we wanted to do something similar in Spain, with our particular model, because each company has their models and we created a model which we believed was the best for Spain.

That is why we run a model of giving away 100% of the profits to finance the projects abroad. The idea became reality three years ago, more or less, in January of 2014, and the first sale was approximately one year ago, in July 2016.

### **3. You had the idea in 2014 and it was launched last year?**

**Answer:** Exactly. We spend two and a half years to really develop the idea, because it was difficult. I believe it is easier with other companies, or at least the time you need from having the idea to start selling water is shorter.

Perhaps we can use another model, but we want to create an icon for the bottle, and we also developed a unique bottle that it is a square base bottle. It is square to reduce the contamination of the transportation and we use 100% of recycled plastic in the bottles. We are the first brand in Europe that does it. It is a very specific and critical model, and maybe that is the reason that we spent three years. The product is complicated. The water business here in Spain is full of big companies with big budgets and we are a very small company, but finally we are in the market.

### **4. Did you get any funding or investment?**

**Answer:** Yes. Firstly, we, the founders, invested some of our money, and then we did 2 rounds of funding. The first one with family and friends - the three F's, "friends, family and fools" – and they supported us because they believed in the project, but not with their eyes closed. After the first year of work, we contacted some customers, suppliers and industrial partners to make the bottles, which made us learn more about the market. After the design of the bottle, to make the website and to look for valuable customers, we did a bigger round. Approximately, on the first round we put ourselves 15,000 euros, after the three F's we got around 50,000 euros, and then in the big round 250,000 euros. This year we did another one, from which we got 210,000 euros.

### **5. Did you have any difficult times looking for funding or investment?**

**Answer:** Yes, of course. That is a very critical point, because you already have a lot of risk when investing in start-ups. Additionally, in social start-ups, or whatever you want to call them, you cannot give a percentage of the company, because we give up all the profit. If you have a percentage of the company, you will not be getting any profit. It is difficult to explain other ways of financing and to create interest.

Being a social business in Spain is also complicated, because people are confused. They do not know if we are an NGO, or a business. The beginning is complicated.

### **6. Is there any legal status of social enterprises in Spain?**

**Answer:** No, not in Spain. In the UK there is, for example. We have an UK certification called "Social Enterprise Mark". It is quite specific about the requirements for being considered a social enterprise. Here in Spain we hear a lot about businesses or social enterprises, and then we read their statutes and we ask ourselves, "why are you a social business?". We look for very specific requirements and we admire that certification. We are working on a B-Corp certification; hopefully we are going to be a B-Corp until the end of the year.

**7. You are telling me that it is harder for social start-ups to get investment because you cannot offer a percentage of your business. How did you surpass this?**

**Answer:** In our case it is. In other companies that do not give out 100% of the profit I would think it is easier. I think the social segment is not seen as being linked to professional processes and many investors want a start-up or a business that can make them a lot of money. There are start-ups that make money but use it for other things. There are prejudices.

In the second round, we used a specific loan, a "préstimo participativo" (mezzanine loan in English, I believe). It is a mix between a directly investment and a loan. For the banks, it is cleaner and healthier than in the other way (a loan). We have a fixed interest and, if the company goes very well, you also have variable interest according to the beta.

**8. You were telling me that you sold your first bottle in 2016. What was your first international project? What was your first social impact abroad? I have seen on your website that you are in three continents at the moment.**

**Answer:** We want to have projects all over the world, but we are started in Africa, Asia, and Central America.

**9. What was you starting point?**

**Answer:** From the first day there was a bottle in the market, we wanted to have a project linked to it. In the bottle there is a QR code. AUARA is based in projects, and we do not want to wait for profits to do projects.

We started a project in Benin. It is a project about constructing a well in a secondary school. We are now giving water to 500 children who go to the school. Why in the school? In that area, the kids and the mothers are the people who have the task of going to get water, and they spend a lot of hours during the day doing that. If they do so, they do not go to the school. By constructing the well in the school, the mothers and the kids have to go to the school, and they are able to go to class.

We are in contact with the NGO to see how the people are developing, if they are taking more classes than before, so it is easy to see how the project is transforming their lives.

**10. How do you choose the places? How do you identify the NGOs and the countries that you want to help?**

**Answer:** In the beginning, it was from our experience. Antonio had been to a lot of countries, especially in Africa, and identified some projects. I had also been in Ethiopia and Burkina Faso. We met NGOs that were doing work in the field. A lot of Spanish NGOs, global NGOs, and local NGOs that have people from there. For us it is very important not to pick that typical NGO that does a project and then moves away, because if the project goes wrong you create a need, and then you have to repair it. If you do not put the right things to repair it, it is broken; it is doing work for nothing. We want to support NGOs that are really close to the people.

So, first of all, it was from our experience, to pick NGOs that work locally and have experience with water projects and with the local community. They need to have the right feeling. In 2020, we want to see how the projects are changing the lives of the people. We are working very closely with the NGOs and every 6 months we are asking for information.

Nowadays, a lot of NGOs come to us asking for new projects, pitching their own projects for financing, etc.

We have a team of 4 people that evaluate all the projects and we have a process of accepting or rejecting by taking certain requirements into consideration.

**11. In one year, you have expanded a lot in terms of your social impact. Have you had any challenges when you exporting your social impact?**

**Answer:** Yes, a lot. We are a very big team, we have a lot of volunteers, and otherwise it would be impossible. It is very special, because one half of the team is over 50 years old and the other half is less than 30 years old. We have a very mixed team. For some things we have older people, for their experience, and for others we use the young people, for their spirit.

First of all, the timing in those areas is different from Europe. If you say that a project has to be done this week and that three weeks later, we need to have a report, the information and the timing are one of the things you have to understand. The perception of time changes the procedures. Moreover, you have to take the different cultures in consideration.

That point is not really a challenge, it is a lesson to learn, another way to work, but it is curious because, in one hand, you have to sell a lot of bottles in a European way, very strictly, fast and directly, and seeking to increase the benefit, and on the other hand, you have to understand the other way to do things. It is an enriching experience.

In Congo, for example, we are doing a project and we had to reprogram it. We have about 2 to 3 months of delay, because now there are some problems in Congo with the army and the guerrillas. We simply cannot do the project now. We are going to start this August, I think, but we are late because of this situation. The town where we are going to start the project was attacked and we have to wait. It is crazy; you do not imagine that, for example, a Spanish local town can be attacked. That makes you realise the real problems that exist in the world.

**12. Was it challenging to build relationships with the NGOs you were supporting?**

**Answer:** Yes, because the NGOs we work with have their own processes, their own way to do things, and we are a little special because we want everything super clear, we want to know all the expenses that we finance. We do not finance the NGO; we finance the project - and you have to be very clear in the costs and expenses. You always have to manage and negotiate. It is very nice, because both of us want to do the right things.

**13. So far, we have been talking about your social impact. When it comes to your physical product, as far as I understand, for now you only sell it in physical stores in Spain, correct?**

**Answer:** Yes. We have a lot of challenges on the economic side. First of all, it is a big challenge to find a spring source to get the water from. In the beginning we had a partnership with a big company here in Spain, but they sold the water point, so we had to change to another water point. The square bottle is not difficult *per se*, but it has a lot of requirements in an industrial view. The industrial plants are very big, and they produce bottles very fast, like 20,000 bottles per hour. With our design, we often have to change some small things in the bottle, and it is much slower when we make those changes. The owner will say yes, but there are difficulties. With the label of the bottle, we have to buy a machine to do the labelling, and if the machine does something wrong, we have to buy another machine. The investments are very high on the water sector, because the numbers are always big, and the machinery is very specific. It costs a lot.

**14. Do you think you have a limited production to satisfy the needs of the people, or is it enough for now?**

**Answer:** In Spain there are a lot of water points and we have to explain what is AUARA. The mineral water segment here in Spain is huge, with a lot of big players, like Coca-Cola. There are big players with big budgets. And it is very difficult to compete with them. However, introducing the social and environmental values, we prove that it is possible to change the idea of the consumer about the consumption in everyday moments. In AUARA, there is a "slogan" - "tú bebes, otros beben" - you drink, others drink. We want to change the ordinary actions of the people – if you drink a bottle in the gym or in a restaurant, drink something that makes a difference. If you are cleaning your teeth with toothpaste, do it with one that makes a difference. We want to change this perception about all products, and we are starting with water. For example, if you see "Thank you Water", you will see they have other projects and they do it in a very interesting way.

**15. For now, you only sell the product in Spain. Have you considered doing that abroad as well?**

**Answer:** Well, nowadays we sell in restaurants, on supermarkets, and online, on AUARA's e-commerce platform and in Amazon. We want to go abroad, but there are some critical points. It is too expensive to transport the bottles because the water is too heavy. There is also the problem of the pollution that results from the transportation. However, there is the possibility, in the future, to produce the bottles in the country where we want to sell, for example in Germany, France, etc. We go there, find a spring source, produce the bottle there and start selling there. This is better for the planet and is less expensive.

**16. Through your online platform, do you sell the bottles for other countries, and you add a tax? How does it work?**

**Answer:** For now, the platform is only selling to Spain.

**17. Have you faced any internal barriers?**

**Answer:** Yes, small challenges. In human resources we learn a lot by doing. In the university, or school, they do not teach you how to manage people that you hire and that, sometimes, you have to fire.

In a social business, everything is too personal, it is too close to the heart. We have some critical moments when we have to say "no" to some people. It is amazing to incorporate more people in the company, but it is sad to say "no" to people who are not suitable to work here with us. We learn a lot and, I think that we do a good job. To manage people that have to give 200% of their effort and always maintain a happy environment, because our business is not only social because of the projects that we are doing, it is also because of the environment that we have in the company. It is complicated, but it is also very satisfying.

There are critical moments. Moments when customers say no and stop buying water. Moments where others start buying. It is a roller coaster. Every week we try to explain how the projects are going and that gives us a lot of work.

**18. I only have one more specific question, which is related to the ecosystem in Spain. What do you think about the ecosystem for social enterprises in Spain? Are people accepting the concept, is there enough investment for it?**

**Answer:** Yes, I think they are increasing a lot. I think the main cities in Spain, like Madrid, Barcelona and Valencia have changed a lot when it comes to social businesses. There are a lot of new players that bring help or investment to develop your business. When it comes to the customer, at the beginning they do not understand if we are an NGO or a business, if we have a salary or not, how much money goes to the project and how much money we keep, etc. Nowadays, they understand more the mix between an NGO and a business, and thus they are starting to understand what a social

business is. I think it is going to change more and I hope that in 2 to 3 years, hopefully less, a legal form for the social enterprise is going to be created.

## Annex I. Interview Transcription – Susana António and Ângelo Compota (Avó Veio Trabalhar)

### 1. Em primeiro lugar, gostaria de saber de que forma o vosso percurso académico e pessoal vos levou a criar este projeto.

**Answer (Susana António):** Eu estudei Design de Equipamento na Faculdade de Belas Artes de Lisboa e fiz um ano de Erasmus no Politécnico de Milão, no meu terceiro ano de licenciatura. O que acontece é que, na altura, em 1999, quando viajei e ingressei no Politécnico, no fundo todo um mundo se abriu, desde os professores serem algumas das pessoas que eu lia nos livros e que tinha como referência enquanto *designers* industriais, a, por exemplo, salas cheias de computadores, que era uma coisa que apenas estava a chegar à nossa universidade, ainda num estado muito inicial. Para além disso, também o facto de Milão ser o centro da apresentação de todos os novos produtos e das grandes marcas através do Salão do Móvel. No primeiro ano fiquei fascinada com toda aquela indústria e com a maneira como o *design* se posicionava em relação a tudo. No entanto, no final, quando eu me estava a ir embora, consegui visitar o salão do móvel pela segunda vez, e comecei a perceber que se calhar aquilo não faria tanto sentido para mim, ou seja, que o *design* era cada vez mais uma coisa que se acrescentava ao final de um produto ou de um serviço para ele custar mais. Coisas que eu tinha lido de *designers* que eu admirava, que diziam que o *design* era uma ferramenta para melhorar a vida das pessoas, não as via acontecer caso eu seguisse aquele caminho.

Voltei para Portugal, tive que terminar a licenciatura fazendo mais dois anos, e a única coisa que eu sabia que não queria fazer era *Design* Industrial. Nessa altura, comecei a fazer voluntariado num lar no Beato e foi aí que, sem eu saber como, descobri o *design* social, e a forma como as ferramentas criativas poderiam ajudar as comunidades locais a capacitarem-se, a crescer e a se desenvolver. O conceito da Avó Veio Trabalhar nasceu aí, com esse pequeno grupo de pessoas, e depois houve uma série de acasos do destino que fizeram com que o meu percurso na área do envelhecimento começasse a ser traçado.

Em 2004, a “Experimentadesign” estava a fazer a Bienal e estava a lançar uma exposição que se chamava “O meu mundo e o novo artesanato”. Candidatei-me e fui um dos artistas representados, já com o conceito da Avó, baseado na produção manual, na altura a produção de malas. Tinha uma fotografia do produtor, e o projeto teve muito eco, foi algo que funcionou, e eu percebi que era um conceito a explorar. A partir daí, a Câmara Municipal de Cascais convidou-me para desenvolver alguns projetos com centros de convívio. Entretanto a Fundação Calouste Gulbenkian e a “Experimentadesign” lançaram um programa que era o “Action for Age”, ligado ao *design* e ao envelhecimento, e chamaram-me para ser coordenadora do programa. Dois anos depois, fizeram um segundo “Action for Age”, e eu fui novamente coordenadora. A Fundação depois lançou o programa “Entre Gerações”, que era entre a Gulbenkian UK e a Gulbenkian Portugal e, na altura, quem estava

a desenvolver todo o programa era uma agência de *design* de serviços, a “Thinkpublic”, com quem eu já me tinha cruzado no “Action for Age”. A agência precisava de uma equipa em Portugal para acompanhar os projetos e decidiram contratar-me para acompanhar os projetos no “Entre Gerações”. Aí aprendi imenso.

A partir daí, foi um pouco “caminhar caminhando”. Várias organizações me chamaram para ser consultora, sempre nesta vertente de *designer* que fornece ferramentas criativas de capacitação de comunidades locais. Trabalhei em áreas tão diversas como a área da deficiência, a área do envelhecimento, a área das mulheres desempregadas e, em 2011, fui convidada pela Associação “Entre Mundos” para integrar um projeto com desempregados de longa duração no Bairro de Chelas, em que o objetivo era criar uma oficina que trabalhasse com material de desperdício e criasse produtos de *design* para serem comercializados. Foi nessa altura que conheci o Ângelo Campota, que era o coordenador desse projeto, e houve uma empatia comum entre os dois. Penso que víamos a intervenção social de uma maneira bastante semelhante, muito pouco existencialista, e muito virada para o negócio social. Trabalhamos juntos no projeto “Remix” durante 3 anos, começámos a estreitar as nossas relações, começamos informalmente a trocar ideias do que é que poderia ser a intervenção social e o trabalho neste campo e, depois, em 2013, decidimos em conjunto, com um outro grupo de pessoas, criar a Fermenta. Foi nessa altura que fizemos uma candidatura ao “Bip/Zip”, e fomos selecionados com a ideia da Avó Veio Trabalhar. Fomos buscar esta ideia à gaveta, reescrevemo-la e conseguimos um financiamento para um primeiro ano.

Posteriormente obtivemos um financiamento para um segundo ano. Neste terceiro ano estamos em sustentabilidade, não tivemos nenhum tipo de financiamento.

**Answer (Ângelo Compota):** Eu sou do Porto, fiz Psicologia no Porto e comecei por trabalhar no “Espaço T”. Do “Espaço T” fui trabalhar nos estabelecimentos prisionais em Santa Cruz do Bispo e Porto. Na reta final, comecei a ficar um pouco desmotivado por estar a trabalhar no EPP, e fui convidado pela Santa Casa da Misericórdia, tendo em conta que esta geria o Estabelecimento Prisional, a vir para Lisboa e assumir um cargo num projeto ao abrigo de um contrato local de desenvolvimento social, em Oeiras. Passei a trabalhar para a Câmara Municipal de Oeiras, estive 3 anos, ao fim dos quais decidi investigar na área da inovação social, e foi aí que surgiu o “Remix”. Foi aí que conheci a Susana e, ao fim dos três anos, em 2013, decidimos criar a Fermenta. O primeiro grande projeto da Fermenta é A Avó Veio Trabalhar.

**2. Neste momento a Fermenta conta com mais algum projeto, ou é essencialmente A Avó Veio Trabalhar?**

**Answer (Susana António):** Temos mais projetos. Há cerca de um ano e meio fizemos um projeto na área do Alentejo, para uma associação de desenvolvimento e de artesanato, que é a “Caco”,

na região de Odemira, que se chama "Pescarte". No fundo, o objetivo era trabalhar com a comunidade de pescadores dos vários portos de pesca, as famílias e os artesões, e criar aqui uma coleção de produtos que, de alguma maneira, pudesse ajudar na sustentabilidade económica destas famílias quando eles não conseguem ir à pesca, como por exemplo numa altura de inverno. Foi uma espécie de pré-projecto, ou seja, o que nos foi encomendado foi uma coleção de protótipos, um catálogo e uma exposição, e agora o objetivo da organização é começar a comercialização desses produtos.

Também estamos agora a trabalhar com o Centro de Apoio ao Desenvolvimento do Artesanato dos Açores, estando a fazer uma consultoria aos artesãos locais, para otimização de produção e oportunidades de venda. Toda a estratégia do posicionamento marca destes artesãos. É algo que iniciámos há 4 meses.

Entretanto, ao abrigo do financiamento da Fundação Gulbenkian, fomos parceiros num programa que se chamava MES, Marvila Empreendedora e Sustentável, em que, no fundo, fomos um laboratório de prototipagem e de criação para jovens empreendedores que estavam a tentar lançar ideias de negócio. A promotora era a SEA (Agência de Empreendedores Sociais) e, quanto eles faziam uma capacitação mais teórica, a nível do empreendedorismo e negócio, o laboratório da Fermenta permitia aos jovens construir os protótipos e testar as primeiras ideias para começarem a entrar no mercado.

Agora estamos também em parceria com o GABIP, que é um gabinete criado para a zona de Almirante Reis, entre a Câmara Municipal de Lisboa e a Fundação Agacan. E nós particularmente estamos a intervir num centro de dia que se quer transformar num centro de convívio e comunitário. É um trabalho que estamos a iniciar há cerca de 4 meses.

### **3. A Fermenta é apenas composta pelos dois?**

**Answer (Susana António):** Não, temos um grupo mais alargado. No projeto dos Açores e no projeto Pescarte integramos outros elementos. A Fermenta, consoante os projetos, vai organizando as equipas à medida. A Avó Veio Trabalhar é constituída por nós os dois.

### **4. Qual é a missão da Avó Veio Trabalhar?**

**Answer (Susana António):** A missão é mostrar que a idade é um fator positivo que pode e deve ser potenciado. Tem dois eixos muito importantes. Um é fazer com que a própria comunidade sénior olhe para si de uma outra maneira, de um maneira positiva e com futuro, e que veja a idade como um valor, daí a questão do trabalho e do objetivo que a própria pessoa coloca para si própria, como motivo de valorização pessoal. Numa segunda instância, há um trabalho profundo a nível da sensibilização da comunidade, de que a idade é uma coisa boa e que deve ser sensibilizada.

Há estes dois eixos, que a própria comunidade sénior se autovalorize, e que as comunidades locais e as outras gerações consigam também perceber que a idade é um valor.

Nós às vezes brincamos e dizemos que o objetivo máximo é que as pessoas tenham inveja de quem tem mais de 60 anos.

##### 5. Como é que se deu a expansão do projeto?

**Answer (Susana António):** Foi de maneira muito orgânica. Quando conseguimos o financiamento do “Bip/Zip”, na altura tínhamos uma parceria para ter um espaço nosso, que caiu antes do projeto iniciar, e então, mapeando as organizações locais que já faziam intervenção na área do envelhecimento, chegámos ao Centro Paroquial de São Paulo, no Cais do Sodré, que gentilmente nos abriu as portas e nos cederam o espaço para que pudéssemos fazer atividades.

Hoje em dia, olhando para trás, foi a melhor maneira de começar, porque esses especialistas estão no terreno há muito tempo e conseguiram, de alguma maneira, valorar ou mostrar às pessoas mais velhas que nós ainda não conhecíamos que nós éramos gente séria. Esse desbloqueio, essa quebra de gelo, foi facilitada por haver uma organização já a trabalhar no terreno.

Tínhamos 12 pessoas, de 12 passámos para 30, muito ainda nesta lógica de duas a três sessões por semana, com um horário muito específico. Quem estaria de fora poderia facilmente interpretar como ocupação de tempos livre, mas nós já percebíamos que era muito mais do que isso, que havia todo um conceito à volta que estava a crescer.

O grande salto deu-se quando nós fomos convidados pela Fundação Calouste Gulbenkian a criar uns *souvenirs* para uma conferência internacional, “Social Innovation Live”, sobre inovação social e empreendedorismo, onde havia pessoas do mundo inteiro. Houve um feedback muito positivo e as pessoas que estavam na conferência ficaram muito interessadas em perceber o que era o nosso projeto pelas fotografias que nós mostrávamos e por tudo o que contávamos que fazíamos. Combinou-se uma visita guiada ao espaço e, assim que o grupo de cerca de 30 pessoas entrou no centro de dia, foi quase como se no rosto deles se visse qualquer coisa como, "Ah, ocupação de tempos livres, mais do mesmo".

Começámos a perceber que o próprio espaço e toda a dinâmica estava a estrangular o lado inovador do que era o projeto. Na imprensa, as pessoas ficavam muito interessadas no nosso trabalho, queriam-se juntar a nós, nomeadamente recém-reformados, mas depois como tinham que ingressar a instituição, não se reviam na instituição e acabavam por não voltar.

Foi aí que decidimos dar o salto para um espaço neutro, alugar uma loja. Na altura foi um tiro no escuro, não tínhamos um orçamento bem solidificado, o “BipZip” não permitia alugueres de espaço, teria que ser um dinheiro que nós teríamos que conseguir com vendas, *workshops* e outras coisas, mas foi a melhor coisa que nós fizemos. Criámos um espaço neutro, criativo, onde pessoas de qualquer idade querem estar.

Começou a juntar-se a nós uma comunidade sénior por volta dos sessentas que nós conseguimos juntar às pessoas que frequentavam o centro de dia, que já estavam na faixa dos setenta

e muitos, oitentas e noventas. Formámos um grupo de quadro décadas, que é uma das razões de sucesso do projeto. Por outro lado, o facto de termos uma montra para a rua, o que permite ver o que está a acontecer, os produtos que são feitos, os *workshops*, toda a dinâmica das avós, contribuiu para o grande salto que viemos a dar.

Num segundo ano, fizemos uma nova candidatura ao “Bip/Zip” para nos expandirmos para um novo território, e criamos um novo núcleo em Campo de Ourique. Foi nesse ano que conseguimos alargar o grupo para quase 70 pessoas inscritas. Neste segundo ano, quando nós estivemos em Campo de Ourique, começámos a ser um bocadinho mais conhecidos, e começaram a aparecer convites de Câmaras Municipais, de eventos, de uma série de coisas, a pedirem que a Avó Veio Trabalhar fizesse intervenções noutros territórios. Foi aí que começou a nossa itinerância, sempre nesta ideia de período de tempo fechado, que pode ser um *workshop* de um ou três dias numa residência, até a uma experiência que nós fizemos com Cem Soldos, para o Festival de Bons Sons, em que durante 6 meses nós íamos 1 vez por mês, desenvolvíamos um produto de merchandising do Festival, que depois a comunidade local continuava a produzir, e regressávamos no mês seguinte. Conseguimos manter um período de trabalho de 6 meses.

Agora estamos neste passo em que há muita vontade de crescermos para outros territórios, de uma maneira menos pontual e se calhar mais continuada. Nós fizemos a formação “Impact Generator” do Laboratório de Investimento Social. Estamos neste momento a desenvolver uma estratégia de crescimento e expansão.

## 6. É possível revelaram um pouco dessa estratégia?

**Answer (Susana António):** Dia 19 de setembro será feita uma apresentação a investidores por parte das pessoas que fizeram a formação “Impact Generator”. Se, durante 4 meses, o planeamento era, "como é que nós conseguimos criar oficinas da Avó Veio Trabalhar fora de Lisboa?", a verdade é que há sempre um certo medo relativamente às coisas funcionarem. Uma coisa é escalar um projeto com base em tecnologia e uma metodologia que é facilmente parametrizável e replicada. Outra coisa é fazer crescimento baseado nas relações humanas e na criação de comunidade.

Isso era o que mais nos assustava. Nós somos uma equipa pequena, de duas pessoas, e para que haja uma replicação tem que haver formação de outras equipas, mas não estando lá permanentemente no início há muita coisa que pode correr mal. Precisa de um investimento de capacitação que, neste momento, não temos capacidade para dar.

Ao fim destes 4 meses de formação, decidimos seguir um outro caminho. O que as pessoas querem é partilhar a experiência da Avó Veio Trabalhar. No fundo, muitas das pessoas têm vindo ter connosco são já técnicos sociais, pessoas que trabalham em organizações, e o que lhes faz falta é este lado criativo, a diferença que o *design* traz em termos das tendências, dos novos materiais, da maneira como eles são apresentados, dos tipos de coisas que fazem. É isso que a Avó Veio Trabalhar faz. É

pegar em toda a tradição e história artesanal e dar-lhe um cunho atual. Então, o que nós decidimos fazer será criar um *kit* que é a experiência da Avó Veio Trabalhar, ou seja, a experiência de fazer um produto. Uma aula da Avó Veio Trabalhar, mas sem este peso da produção da coleção, do controlo da qualidade, da centralização das vendas, porque isso criaria uma série de outros problemas que, neste momento não estamos ainda preparados, com esta equipa de dois, para abraçar. A ideia é que, no fundo, estes *kits* que são experiências da Avó Veio Trabalhar, "faça você mesmo", tenham material para uma turma de vinte, com guias e tutoriais, vídeos inspiradores, coisas ligadas à cultura do projeto, no sentido de poder ser uma coisa tão simples como, se a peça for uma peça bordada, as pessoas terem que ir ver uma exposição na sua cidade para se inspirarem nos desenhos que vão bordar. Começamos aqui a criar uma ligação à cultura, que é uma das competentes mais fortes no projeto.

Depois, acho que a cereja no topo do bolo é, acima de tudo, quem dirige estes *workshops* e estas acções, não podem ser técnicos, mas têm que ser beneficiários, ou seja, embaixadores Avó Veio Trabalhar. Em todos os grupos há sempre algumas pessoas que se destacam, que têm mais energia e vontade, que são mais inspiradores para os outros, que são líderes e, no fundo, o que nós queremos fazer é pegar nestes líderes e pô-los a dirigir estas sessões.

Pontualmente, não sabemos ainda se de 2 em 2 meses, de 6 em 6 meses, ou uma vez por ano, fazemos uma espécie de encontros *masterclass*, onde todas estas pessoas se podem juntar e, no fundo, beber mais da experiência Avó Veio Trabalhar. Este é o plano.

#### **7. A vossa ideia é implementar este *kit* em Portugal, ou já estão a pensar em fazer isso de forma internacional?**

**Answer (Susana António):** Já temos tido alguns contactos internacionais, e é uma coisa que temos bastante vontade de fazer. Nós sentimos que passámos 3 anos a crescer nacionalmente, a tornámo-nos conhecidos, mas, de alguma maneira, sentimos que, especialmente para uma empresa portuguesa, se ganha muito valor em Portugal quando se procede à internacionalização. Sentimos que 2018 é mesmo um ano para fazermos uma experiência lá fora, e há vontade em vários países, especialmente Brasil, Espanha, Inglaterra. Estamos a estabelecer alguns contactos desses locais.

#### **8. Já exportam os produtos?**

**Answer (Susana António):** Sim, mas devo dizer que, durante estes 3 anos, estivemos muito focados na criação dos conteúdos, das atividades, etc., e infelizmente, devido a sermos apenas 2, não conseguimos criar um foco de estratégia de venda. Em Portugal, nós vendemos na nossa loja, na Fundação Serralves, na Vida Portuguesa e na Fundação das Comunicações, mas não temos muito interesse em vender em mais sítios, porque Portugal tem esta lógica da percentagem da consignação. Por experiências passadas, nós não fazemos consignação, porque é um investimento que uma organização como a nossa não pode fazer.

Começámos a sentir que, internacionalmente, o nosso produto é muito valorizado, e que estes vendedores compram, não fazem consignação. Aconteceu que a nossa primeira experiência foi com a Suíça, uma turista que veio passear a Portugal, conheceu o nosso projeto e ficou muito entusiasmada e pediu para começar a levar peças para a Suíça. Foi aí que percebemos que isto funciona.

Em 2018, queremos arranjar mais 5 ou 6 pontos de venda no estrangeiro e dizemos mesmo que o nosso esforço de vendas vai ser mais nesse sentido, não vai ser nacional.

Estamos a fazer a loja online, que brevemente estará pronta, e a nível nacional o que pretendemos são parcerias como a que temos com a Vida Portuguesa: a Catarina Portas disse-nos que tinha falta de pegadas, e nós desenhamos uma pega para a loja dela, e ela compra-nos quando precisa. Esse tipo de parcerias interessam-nos muito. Criar um produto específico para uma marca ou para uma loja e termos esta parceria sem a consignação.

**9. Uma das vossas motivações seria então reforçar a vossa sustentabilidade, através das operações no exterior, para sustentar o impacto social que têm em Portugal. Num futuro distante pretenderiam também levar esse impacto para fora?**

**Answer (Susana António):** Pretendemos, sim, e não diria que será num futuro distante. Talvez daqui a um ou dois anos isso já esteja a acontecer.

Eu diria que nós temos um pouco dos dois, internacionalizar para reforçar o impacto local, e internacionalizar para replicar o impacto social no estrangeiro. Nós achamos que a Avó Veio Trabalhar é uma resposta que pode funcionar em qualquer sítio, tendo uma boa base, uma boa equipa, um ajustamento à dinâmica e à cultura local. Cada vez mais as pessoas precisam. Há um período de reforma em que a idade média são 63 anos e, tendo em conta a experiência média de vida, há um período de 14 a 22 anos de reforma, e muitas pessoas acham que é o início do fim. Como é que podes passar 22 anos a achar que já não tens valor para a comunidade? Por isso é que eu acho que a Avó Veio Trabalhar é tão interessante nesse sentido.

**10. Quais são as barreiras que estão a dificultar o vosso processo de internacionalização? Já percebi que uma delas é o tamanho da equipa.**

**Answer (Susana António):** Sim, o tamanho da equipa é um dos nossos principais problemas, pelo facto de não conseguirmos ter ninguém simplesmente focado num planeamento de venda.

Também pelo facto de sermos uma organização social que começou de maneira muito orgânica, e termos crescido muito rápido, de 12 passamos para 70 e ainda não fizemos 3 anos, acho que precisamos de uma organização interna a nível de procedimentos e estratégia de produção. Se, no início, quando éramos 12, era muito fácil organizar as coisas, fazer *stock*, fazer vendas, fazer

exposições, agora que somos muitos mais há uma logística maior, desde o processo de fabrico, controlo de qualidade, gestão de stock, etc.

**Answer (Ângelo Compota):** Não se refere só a este crescimento, mas também a partir do momento em que passas a ser mais conhecido no território, mais convites surgem de marcas e de eventos, e para isso é também necessário captar tempo e recursos, que é uma coisa a que começas a dar prioridade em detrimento de outras coisas que até poderiam ser muito importantes para o nosso crescimento internacional, e que depois acabam por cair por terra porque não temos tempo.

Principalmente este ano, a batalha da sustentabilidade foi algo difícil. Começámos a perceber que as coleções funcionam quase como charme e como marketing de todas as coisas que nós temos capacidade para produzir, e por exemplo, a maior parte das nossas receitas do ano passado foram clientes específicos que nos pediram coisas específicas, desde marcas a eventos, que nos pediram projetos feitos à medida.

Foi algo que começou a funcionar muito bem, e este ano queremos expandir, queremos ter alguém na nossa equipa que possa estar focado nesta questão da venda dos produtos e serviços, principalmente para as marcas, desde os workshops de *teambuilding* ao *merchandising* e outras coisas, e começarmos também a desenvolver um percurso relacionado com o turismo criativo, ou seja, com o facto dos mais velhos serem guardiões da cultura imaterial, como a comunidade local. Fizemos uma parceria com o AirBnB, e agora temos uma parceria com mais duas organizações, e são coisas tão díspares que podem ser *workshops* de qualquer tipo de artesanato, relacionadas com a gastronomia, relacionadas com passeios pelo bairro, com o contar de histórias do que era o bairro há 80 anos atrás...

O nosso website espelha um pouco disso, que é o facto de nós fazermos as coleções, mas termos também começado a fazer outras coisas, que às vezes são mais rapidamente monetizáveis.

**11. Consideram que o ecossistema em Portugal para as empresas sociais vos está a apoiar? Ou que têm dificultado a evolução e o desenvolvimento do projeto?**

**Answer (Susana António):** Eu acho que é algo que é preciso mudar. Há uma grande vontade de apoiar iniciativas, organizações e negócios sociais, mas há um financiamento quase faísca. Os apoios são dados para um ou dois anos, e espera-se que no fim desse período as organizações tenham total sustentabilidade, e isso é muito difícil. Se formos a ver, uma empresa que está focada no lucro, ao fim de cinco ou seis anos consegue ter sustentabilidade. Para uma organização social cuja missão principal não é o lucro, é o impacto na comunidade, embora claro que procura sustentabilidade (mas não a todo o custo), ser sustentável ao fim de 2 anos é muito difícil. Por exemplo, o que nós sentimos na Avó Veio Trabalhar é que, apesar de termos provado que fazemos

um bom trabalho, das pessoas conhecerem a nossa iniciativa, e teoricamente ser um sucesso aos olhos de toda a gente, a sustentabilidade está comprometida.

Falta financiamento a médio-prazo. O grande problema, que é o que está a acontecer connosco, é que nas candidaturas que existem agora temos um calcanhar de Aquiles, que é o facto de não seres um projeto novo. Acaba por ser uma concorrência de dois patamares diferentes. É verdade que, para um investidor, é muito mais interessante começar um projeto de raiz, do que apoiar um projeto que já existe e que já foi apoiado por outras organizações.

**Answer (Ângelo Compota):** E há outra coisa, que tem que ver com esta cultura assistencialista que nós vivemos em Portugal. A Avó Veio Trabalhar surge como uma premissa disruptiva daquilo que se tem vindo a fazer na área do envelhecimento ativo. Se há uma cultura de financiamento e de apoio por parte de fundações e de organizações que por norma investem neste sector, dificilmente conseguiremos chegar até eles porque o mercado está de tal forma viciado.

**12. Não tenho mais questões específicas a colocar-vos. Desejam acrescentar alguma coisa que consideram relevante para a investigação?**

**Answer (Susana António):** Dois programas particularmente importantes para o projeto foram esta formação da “Impact Generator”, que fizemos numa ótica de desenvolvimento e de crescimento e, no início do projeto, uma outra formação junto de uma organização que é a “womenwinwin.com”, que apoia mulheres empreendedores e aloca-nos um mentor durante um ano. Isso foi muito importante. Eu diria que, para organizações como nós que estão a começar, ter alguém de confiança que podem ser nossos mentores, consultores, e um painel de pessoas em quem nos apoiamos nalguns momentos de indecisão, de estratégia, ou do que for, tem sido muito importante para ambos.

Conhecemos algumas pessoas às quais, de vez em quando, telefonamos e pedimos alguns conselhos, séniores que estão nas mais variadas áreas, e eu acho que esse é um dos pontos fulcrais para o sucesso de uma iniciativa.

## **Annex J. Interview Transcription – Abdulrahman Khedr (Axeer Studio)**

### **1. How did your academic and your professional background lead you to found Axeer Studio?**

**Answer:** My academic background had actually nothing to do with what I am doing now. I studied Materials Engineering and on my last year of school we decided to found Axeer Studio based on a marked need we had identified. I was interested in the music scene, more specifically the hip-hop scene, and in 2010 the music in the whole Middle East and Arab world was different, because you only had two or three mainstream artists. They were not talking about topics we could relate to. And, as fans of old school hip hop, like NAS, Tupac, Eminem, etc., we saw how hip hop could actually deliver a good message. That was when we started to work in Egypt, doing one music video at the time, which eventually went viral.

This changed the music scene. If you ask anyone about seven or eight years ago, it was extremely different than it is right now, because now you have a lot of underground bands, you have a lot of alternative music and a lot of topics to talk about.

For me, it was all about learning and getting into a new dimension or a new industry. I worked as a producer in our company, as the creative director, as a cameraman, and then I started learning a lot about management. After two years, my partners and I decided that I would be the one leading the company, the CEO.

Reading books and attending workshops helped a lot. It is all basically a trial and error. You work, you figure things out, and then it leads to the next thing.

### **2. Could you elaborate on the story of Axeer Studio, on its expansion and on its social mission?**

**Answer:** We saw how media can be powerful. It is one of the most powerful tools in the world. You can tell everyone your message, you can spread stereotypes, you can spread hatred, but you can also spread love. We decided that we had spread what we believed in and to empower people.

Axeer Studio is a media production company that creates viral content that tackles social issues. We talk about a lot of things. We talk about the refugee crisis, sexual harassment, women empowerment, gender equality, stereotypes, the Somali hunger crisis, etc. We started by doing music videos, but now we do videos, documentaries, short films, and, soon, hopefully, we will do a feature film that tells a message or tackles something that people can relate to.

We started in 2011 as 4 partners. We did not have an office; we only knew how to shoot music videos. We were self-taught, but now we have huge offers from companies, and we work in Egypt, Lebanon, Jordan, and Morocco. In the past two years, we covered the whole music scene in Jordan, Lebanon, and Egypt; we did approximately 15 music videos in these countries by outsourcing

the social problems to artists in these countries and giving them the methods to express how they feel.

We launched a new company called Giraffics, which is a subsidiary of Axeer, and there we digitize information. We know that media is powerful, but so is education. What if we knew how to digitize information and make infographic videos that actually tell a very good story? We do this for companies, and we digitize their profiles, presentations, etc. – what if we do this to digitize knowledge?

We started by doing a series of videos called "Five reasons why startups fail", composed of five one-minute videos talking briefly about this subject. We took it further and we started doing more videos that people can understand and that we can explain using infographic videos.

### **3. Do you also offer services to companies and organisations?**

**Answer:** Yes. We offer those services through both companies. We started by creating revenue streams using what we do best - filmography. We used to do advertising and even coverage, but now we are more focused on creating content. For example, we have a topic that interests us, like sexual harassment, thus we go to an organization like UN Women and we tell them "you have the data, we have the method of creating viral content, so what if we partner up and create something good?". That is more or less our business model now.

We do a bit of advertising, but even that we are trying to do with our own touch, instead of doing a normal type of advertisement. We try to create content that might help people. For example, if you have a milk company, instead of doing a normal advertisement for it, we create content, for example a fitness show, and we get then to sponsor this. There is a benefit for the company and for the people watching it.

### **4. When you decided it was time to internationalise?**

**Answer:** It all comes down to this. We assess the opportunities. We did not say, "alright, now it is the time to go abroad". For us, in Axeer, we were sure we knew how to do it, and wondered about trying to leverage what we were doing and creating a product that involved more than one country and sell it. That is how we did it, by doing a small project and partnering with people from different countries, but we had to be there. And then, bigger and bigger projects were made, and now we are planning to somehow do a more serious partnership with the companies that we believe in and that are in other countries, thus creating an enormous entity that has arms in different countries.

For Giraffics, it was a little bit different. From the beginning we decided to create a global brand. We knew our quality was competitive with most likely every country in the world, and our price was also competitive because of the conversion rate. We decided that, if we know how to do something, and do it well, what about trying to expand beyond this country and do the impossible?

Giraffics was officially launched last year, and since then we have been doing tests. I have been to the US, Dubai, Germany, Italy, etc., testing the market there and analysing if expanding to these markets would be as easy as we think or not. Assessing the pricing, how we can do it overseas, figuring out if we need an office in one of these countries, which one is the best country to start with, or if we should start in all of them in parallel. In the past one year and half, we have acquired a lot of clients from Dubai and Saudi Arabia, two clients from Germany, and two from the US.

**5. What was your main motivation to internationalise Axeer Studio?**

**Answer:** It was a mixed of taking our social impact abroad and improving our sustainability. When I think about the concept of social business and how we actually work in Axeer, we created a concept called the “bowl” of social business, because every social business has two bowls. One of them is the business, and the other is the impact. If you drop the business bowl, your company will not be sustainable enough, so you are only going to achieve impact for a short amount of time. If you drop the impact bowl, you are working in a company that lost the vision it started with. Working in a social business or leading a social business is trying to maintain this balance.

This was when the decision of us trying to expand into other countries took place. We knew we had to be sustainable, we had to work in other countries, we had to leverage more opportunities, and we had to create more partnerships that would allow us to be bigger in our country and other countries. That was the business way of thinking.

On the impact side, even if we already did something good in our country, what if we tried to do it in other countries? We did not pick very different countries. We did not go to Italy or Germany, since we still do not understand their mindset. We went to countries that are close, like Lebanon, Jordan and now Morocco, because we speak the language, even though with different dialects, and if we prove ourselves in these countries, we can actually think about moving further.

**6. What were the barriers you faced before and during the internationalisation process?**

**Answer:** If you talk about start-ups, you are usually talking about the lack of money. It is extremely hard, it is as hard as it can get, because you need, for example, someone who lives in or spends most of their time on the country where you are trying to expand to. This is one of our main problems.

We do not have enough money to hire someone and ask them to be there. If you are going to send someone to Lebanon, for example, you need to pay attention to the fact that they use dollars as their currency, and it is an extremely expensive country, one of the most expensive in the world. If you think about it, the salary of someone working there might be equal to the salary of 5 people working in Egypt. Working on something like this needs a lot of investment.

The other method, if you do not have enough money, would be traveling between countries, and even that costs a lot of money. You try every time to acquire more clients, because even if you

get an investment board to invest on this, you do not want them to invest in something that you not sure enough. You have to do market assessment, to understand the market, to know if your customers like your service or not.

It takes a lot of time to understand the market, the people, the way they think, and then to acquire clients. It is all about acquiring the first two or three clients, because after this you have the portfolio from that country to show them. Even if you work with the biggest entities in your country, when you move into another country it feels like you are beginning from the rock bottom. You have to prove yourself in this new country.

The easy way would be to find an agency in one of these countries, partnering up with them, investing on them, or hiring a business developer through them. They find the clients and send them to you. Having business development offices around the world and keeping the operations in Egypt.

In Axeer, what we have been doing so far is traveling a lot. We have one partner in Lebanon, one partner in Jordan, and another one in Dubai. For us, this was the safest way of doing it, because you do not want to burn your money in investments that you are not sure of. We do not have that luxury.

In Giraffics, we are thinking of investing in a business developer in Germany, and this person will be focused on acquiring clients for us.

The two methods are good, and both achieve results. One is much easier than the other. If you have the money, you can do things quicker.

**7. What is your opinion on the ecosystem for social enterprises in Egypt? Do you think there is enough investment available?**

**Answer:** The term social enterprise is not as famous in Egypt, because you have entrepreneurs, start-ups, businesses, NGOs and NFP entities. The concept of a social business, or purpose-driven start-ups, where you find a problem in our society and try to fix through a business, it is not as famous in Egypt. You can find two or three companies doing it. The main problem with the ecosystem in Egypt is that businesses usually drop one of the two goals. On the one hand, you find companies making a lot of money and not doing what caused them to exist in the first place. They become pure businesses. On the other hand, a lot of social enterprises fail to become sustainable and are shot down after two years of operating and burning through all their money.

The term itself is not known and it is not popular in Egypt, and that is the problem. Some think that, if they want to create money, then they will just create a business. And others think, if they want to have impact, they found an NGO or a NFP. The lack of a definition in Egypt is one of the main symptoms of the lack of this idea in the first place.

**8. Legally, in Egypt, Axeer Studio is a business?**

**Answer:** Yes, it is a LLC company.

**For instance, when you are applying for funding, you are competing with other companies?**

**Answer:** Yes. It is not as easy. In Axeer, we do not apply for funding, we are treating it as a business. We are focusing on acquiring clients, to pay for what we want to do, we are not trying to pick funding as social revenue.

**9. Have you ever felt that you needed to forget about your social impact for a while in order to focus on the business aspect?**

**Answer:** Honestly, yes. We felt it at some point. Most likely everyone who tried to create a social enterprise went through this. You have to drop the "bowl" one or two times, and we dropped in 2013-2014, when we focused on advertising, but it did not get any money and we did not do any impact. We felt lost, at some point. But then, it took more creativity and research to find a way to create a project that serves the two dimensions and that stays true to what we have in mind. Now we are not planning on focusing on the business side only, because it is all about the purpose.

If you focus for 4 or 5 years on the business side and neglect the impact, I do not believe you can easily come back.

**10. Did you have any difficulties adapting your product to different countries?**

**Answer:** Not really. I guess we were lucky. When we started working on these countries, we sent people from Axeer and, at the same time, we worked with local people. There was a bridge. We did not go to these countries and started working with the people directly; we hired people to work with us from these countries. It became easier and easier with time. I guess we were lucky, but that is definitely a common mistake when you try to expand to different countries than yours.

**11. What are you planning to do next?**

**Answer:** For the time being, we are trying to expand in the Arab countries, and we still do not have enough planned to know where we are going next. We still have a lot to offer in these countries, we have whole area of creating feature films and documentaries, and there is a lot of content. We only work on expanding when we feel that we need more. For now, we do not need more.

## **Annex K. Interview Transcription – Ana Pais (Beesweet)**

### **1. Como é que o seu percurso académico e profissional a levaram a criar a Beesweet?**

**Answer:** Eu fiz formação na área do Turismo, trabalhei em hotelaria, o último trabalho que tive foi como rececionista e fiz parte da equipa de abertura de uma cadeira hoteleira no Algarve. Eu creio que esta experiência foi muito importante, porque deu-me *know-how* no que toca ao contacto com o cliente, às línguas, ao cuidado com a apresentação e com a imagem, à atenção ao pormenor, ao ser mais do que aquilo que é esperado. Esta experiência fez de mim aquilo que sou hoje, e resultou no produto que eu e a Carla desenvolvemos (esta empresa não é só minha, é também da minha sócia e prima).

Creio que o meu percurso académico foi muito importante naquilo que depois resultou na Beesweet. Queríamos, definitivamente, fazer algo diferente, e todo o percurso que fizemos a nível profissional, a Carla na área da Qualidade, fez com que quiséssemos fazer algo disruptivo, tanto no produto como na embalagem. Eu vivi no distrito de Aveiro, depois fui trabalhar para o Algarve, e a nível profissional sempre estive muito envolvida na área do turismo. Depois, o acontecimento que me fez regressar outra vez a casa foi quando fui mãe. Eu estava a viver no Algarve, mas regresséi a casa para estar junto da minha família. Como é óbvio, quando nasce um bebé, as coisas mudam um pouco, e a nossa vida e disponibilidade têm que sofrer alterações, para melhor, penso eu, já que temos que estar dedicados aos nossos filhos. Esse foi um passo determinante, porque eu não podia passar o resto da minha vida com horários estranhos, com o facto de não ter um fim de semana, com folgas rotativas, em que o salário não é aquilo pelo que tanto nos esforçámos e estudámos durante vinte e tal anos. Eu achei que tinha que fazer algo diferente.

O nascimento do meu filho foi muito importante para começar a pensar de forma diferente sobre aquilo que poderia ser o meu futuro profissional. Aliando estas expectativas com as da minha prima, acabámos por pôr mãos à obra e definir uma nova condição profissional para as duas.

### **2. Poderia então falar um pouco sobre a história da Beesweet? Quais são as suas principais atividades e missão social?**

**Answer:** A Beesweet nasce, desde o início, com um intuito social. O primeiro projeto que saiu e que teve o apoio do Passaporte para o Empreendedorismo do IAPMEI foi um projeto que se chamava "Apiário Pedagógico". O objetivo desse Apiário era não só termos uma floração de mel diferente e que hoje ainda comercializamos (o mel de mirtilo), mas também ter a oportunidade de disponibilizar à sociedade, principalmente aos mais pequenos, um apiário capaz de ensinar a importância da abelha no mundo, como é que a abelha vive em sociedade, como é que faz para recolher o néctar, como vive dentro da colmeia, a importância da polinização no ecossistema, etc.

Tudo isto era intenção do projeto Apiário Pedagógico, para além do produto final que seria comercializado - o mel. É óbvio que temos sempre a possibilidade de desenvolver planos, estudar o mercado, avaliar as possibilidades, perceber qual o investimento necessário, e aquilo que reparámos foi que construir um apiário pedagógico a partir do zero sem financiamento e sem investimento próprio iria ser extremamente complicado. Os custos inerentes a esse projeto seriam muito grandes. Como tal, e como o nosso objetivo também era a venda do mel, nós pensámos em começar pelo fator principal que é a colocação no mercado de um produto diferente, premium, e que pode ser feito com parcerias, ou seja, através dos apiários e terrenos de frutos vermelhos existentes. Foi daí que surgiu a possibilidade de termos a Beesweet no mercado, com um produto diferente e uma embalagem *premium*, com uma marca própria e com uma assinatura muito distinta e identificável, e que começou a ganhar destaque porque participámos em alguns concursos de empreendedorismo para viabilizar toda a ideia. O nosso objetivo era aprender com os melhores, receber formação, entender como funciona o mundo do empreendedorismo, e foi a partir daí que começámos a ter destaque, inclusive na comunicação social.

Uma empresa que coloca no mercado uma embalagem de design na área do mel e, ainda por cima, um mel de floração de mirtilo, tem destaque e posiciona-se à frente dos media, e estes quiseram saber do que se tratava. Depois vencemos uma série de concursos, fomos à China, o que também nos deu um grande destaque no início e foi a razão pela qual que as Indústrias Criativas e outras organizações como o Startup Pirates nos apoiaram imenso.

Começámos a dar os primeiros passos desta forma. A ideia de negócio surgiu em 2012, até 2013 foi desenvolvido o plano, sem produto no mercado, e em agosto de 2014 é que começámos a colocar os primeiros frascos de mel principalmente em feiras de especialidade, em mercados gourmet, etc. Na altura não era a embalagem gota que queríamos, mas uns frascos, porque na altura a gota ainda estava a ser desenvolvida.

### **3. Segundo o que entendi, a empresa começou em Aveiro. Como é que se sucedeu a expansão?**

**Answer:** Ainda que não tendo o Apiário Pedagógico, aparte da comercialização do produto, a Beesweet desde o primeiro instante foi fazendo presenças em escolas. Como não tínhamos instalações próprias no terreno, íamos diretamente às escolas, municípios, infantários e universidades e preparávamos todo o material, desde colmeias exemplificativas, materiais e ferramentas, levávamos às escolas e mostrávamos às crianças e aos interessados a forma como a abelha vive e qual a sua importância. A maior parte das crianças não associa os alimentos à polinização pela abelha. Esta é uma luta constante que tem de ser feita de forma lúdica, interessante, impactante; tem que ser motivante, o que às vezes não é fácil quando são muitas crianças, mas nós medimos o impacto e o

resultado é brutal. Para ter uma ideia, nas primeiras presenças fazemos um questionário antes de qualquer apresentação, e oitenta a noventa por cento das crianças não relaciona os alimentos com as abelhas. Após a nossa presença, as crianças passam a perceber que as abelhas são imprescindíveis para todo o nosso ecossistema. Para nós, esta é uma conquista espetacular.

Aparte dessa componente social, a Beesweet também promove sempre nos media e nas redes sociais o consumo do mel em detrimento do açúcar, o que é mais benéfico para a saúde das pessoas. Em vez de consumirem frequentemente açúcar refinado, nós tentamos incentivar as pessoas a consumirem mel moderadamente.

Relativamente à nossa missão ambiental, e foi por isso que conseguimos o certificado B-Corp, para além de todo o impacto social que descrevi, nas nossas instalações utilizamos um método produtivo sustentável, por fatores desde a forma como montamos as instalações, utilizamos redutores caudais de água, lâmpadas económicas, reciclagem interna. Adicionalmente, todos os excessos de mel são devolvidos às abelhas, o que é algo que a maior parte das empresas não faz na sua produção. Resto de mel que ficam em frascos ou em potes são devolvidos em recipientes próprios para as abelhas se poderem alimentar do próprio mel, que é mil vezes melhor do que o açúcar que muitos apicultores dão às abelhas. Reutilizamos as caixas, o próprio embalamento das nossas embalagens é *eco-friendly*, é reciclado e reciclável.

Estamos agora a pensar numa parceria com uma empresa em que as nossas embalagens terão uma semente, para que a pessoa possa, ao comprar o produto, chegar a casa e colocar esse papel com a semente na terra e assim fazer crescer uma planta amiga da abelha. Há toda uma série de coisas que continuamos a construir em prol do nosso ambiente e de toda a sustentabilidade do planeta.

No dia 2 de agosto terminaram os recursos limites de utilização do nosso planeta. Significa que tudo aquilo que passarmos a utilizar no mundo já está em défice. Já estamos a utilizar mais do que aquilo que deveríamos, e isto no corrente ano. É algo que passa ao lado da maior parte das pessoas, mas é algo que deve ser alertado para toda a comunidade e para todo o mundo.

Em relação à missão ambiental, não só temos a certificação B-Corp, temos também a Greenwill, que certifica a preocupação com a sustentabilidade da produção, com a perceção das abelhas, etc. Depois, temos, ainda em relação com o mel, parcerias interessantes criadas com os produtores de bagas, porque grande parte deles já trabalha em modo de produção biológico, o que é excelente para as abelhas, que se podem alimentar de flores sem pesticidas e herbicidas. Colocar as abelhas nesses cultivos é uma mais valia muito grande não só para as abelhas, porque se alimentam de um néctar saudável, mas também para os apicultores, porque têm as abelhas alimentadas devidamente, e também para os produtores de frutos, porque vão ver os seus cultivos com mais produção e qualidade, graças à polinização. Para nós, isto resulta num produto final espetacular, que é um mel de floração rara de mirtilos e bagas. O objetivo é continuar a fazer coisas deste género.

**4. Para além da produção própria, também tem este sistema de parcerias com apicultores?**

**Answer:** A Beesweet ainda não tem produção própria, nós trabalhamos em parceria com apicultores que trabalham próximo de nós. O mais próximo, por exemplo, trabalha em Oliveira de Azeméis, tem cerca de 300 colmeias e temos uma parceria muito próxima. Nós vamos para o cultivo com ele, temos o cuidado de saber como é que ele trata as abelhas, e ambos sabemos como cada um trabalha. Tentamos trabalhar assim com os nossos parceiros apícolas.

O objetivo da Beesweet é ter também as suas próprias abelhas, o que neste momento ainda não nos é possível, já que nós estamos dedicadas a tudo o resto (divulgação da empresa, presenças nas escolas, venda do produto). Não estamos dependentes de fundos do Estado, é tudo resultante das nossas vendas e do dinheiro que fazemos dentro da empresa.

**5. Já falou um pouco sobre a experiência na China, que foi a primeira experiência internacional. Quando é que surgiu a intenção de começarem a exportar e de se moverem para outros mercados? Qual foi a motivação?**

**Answer:** Desde o início que tivemos bem claro que esta empresa não poderia ficar só por Portugal. Por isso mesmo, preocupamo-nos logo em termos uma embalagem disruptiva e uma rotulagem que acompanhe o produto pelo mundo, ou seja, já temos o cuidado em ter os rótulos traduzidos para português, francês e inglês. Já temos feito traduções para mercados específicos como a China, mas isso são etiquetagens feitas *in loco*.

Em Espanha já temos feito alguma adaptação para determinados setores e lojas.

Todas as certificações são com vista a acompanhar o produto além-fronteiras, como o certificado B-Corp, inclusive para o mercado americano. Temos sempre essa intenção em mente, e temos feito imensas candidaturas a programas com a possibilidade de nos levar além-fronteiras, como é o caso do “Ready to Go”, um programa que tem que ver com a Comissão Europeia. O nosso propósito é estar presente na América, neste caso do Sul, e vamos ver como irá correr.

A presença nos media também nos ajudou a chamar a atenção de alguns retalhistas internacionais. Estamos já em algumas lojas no Luxemburgo, Países Baixos, França, Suíça, e desde cedo a nossa presença na China tem demonstrado alguns resultados, como é o caso de Macau. Temos presença em Macau e, a pouco e pouco, vamos penetrando no mercado.

Nacionalmente, estamos de Norte a Sul, o nosso mercado é segmentado e *premium*. Estamos em lojas como a Casa da Música, a Fundação Serralves, supermercados de luxo no Algarve. Queremos muito em breve estar no El Corte Inglés, estamos em negociações. É esta a nossa luta diária, para além da missão que temos, a incorporação do produto em mercados segmentados e a venda cada vez alargada, não só em Portugal, mas no resto do mundo.

**6. Em cinco ou dez anos, imaginaria, por exemplo, a produção de mel no estrangeiro, ou seja, a criação de parcerias com apicultores internacionais? Ou encara a exportação como uma forma de viabilizar a empresa e o impacto social em Portugal?**

**Answer:** O nosso sonho e missão é mesmo estabelecer-nos como o principal fornecedor do melhor mel aromatizado do mundo, preservando sempre os nossos princípios à medida que vamos crescendo. A empresa nasce com a intenção de abordar o mundo, não só o mercado nacional. Se estamos num mercado segmentado, não estaremos num mercado pelo preço nem pela quantidade, estaremos no mercado pelo valor e pelo impacto criado na sociedade. Queremos mostrar às pessoas que o mel é mais que mel.

O nosso slogan é "More than honey", e é mais que mel por tudo isso. Nós vendemos muito mais do que mel, e nós queremos passar uma mensagem que é impreterível proteger as abelhas, das quais nós dependemos. É obrigatória a proteção da abelha.

O objetivo é mesmo continuar a ir além-fronteiras.

**7. Neste processo de internacionalização, quais foram as principais barreiras com que se depararam?**

**Answer:** Alguns países são muito específicos no que toda a barreiras à entrada, não só a nível de taxas e de juros nas alfândegas, às instituições criadas por cada país por ser um produto alimentar, ao facto de muitos países terem, no que troca a este produto específico, que é uma matéria prima natural, leis que especificam que o consumo dessa matéria prima tem que ser oriundo do próprio país. Isto para lhe dizer que já tivemos mercados interessados no nosso produto, mas que depois, pelo facto de obrigatoriamente terem de adquirir o produto internamente, não nos poderem comprar.

Outra situação que tivemos foi o caso do Brasil, em que tínhamos um importador, e ainda temos, interessadíssimo na Beesweet, mas que, pelo facto do produto ter que entrar no Brasil, a barreira à entrada a nível de taxas e de imposições de comissões, e diria que até devido à corrupção, inviabilizaram a comercialização do produto no país. Os preços tornam-se exorbitantes. Em alguns países, infelizmente, ainda acontecem este tipo de coisas, mas nós continuamos a lutar para que possamos dar a volta a essa situação.

Eu creio que uma coisa que nós temos sentido e que vai acontecendo a pouco e pouco, é que nós necessitamos de encontrar um representante que se apaixone por esta marca quase tanto quanto nós, e que queira representá-la e levá-la além-fronteiras. Porque uma coisa somos nós, enquanto fundadores da empresa, que fazemos um trabalho interno e de apresentação e divulgação da marca. Outra coisa é termos um importador que representa uma série de marcas nesta área, na área do gourmet, e que explora já esses mercados. Que já lá está, que tem o contacto, que já conhece as pessoas. E que chega lá e que apresenta mais um produto diferenciador. Nós precisamos de encontrar essa pessoa chave, esse importador ou esse distribuidor em cada um dos países, continentes

ou regiões. Esta tem sido a luta, através das presenças que fazemos em eventos e em feiras internacionais, mas que tem de ser ainda mais explorada até encontrarmos aquele que é o ideal para nós. Esse é um trabalho que tem de ser feito por nós, mas que às vezes, certificados como a B-Corp e parcerias que se podem fazer dentro deste tipo de empresas com esta certificação também pode ajudar. Temos que explorar ao máximo as possibilidades, o que não é fácil.

Nós somos uma empresa muito bebé, estamos há cerca de 2 anos e meio no mercado. É tudo muito recente, as coisas estão todas a acontecer. Temos que andar passo a passo para não dar um passo maior do que a perna. O que é importante é que nós sabemos o que queremos, onde estamos e onde queremos chegar. Isso é fundamental. Sempre com muito orgulho mantendo este foco na missão que temos de passar esta mensagem às pessoas. A partir daí, tudo vai acontecendo.

**8. Em termos de número de pessoas na empresa, neste momento são duas pessoas?**

**Answer:** Somos três, neste momento.

**9. Até ao momento falou em barreiras externas à empresa, barreiras de mercado. Em termos internos, sentiu que existia alguma barreira à rápida expansão?**

**Answer:** A principal barreira interna é o próprio Estado português, principalmente no que toca ao apoio a *startup*. O Estado ainda não criou medidas impactantes e interessantes para apoiar estas novas empresas. É tudo bonito quando está em *early stage*, quando se fala em ideias de negócio, programas de empreendedorismo, etc. No entanto, a partir do momento em que a empresa entra no mercado, e precisa de instalações próprias, de adquirir matéria prima, de pagar IVA, IRC, e tudo e mais alguma coisa, é encarada como uma empresa e não uma *startup*.

*Startup* fica no papel, porque, de resto, é tudo igual às outras. Mais uma vez, somos uma empresa social e não uma associação. Por tudo isso, tudo aquilo que são encargos, tanto a nível da segurança social, como a nível de pagamentos ao Estado, é um encargo enormíssimo. Esse é um impedimento, no meu ponto de vista, principalmente na fase inicial de uma empresa, seja ela social ou não. Tendo um fator social, deveria ser ainda mais apoiada. É algo que não existe.

Por outro lado, internamente, e talvez tenha ainda que ver com a mentalidade portuguesa, no que toca à nossa empresa, há muito ainda a ideia de que, "ah, isto é mel, mas é tão caro e tem plantas aromáticas". São poucos os clientes que valorizam o produto pela imagem e pela diferenciação do próprio alimento. Por isso, também é importante estarmos lá fora. Não pretendemos agradar a toda a gente.

A nível de dificuldades internas dentro da empresa, neste momento a equipa que está é suficiente para chegarmos onde queremos e para atingir as solicitações que nos têm sido feitas. Nós queremos e vamos contratar mais colaboradores, é esse o nosso objetivo, mas nesta fase aquilo que é mais importante para nós é, eventualmente quando é necessário, subcontratar, p.e. quando precisamos de repor o *stock*, contratamos uma pessoa que nos ajuda a fazer o embalamento e a

rotulagem. Quando não é necessária outra pessoa, não vamos estar a pagar um salário mensal a uma pessoa quando nós podemos ainda fazer esse trabalho.

Num futuro, haverá lugar, claro, para contratação.

**10. Na vossa página web têm a possibilidade de compra dos produtos. Para além da venda dos produtos a retalhistas, também vendem os produtos individualmente, certo? Os produtos são exportados para todo o mundo, ou existe alguma restrição?**

**Answer:** A loja *online* está preparada para entregas e exportação para todo o mundo. O que acontece é que os custos de entrega são significativos. Nós estamos a fazer um ajuste ao nosso *website* no que toca à logística, porque inicialmente não a desenvolvemos da forma mais correta, a pesar de termos sido convencidos do contrário, e isto também tem que ver com as pessoas às quais nós solicitámos este tipo de trabalho e que na altura nos explicam as coisas de determinada forma. Achamos que a pessoa deve adquirir o produto e pagar o montante acrescido à despesa de envio, mas que seja refletida no destino em causa. Por exemplo, o que temos neste momento é, a pessoa faz-nos a compra de uma unidade, mas se o valor não for superior a 50 euros, isto no caso da Europa, não pode fazer a compra, o que não é justo. Se quer comprar um pack que custa 8 euros, não quer comprar uma quantidade de produtos até chegar aos 50.

Estamos a fazer uma reformulação para que cada produto, para cada local, para cada destino, haja um custo corresponde, que é o custo justo da entrega do produto. O produto está disponível no site para todo o mundo.

**11. Gostaria de acrescentar mais alguma coisa que considere importante?**

**Answer:** Aquilo que gostaria de referir em relação ao empreendedorismo social, e que talvez possa ser uma nota de alerta para outras entidades sociais, é que mesmo que seja uma associação, um organismo sem fins lucrativos, o que for, eu penso que mostrarmos às pessoas que, mesmo tendo incapacidades e limitações, essas organizações podem gerar uma mais-valia para a comunidade. Isto é extremamente importante. Todos podem, de uma forma ou de outra, desenvolver algo para os outros.

Uma pessoa que tem mobilidade reduzida, tem a sua mente em pleno, portanto pode criar algo. Pode pintar, pode criar artesanato, pode fazer imensas coisas. Incutir essa mensagem às pessoas nesse tipo de instituições e organizações, do nosso ponto de vista, é extremamente importante. É também importante que daí que resultem frutos e valias monetárias para essa associação ou organismo. É perfeitamente justo.

Esta ideia de que as organizações têm de estar dependentes de fundos, sobre peso e medida, deveria deixar de existir. A própria entidade deveria organizar-se de forma a conseguir gerar resultados positivos. Acredito que esta é uma mensagem que deve ser passada constantemente.

## **Annex L. Interview Transcription – Rania Salah Seddik (GebRaa)**

### **1. Tell me about your academic and professional background, and how it led you to create GebRaa.**

**Answer:** I studied Economics at Cairo's University, a prestigious school in Egypt. I had a minor in Statistics, and I was always involved in different student and volunteer activities, which helped me to get exposure to the communities and their needs. After I graduated, I worked in many places, in international organizations, local NGOs and government bodies and donor funded projects. I concluded that you cannot really ask a parent to send their kids to school when they cannot support their basic needs, which means that you must create jobs.

Job creation is the key that leads to development, to better education for kids, democracy, etc. That's why I decided to be a job-creator. When I started looking for a sector to start in, I looked at agriculture because Egypt has always been an agricultural country, and all its civilization is based on agriculture, which now is really decaying. I believed that agriculture is a capital-intensive sector. However, exporting agricultural products is not easy because of lots of health requirements and that is how I got into handicrafts.

Handicrafts is a labour-intensive sector, we have a competitive edge, but it needs intervention, and it is a cultural production that is connected to identity, which really interests me. It is also a green sector; handicrafts are produced using local natural materials. That is why I got into it. I was living in the US, so I started an export company. After a while, I found out that the US market is very price competitive for us, and we are not that price competitive, and the problem with the European market was the taste.

We then became the first company ever to produce using new material innovated in Egypt. And then, when we realised it took a long time to produce it, we found out it was not the right step to make at the time because we were very small, we did not have enough capital to invest in a new material. We are now back to exporting, especially after the Egyptian pound was devalued in front of the US dollar, thus we are more price competitive now.

### **2. When was the company created?**

**Answer:** It was officially registered in 2008, but I started becoming a full timer in mid-2014.

### **3. How did you contact the artisans and expanded in Egypt? And how did you start exporting to other countries?**

**Answer:** It was simply through networks. Nothing but networks. It started in Cairo, going out to ask people in the field about different artisans, attending and visiting exhibitions, events and conferences, trying different workshops, working with different people, stuff like that.

Exporting also started with networking. All my export clients reached me through referrals. For example, one of them read about me and decided to contact me.

**4. I read that you are preparing an online platform to facilitate that contact.**

**Answer:** It is basically an e-commerce platform, but it is for exporting. It is not for retail; it is for Egyptian traditional crafts at risk that are now innovated to meet the needs of the modern markets. We want to establish the online platform to reach out to clients in an easier way, and to do the marketing to attract potential customers.

**5. Where are your clients from?**

**Answer:** The US, Lebanon and some Egyptians in Europe.

**6. Did you face any challenges when you started exporting?**

**Answer:** Of course. We have not faced any legal barriers, except when my first client came to Cairo. I took her around Egypt and in Upper Egypt they found out that she was American, and they forced us to follow a security car.

There were no barriers except with our own contacts. The different dynamics between us, the relationship. And then other barriers are in Egypt itself, like not being able to have an IBAN in the country. I do not know why we cannot have an IBAN, it makes it easier for international transfers. One of the barriers is definitely the bank commission. Some people do not want to pay it because it makes no sense for them. And PayPal is not usable, you cannot receive dollars in Egypt with it, you can only receive Egyptian pounds.

The shipment is also another barrier. It is neither easy, nor cheap to ship. We had this client in Lebanon, which is nearby country, but we still paid a lot of money to ship by sea.

Our main barriers are now mainly the payment and the shipment options.

**7. Did you have any challenges going to the US? How was it to face the American market?**

**Answer:** I lived in the US for some time. The products were very well received in the country. However, in the European Union it was a bit different. Some products were appreciated, and some were not. The Europeans are much more minimalist than the Egyptians. We like to have lots of details. There was a major difference in taste. Nevertheless, the simple products we have are highly appreciated in the EU.

Culture is an import factor, but I am still learning. I do not know that much. How different is Germany from France, and from the UK? I have no clue.

**8. How do you overcome this lack of information?**

**Answer:** We are not really on it yet. The point is, my team is very small. We used to be three, now I am one, but we are expanding to nine soon. It is only me for now. We were three until very recently, and we are about to be nine in two months. I just talked to people, but they are part timers and have not started yet. We are not on it because of team capacity.

I try accessing different information. The information is mostly there, but it needs some people to go and dig it out.

**9. In terms of the challenges inside your company, did you feel there were any barriers outside of the human resources aspect?**

**Answer:** Everything you can think of was difficult. Price was bad, at the beginning. We were kind of manipulated by our first client to place a very small margin that did not even cover our own costs.

Then the devaluation happened so we are much better off now. Pricing was bad at the beginning, but now it is better. The quality of the artisans is always a big, big, big barrier, because I am only working with the artisans at risk. At risk means there is no craftsmanship with that quality anymore, and they are very frustrated that they are not well appreciated. No one cares about their craftsmanship. The whole society status is affecting them negatively, no one is appreciating them economically or socially, they are bored, no one wants to learn what they do. They are not really motivated to do a good job, to be honest, and they are mostly looking for quick money.

At the same time, this is the core of your business. It is all based on finding those talents and trying to inspire them and motivate them to work. But it does not work all the time. My last order to Lebanon was a big disaster. Even though I did a very good job communicating the order to the artisans, it was a big disaster in the end. To cut it short, I was very focused on the shipment, because it was our first time to ship by sea and lots of arrangements had to be done, I could not focus on the product itself, the order itself. And when I went to ship it, I found out there were big mistakes on it. I was very stupid to even ship it that day. And now I will have to repeat some of the pieces again. That happened because I trusted the wrong artisans who did not follow the right dimensions. I did not do quality assurance, because they push me away and it was Ramadan. It was a big hassle.

Quality, pricing, consistency. The quality is good, but sometimes it lacks consistency. An order comes with some specific dimensions, we develop it, we deliver it and then a repeat order comes, but with different dimensions. These are the main problems. We are also always worried about the customs. Which accepts what, how to know and what to do.

**10. I imagine that these products, since they are like handmade, take a lot of time to make?**

**Answer:** Of course. Our deadline is three to four months with any order. You cannot ask for an order and hope that I will ship it next week.

**11. How many artisans are you in contact with?**

**Answer:** A lot of artisans. I work with workshops and with NGOs. The NGOs sometimes have 5 artisans, sometimes 500. Let's say, which is a very rough number, that I have worked with 800-1000 artisans.

**12. What is GeeBra's legal status in Egypt? Are you connect with an NGO?**

**Answer:** GeeBra is a company. It is a one person-company. I also founded a foundation last year, which is a non-profit of course, and we have got ourselves a big grant, a big contract. That is why I am going to hire more people soon.

**13. When you are going abroad, do you think about expanding your social impact to other countries as well? Are you thinking about internationalisation as a way of getting sustainability and having profit to strengthen your social impact in Egypt?**

**Answer:** For now, it is basically about Egypt. After we are well established, I want to extend what I am doing here to other African countries, because it is the Nile identity that it is important in Egypt. For now, as you said, our social impact will be, to our clients in the US, Europe or Africa, to introduce them to handcrafted products, to combat consumerism and massive production and labour abusive practices, and to raise awareness about the handicrafts and how interesting they are.

## **Annex M. Interview Transcription – Régis Pradal (Interns Go Pro)**

### **1. How did your academic and your professional background led you to co-found InternsGoPro?**

**Answer:** I grew up in New Caledonia, in the South Pacific Ocean. There the society has two systems. There is one Republican Western French system, and one tribal collective system where the Kanak people live. I had a very different childhood, a very different look at things from the sense of property rights, the economy, what is important as human values and development issues. Two different systems, two different economies and a lot of things to be questioned. In which side should I live in, which economic system is preferable? My family was very poor, and we had a lot of difficulties, but through their hard work and equality of chances, like access to education, we managed to go up the social ladder and I felt I was a very lucky person. I felt that I had a sense of duty to improve things around me, because of the privilege and of the education that I received. I felt that I needed to help the unprivileged. I felt part of that duty, that mission.

I was always looking at things this way. I thought that if you want change, it is capitalism, the economic system, that should change. I started studying Economics and I got accepted to the London School of Economics, and I went there with the idea of change. Around the same time, Mohammad Yunus received the Nobel Peace Prize and I thought he had found one way to change the system, because you are adding something to the DNA of the enterprise, which is the unit of the system; you are adding another performance measure, which is not economic, but social humanist or environmental, and if you change that, you change the whole functioning of the entire organization, and you can have a more balanced system overall.

I started looking at the Grameen Bank and different initiatives around the world, and I did different development studies. I was always interested in entrepreneurship because I thought that you need to demonstrate what you are trying to argue and defend. You cannot only have ideas, you have to prove them.

I won a social enterprise competition at the time, then I tried to launch my own company, and, at the same time, I did an MBA in Chicago, where I had a great social entrepreneurship course. I also did an internship with Mohammad Yunus, for six months, which was eye opening.

I wrote two master theses, one at LSE and one at the College of Europe, on social entrepreneurship, and the idea of trying to perceive that movement as more than just a marginal 10% sector of the economy and make it mainstream. And then I thought that I should just launch a social enterprise, to understand what I was trying to argue. I was thinking of another project but then I met my co-founders, who were really mad at the youth employment situation in general, and we demonstrated in front of the European Parliament against the situation for the young people who were interns and were not receiving payment or were receiving sub payment. This is a huge issue because many people do not have access to experience, are discriminated, and suffer abuses at work.

Interns have no rights, do not have access to any tools to help themselves. There were a lot of different issues we wanted to tackle. After demonstrating, they told me, "Ok, what do we do now? Demonstrating is not going to get us somewhere", and that is why we created a social enterprise. This is how we started to brainstorm and get into the process of creating it.

## **2. When did you start it and what support did you have?**

**Answer:** I was interested in founding a social business that had the potential of becoming systemic, and my co-founders were really interested in the problematic of young people as interns. We organised a few Facebook events inviting interns in Brussels to gather against unfair conditions, and we had 300 people show up and a huge amount of online support, people were from all over the world, but mainly from the West, saying that they had similar issues.

We realised that the entire generation was facing the same issues everywhere, and then we contacted all these people and asked, "do you want to do something about this?", and we started with the idea of reaching companies online to allow us to create transparency and see where the good and bad conditions are, a tool to identify the good and the bad companies and incentivise companies to improve because of their reputation and their need for recruitment. We thought of creating a database and making it accessible to all. The business side of this was providing conditional services to companies - if they proved that they were committed to having good conditions for young people, we would make them as famous as they could be, in terms of employer branding, and we would help them recruit the talents they needed, we would help with their HR performance, do HR surveys inside the company to make sure they had the best standards, and certify them. That was the model, based on the quality that the companies would offer.

We quickly realised that to do that we needed to build a standard, thus we went to talk with the European Commission and the European Youth Forum, which is a huge NGO, and they both said that it was a great idea, that they did not have the capacity nor the interest to do so, but that they would support us if we decided to go with it. We contacted all the interns and youth associations that had previously demonstrated interest and we decided to do a tour in Europe to try to source the criteria of what would be the standard for the best internship. We needed to build the label.

We got the support of "Make Sense", a great community of volunteers. We organised workshops in six countries in Europe, more than 300 people participated, every time we were welcomed, invited by the students and youth associations, and we would do the workshop and create the notion of what would be the label for quality for the best internship. While building this tool, we realised that we were also building a community, and also that the problems, the solution, and the criteria of quality were the same in different countries. It was the same in Greece, Belgium, Switzerland, France, Portugal. It was very surprising but, at the same time, not so much. We then thought there was a chance for a harmonised solution.

After the tour, we organised another event with the support of the European Parliament. I had been an intern of the European Parliament, which helped, and we invited the Commissioners and a lot of people to publish the results of the label and the tool. Every time we did something, we would aggregate the support of an association, thus at the end we had quite a big community of people supporting the project. It was grassroots, it had a good mission of helping and it was authentic. It was co-created. Everybody had a say and an influence in the results. I think that was the key for getting people together.

We published the results in the European Parliament we got endorsed by some members of the EP, two Commissioners who were present and the European Youth Forum. We got a lot of legitimacy. We also made sure that the results we got were in line with the state-of-the-art research on the question. That was the case, so we were lucky to complement research with our initiative.

We had legitimacy, we had a community behind us, we had the support of the institutions and we had the standard. It was time to build the product. That was between 2013 and 2014. In the beginning of 2015, we started with the company and the product. What was difficult was that we did this with no money. This is why it took forever to do it.

### **3. When you mention the support of many organizations, they never supported you financially?**

**Answer:** No, they did not. A lot of the organisations said they supported social entrepreneurship, but they actually supported champions, organisations that have already succeeded. They do not support entrepreneurship, they support scaling up, and that is a very different approach. We had good studies, good experience, but it was clear not enough to prove that we could be a good bet for financial support. The social impact industry was also still quite weak, and I guess today it is still the same. It is not easy to get financial support.

Then we started to get some prizes and we also got the interest of companies quite fast. Companies which wanted to engage on this topic. We had a minimum viable product, which was basically rating your internship, rating the company, and a company could get certified, commit to quality and push certified offers on the website. And at the same time, we would offer a communication package to promote the company's commitment to their CSR and HR. We would offer the company to go to universities and promote them there. We got relatively quickly a couple of clients, in 2016, and we made 100k with 25 clients. We added a training part to the service because very often the way it worked was going to a company and asking, "how good are you for young people?". We then did a survey and checked how good they were according to several criteria, and if they were scoring well, we offered training and HR recommendations on how to improve, and then we certified and promoted them by allowing them to post offers in our website.

We were getting 15,000 unique users on our platform because every time we published one internship, it had such amazing criteria that everybody wanted to get it. This worked quite well for our clients, and we got some big ones, like Microsoft, and smaller ones, like chambers of commerce and start-ups and businesses that were known. For example, the company Uniplaces in Portugal, which wanted to improve their relationship with universities, because their target customers are students and they wanted to show they are a good company for youth in general.

We have different types of demands. It took us a long time because we did not have much work experience. To get all the processes in place, to understand our market, to understand that some companies want to do CSR, and others want to be better at HR, some that wanted to recruit better, others that want to have a good reputation in terms of their relationship with stakeholders, be it universities or institutions, for public contracts, for example.

#### **4. From what I understand, the company was international since the beginning.**

**Answer:** Yes, since the beginning, I think that is quite advantageous and disadvantageous, at some point. The advantage of being European from scratch is that you have a better overview of what is going on. You have a better understanding and you have a much bigger market as well, and the community-building you can have is quite large. Quite quickly stakeholders would see us as an international movement, thus they would see big possibilities, big potential, big promises. They would see the size of the scale quite quickly and they would perceive it as serious issue. They would perceive it as quite a differentiator compared to everything else similar to us. It was European from scratch, and in our team, we had Belgian, French, German and Italian citizens; we were always from different countries. There is no such thing as national boundaries. All the mobility of the young people. At the same time, it is true that we could have focused in one country, in one market. That would be another approach, but we decided this was not what we wanted to build, we wanted to go larger from scratch.

This is probably why we finally received European funding (Erasmus+) and why we got international prizes, with the UN, for example.

That also allowed us to create the International Interns Day. We would always combine our business activities with advocacy, and community involvement. We created this day which had huge success in several countries, thousands of people participated, it was a phenomenon on the media.

We got the financing through a consortium – we could not be the leader because we did not have a strong track record. So again, even if it is purely our idea, we could not get the money as leader, because we are too small. We had to partner up and this happened twice, and we receive the funding spread over three years. In terms of getting funding as a social enterprise, even with international reach having won prizes still proves to be difficult.

We got offered some business money, by holders that identified with our values.

**5. Can you identify any specific challenges related to your internationalisation and to your status as a born-global?**

**Answer:** Yes, plenty! The thing is, we are spreading our resources too thin. We have limited resources and we have many activities in many places. I think that is the main one.

You can also talk about a lack of focus, to some extent. We were also traveling a lot, which was great, as it is part of the adventure, part of the importance of what we do, but at the same time, it is not easy in terms of lifestyle and the team started to spread to different countries as well. Now we are in three different countries. It is quite complex to build one headquarter as well. Technically, in terms of the legal structure, we have one NGO in Brussels and one business in Paris. We are having clients in five countries.

**6. These are all European countries?**

**Answer:** Yes, for the moment, but we are we are in touch with people in Australia and in the US.

**7. What's your opinion on the ecosystem in Belgium for social enterprises?**

**Answer:** The problem of continental Europe in general is that the ecosystem as a very traditional view of social enterprises. There is the cooperative status, the *mutuelle* status, this type of traditional old-school social enterprises, which we find very interesting, of course, but according to us it is not really innovation, it is more about the governance structure. For for-profit social enterprises, I do not think the ecosystem is great, in the sense that I did not find any public funding for it. We got some support from Ashoka, but that was just training. There is some co-working, but it is still nascent, it is still in the beginning.

I would say that there is some enthusiasm, which is a start, but it is not particularly supportive at the moment. Compared, for instance, to France, which is much better, or with the UK, when compared with traditional entrepreneurship, social entrepreneurship has much more support there.

Even though there is more and more interest, there are more and more events, there is more research, but I would say the ecosystem in terms of investors, in terms of incubators, it is very weak.

**8. You have mentioned that there is a lot of investment to scale up, but not so much for start-ups. And why do you think is that?**

**Answer:** I think it is because we seem too risky. I feel the attitude towards risk is very conservative. As soon as you prove that you can have a track record in terms of your financials, then there is no problem. Based on the business plan, you do not get much, especially if you are social, because many people would say they have a lot of questions about social value, about what it means, its restrictions, and how they can get their money back. You are basically going to get outperformed by non-social competitors.

We created a type of innovation where the demand was not super clear. I felt that most people were interested in us when we started to get prizes, and when we started to get big clients. After the first big client we got, it started to become much easier, even though it still is not easy.

Maybe the difficulties we have are related to what money we accept. As a social enterprise we did not accept money from funds which are financing businesses which are not in accordance with our values, for example. So, in that case, for social enterprises, I am certain that it is very difficult to raise anything when you just have a business in the beginning.

**9. For now, how many of you are involved in InternsGoPro?**

**Answer:** Full-time only three people, but with freelancers, depending on how much work we have, we get up to 10.

**10. Did you have any issues or challenges related to the human resources you had available?**

**Answer:** Yes, sure, but it is mostly financial, in the sense that, because we did not have the financials, we could not recruit properly, and our entire enterprise is about fair work conditions, so we cannot have bad human resources. However, we get a lot of requests from very talented people that want to work with us, because they believe in the project and in the social impact, and they feel they would be able to strive as people in our company.

It is not about getting the talent but paying it properly.

This year we got renewed business. Basically, we have a minimum viable product, then we decided to get some funding from the European Commission and the big thing we are doing is, on one side, certification, promotion, HR sources, on the other side we have the rating system online like Trip Advisor, and on this platform we can post offers as well. Now what we are doing for our next campaign is called Transparency at Work. It is not only for interns, but for all type of young people, young professionals up to two years in a company, and we are building a plugin, an API that allows any website, universities, public institutions, employment agencies, student websites, to have the rating system on their own platform. Now we have more than 100 partners, so we have an entire network, and each can put on their own platform, the rating system, so you can rate companies, check their ratings, and later you will be able to also check offers. We are collaborating with media, e.g. le Monde in France, Forbes for the international side, Politico for the EU bubble. We are creating the first crowdsource ranking of the best companies for you.

And that is for free. Any stakeholder will be able to have that rating system on their own platform, so it becomes a new norm that you always rate or check the quality of the company before you apply. That is going to be international and it is building on the model that we have been doing until now.

Having a lot of partners, giving them the tools for free, get ownership of it and sharing everything in an opensource way. And we will still do the other services on top of that. That is going to happen from November 10 onwards with the new International Interns Day. From this moment onwards, if this works, I will be very interested to see what happens with the funding. I think it will change a lot.

**11. The data that will result from the API, is it going to be analysed by you or by the company that has it on their website?**

**Answer:** It depends if you become co-pilots of the campaign, if you become just a partner, or if you are a client. For example, everybody gets rated for free and everybody can get the tool for free. In order to have access to the full dataset, we need to sign partnership agreements on the way they are going to use the data, but then we are going to help any organisation to do studies, e.g. to base public policy on data. You have some companies which will be able to access benchmark functionalities, so they will be able to know, within the industry, in a country or in Europe, how good they are doing compared to others, they will be able to customise it. We have a big student union in France which has a thousand young people which wants to become co-pilots, so they are going to be in charge of pushing young people to rate, getting the word out there, and they will also do some research with the data. It is going to be open data, based on partnerships, and for free.

**12. I am going to go back to what you mentioned about creating partnerships in Australia the US. I guess it most likely is not a short-term thing, but do you think you will be facing additional challenges when expanding outside the mostly uniform ecosystem that is Europe?**

**Answer:** The fact that we became international so fast was because we got so many requests. If we were super strategic and more business-oriented, we would have probably focused on one niche market, but what happened was that we got a lot of requests for social-oriented organisations. It is not about us being willing to go to Australia, it is Australians contacting us. A lot of the international reach is because we are contacted to get the criteria – we also did something called the Intern Subsistence Index, which allowed you to know how much it costs to live in a city. The international reach we have, the tools which are free and open source, and the fact that we talk in different languages and we travel a lot, created a lot of support and interest from different places and we tend to always respond positively.

I guess a purely business perspective would say that they did not have time to respond to this and that they should focus on making the most money. We should probably do that as well!

Australia, the US, Hungary and Greece contact us a lot.

**13. I do not have any more specific questions. Would you like to add anything you think it is important, either about your enterprise or about social entrepreneurship in general?**

**Answer:** I always had in mind that it is interesting to build something that shows a systemic change, and that means it should be replicable in similar systems. I think this is the reason we did it in this way as well, because we had this approach from the start. So instead of thinking just local, we were thinking about something that everybody faces and is international. The way you see opportunities as an entrepreneur involves how you see the world and your motivation.

We realised also that the typical barriers like languages or legal issues were quickly resolved when you find partner organisations that are willing to co-create with you, and I think when you are social you can do that much faster. If you look at our competitors, which are all purely businesses, they do not have one tenth of the partners we have, and they do not have much stakeholder engagements at all. They do not care at all; they just want to sell.

It means they do not think at all about the social value, which we think, at the end, will overtake the business one, because if your company says, "we have the best product, because we have an agency we pay that tells it to us", that is not trustworthy. You build trust because your social mission is in your DNA, because you are transparent.

From an international perspective, that facilitates a lot, when you have this type of approach and when you have international institutions that support it.

**Annex N.** Interview Transcription – Samer Sfeir (Mommy Made)

**1. How did your academic and professional background led you to start a social enterprise?**

**Answer:** My BE was in Computer Engineering, and afterwards I wanted to do something related to helping people. I investigated, and I ended up discovering the concept of social entrepreneurship in 2011. Afterwards, I began doing my MBA and I tried to focus on social entrepreneurship in most course. At that time, my co-founder and I got an idea, and my cousin decided to join us, in launching a catering line that works on job integration of women and youth that have social, financial, or physical challenges.

Our social enterprise is now named M Social Catering. It was previously known as Mommy Made, but we rebranded it, and I think, as we will discuss later, that this is a core part of why social enterprises have challenges while expanding. M Social Catering has currently two main branches. One branch is a catering line that serves catering from A to Z: hot and cold dishes, servers, waiters, cutlery, tables, everything. The biggest event we have got had 1200 people. The second branch is the job integration program, where we research for the job fields that have markets in Lebanon and that could adapt to employ youth and women who have social, financial, or physical challenges, and then we train those people on technical skills and mindset readiness. Then we have two paths. One way is when the training is on food and beverage, they work in the catering line with our chefs and our experts to get the know-how and they get payed for it, and then we integrate them in other restaurants and other catering lines. The other way is when it is not related with food, and we want to integrate them to decent companies where they can work and transform their own lives and overcome their challenges.

Since in Lebanon we do not have a social enterprise legal status, we founded an NGO which is called ShareQ and, under the NGO, we launched the social catering line.

**2. When did you create ShareQ?**

**Answer:** It was created in 2012.

**3. You created it with the purpose of launching this social enterprise at the same time?**

**Answer:** Yes. The purpose of ShareQ was to launch social enterprises that would help people overcome their own challenges. M Social Catering is the first social enterprise we launched and now we are preparing to launch, in parallel, another social enterprise, which is still under construction.

ShareQ became a platform to launch social enterprises that have the main purpose of helping people overcome their problems, instead of us solving their problems.

**4. What are your motivations to internationalise M Social Catering?**

**Answer:** It is very simple. We were able to design what I call a “cure” for job integration of women and youth that have social, financial, or physical challenges. While the United Nations and international NGOs have a job integration rate between 15-20% out of the people whose vocational skills they train, we were able to get an integration rate of 50%. We found a better solution that could make vocational training and job integration more efficient. If you think about it, it is like finding a cure for a certain disease, but then only using it on your own village, not being allowed to spread it around and say “I have a solution and, if you adopt it, a lot of people could have their lives transformed”. The first reason we want to internationalise what we are doing, is that we need to have more impact. Compared to the crisis that is happening everywhere, more impact needs to be done – it is not enough at the moment.

We need to scale. Replicating a cure that works is very important, instead of starting from scratch again, and again, and again. On the other hand, expanding into different countries would also allow us to become more influential on different levels. Especially when you are scaling, you not only directly influence the trainees you are supporting, but also influence the economy, the movement and the public sector. These are the main reasons.

**5. Is M Social Catering scattered across Lebanon, or is it concentrated in one city?**

**Answer:** For the catering line, the central kitchen is in one place, but we send catering to all over Lebanon. For the LEAD, the job integration program, we are able to do it in several regions in Lebanon. Not all regions, but we aim to get much bigger, even inside Lebanon.

**6. What is your plan to internationalise? Are you planning to franchise the model?**

**Answer:** The plan is social franchising. The concept is inspired in franchising and includes replicating the social impact, procedures, and processes, and to automate job integration. Automate means that we standardize everything: our training program, our market research, the opportunities, the recruitment processes, and the integration process afterwards. We recorded videos to be able to train the trainers in the future. It is like doing a full-fledged franchise. We have many challenges to do this. Internally we are planning and preparing everything, but externally it is super challenging to do this.

**7. At the moment at what stage are you at?**

**Answer:** It has been 5 years since we launched our catering line and job integration programme. We were able to create a good success story, we trained 150 people, we have a 50% job integration rate, we made customized food programs for NGOs and we were able to distribute 50,000 meals for youth and children that were suffering from malnutrition. Despite this success story, it is difficult to get bigger, even inside Lebanon. We have two steps. The first step is to scale inside

Lebanon and the second step is to scale outside Lebanon. However, there are barriers to such expansion.

The first barrier is the expansion of our social enterprise in the sales branch. The social, in Lebanon, when it comes to products, has a negative connotation, because a lot of traditional NGOs used to provide products of not so good quality and very overpriced, and pushed customers to go on buying these products just for the social cause, like making a donation. The fraction of people that believe that something that is social can provide good quality and competitive prices, is not there. We are trying to educate our customers for this, and it is very challenging. Once, for example, let's say a bank is our customer, they get catering from us for their small events, but when it comes to their big launching, let's say for 1000 people, they go get one of the luxurious caterers just because the top management thinks that social catering means lower quality and not being able to handle big events. We are fighting to overcome this challenge. They always see a social enterprise, an enterprise that needs to stay small. However, in some places, we were able to get big events, for 1000-1200 people

On the other hand, we have a big challenge when it comes to what I call the ecosystem. It is designed to support launching social enterprises start-ups, but not designed to scale them, especially in Lebanon. We get a lot of donations to support entrepreneurship in Lebanon because we have got 1.5 million refugees. A lot of donors are giving money, but the money is going to supporting start-ups. They organize start-up competitions and, after they finish them, less than 5% of them continue to exist as social enterprises. This ecosystem is not designed to support scaling social enterprises, but rather to do competitions to launch new social enterprises. There are a lot of ideas, a lot of winners, but not a lot of impact.

**8. Are you talking about different perspectives from the social enterprises founders and investors, the latter wanting to fund new social enterprises, but not giving enough attention to their scaling up?**

**Answer:** I would say that it is not about the investor or the donor, it is about the ecosystem that is not enabling the donor to go to other projects. I will give you an example. Let's say we have a capacity-building organization that is well-established, that works with social entrepreneurs, or an incubator. What happens is that, let's say the Netherlands Embassy comes, and says that they want to invest 1 million euros in social entrepreneurship in Lebanon. There are two options. Either these 1 million euros would be distributed among 3 or 4 social enterprises that have been well-established for 3, 4 or 5 years and that want to scale up, or these incubators and capacity-building programs go to the Embassy and say, "let us organize another start-up competition for social enterprises". They do it on a big scale in Lebanon, and they get very high wages to do that, and then they say, "we are going to make 20 new social enterprises giving each 5 to 7 thousand euros" and most of the money

ends up going to the organizers. When the competition ends, you know you cannot launch a social enterprise with 5 thousand euros, so they launch and then their close. This is what is happening in Lebanon.

The good thing is that now, at least, the perception is changing, because social entrepreneurs are fed up with this and they are making their voices higher, and they are going to donors and saying, “stop doing start-up competitions, we have got more than 300 that won, but we do not have more than 20 social entrepreneurs in Lebanon”. Now we are going towards a new solution, which is much better: we are trying to organize the sector to be able to attract impact investors to Lebanon. This is not easy, because we need to gather the right social entrepreneurs, and the capacity-building organizations that make a lot of money out of social entrepreneurship are not happy with it and are trying to make it not happen, but still we are doing our best to organize the sector to what we can do in order to bring funding to Lebanon and direct it to the right place, instead of it being spend on high wages and organizations that are not really making an impact.

**9. Up until now you have been talking about barriers in Lebanon that are stopping you from going abroad. What barriers do you think you would face when going abroad for the first time? What challenges would you encounter in the new market?**

**Answer:** The first challenge is being recognized as a social enterprise abroad. Since in Lebanon we do not have a social enterprise legal status or even a label for it, a lot of impact investment institutions in Europe and in the US told us that they loved what we were doing in the region, but that they could not judge who is a social enterprise and who is not, that they needed at least a framework that told them, “these are the social enterprises, go collaborate with them, see if you can bring their solutions to other countries”. The first barrier is that these institutions that are interested in bringing in the solutions we are building, do not have a framework in Lebanon to talk to. For example, in the US there is the Social Entrepreneurs Alliance, so if you want to speak to social entrepreneurs in the US you speak with this Alliance and you tell them that you want to collaborate with social entrepreneurs to franchise and replicate their solutions in Africa. There you have someone to talk to. In Lebanon we do not, and that is the first barrier.

Second, you know very well that, politically, European countries and the US are suspicious of where the money would go in Lebanon. Armed forces, terrorism? Although we are the country in the Arab world that has the least terrorism, there still are concerns about funding money that will be used in the wrong way. This could be a barrier as well.

I think that the ideal place for us to internationalise is not Europe. In my case, with M Social Catering and the job integration program, I think the best case to replicate what we are doing could be Egypt, Jordan, Tunisia, because these countries have big problems of unemployment, especially for youth and women that have social and physical challenges. If we replicate what we are doing in

these countries, we would be doing a lot of impact. My perception is that this could work in other countries, specifically those countries that need it a lot. I see it, honestly, in 5 years, maybe in Jordan and Egypt.

**10. For now, when you think about taking M Social Catering abroad, do you think about only starting with the business part of it? Or do you think that the social and business parts are so interconnected it would be impossible to start one without the other?**

**Answer:** In my case, the social impact is integrated within the process of the institution. Our catering, the assistants, the chefs, and the waiters are people that we integrated. I agree that, when we start, we should not put high expectations on social impact, we need to first establish the institution and make sure it is working well. In our case, I think we can integrate social impact from the beginning within the procedures, even if it is on a small scale – let's say that, during the first year, we only do job integration for 10 women and youth.

It is something that it is part of the system, and not something added later on. I think it is better to have them both together, have low expectations – it is not like we start with integrating 60 people per year, we can start with 10 – and then we grow gradually as the business part goes stronger.

**11. Let's imagine you are already internationalised. How would the relationship between the franchisor in Lebanon and the franchisee, let's say, in Egypt, work? What would be your role in Lebanon?**

**Answer:** We will have a part that is centralised, and we have a part that is franchised. Let's say we have, on one hand, our catering line. We put the standards for what they are cooking, the recipes and the processes, and our role is to train their team to make sure they are providing the same quality as our catering line. On the other hand, for the job integration programme, everything is also standardised. They can build on it and, of course, if they have the need to modify it because of their culture, they need to coordinate it with us first, to make sure that we approve it, and then our role would be to train the team and monitor to be sure that they are doing the right things. There is one thing that will stay centralized: we are setting up an online platform where the trainees that are being trained by us or by the franchisee have their information go to, which will be accessible by HR departments from companies to recruit people from these training programs. It is online, so it is easy to centralize. The remaining parts will be franchised, and we will make sure that things are happening the right way.

**12. I do not have any more specific questions to ask you. Do you have anything else to add?**

**Answer:** There is something very important. One recommendation for institutions, especially in Europe, is that they need to start talking with social entrepreneurs, not only the

ecosystem. A part of the ecosystem is very good, but another part is not taking things in the right direction, for their own benefit, and they are becoming a barrier for social enterprises' growth in Lebanon. They are creating a wrongful image of social enterprises. They are saying, "these social enterprises are not good enough to collaborate with you, you need to talk to us first and then we make sure to manage with them", but when we actually go and meet the European Union and the Embassies, they are surprised that this is not the right perception and that many of us are professors, engineers and doctors. A good recommendation would be to directly connect with entrepreneurs that have been there two, three, five years, and not go to a layer of local ecosystem institutions that are becoming a barrier to Lebanese social enterprises to grow, domestically and internationally.

**13. As a professor, have you been able to connect with other professors involved in the area, not only in Lebanon, but also abroad?**

**Answer:** Yes. I collaborate with two professors of the American University of Beirut. Overall, we have a good ecosystem in Lebanon, but there are people that are becoming a barrier and they are very well connected with the Embassies. However, the ecosystem is very well connected with the academic institutions.

**14. Do you think that social franchising is a common strategy for social enterprises in Lebanon?**

**Answer:** Only one social enterprise, that is now too good to be overwhelmed by any partners. It is the biggest social enterprise in Lebanon, it has like 400-500 employees, and they are very strong. They are the first social enterprise that made the social franchise model, and I think, I am not sure, that they replicated it in Africa. I believe they were the first to do it in North Africa. They also did something related to Syria; they work especially with people with disabilities. We are trying to be the second one, but it will take some time, unless we get a good investment institution that finances the replication. There is an institution called "Alfanar" based in the UK, they are trying to make a change at the investment mindset level, they do venture philanthropy, and they are the only ones that actually pay 70-80,000 dollars to social enterprises to go beyond start-up and begin their scaling, preparing them for investments like 500 thousand or 1 million dollars. They are doing a really good job but we need more of them and we need the highest scale, where institutions come and say, "we love what you are doing with 150 people, we want you to replicate it for 1000 people".

**15. One last question, how many employees do you have in M Social Catering?**

**Answer:** Currently we have 7 employees full-time and 7 employees part-time. We also have a lot of freelancers that come, work, and then get integrated into jobs.

## **Annex O. Interview Transcription – Farzeem Alam (Oggro Ventures)**

### **1. How did your academic and professional background led you to Oggro Ventures?**

**Answer:** My journey in social entrepreneurship is quite a long one. Oggro Ventures 10th birthday is coming up on Tuesday. That is symbolic because in 2007 I started this company. I was in school at that time and I started it as a purely youth-run NGO. We were a very typical NGO that was raising funds to do charity work such as tree street cleaning, treating visually impaired people, education, health related problems, etc. It was a very programmatic NGO funded model. In fact, the way I knew Richard Catherall is because Oggro won a fund from UNAOC, the Youth Solidary Fund, similar to the Entrepreneurs for Social Change. It was funding for human rights training.

That was us for the first five years – we were chasing donors and funding to survive, and I started disliking this as it was not sustainable. After three or five years, the funding ends, right? One of the questions they ask you in a proposal, is how you ensure the sustainability of the project once funding ends. I always struggled with that question. Because, well, by nature, it is running on donor funding. That was when I started really delving deep into this question. How do I truly become sustainable, or more technically, how do I become independent of donors and able to do my own thing? I had always been passionate about development, but I wanted to be independent from being so donor reliant.

So that was when the whole idea of social enterprise came about. The way I define social enterprise for the scope of my work is that it is any profit-making company or enterprise that also has a positive social impact, that solves a social problem. But it does so while making a profit. I want to solve social problems, but I still want to make profit out of it, so that I can attract investors and not charity money. That was where the term for social enterprises began.

We focused entirely at that moment on agriculture, the reason being that my development journey began 10 years ago. I had been to many agricultural areas of Bangladesh, and I had noticed that the majority of Bangladesh is still agricultural based. The biggest development impact we can have is in agriculture. And that was where my academics come in. I am an Economist by academic profession. And one of the things that allowed me to do is understand the whole concept of sustainability and the ability of creating positive multipliers, that the \$1 of profit I can have from social enterprise is not just the end of the story. The impact of social enterprises in terms of social multipliers is much more in depth than just \$1 of profit. That was where my economics training has helped me to create what we are doing right now.

### **2. Could you tell me a little bit more about the story of Oggro Ventures, its social mission and activities?**

**Answer:** Oggro Ventures' mission is to be at the forefront of agricultural technology innovation and to create sustainable positive impact through it. And we do so through our subsidiaries. Ferdous Biotech, a private limited company, is the first biotechnology laboratory in the Bangladesh private sector. We have our own tissue culture laboratory. Tissue culture is being able to rapidly multiply a plant species inside the laboratory, so that you can have a lot of it and you can ensure that the plant becomes virus resistance, for example. In our laboratory we produce potato seeds, for example, because in Bangladesh one of the biggest crops is potatoes, but we do not have adequate high-quality seeds, especially virus-free seeds, which farmers need, so in the laboratory we are able to produce high quality tissue cultured potato seeds, which we then give to farmers. It takes six years to produce it, one year in the laboratory and then five years in the field, and then we sell it to our farmers network. We have over 10,000 farmers in our network right now, and we buy back the potatoes that the farmers have grown from our seeds and then we export the potatoes to different countries like Brunei, Malaysia, Oman, Nepal.

This is important especially for the export market. Our company has an advantage with the potatoes that we export – we create the seeds for those; thus we know where the potatoes are coming from. We can ensure the quality which is something foreign buyers really want.

Aside from that, in Biotech right now we are looking at growing and testing banana planters and ginger. We need to scale up on our potato seed production. But while we are waiting for that investment to come up, we are diversifying and creating protocols for other seeds in our laboratory.

Oggro Dairy is another subsidiary and it is the first dairy farm in Bangladesh with its own processing unit. In Bangladesh there are processing companies that milk from other farms, but there is not a company with both. The reason why we are combining both farm and processing is because there is a real issue with the safety of food products, especially with products like milk. It gets adulterated and contaminated and it is not fresh. Because of this, we produce our own milk then we process it on site.

We are also looking at ways to improve efficiency of dairy management, which is very poor in Bangladesh, so we are learning different ways to improve the productivity of cows. We have already partnered up with the government of Netherlands, which have sent us experts for training, and what we are learning from this we are passing it on to other small farmers to what is called our Farmers Academy. Through the Farmers Academy, our dairy farmers get training on better dairy management and those who buy our potato seeds get training on fertilizer management, water management, pesticide management, all these things. So that is the dairy side of it.

And other than that, we also have a third company which has been recently launched, which is Oggro Crops. Ferdous Biotech specializes on the seed side, Oggro Crops specializes on the production of the actual crops. Oggro Crops produces maize and onions. These are not seeds. Seeds are produced Ferdous Biotech, Oggro Crops produces the actual crops, and then we supply it to the

market. And we also export the crops to different countries, like we recently exported some vegetables to Oman.

These three are the current subsidiaries that Oggro Ventures has. They were created chronologically - Ferdous Biotech, then Oggro Dairy, then Oggro Crops.

**3. How did you grow in Bangladesh and how did you understand that it was time to finally go abroad and export?**

**Answer:** We needed land, so the first thing was to acquire land to begin our laboratory, and then we undertook bank financing, we took commercial loans from two banks in Bangladesh to build our infrastructure. Over time we got the required the workforce. One of the challenges was to get the proper scientists, which we still find challenging, to get high quality scientists into the laboratory.

When we started Ferdous Biotech I had no idea we were going to start Oggro Dairy. That was not in the plan at that time. This was evolutionary, it happened at one step at a time. Now, for example, we have a clearer vision. I know that, by 2020, we plan to have three more subsidiaries launched. We have a clearer path forward. When we started Biotech, that part was not so clear because we were still trying to still figure things out. The directions might change, but now at least we have a framework, a direction.

With regards to exports, basically we knew that the greatest value addition for agriculture that we could have is the export market and so, in 2014, we started aggressively trying to sell our products abroad, which was not easy because there are some institutional barriers. For example, Bangladesh is not, except for garments, known for high quality products. We had to really convince our customers about the quality of our products. However, we did have a cost advantage in terms of our lower labour costs.

The way we started was we recognize that Bangladesh has a lot of expats living in countries like Oman, Malaysia, Singapore, thus we knew that they needed Bengali food. In Oman, for example, we got in touch with the Bengali community there and we exported potatoes to them. And through that, we started building a relationship and now we have non-Bangladeshi customers as well. It has evolved.

At first, we started with expats from Bangladesh living in those countries.

**4. What is your situation right now? Do how many countries do you export to? Do you have different destinations for each subsidiary?**

**Answer:** The one that is exporting is mainly Ferdous Biotech. Bangladesh does not have enough milk to export. We are just exporting potatoes and some vegetables of Oggro Crops, but they are all to the same country. In total, we have Oman, Malaysia, Singapore, Nepal, Brunei. Five countries, for now.

We started in Oman, with the Bengali community, and we figured out it worked. Then we went to Malaysia, we got into the big Bengali community there, and then our reputation grew, and non-Bengali started buying. Our first point of contact is always the Bengali community, because we need a known source to start with.

**5. Is your international strategy limited to exporting, or are you also creating joint ventures and partnerships?**

**Answer:** Yes, we are. It is something we recognize is a must as we go forward. We do not have joint ventures, but we do have our partnerships, for example Richard Catherall and his company Katarsis Ventures.

We have an agreement about equity exchange, where Richard sits in my board and I sit on his board. This has not been formalized yet because we are looking to raise some new finance after which we will restructure our capital, and that will be when we will bring it into the organizations. He has been a mentor to me, which has been very important in building up these international partnerships. He has helped me to raise the financing, to define the strategies we are going for, etc.

Other than that, one of the things Richard did was introduce me to someone who is related to the largest agricultural company in Southwest China. We now have an MoU, an agreement. I visited them, they visited us. We are looking at a cooperation in tissue culture, potatoes seed production.

Also, through Richard, we have reached leading dairy processing and funds in the North of England, which are helping us to build capacity.

It is really in our core to build international partnerships.

**6. Up until now you have been exporting to countries that are near Bangladesh. Do you think they are culturally close to Bangladesh? Or is there a cultural distance between Bangladesh and for instance, Malaysia?**

**Answer:** Yes, there is a huge cultural difference. I might as well be selling potatoes to Portugal. It has nothing to do with the cultural side of it. Business is business. Of course, similar cultures help in certain nuances. At the end of the day, it comes down to the quality.

**7. What would you say were your main barriers when exporting and creating partnerships abroad?**

**Answer:** The biggest barrier is Bangladesh. It is as simple as it is. To be very fair, my company's products are better than most Indian average companies. But India will still beat me because it is India and not Bangladesh. Bangladesh itself has a very negative connotation in terms of quality, unless it is garment. That has been a huge problem we are trying to overcome.

**8. When entering other countries, did you face any entry barriers?**

**Answer:** Yes. For example, it is very difficult to export potatoes to Europe, because the European Union has very stringent sourcing criteria against Bangladesh. Russia was one of our biggest potato buyers in 2014, and then some bad businessmen from Bangladesh send some rotten potatoes to Russia. They got confiscated and Russia banned the import of potatoes from Bangladesh.

**9. Did you feel there were any internal barriers you had to overcome to grow?**

**Answer:** I think we all focus on getting the money, but the first point is to have the right team. You can get all the money if you want. But if you have the right team, the money is not wasted. My biggest challenge was trying to build up an experienced and loyal core team. And I think we are getting there; the members of our team all see themselves retiring in this company. So that, for me is a very strong relation to grow from.

**10. How big is the team at the moment?**

**Answer:** My core team, my top management, is 6 people. That may seem very small, but for me, having a small core team is very intentional, because it helps me to be very individual with them. and to get proper delegation of work from them. Beyond that, we have around sixty-seven employees.

**11. When it comes to the future of your internationalisation, do you have other countries in mind to export to or to create subsidiaries in?**

**Answer:** Subsidiaries, not at this point, that is the type of conversation that I will have after five, six years. There is a lot more to do here now. In terms of the markets, yes. I mean, I am always looking, we keep targeting.

Japan is a country I am trying to look at as the next exports destination. Then Kuwait. Even beyond that, Egypt is possible, then, as I said, European countries as well. It is just, you know, what we can get.

**12. You mentioned partnerships with China and the UK. Are you thinking about going to those markets as well?**

**Answer:** UK is the dairy partner, so I do not intend to go there. For China, we do not have plans to export there yet, China itself has a big market. We basically export potatoes to countries that do not have enough potatoes, and China does not fall into that category.

**13. Have you ever felt that you had to put aside your social mission for a while, in order to grow your company and become more sustainable?**

**Answer:** Of course. At the end of the day, it is a juggling act constantly played in your head, you have to think if the means justify the end. In terms of many of the things I am doing, many of the activities may not seem like they have direct social impacts. But first you grow, you get to a scale and then you are able to create the desired social impact. I think the Dairy is an excellent example of

that. Right now, the social impact might not seem that strong. But when we get to the scale of having over 500-600 farmers in our school, social impact will be much bigger. But to get there, I first need to make dairy more profitable, so that it grows. One cannot happen without the other.

However, I will tell you this. If I face a situation where I see that a certain decision will lead to bigger profits, but that it will not lead to our growth as a social enterprise, or that it will have negative impact on our social side, I will not go for it, even if it increases the bottom line.

**14. Could you imagine being a non-profit social enterprise and achieving the results you have achieved?**

**Answer:** First of all, I would be very lazy. I would just sit on my computer and look for donor funds, and just keep applying for them. I would never have that 2am rush to fix something because I know that I must make profit or else I will be out of business. That thrill, that push for innovation, because in a non-profit social enterprise, if you lose the money you lose the money, you do not answer for it. I mean, it is a non-profit. I would not make that extra push.

Let me put it this way. A social enterprise that is profit driven is basically an athlete in good steroids (not the bad type of steroids, not the illegal type). It pushes you to be more efficient, it pushes you to be more efficient, pushes you to innovate. You cannot have innovation if you do not have risk, it does not work like that.

**15. Do you think there is enough competition in Bangladesh to give you this push?**

**Answer:** It is not the competition that makes me innovate here, it is the challenges. There are way too many barriers in Bangladesh.

For example, one of my payments still has not come through, because the banking system is so slow in Bangladesh. These are the things that are setting me back. I do not have the money, so how do I pay off my credit for this month? These little things make or break a business.

The institutional barriers, like very high taxation, a poor banking system, too much documentation for every type of regulation, everything being so bureaucratic. It is very difficult for a small business to grow in Bangladesh, it is not the size of the market that is your problem. It is the regulation. The institutional barriers.

The market is big enough. In agriculture, the answer is very simple. You have food to sell? You have 180 million to feed. That is a lot of people.

## **Annex P. Interview Transcription – Noura Galal (Rafeya)**

### **1. How did your academic and professional background led you to eventually found Rafeya?**

**Answer:** I graduated in English Literature in 2012. I worked as Community Manager for an NGO called “Educate Me”. After 2 years, I founded Rafeya for the women from the same community. I have been working in this community where Rafeya operates for 5 years now and I got to know the women there and I was impressed by them. I found out that these women suffer from oppression in various ways. They marry young when they are 16 years-old, they have from 4 to 7 kids, they do not continue their education, some suffer from domestic violence, some are the sole breadwinners of their households and female genital mutilation is practiced heavily. I was impressed by the fact that, regardless of their situation, they want to do something for themselves and to develop. I found out a lot of the women do handmade products or sew simple stuff for their families and neighbours, but they do not know how to sell them or produce a product the market needs. These women taught themselves, they did not take a course or watch a video on YouTube.

I wanted to create a place where they learn and feel they own something. Fashion was my way to help them. I established the factory in the area where they live, and I teach them how to produce high quality products and they get shares in each product they produce, so when Rafeya grows, they grow as well.

For the academic part, I did not study anything related to the field, but my major in my last year was heavily focused on feminism, so I had this power and passion towards empowering women, and I achieved this through Rafeya.

### **2. Tell me about the story of Rafeya, its social mission and its main activities.**

**Answer:** Since I was young I had always wanted to be a fashion designer and after I graduated I bought my first sewing machine and took a course for 3 months. When I met the women, I decided I want to achieve my dream along with achieving their dream too. When I started Rafeya, I thought Rafeya’s mission was not limited to our beneficiaries, it extended to our customers too. I want to empower women through fashion to feel confident and happy about themselves, so Rafeya does not produce products according to the known size charts, we do customized sizes and styles. I want every woman to have the choice of not feeling like they are obligated to wear something because the options are limited. I could not find my size easily or the style I wanted, and this made me doubtful of my body shape, so I want women to accept themselves whatever their size and style.

To empower women by being confident, in control, and happy through fashion is our mission.

We continuously provide our customers with high quality, yet affordable, fashion-related products that satisfy their unique taste and needs to feel comfortable in their skin and realise their “absolute” beauty.

We support our women with unique self-actualization opportunities helping them fulfilling their dreams towards a better life.

We are still working on our theory of change, but these are the main things we are focusing on now. We train women to produce high quality products and they get to attain different skills. This is not the norm in factories – normally they just teach the women one level of producing an item, so they remain unskilled and their salaries do not increase. We care about their sense of ownership, so each woman gets shares in each item they produce. We aim to focus on their education too, so we will push them to continue their education so they can grow and develop. We are planning to have medical checkups and have medical and social insurance for them.

**3. What is the legal status of Rafeya?**

**Answer:** It is a registered company.

**4. At the moment, at what stage are you at?**

**Answer:** Rafeya exists for 2 years now and I closed Rafeya for one year as I struggled to find the right team and it was hard to have 2 full time jobs. In July 2017, I relaunched Rafeya with a new business model which focuses on the customization part. I can say I am at the very early stage where I am trying to have the right team and understand the market better.

**5. For now, you sell in all around Egypt or just in specific regions?**

**Answer:** All over Egypt.

**6. What is your opinion on Egypt's ecosystem for social enterprises?**

**Answer:** I think the concept of social enterprises is not clear. The concept of being for-profit, a registered company and at the same time to have a social impact is not widely known. We do not emphasize our social impact in any of our channels as I feel the customers need to know the brand first and we are working on having credibility in the market before announcing this. We were considered a charity before and I am afraid customers will doubt the quality of the products if they knew who made it.

**7. Why were you were considered a charity before?**

**Answer:** When I started Rafeya, I had a crowdfunding campaign and I mentioned the social impact that I was trying to achieve, and people considered Rafeya a charity. They doubted the quality of the products. They thought that, if women were doing the products, they would not be of high quality, like an established brand. I think it did not help me to be recognised as a brand and I stopped mentioning the social impact.

**8. Have you considered internationalisation? What are your motivations?**

**Answer:** It is part of the vision, but we are still young, and I hope in the next 2 years we will have a plan for scaling in different Arab countries. I found that e-commerce industry in the Middle East is booming, and the idea of having the customisation option in the fashion industry is new. The need is there but I still need to have a proof of concept here in Egypt before I can think about what the other markets need, how we can expand, how we can take the social impact to other Arab countries. As I said, it is part of the vision, but I do not have a plan for it.

**9. Would you like to internationalise that social impact as well?**

**Answer:** I cannot imagine having Rafeya in another country without the social impact, it would lose its impact proposition. It is not only about the customisation; it is about having an ethical fashion brand. I am not aware of the circumstances in the different Arab countries, but I am sure we can find women to empower.

**10. Thus far, what have been the biggest challenges you have faced in your company?**

**Answer:** Finding the right team is everything. It is one of the things that made me close Rafeya for a while. I could not find the right people to work with me. I even tried to have a co-founder. One year ago, I could not find the right people, but now I think things are better.

It is definitely one of the challenges, having people who are motivated and passionate about the cause. I feel that start-ups succeed because of their team, even if they have the right value proposition and the right product. It is all about the team.

**11. How many people are working with you in Rafeya now?**

**Answer:** Six in total.

**12. Any barriers come to your mind when you think about expanding to other countries?**

**Answer:** I think gathering the right data. When I started, I was looking for information about the situation of women in Egypt, the income and how I could empower them, and it was really hard to find information. And I am from Egypt!

I am not sure about other countries - will I be able to find the right information, the right women to empower? Even scaling the model and the structure of the company. There could be a lot of challenges!

## Annex Q. Interview Transcription – Hugo Menino Aguiar (SPEAK)

### 1. Como é que o teu percurso académico e pessoal te levou a criar o SPEAK?

**Answer:** O meu *background* é *tech*, fiz Engenharia na Nova e diria que fiz o percurso tradicional de uma pessoa que tira Engenharia na Nova. Fui professor assistente na Nova, trabalhei na multinacional HotSystems, e depois trabalhei na Google. Em paralelo, sempre estive envolvido em projetos sociais de alguma maneira através de experiências de voluntariado. Desde os 15 anos que fui voluntário na Quercus, ou na União Zoófila, ou no Jardim Zoológico e, em 2008, fundei uma associação com amigos, em Leiria, que é a Associação Fazer Avançar. Também fundei outras coisas, como por exemplo o clube Rotaract em Leiria, e sempre tive mais ou menos um pé nas duas coisas: na parte tecnológica, em relação aos estudos e percursos académico e profissional, e pontualmente, quase como hobby, um toque na parte social, com experiências de voluntariado. Nunca achei que iria conseguir profissionalizar a parte social da minha vida, e também essa nunca foi muito a minha intenção. Eu queria era trabalhar na Google, programar ou ser *product manager* de um produto tecnológico.

Ao longo do caminho tive algumas experiências internacionais, através de estudos, cursos, ou apenas viajando, e senti algumas vezes o desafio da integração em cidades novas, mesmo tendo amigos ou colegas lá. Tendo salário ou bolsa, senti sempre dificuldade em criar uma rede de suporte informal, fazer ligações a outras pessoas e tirar o melhor partido da cidade possível, e isso sensibilizou-me para, “se isto me afeta a mim de alguma forma, a outras pessoas que estão em contextos muito mais complicados e que aterram numa cidade por razões diferentes, ainda deve afetar mais”. Esta foi a razão para ter ficado sensibilizado para o problema que é o processo de integração em novas cidades. Não era o único, havia algumas pessoas na Associação que tinham a mesma ideia e foi mais ou menos essa a razão para termos começado a tentar perceber como podíamos ajudar aqui (em Portugal). O objetivo era, “como raio é que conseguimos ligar migrantes e pessoas locais na cidade?”, e experimentámos várias coisas. A ideia de ser através da língua e da atividade cultural também veio de experiência, portanto não foi inventar nada novo; nós percebemos ao longo do nosso caminho que é assim que tu conheces alguém lá fora, o “como é que se diz cerveja na tua língua?”, ou “como é que cumprimentas as pessoas no teu país?”, e isso funciona como um ice-breaker muito bom. A ideia era agarrar no potencial disso e transformá-lo numa metodologia que permite que as pessoas aprendam línguas e culturas ao longo do tempo, mas também que permita evolução na criação de relação entre as pessoas. Foi mais ou menos assim que percebemos o problema e o potencial da solução.

Já quando estava na Google, fizemos várias experiências parecidas com o SPEAK, como a Leiria Language Exchange, em que testamos as *assumptions* e conseguimos colocar pessoas diferentes a aprender línguas umas com as outras, o que nos permitiu perceber se isto funcionava e se tinha

algum impacto no processo de integração. Começou a funcionar bem em Leiria e depois chegou o momento em que fiquei altamente interessado pelo projeto e pela missão e entusiasmado com a forma efetiva com que o projeto estava a ajudar pessoas, pelo que já era parvo tentar não escalar a iniciativa para outras cidades de forma a ajudar outras pessoas. Foi aí que percebi claramente que para escalar era preciso tecnologia. Eu gostava dessa parte tecnológica e já nessa altura eu achava que era possível monetizar o modelo de intervenção social e, se consegués monetizar, consegués ter um plano de negócio e, se consegués ter um plano de negócio, se calhar consegués levantar investimento social ou outro tipo de investimento. Foi aí que decidi dar o pulo, sair da Google para arriscar a tentar escalar o SPEAK. Foi assim que conseguimos identificar o problema, criar a ideia da solução e foi também desta forma que eu fui parar da tecnologia para o SPEAK.

## **2. Isto foi por volta de que ano?**

**Answer:** Começámos a fazer testes em como ligar as pessoas em 2012 e eu saí da Google em Março de 2014. Lançámos o SPEAK com o produto tecnológico em Setembro de 2014. Antes disso já tínhamos coisas muito parecidas, tínhamos o SPEAK Social e o SPEAK Pro, e o SPEAK Social era basicamente o que o SPEAK era hoje, mas ainda sem a parte tecnológica.

## **3. Começaram com uma atividade específica e depois aumentaram o leque de serviços disponibilizados, ou este tem-se mantido sempre o mesmo?**

**Answer:** Nós fizemos muitas coisas diferentes. O modelo de intervenção social é praticamente o mesmo desde 2012, mas foi sendo apurada a forma como ligamos pessoas a partir do intercâmbio de línguas, culturas e de eventos, foi sendo melhorada através da metodologia e tudo o mais. O que mudou foi essencialmente o modelo de negócio, o “como é que monetizamos isto?”. Por exemplo, no início era tudo gratuito, quando estávamos só a testar as coisas para validar a intervenção social. Depois começamos a monetizar, toda a experiência do SPEAK era gratuita, mas nós tentávamos vender cursos de línguas a empresas e a individuais, chamámos a isso SPEAK Pro e tirávamos uma comissão de vendas – quem fazia isso eram os nossos melhores *buddies*, as melhores pessoas que tínhamos na nossa comunidade, e assim conseguíamos que eles fossem remunerados de alguma forma. Hoje em dia nós ainda fazemos isto, já agora, mas não temos objetivos de crescimento, é passiva a venda. No início era o SPEAK Pro e, dentro deste, variámos imenso. Tentamos vender traduções, *crash courses*, *talk courses*, *classic courses*, *one-on-ones*, imensa coisa. Tentamos também vender *business-to-government* e às cidades impacto, o que também ainda vendemos hoje.

## **4. Como é que fizeste a passagem da cidade de Leiria para as restantes cidades, em termos de crescimento?**

**Answer:** Nós fizemos *breakeven* em Leiria neste modelo de SPEAK Social e de SPEAK Pro, só que depois, quando começamos a crescer percebemos, que isto não era escalável e então tivemos

que começar a mudar tudo, pelo menos a parte do modelo de negócio. Experimentámos nas Caldas da Rainha, ainda com tudo *offline*, ainda sem o site a funcionar. Também funcionou tudo bem e eu ainda estava fora, nessa altura. Depois, quando entrei, foi para criar o produto *online* e irmos para Lisboa e Coimbra. Aí é que deu um pulo maior, já que o objetivo era desenvolver o produto para automatizar os processos que tínhamos que eram manuais e demoravam muito tempo, torná-los muito ágeis para permitir estarmos em muitas cidades sem aumentar muito o trabalho para o nosso lado. Em 2014 abrimos em Coimbra e em Lisboa. Depois abrimos no Porto, em Braga, em Cascais e por aí fora. Foi mais ou menos este o processo.

**5. A equipa inicial aumentou de número também, ou mantiveram-se sempre os mesmos?**

**Answer:** Sim, foi aumentando. Em setembro de 2012 entrou a primeira pessoa e depois recrutámos algumas pessoas pelo caminho. Tínhamos no início sempre 2, depois – honestamente não me lembro muito bem – mas sei que o ano passado estávamos 4 e agora somos 8. Crescemos o dobro nos últimos 12 meses.

**6. Quando é que sentiste que era a altura de internacionalizar o SPEAK? O que é que te fez perceber essa necessidade e qual foi a tua motivação para o fazeres?**

**Answer:** É mais ou menos a mesma lógica. Percebeu-se que era altura de expandir quando o modelo estava validado em Portugal. Já estava claro que funcionava, que a resposta era efetiva e inovadora, que era mais barata que outras soluções, o próprio Governo português começava a usar a metodologia, o que era mais um ponto de validação. Depois é a necessidade de soluções deste género a nível europeu – também ficas frustrado porque sabes que podes ajudar e que tens uma solução, mas tem-la aqui, em Portugal. Então a motivação de, 1) isto está validado, estamos prontos para escalar e, 2) é mesmo bom conseguirmos escalar, porque há pessoas que precisam disto.

Uma coisa relativamente ao estar pronto, e que é complicado, é que “estar pronto” quer dizer teres dinheiro para poderes crescer, e teres dinheiro para poder crescer implica teres uma equipa capaz de cumprir os objetivos, teres as *skills* que precisas de ter no grupo para conseguires crescer, teres uma metodologia e uma tecnologia que é escalável, teres os parceiros certos, estares rodeado pelas pessoas certas – é o que se chama estar *investment ready* – e pronto, é mais ou menos isto.

**7. Em termos de plano de internacionalização, escolheste Turim (Itália) como a primeira cidade de internacionalização. Por que é que foi esse o destino escolhido e por que é que decidiste optar pelo franchising social?**

**Answer:** Primeiro, por que é que escolhemos Itália? Fechamos uma ronda de investimento de impacto – parecida a uma *seed*, se nos compararmos a uma empresa tradicional – e um dos investidores é a Fondazione CRT de Turim, em Itália, portanto tínhamos um parceiro forte ali.

Também fizemos uma investigação sobre as cidades europeias e onde é que fazia mais sentido o SPEAK estar e Turim estava no top 15, portanto era qualificada. Fazia tudo sentido e tínhamos lá um investidor que nos ia ajudar a arrancar. Esta foi a razão para termos escolhido Turim.

Segundo, os modelos que temos de crescimento. Até agora crescemos organicamente, fomos sempre nós os responsáveis por abrir os SPEAK's noutras cidades, incluindo Turim. O modelo a partir de agora será híbrido – vamos continuar a ir para algumas cidades organicamente, mas outras serão abertas através do *social franchising*. A razão pela qual estamos a ir pelo *social franchising* é porque crescermos organicamente é muito lento, e através do *social franchising* conseguimos acelerar o crescimento e escalar o impacto social mais rapidamente. Isto até é tomar uma decisão para um modelo que nos compromete financeiramente mais facilmente, porque se crescermos organicamente as nossas margens são muito superiores, mesmo que sejam apertadas, do que no modelo de franchising social, mas neste modelo ajudamos potencialmente muitas mais pessoas e mais rapidamente, e este é o objetivo.

#### **8. A longo prazo, qual é a tua estratégia de comunicação com os franchisados?**

**Answer:** A estratégia é termos uma pessoa na equipa que dará suporte aos franchisados. O franchisado tem acesso à tecnologia, tem a licença, tem a metodologia, tem o plano de marketing, tem o manual de instruções e nós damos-lhe suporte e ele faz parte da equipa global, da estratégia de decisão, de modelos, e tudo mais, mas ele implementa e é *owner* do SPEAK a 100% na cidade dele, o que faz com que consiga fazer melhor trabalho na sua cidade, como *social franchising*, do que nós faríamos se tivéssemos a fazer organicamente.

#### **9. Em que etapa estás em Itália? Há quanto tempo estão lá?**

**Answer:** Arrancámos este ano, em Turim, e este ano não vamos para mais nenhuma cidade em Itália, porque só recrutámos uma pessoa para Itália em Maio, e precisamos de lá estar e garantir que a primeira cidade corre bem. No entanto, este ano ainda vamos abrir numa cidade em Alemanha. Este é o ano de experimentarmos internacionalmente, o próximo ano é o de crescimento internacional mais agressiva.

#### **10. Até agora, quais são as barreiras que tens identificado na vossa internacionalização?**

**Answer:** A principal barreira à internacionalização foi o capital, o investimento. A par disso, foram também as razões pelas quais não estávamos a conseguir levantar investimento. O mercado de investimento social é muito verde, não há investidores de impacto, o nosso *pipeline* como organização que está à procura de investimento é muito mais reduzido do que qualquer empresa ou organização tradicional, e essa foi a primeira grande barreira. Veremos, a partir de agora, as barreiras de operação. Acho que vão ser muito mais ligadas a recrutamento de talento, porque em termos de parceiras e de organizações de apoio, acho que até agora não nos trouxe nenhum problema. Ainda estamos numa

fase muito recente, portanto isto são *assumptions*. Até agora só percebemos dois problemas para o crescimento internacional: captação de investimento e recrutamento.

**11. Quando falas em recrutamento, falas nas pessoas que estão envolvidas no projeto, no terreno?**

**Answer:** O recrutamento é, por exemplo, precisarmos de uma pessoa para ser *project manager* em Itália, abriremos o recrutamento em Setembro e só recrutarmos em Maio.

**12. Hipoteticamente, e de acordo com o que disseste de irem para a Alemanha em breve, prevês alguma barreira em específica, ou é algo difícil de prever?**

**Answer:** Eu acho que há riscos, e nós sabemos quais são, e estes estão normalmente associados com a operação. Um é não crescermos tão rapidamente como achamos que vamos crescer e ficarmos sem dinheiro e precisarmos de outra injeção de capital. O segundo é, no nosso modelo, dependemos muito de parceiros, portanto a estratégia de crescimento ou o sucesso no crescimento está altamente dependente da nossa capacidade de conseguir boas parcerias na escala. Para teres uma ideia, nós usamos passes gratuitos, nos sítios onde estamos, através de parcerias que fazemos. Portanto vamos ter que ser muito bons a gerir parceiros e a identificar parceiros estratégicos com um posicionamento mais global para conseguirmos crescer como previsto. Se falharmos aí, estamos a colocar em risco a operação e a parte financeira.

O outro é a importância da equipa, se falharmos no recrutamento, também colocamos a operação em risco. Estes são os riscos que consigo prever. Depois há a burocracia e lei que são problemas que estão às vezes escondidos e que apanhamos e que nos podem tornar menos ágeis do que gostaríamos de ser.

No entanto, há também a questão da oportunidade, há muitas cidades na Europa que precisam do SPEAK, que estão à procura de soluções do género, há muitas organizações que estão à procura de ajudar projetos como o SPEAK, portanto o *timing* é o certo, e acho que estamos a ser pioneiros. De alguma forma, estamos a fazer muita coisa nova que ainda não foi feita, e isso tem um custo: como ainda não está feito levamos porrada a toda a hora, e isso traz muita frustração e tornamos mais lentos. Por outro lado, faz também com que tenhamos o selo de disruptivos e de inovação social e que sejamos líderes do sector, de alguma forma. Isso também nos anima como equipa, porque mesmo que falhemos no crescimento, talvez estejamos a abrir caminho a outras organizações e projetos para terem um acesso mais fácil ao crescimento no futuro e, com isso, através do efeito borboleta, estaremos a ajudar a resolver muitos outros problemas sociais. Isso é bom e anima-nos, dando-nos uma força extra para andarmos aí “na luta”!

**13. Falando do ecossistema do empreendedorismo social aqui em Portugal, este ainda está a ser desenvolvido...**

**Answer:** Sim, ainda nem há o conceito de empresa social.

**14. Em Itália sentes que o ecossistema está mais desenvolvido?**

**Answer:** Em Itália o conceito foi aprovado na semana passada, ainda é muito recente. Eu acho que Portugal é dos melhores exemplos europeus, embora ainda não tenha o conceito de empresa social, em termos de inovação e de ecossistema social é dos melhores exemplos.

**15. Pensas que se o SPEAK fosse um projeto inteiramente focado no negócio e no lucro, que os vossos desafios e o vosso percurso teria sido diferente?**

**Answer:** Acho que sim, acho que não teria nada a ver, não seria o SPEAK. O mercado de investimento para *startups* tradicionais está definido, as regras estão feitas, tu sabes como o teu *deck* e os teus gráficos tem que ser. No nosso caso não, temos que fazer tudo novo. Tenho a certeza que o nosso modelo de negócio, as apresentações que fizemos, são muito mais complexas e deram muito mais trabalho do que dariam se fôssemos *for-profit*, porque temos que explicar tudo e as regras são diferentes. No ano passado fiz 42 *itches* para levantar capital, e tivemos que correr tudo, desde *business angels* a *venture funds*, a privados, a organizações que se consideram *impact investors*, tivemos que varrer tudo e procurar oportunidades no mercado que na realidade não existem, e tivemos que receber investimento de uma forma híbrida e inovadora e basicamente tivemos que criar o modelo de investimento e, já agora, criar o modelo de *governance*. O SPEAK tem uma empresa social porque nós a “cozemos”, definimos uma empresa normal com regras de empresa social, e uma associação. É um organismo complexo que, se fôssemos *for-profit*, só precisávamos de uma empresa e ponto final. É tudo muito novo e por definir e isso traz mais dificuldade do que se tivéssemos uma empresa tradicional.

## **Annex R.** Interview Transcription – Mohammad Issa (Yes Theatre)

### **1. How did your academic and professional background led you to reach your actual position as the General Manager of Yes Theatre?**

**Answer:** I am a chemical engineer, but I have a master's degree in international cooperation and development. I used to work with the World Bank ten years ago, but I decided to leave the sector and to move to the civil society one, as I believe that what we are doing at Yes Theatre is more interesting and offers more value to our local community.

### **2. Could you tell me the story of Yes Theatre? How and why was it created and what's its social mission?**

**Answer:** Yes Theatre is a Palestinian non-profit organization which was established in 2008. The artistic staff of this organization used to work for another organization which is called Theatre Days Production, which is managed by Dutch people. They have a lovely strategy, they come to the marginalized areas in order to qualify artistic teams, but later on they had to leave these areas or to phase out. In 1997, they came to Hebron, my city, and in 2007 they decided to phase out from Hebron and to offer the artistic team an opportunity to establish their own organization. This decision was opposed by my artistic team in 2006, in order to pull up the process of this organization. I have started working officially for Yes Theatre in 2008, because I used to work for the World Bank, so it was just volunteer work during 2006, 2007 and 2008.

First of all, I would like to clarify why we call this organization Yes Theatre. We have a philosophy that we would like to say “yes” to everything positive. In addition, we live a very difficult era in Palestine, not from the occupation perspective, but from a traditional point of view. The [...] people are very conservative and religious, and they are not open minded. But they have something that is a part of their personality. When you'd like to initiate a discussion with someone of the [...] people, the first reaction is “no”. When you are addressing someone and he or she has this reaction, it's not so easy to make sure that you have a [...] discussion with them. This is why we decided to call the organization Yes Theatre, because we would like to change this bad attitude. The first reaction for the Hebronite people when someone asks a question or starts a discussion, is no. This reaction reflects that those people are totally connected with their ego without any possibility to listen actively to the others and have a mutual discussion. We have decided to call our organization “Yes” as we want to improve the life skills of these people with a special focus on the communication ones.

Our mission is to use artistic work to improve the psycho-social wellbeing of Palestinian children and youth, and to empower the rights holders to know about and claim their rights. This is done through different activities, projects, and interventions, in which we believe that theatre and

drama are an objective and, at the same time, a tool. Yes Theatre is a theatre for development. Our interventions have contributed effectively to the development process of our country.

**3. You said Yes Theatre was created in Hebron. How did it start expanding and, eventually, how did you start internationalising? When was the moment you realised it was time to go abroad?**

**Answer:** I would like to clarify something that is connected to our life in Palestine. The Palestinian nation is the only nation that is still under occupation. All the time, people are empathizing with us. When you or someone else deals with a Palestinian, the first idea is that those people are suffering because of the occupation and that they don't have something to offer. This is our philosophy: to show that we have something which is very valuable and that we can share it. We have started by three or four individuals as members of the artistic team, and we decided to develop capacity building programs to target Palestinian youth, with the objective of qualifying them as actors, actresses, drama teachers, puppeteers, and drama animators. This way we can expand, at least within our governorate – because Hebron has the biggest governorate in the West Bank, we have 1 million inhabitants. It's not so easy to offer the local community our services with a small number of people, but we decided to have different capacity-building programs through which we can expand our activities.

During the last five or six years, we have discovered that depending on donors has not helped at all, and we came up with an amazing idea, which is “deNGOization”. At that moment, we weren't able to define this concept. “How can we deconstruct this NGO and construct it in a different way?”. I heard about this program, Entrepreneurs for Social Change, that was implemented by the United Nations Alliance for Civilizations, I applied for it, and I was very lucky to participate in it, because I discovered the key. I discovered that what we needed was social entrepreneurship. Step by step, we have discovered that social entrepreneurship is not only healthy or useful for our internal and external position as a Palestinian NGO, but also it could be used to help us to get our independence from the donors, and to convey our message, not only to the Palestinian people, but also to the international community, because social enterprises are based on scaling-up, because you can mimic this experience in different cultures and countries, and this way we can share this experience with others and we can show that Palestinians are able to provide or to share with them something that is very valuable and that could be used in order to overcome their challenges.

**4. In terms of your internationalisation plan, how did you pick where you going and how did you get there?**

**Answer:** I think that my colleagues are very smart, including me (laughs). In 2013, one of our main productions was selected by the Naked Theatre Festival as the best production during the festival, and this festival was taking place in Milano, in Italy, in an annual basis. Also in 2015, one of

our main productions was selected as the best production in the Arab world, and it was selected in a highly prestigious organization that specializes in theatre, the Arab Theatre Foundation. That was our first step, to go outside the country to perform to the international community. Our philosophy, and we still have that same philosophy, is that you don't have to clap for our artistic staff because they are Palestinians, you have to clap if you are convinced that what we offered you is an artistic production with high value.

Later, we started to create connections, networks, and partnerships with international organizations. Now we are sending our drama teachers to implement training programs in different countries: in Brazil, in Italy, in France, and in Japan. This is another step in our internationalisation process. During our trips, we have discovered that what we have as experience in drama and theatre is different. We have a very famous theory in theatre which is called "the theatre of the oppressed", and this theory is highly used in Europe and in different countries. It's not logic to use this theory with people that are not oppressed, but we are oppressed in Palestine, because we are living in a very difficult situation. This has also effectively contributed to widening the scope of our interventions in the international field. This was the second step, to create international partnerships, to join programs in different countries.

The last step is the creation of social enterprises. We have started this enterprise which is called Puppets for Kids. We can find a lot of puppeteers that are doing amazing things, but they are not working or running their projects as social enterprises, they are doing this as freelancers or as part of a NGO's work. We are doing this in a different way, we are a social enterprise.

I forgot to tell you something that is very important. From 2013, when I participated in the Torino program, till 2015, it was not so easy to spread this culture within the organization, because our artistic staff was not convinced in the beginning about making profits and converting the organization into a productive one without affecting the values that we have as a cultural organization. It took us 2 years to understand what we mean exactly by social entrepreneurship and what's the difference between social enterprises and commercial enterprises that make profit.

We have succeeded with Puppets for Kids and now we are trying to establish other social enterprises to help us deconstruct this organization and to convert it into a big social enterprise. We are working in the scaling-up process, and we will start our intervention in Jordan maybe next year, and we are also thinking about Egypt, Turkey and Europe. What we have as international partnerships could be used to replicate this experience in different countries.

##### **5. Are you picking your destinations according to your best partnerships?**

**Answer:** You need partners to expand your program and you need partners because, at the end of the day, you face a lot of legal issues. In Palestine, until now, we are not able to register our social enterprise as an independent entity because we don't have legislation on the work of social

entrepreneurs. It was very important to run this social enterprises as one of Yes Theatre main program, using its legal umbrella, and when you are going to move outside the country you will face other problems legal issues and you must create partnerships, because this way you can overcome challenges and solve these legal issues.

**6. Just to clarify, you have Yes Theatre, which is the main organization, and within Yes Theatre you are creating other social enterprises?**

**Answer:** Yes. Now we are trying to influence the legislators in Palestine to create legislation that could arrange the work of social entrepreneurs. Later, we are thinking about dissolving Yes Theatre – I mean converting or changing the legal status of Yes Theatre from an NGO to a social enterprise, but it will be a big one.

**7. Despite Palestine not having a legal status for the social enterprise, what you think about the ecosystem? Do you think there are many challenges for social enterprises and NGOs?**

**Answer:** Palestinians are not aware of the importance of social entrepreneurship. Palestine is a donors-driven country, the budget of our government is totally funded by donors, and the heads of cultural and civil society organizations are not productive at all, because they get what they want in terms of funds. They are also corrupted, they have a lot of money and they are abusing these financial resources, or they use them for their own benefit. At the end of the day, there is no awareness of the importance of social entrepreneurship, and they are not interested about this framework, because it threatens their financial position.

It was very important for us to provide the local community with a role model, something they can see, watch, and observe and, later, someone they learn lessons from that could help them lead other social enterprises. We are the only social enterprise in the cultural sector that provides children and youth with our services (I mean the Puppets for Kids social enterprise).

We were discussing yesterday that we need a competitor, because competition could help you scale up your social enterprise within your country, without any problem, and it will help your social enterprise to sustain itself financially. I think that what Yes Theatre is trying to do is to raise awareness, to sensitize the local community to the importance of our work, and to create social entrepreneurs. When we started this project, we had to recruit 5 of our graduates from the capacity-building program that we are running, and now they are generating more than 70% of their salaries. We cover 30% and this percentage is coming from a donor. The 70% is coming from the revenues that they are making through the activities and the services they are providing to the local community.

This is a big success and we hope that other organizations will mimic us, because this really is something that is very healthy to the sustainability of the social enterprise. We are working alone, without any competitor, and that isn't healthy, and it is very dangerous.

**8. What were the barriers you faced during and after going abroad?**

**Answer:** Our nationality was a barrier. I don't mean our nationality as Palestinians, but our nationality as Arab people and Middle Eastern. Now there is a stereotype about Arab people and Muslims in general, and I think it isn't so easy to get this idea off the Western world, for example. "These Arab people are telling us they are creative, that they have something that could be replicated in our countries, but we know that Arab people are terrorists and that they have a lot of problems in terms of psychology and other issues". This is the main barrier – how can we convince that we have something that we can share?

This is why I travel so much. I'm travelling all the time, making presentations, participating in workshops... I participated in the last Tools Fair that was conducted Malta, and I conducted a workshop, and interactive workshop, with the use of puppets in order to inform the youth workers in Europe about what we are doing exactly. This is one of the main barriers. Your nationality as a Palestinian, someone who is coming from the Arab world, and a Middle Eastern.

For the second barrier, we are now trying to register Yes Theatre in different European countries. We are thinking about how we can deal with legal issues. What we discovered is that if you register an organization in France, for example, this organization will be managed by French people. We don't have any problem, because at the end of the day it's a French organization and it has to follow the French system, but the question is about the people who are going to run the organization and that are going to manage the organization from a legal point of view – are they qualified? Are they social entrepreneurs? Do they have any experience in running social enterprises? This is another barrier. We have a lot of friends in Europe, we have a lot of friends in Egypt, but the thing is, these friends need to be qualified, need to be ready to manage or run a social enterprise which is based on using drama and theatre as a way of dealing with social, economic and cultural issues.

**9. Right now you are sending people to Brazil, Italy, France and Japan. What kind of relationship does Yes Theatre have with these people? And, in the long term, what is your plan?**

**Answer:** It depends on each country. Now we have started in Jordan, and I'm lucky because I have the Jordanian nationality, and I'm going to register Yes Theatre, because at the end of the day it will be much easier to manage this organization as the General Manager of the Palestinian one.

In the other countries, we are still discussing. In Japan, for example, we face a challenge with Japanese people: they don't know anything about social entrepreneurship. Sometimes you feel that they don't need this kind of entities, because they have another way of thinking, they have their social systems, and even when they are dealing with their social or cultural problems, they are dealing with these problems in their own ways. They have something that is totally different from what you use

in Europe, for example. They call the NGOs, “NPOs”, and the board of directors can be recruited in this organizations. They don’t have any legislation that could arrange the work of social entrepreneurs, because they are not familiar with the concept. In Japan, you have to register it as a commercial entity, and you have to really take care of the taxes that you are going to pay – this is something that has scared us so much.

At the moment, what we are thinking about is to qualify people and to ask them how they can manage their enterprises according to their internal context. This is what we are going to do in Jordan. We are going to qualify Jordanian people, and later we will provide them with the possibility of staying in Yes Theatre or registering the company and that company will create a partnership with Yes Theatre. This is what we are also doing in Switzerland and Turkey.

It depends on each situation, on each country.

**10. Your mission in Palestine is very much connected with the Palestinian community. When going abroad, did you feel the need to adapt this social mission? Do you adapt it to the marginalized minorities in foreign countries?**

**Answer:** We focus on the refugees’ problem. In Jordan, we are going to work with the Palestinian and Syrian refugees. In Turkey we will do the same thing. We will start with what we know.

As we are talking about the qualification of Jordanian or Turkish youth, they don’t have the experience that we have, because we are working with Palestinian refugees in Palestine and we have a lot of refugee camps. We have experience in this. When we move to Jordan, and Egypt, and Turkey, we are going to target Palestinian and Syrian refugees. It’s the same scenario in Europe. At the moment, we have a discussion with a Swedish organization which is going to host us. In Europe, you face big problem in dealing with refugees: the language. Even if you bring Arab people to work with them, it’s not easy, they don’t have the same experience that we have at Yes Theatre.

The first step is to address the problem of refugees in Middle Eastern countries and later in Europe and, after that, these social enterprises will adapt their missions according to their internal contexts. We just need to discover the land, and later we will develop our mission based on the other social needs that these communities and these countries have.

**11. Did you face any challenges regarding financial constraints?**

**Answer:** As I mentioned, Palestine is a donor-driven country, which means the majority of international agencies or funding agencies are located here in Palestine, specifically in Jerusalem. These organizations are working in different countries. If we are talking about the Norwegian Refugee Council, they have missions in Palestine, in Turkey and in Jordan. Now we are working with them in Palestine and we are replicating our model through our cooperation. By contacting them, we are pilot projects for the Palestinian refugees, and the idea is to replicate these projects when were

move to Jordan. This will help us to enter these markets with funded projects and services, because we are not going to move there without a cover, we are going to move with the support of different international organizations.

This is also what we are doing with other European countries. We have so many donors at Yes Theatre, and some of them are working with the audience in their countries and they are working internationally. Those organizations were approached by Yes Theatre and we discussed with them the possibility to target their target groups. For example, we have a French partner which is called Platform. Platform is working in Palestine, they have projects which are based in Palestine, and they also work with marginalized groups in France. They are recruiting us as drama teachers to work with the marginalized people in France, in the *quartier difficiles* (I don't know the English term) because they have a lot of immigrants or French people who are originally coming from the Middle East region or North Africa, and now they are recruiting the specialists of Yes Theatre to work with them. We are trying to convince the world about this theory. When you are going to target this people, you don't need to bring people from western countries, you have to think about the recruitment of people that are already oppressed, because at the end of day they can come up with a good result, as these people know exactly what problems the refugees or the marginalized categories face. I can tell you that our experience in France is really amazing, because what we have is totally different from what French specialists have.

**12. You told me the performances you made in Italy and in France were your first experience abroad, but what was the first country you sent people to?**

**Answer:** It was Germany, I believe, in 2009. We are sending your specialists to work with organizations on a yearly basis. This year we will work in Japan and we are going to work with Japanese teachers on the use of drama within the educational system. This is one of the main services we provide at Yes Theatre. Last year we had been in France and, if I'm not mistaken, Japan as well. This year we have been in Brazil. It depends on our communication process with the partners and it also depends on financial resources, because when we are sending our specialists and they are getting here 20 euros, they will get there 100 euros. This is also another way of making profits and sustaining our social enterprises financially.

We have now a lovely idea which could be used, and we got an investment for this idea, and we are thinking about replicating it abroad, because it's so easy and it doesn't need many resources, as it's based on human resources. This is one of the main strengths of Yes Theatre: all of our social enterprises are based on human resources. You are investing in human resources and these human resources could be used whenever you want them to make profits. We have something which is called "dramanage/Drama+Management", in which we are conducting consultancies to public institutions and to the private sector, in different fields. If you would like to, for example, to develop a strategic

plan, we can do it for you, and the methodology is based on drama and theatre. People like the concept so much, because it's not boring and people are enjoying their time and come up with exactly what they want.

We have signed a contract with the Swiss Development Cooperation to implement or to develop 20 strategic planning and social accountability frameworks in 20 municipalities in Palestine. This experience could be replicated in Jordan, this experience could even be replicated in Portugal, for example. And what is the cost? The cost is human resources, the specialists you are going to send in order to do these consultancies. At the end of the day, and I don't care so much about the money, I believe that what I have is easy to be integrated within any context. Human beings are valuable, but you can use them whenever you want and they are not costly, because they are freelancers. At Yes Theatre, we have what we call an "expert system": we have more than 150 drama teachers who are qualified in order to work inside and outside Palestine. Not all of them are recruited by Yes Theatre – the number of our employees is 25. We are 17 full-time employees and 8 or 9 part-timers. If you have this number of experts, it means that it is very easy to, if you have an agreement, send one of them. This methodology is also used by the Norwegian Refugee Council, for example. They have more than 10500 experts, and they can contact them whenever they need their services. If you would like to bring someone from Yes Theatre and if you need a freelancer for a consultancy, you can ask us, you send us the terms of reference, we will write a technical proposal and we will send someone who is really qualified to conduct the consultancy for you. I mean not only the qualifications in terms of drama and theatre, but also when we are talking about language. This is something that could help us to expand our work internationally without caring so much about our financial position.

**13. Would you then say that your expansion is more related to expanding your impact more than expanding your sustainability? Or was it part of your plan to make your enterprise more sustainable?**

**Answer:** I actually believe the second point. We are trying to promote our work as social entrepreneurs as well as a cultural organization, and without getting known by others you cannot work in the future or have other interventions. What we are trying to do is to expose the others to our work and, during this process, we also have to create connections and partnerships. This year we were approached by a Polish organization which is organizing cultural exchange programs and they were interested in hosting some Palestinian children and experts in their programs, and they asked us about the fees. We told them they didn't need to care about our fees, they needed to care about the tickets and the accommodation. The idea here is to show them some of our solidarity, because later they will be telling others about our organization which can provide services with high quality. This is something that is also connected with our marketing strategy. We have to show others what we have as experience and how it could be used to help them make a lot of money.

You can ask Richard about this. When we started to work on the puppet department, we conducted more than 100 shows and workshops for free, because we don't have data, we don't have this culture in Palestine, and we also have another problem. At Yes Theatre and at other Palestinian cultural organizations, all of our programs are totally funded by donors, which means that if you would like to attend one of our productions or plays, you don't have to pay anything, all of our activities are conducted to the local community for free, and it was not so easy for us to spread this culture within our community, we had to show them that we have something which is very valuable and that has high quality, and that it could be used to help your children and improve their lives. We had to conduct a lot of activities for free at the beginning, before we started the implementation of our marketing plan.

**14. Do you have any other challenge that you might want to add?**

**Answer:** The most important challenge is not only about the stereotyped image, but it's also about the colonization philosophy. This area was colonized before – I don't mean Palestine, but I mean that we have something wrong about the development discourse. The Europeans, and I know the Portuguese are very different, and I don't want to generalize, and the Americans, have very negative ways when they are dealing with their ex-colonies. They believe that they are still dependent on them and that they have to be followers. We even have this context when we are talking about international organizations in Palestine. I left the World Bank because I had this discourse, that you are a local, and as a foreigner I might be able to deal with this issue in a more professional way than you. This is totally different. It's not connected with the stereotype image. It's connected to how the Western world is dealing with the developing countries and how these development discourse negatively influences the partnerships that could emerge between the North and South.

FACULDADE DE ECONOMIA

